

**RICHMOND REDEVELOPMENT AND
HOUSING AUTHORITY**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED SEPTEMBER 30, 2016

To be the catalyst for quality affordable housing and community revitalization.



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**RICHMOND REDEVELOPMENT HOUSING AUTHORITY
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Richmond **Redevelopment**
& **Housing** Authority

BUILDING VIBRANT COMMUNITIES

INDEPENDENT AUDITORS' REPORT



Richmond **Redevelopment**
& **Housing** Authority

BUILDING VIBRANT COMMUNITIES

INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Richmond Redevelopment and Housing Authority
Richmond, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of the Richmond Redevelopment and Housing Authority (the Authority), a political subdivision of the Commonwealth of Virginia, which comprise the statement of net position as of September 30, 2016, and the related statements of revenues, expenses and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Basis for Qualified Opinion

As more fully described in Note 11 to the financial statements, the Authority has recognized their proportionate share of the net pension liability under Governmental Accounting Standards Board (GASB) Statement No. 68 at a measurement date more than one year from the end of the fiscal year. The Authority participates in the Virginia Retirement System (VRS) who administers the pension plan for the Authority and other public sector employees in Virginia covered under VRS. VRS is responsible for obtaining the actuarial report determining the net pension liability and the measurement date.

The Authority has included the financial effects of the GASB 68 actuarial valuation report provided by VRS based on a measurement date of June 30, 2015, the most recent available report published by VRS. These effects impacted beginning net position, net pension liability, deferred outflows of resources, deferred inflows of resources and pension expense. Although an updated actuarial valuation report with a measurement date of September 30, 2015 or later would change these amounts, it is not practicable to quantify the financial effects.

In our opinion, accounting principles generally accepted in the United States of America require that a liability should be recognized for the employer's proportionate share of the net pension liability, measured as of a date no earlier than the end of the employer's prior fiscal year.

Qualified Opinion

In our opinion, except for the effects of the measurement of the Authority's proportionate share of the net pension liability as discussed in the Basis for Qualified Opinion paragraph, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Authority as of September 30, 2016, and the results of its operations and its 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 on pages 4-13, the schedule of funding progress – OPEB, the schedule of Authority's proportionate share of net pension liability and the schedule of Authority's contributions – VRS Plan on pages 42-44 be presented to supplement the financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The financial data schedules and statement of certification of actual modernization costs listed as supplementary information in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is also presented for the purpose of analysis, and is not a required part of the basic financial statements.

The financial data schedules, schedule of expenditures of federal awards, and statement of certification of actual modernization costs are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepared 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 accounting standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material aspects, 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 May 10, 2017, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Arlington, Virginia
May 10, 2017

**RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2016**

INTRODUCTION

This section of the Richmond Redevelopment and Housing Authority's (RRHA) annual financial report presents Management's Discussion and Analysis (MD&A) of RRHA's financial and operating performance during the fiscal year that ended September 30, 2016. Management's discussion and analysis is designed to assist the reader in focusing on significant financial transactions, provide an overview of RRHA's financial activity, and identify changes in RRHA's financial position. The following sections, in conjunction with the financial statements, are designed to focus on RRHA's current year activities, resulting changes, and currently known facts.

RRHA was created in 1940 by the City of Richmond, Virginia (the City) pursuant to the Housing Authority Law (Title 36 of the Code of Virginia). A nine member Board of Commissioners appointed by the City Council governs RRHA. RRHA serves more than 10,000 residents in approximately 4,000 public housing units and more than 3,000 individuals residing in other forms of subsidized housing. In addition, RRHA acts as the City's redevelopment authority. In this role, RRHA provides protection to the general taxing authority of the City by insulating the general obligation liability of the City from the operation of development contracts with private development entities. Currently, RRHA acts as a conduit for federal, state and local funding for housing and redevelopment projects.

FINANCIAL HIGHLIGHTS

Statement of Net Position

- The assets of RRHA exceeded its liabilities by \$93.2 million (net position). Of this amount, \$16.3 million (unrestricted net position) may be used to meet ongoing obligations to creditors, \$72.1 million is invested in capital assets, net of debt and \$4.8 million is restricted for specific purposes (restricted net position).
- RRHA's total net position decreased by \$2.1 million or 2.24% compared to fiscal year 2015.
- RRHA's total assets decreased by \$2.9 million from the prior year while RRHA's total liabilities increased by \$1.0 million from the prior year. During fiscal year 2016 RRHA's assets decreased as a result of a decrease in fixed assets of \$5.2 million, which was offset by increases in cash of \$1.1 million, HUD receivable of \$1.2 million and City receivable of \$0.5 million. The decrease in fixed assets is due to the transfer of the Theatre Row building to the City of Richmond totaling \$7.4 million and normal depreciation expense of which both were offset by an increase in capital spending of \$6.1 million.
- RRHA's liquidity remains stable at 3.77 to 1. This means that RRHA has the ability to pay its current liabilities at least 3 times over. See discussion of RRHA's liquidity on page 11.

Statement of Revenues, Expenses, and Changes in Net Position

- RRHA's operating expenses exceeded operating revenues by \$0.8 million.
- The operating loss includes depreciation expense of \$3.8 million primarily associated with the LIPH properties.

**RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2016**

- HAP revenues exceeded HAP expenses by \$0.5 million.
- Increase in HUD receipts due to an increase in HAP funding of \$4.8 million, an increase in operating subsidies of \$1.4 million and an increase in capital grants of \$3.7 million.
- Properties sold and transferred within the Real Estate and Community Development programs were sold and/or transferred for a loss of \$9.4 million.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

The following is an overview and analysis of the financial activities of RRHA for the fiscal year ended September 30, 2016. This discussion and analysis is intended to serve as an introduction to RRHA's financial report, which has the following components: basic financial statements, notes to the financial statements, and supplemental information which allow the reader to address relevant questions, broaden a basis for comparison (year-to-year or public housing agency to public housing agency) and enhance RRHA's accountability to its stakeholders.

BASIC FINANCIAL STATEMENTS

The basic financial statements are designed to provide readers with a broad overview of RRHA's finances in a manner similar to private-sector business. RRHA records its transactions for all of its programs as one enterprise fund. The basic financial statements consist of three statements: the Statement of Net Position; the Statement of Revenues, Expenses and Changes in Net Position; and the Statement of Cash Flows.

Statement of Net Position

The Statement of Net Position presents information on all of RRHA's assets and liabilities, with the difference between assets plus deferred outflows of resources and liabilities less deferred inflows of resources reported as net position. Over time, the increases or decreases in RRHA's net position can be an indicator as to whether the financial position of RRHA is improving or deteriorating. To accurately use changes in net position as an indicator of RRHA's overall health, the underlying factors contributing to increases or decreases must be analyzed, as well as other non-financial factors (such as changes in the condition of fixed assets). Net position is reported in the following three categories:

- Net investment in capital assets – represents the net book value of buildings and land, furniture and equipment, and construction in progress less the current outstanding related debt.
- Restricted – resources whose use is subject to constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments less related debt. RRHA's restricted net position balance consists of Family Self Sufficiency escrow, debt service, program income, and excess housing assistance payments.
- Unrestricted – represents those portions of the total net position, which while not restricted, have been designated for a broad range of housing initiatives and future operations of RRHA.

**RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2016**

Statement of Revenues, Expenses and Changes in Net Position

The Statement of Revenues, Expenses and Changes in Net Position presents a comparison of RRHA's receipts and disbursements and ultimately shows how net position changed during the year. All changes in net position are recognized as the underlying event occurs, regardless of the timing of the related cash flows. As a result, revenues and expenses are reported in this statement for some items that will not impact cash flows until future fiscal periods.

Statement of Cash Flows

The Statement of Cash Flows provides information that helps to assess RRHA's ability to generate positive future net cash flows, assess RRHA's ability to meet its obligations and its needs for external financing and assess the reasons for differences between net operating income or loss and associated cash receipts and payments. It also helps to assess the effects on RRHA's financial position of both its cash and non-cash investing and financing transactions, if any, during the period.

Notes to Financial Statements

The notes to the financial statements provide additional information that is essential for a full understanding of the information provided in the basic financial statements. The notes also present certain required supplementary information.

Required Supplementary Information and Other Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information and other supplementary information that is not required. The Schedule of Funding Progress included on page 42 presents RRHA's progress in funding its obligation to provide pension benefits to its employees. The Schedule of Authority's Proportionate Share of Net Pension Liability and Schedule of Authority's Contributions for the VRS Pension Plan are on pages 43 through 44. Additionally, the other supplementary information included on pages 46 through 54 presents a Financial Data Schedule and Statement and Certification of Actual Modernization Costs for one grant closed out during the fiscal year.

FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of RRHA's financial position. In the case of RRHA, assets exceeded liabilities by \$93.2 million at September 30, 2016.

Net position in capital assets totaling \$72.1 million reflect RRHA's investments in capital assets (e.g. land, infrastructure, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. RRHA uses these capital assets to provide services to residents; consequently, these assets are not available for future spending.

An additional portion of RRHA's net position totaling \$4.8 million represents resources that are subject to external restrictions on how they may be used. The remaining balance is unrestricted net position totaling \$16.3 million, which may be used to meet RRHA's ongoing obligations to residents and creditors.

At the end of the fiscal year, RRHA is able to report positive balances in all three categories of net position.

**RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2016**

Table 1 represents the Schedule of Net Position for RRHA as of September 30, 2016 and 2015.

**Table 1
Schedule of Net Position**

	2016	2015	\$ Increase/ (Decrease)	% Increase/ (Decrease)
Current and Other Assets	\$ 47,439,760	\$ 45,220,814	\$ 2,218,946	4.91%
Capital Assets	72,089,954	77,175,159	(5,085,205)	(6.59)%
Total Assets	<u>119,529,714</u>	<u>122,395,973</u>	<u>(2,866,259)</u>	<u>(2.34)%</u>
Deferred Outflows of Resources	<u>2,286,102</u>	<u>1,252,632</u>	<u>1,033,470</u>	<u>82.50%</u>
Current and Other Liabilities	24,598,912	23,000,485	1,598,427	6.95%
Long-term Debt Outstanding	1,093,610	1,734,474	(640,864)	(36.95)%
Total Liabilities	<u>25,692,522</u>	<u>24,734,959</u>	<u>957,563</u>	<u>3.87%</u>
Deferred Inflows of Resources	<u>2,968,154</u>	<u>3,620,000</u>	<u>(651,846)</u>	<u>100.00%</u>
Net Position:				
Net Investment in Capital Assets	72,089,954	76,964,009	(4,874,055)	(6.33)%
Restricted	5,045,754	5,972,695	(926,941)	(15.52)%
Unrestricted	16,019,432	12,356,942	3,662,490	29.64%
Total Net Position	<u>\$ 93,155,140</u>	<u>\$ 95,293,646</u>	<u>\$ (2,138,506)</u>	<u>(2.24)%</u>

Net position changed as a result of the following:

- Current and Other Assets increased by \$2.2 million or 4.91%. The increase is due to increases in the following items: Cash of \$1.2 million, HUD receivable of \$1.2 million related to capital expenditures, and City receivable of \$0.5 million.
- Capital assets decreased by \$5.1 million or 6.59%. RRHA assets decreased as a result of normal depreciation expense of \$3.8 million and transfer of the Theatre Row building to the City of Richmond totaling \$7.4 million. The decreases were offset by an increase in capital spending of \$6.1 million.
- Current and other liabilities increased by \$1.6 million or 6.95%. The net pension liability at September 30, 2016 increased by \$0.9 million. Other causes of the increases include establishment of an escrow account of \$0.4 million, utility costs of \$0.2 million, deferred interest receivable of \$0.4 million, pre-billings to the City of Richmond related to Choice Neighborhood Initiative of \$0.1 million, payable to HUD of \$0.1 million, and payroll payables of \$0.1 million. The above is offset by a decrease due to program income payment to the City of Richmond totaling \$0.9 million.
- Long-term debt outstanding decreased by \$0.6 million or 36.95%. The decrease is due to the payment on the Wells Fargo three year note payable.

**RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2016**

Table 2 summarizes the major sources of revenues and expenses for the year:

**Table 2
Statements of Revenues, Expenses and Changes in Net Position**

	2016	2015	\$ Increase/ (Decrease)	% Increase/ (Decrease)
Operating Revenues:				
Tenant Revenue	\$ 10,770,899	\$ 10,617,497	\$ 153,402	1.44%
HUD Grants & Subsidies	49,157,023	42,972,752	6,184,271	14.39%
Other Government Grants & Subsidies	170,061	194,597	(24,536)	(12.61)%
Sale of Property	147,638	1,001,601	(853,963)	(85.26)%
Other Income	5,284,433	1,932,055	3,352,378	173.51%
Mortgage Interest	98,128	87,591	10,537	12.03%
Total Operating Revenues	65,628,182	56,806,093	8,822,089	15.53%
Operating Expenses:				
Administrative	11,095,422	12,356,541	(1,261,119)	(10.21)%
Tenant Services	680,516	505,083	175,433	34.73%
Utilities	10,956,807	10,711,052	245,755	2.29%
Maintenance and Operation	8,340,140	8,219,464	120,676	1.47%
Protective Services	326,251	546,168	(219,917)	(40.27)%
General Expenses	4,828,016	5,942,432	(1,114,416)	(18.75)%
Housing Assistance	24,408,346	21,752,108	2,656,238	12.21%
Cost of Property Sold	1,987,231	2,348,445	(361,214)	(15.38)%
Depreciation	3,775,504	4,113,131	(337,627)	(8.21)%
Total Operating Expenses	66,398,233	66,494,424	(96,191)	(0.14)%
Operating Gain/(Loss)	(770,051)	(9,688,331)	8,918,280	
Non-operating Revenues (Expenses):				
Loss on Sale of Assets	(7,448,583)	-	(7,448,583)	(100.00)%
Investment Income	6,075	(7,248)	13,323	(183.82)%
Interest Expense	(27,051)	(42,283)	15,232	(36.02)%
Total Non-operating Revenue (Expense), Net	(7,469,559)	(49,531)	(7,420,028)	14980.57%
Net Income/(Loss) Before Capital Grants	(8,239,610)	(9,737,862)	1,498,252	(15.39)%
Capital Grants/Contributions	6,101,104	2,238,313	3,862,791	172.58%
Change in Net Position	\$ (2,138,506)	\$ (7,499,549)	\$ 5,361,043	(71.48)%

- HUD Grants and subsidies increased by \$6.2 million or 14.39% as a result of an increase in operating subsidies of \$0.7 million, the use of capital funds to cover security costs of \$0.7 million, and an increase in HCVP subsidy of \$4.5 million due to increased utilization from 83.5% to 91.0%.

**RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2016**

- Other income increased \$3.4 million or 173.51% primarily as the result of the following:
 - Reduction in the allowances for mortgages (\$1.8 million) and for land held for resale (\$1.3 million); foreclosure of \$0.1 million, lower adjustments related to GASB 45 of \$0.2 million and receipt of interest on Dove projects of \$0.1 million.
- Administrative expenses decreased by \$1.3 million or 10.21% as a result of decreases in the following:
 - Reduction in salaries by \$0.6 million. Merit and bonuses were not awarded in December 2015 as in prior year and reduction in staff.
 - Reduction in legal costs by \$0.6 million. RRHA has made a concerted effort to reduce costs.
 - Reduction in other administrative expenses of \$0.6 million, including temporary labor of \$0.3 million.
 - Professional services increased \$0.4 million due to the expenses related to the CNI project.
- General expenses decreased by \$1.1 million or 18.75%. In the prior year an allowance was established for land held for resale totaling \$2.1 million in addition to the write off of other assets totaling \$0.8 million. Those expenses did not occur in the current year and were offset by payments of \$0.8 million to HUD for security costs, and adjustment to the mortgage allowance of \$0.6 million and the establishment of an allowance of \$0.3 million related to NHS mortgages receivable.
- Cost of property sold decreased by \$0.4 million or 15.38% due to lower number of properties sold and dollar value of properties sold within State & Local (\$0.1 million), Business Activities (\$0.2 million), and Hope 6 (\$0.2 million). These decreases were offset by an increase in property sold with CDBG (\$0.3 million).
- Loss on sale of assets decreased by \$7.4 million or 100% as a result of transfer of the Theatre Row building to the City of Richmond
- Capital contributions increased by \$3.9 million or 172.58% due to spending on the following:
 - \$2.4 million for Boiler Replacements
 - \$0.6 million for HVAC replacements/repairs
 - \$0.5 million for exterior lighting
 - \$0.4 million for drainline/plumbing repairs
- Net position decreased primarily due to the loss on sale of assets and various changes in operating revenues and operating expenses.

**RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2016**

Table 3 shows gross revenues and expenses by program. Program revenues represent funding received by RRHA from HUD and the City of Richmond for fiscal years 2016 and 2015. Program expenses represent amounts spent by RRHA to administer these programs.

**Table 3
Statements of Revenues, Expenses and Changes in Net Position**

	2016	2015	\$ Increase/ (Decrease)	% Increase/ (Decrease)
Program Revenues (Gross):				
Rent and Other	\$ 10,770,899	\$ 10,617,497	\$ 153,402	1.44%
Operating Subsidies/Grants	22,456,693	21,068,612	1,388,081	6.59%
Capital Grants	6,101,104	2,238,313	3,862,791	172.58%
HCVP Administrative Fees	1,948,534	1,631,232	317,302	19.45%
HCVP Subsidy	24,755,741	20,272,908	4,482,833	22.11%
City Programs	3,600,006	1,448,333	2,151,673	148.56%
Investment and Other	1,696,314	808,666	887,648	109.77%
Total Program Revenues	<u>71,329,291</u>	<u>58,085,561</u>	<u>13,243,730</u>	22.80%
Program Expenses (Gross):				
Low Rent Housing	34,017,807	33,863,761	154,046	0.45%
Other Grants	535,990	711,150	(175,160)	(24.63)%
HCVP Administrative	1,922,524	1,710,758	211,766	12.38%
HCVP Subsidy	24,285,681	21,721,051	2,564,630	11.81%
City Programs	11,379,881	7,084,275	4,295,606	60.64%
Investment and Other	1,325,914	494,115	831,799	168.34%
Total Program Expenses	<u>73,467,797</u>	<u>65,585,110</u>	<u>7,882,687</u>	12.02%
Change in Net Position	(2,138,506)	(7,499,549)	5,361,043	(71.48)%
Net Position, October 1	<u>95,293,646</u>	<u>102,793,195</u>	<u>(7,499,549)</u>	(7.30)%
Net Position, September 30	<u>\$ 93,155,140</u>	<u>\$ 95,293,646</u>	<u>\$ (2,138,506)</u>	(2.24)%

Note: Other federal programs consist of HOPE VI, Ross Grant, and Public Safety.

- Total program revenues increased by \$13.2 million or 22.8%. Operating Subsidies/Grants increased by \$1.4 million or 6.59% as a result of increased operating subsidies of \$0.7 million and use of capital funds to cover unallowable security costs of \$0.7 million. Capital grants increased by \$3.9 million. Increase due to spending on a variety of projects that did not occur in prior year: 1) major boiler repairs, 2) HVAC repairs, 3) exterior lighting project, and 4) plumbing/drainline projects. HCVP subsidy increased by \$4.5 million as a result of increased funding from HUD. RRHA's utilization increased on average from 83.5% to 91.0%. City Programs increased by \$2.3 million or 156.67% primarily as the result of 1) adjustment to the allowances for land held for resale of \$1.5 million and mortgages of \$0.5 million, and 2) write-off of amounts due to the COCC of \$0.3 million.
- Total program expenses increased by \$7.9 million or 12.02% primarily due to an increase in City programs of \$4.3 million from the loss on sale of assets, primarily the transfer of Theatre Row building to the City of Richmond for \$7.4 million. The increase in the loss on the sale of assets is offset by a decrease in the allowance on Land Held for Resale of \$1.9 million. Increase in HCVP Subsidy of \$2.6 million or 11.81% is due to an increase in average utilization from 83.5% to 91%. The above is offset by an increase in investment and other expenses of \$0.8 million.

**RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2016**

LIQUIDITY

RRHA's "working capital" is the difference between its current assets and current liabilities and represents the "amount of net liquid resources" available for use in the course of ongoing business activities. The "current ratio" reflects the "relationship" of these classifications and is a measure of RRHA's ability to pay short-term obligations.

**Table 4
Working Capital and Current Ratio**

	2016	2015
Current Assets	\$ 25,932,048	\$ 23,429,884
Less: Current Liabilities	<u>(6,886,334)</u>	<u>(5,986,062)</u>
Working Capital	<u>\$ 19,045,714</u>	<u>\$ 17,443,822</u>
Current Assets	\$ 25,932,048	\$ 23,429,884
Divided by: Current Liabilities	6,886,334	5,986,062
Current Ratio	3.77:1	3.91:1

RRHA is financially stable as evidenced by its working capital of \$19.0 million and its 3.77:1 ratio of current assets to current liabilities at September 30, 2016. HUD's financial assessment considers a current ratio of 1:1 or greater as financially stable. The working capital for RRHA increased from fiscal year 2015 by \$1.6 million while the current ratio decreased. Current assets increased at a faster rate than current liabilities. Increase in current assets is primarily due to an increase in Cash of \$1.2 million and HUD receivable of \$1.2 million related to capital expenditures. The decrease in the current ratio is due to an increase in current liabilities related to the establishment of an escrow account of \$0.4 million, deferred interest receivable of \$0.4 million and payroll payable of \$0.1 million.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of September 30, 2016, RRHA's capital assets totaled \$72,089,954 (net of accumulated depreciation). Included in the capital assets are land, land improvements, buildings and structures, equipment, and construction in progress. See footnote 5 for further details.

**Table 5
Capital Assets**

	2016	2015
Land	\$ 6,988,696	\$ 7,366,112
Buildings	148,972,160	160,894,446
Furniture, Equipment and Machinery	10,836,028	9,083,111
Accumulated Depreciation	(98,574,839)	(101,503,165)
Construction in Progress	<u>3,867,909</u>	<u>1,334,655</u>
Total	<u>\$ 72,089,954</u>	<u>\$ 77,175,159</u>

**RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2016**

Long-Term Debt

As of September 30, 2016, RRHA had net outstanding notes, bonds and loans payable totaling \$1.1 million. See footnote 7 for further details.

**Table 6
Long-Term Debt**

	2016	2015
Wells Fargo Line of Credit	\$ -	\$ 620,712
4th and Grace Place Note Payable	765,000	765,000
Diocese of Richmond Note Payable	327,796	347,573
COCC/LRPH Repayment	5,957,744	-
ROI Loan	814	2,405
Subtotal	<u>7,051,354</u>	<u>1,735,690</u>
Less: Eliminations	<u>(5,957,744)</u>	<u>(1,216)</u>
Total Outstanding Debt	<u>\$ 1,093,610</u>	<u>\$ 1,734,474</u>

ECONOMIC CONDITIONS AND NEXT YEAR'S BUDGET

With the election of President Trump, there is the notion that with his aggressive fiscal stimulus plans, the economy would grow via any implemented tax cuts and spending plans. The DOW is at a record, hovering about 20,000 points. The Federal Reserve has raised the interest rate and is expected to raise the rates an additional three times during 2017. The focus will be on how the following will be handled by the new President and the impact to the economy: Healthcare, Tax Reform, Deregulation, and Infrastructure spending.

The national economy for 2017 showed signs of improvement in several areas. Americans were more confident in the economic conditions and future direction of the economy, job creations improved slightly, and consumer spending increased to the highest level since 2008. It is anticipated that the economy will grow moderately for fiscal 2017. Inflation will grow to 1.9%, and unemployment will decline to 4.5%, although unemployment has been steady at about 4.7%. The national unemployment rate for 2016 improved from the prior year from about 5.1% to 4.7% while the City of Richmond unemployment rate improved slightly for the same time period from about 4.5% to 3.9%.

Along with a modest increase in the economy, the City of Richmond has several competitive advantages. It is geographically positioned as a focal point of economic development along the east coast. The presence of federal and state offices, headquarters of major corporations, numerous health facilities, and the concentration of educational institutions add to its economic vitality.

A major objective in Richmond is to ensure that downtown is vibrant and healthy because it is a reflection of the entire Richmond metropolitan area. Numerous community and economic development initiatives continue to create investment opportunities. RRHA is a partner and benefactor of the City's efforts. In addition to funds from the City of Richmond, RRHA receives a significant portion of its funding from the U.S. Department of Housing and Urban Development (HUD). RRHA administers several HUD programs including Low Income Public Housing (LIPH), Housing Choice Voucher Programs (HCVP), Capital Grants, HOPE VI, Community Development Block Grant (CDBG), and Home Investment Partnership (HOME) Fund.

**RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2016**

External economic and legislative factors outside of HUD's control affect its ability to influence key performance goals. These external factors include economic conditions, unemployment rates, financial lending environment, and tax regulations, as well as other federal, state and local conditions. In addition to the above noted factors, budget constraints could have a direct impact on all HUD programs. Interrelated budgetary and economic factors and a shortage of affordable housing caused by uncontrollable external economic conditions may affect HUD's ability to fund and meet its goals.

Therefore, the FY 2017 budget is conservatively based and is reflective of 2016 federal legislative mandates. The fiscal year (FY) 2017 budget assumes HUD will fund Public Housing Operations at 84% of projected need, fund Housing Assistant Payments at 100% of projected need, and fund the Administrative needs of HCVP at 84%. These projected funding levels are consistent with the prior year's funding. For fiscal 2017, HUD will continue to operating under a Continuing Resolution (CR) until April 28, 2017. In the full year Continuing Resolution, HUD has calculated estimated Housing Assistant Payments at 94% of projected need and Administrative Fees at 77% of projected need. There has not been any discussion regarding the Public Housing Operation proration. RRHA will need to evaluate the financial impact of the revised percentages on the HCVP program.

The FY2017 budget also reflects the goals of the Board of Commissioners, Executive Staff and senior leadership of RRHA. These goals include improving property efficiency, completing the HOPE VI and Dove Street redevelopment efforts and planning for the revitalization of FAY Towers and Creighton. Another of RRHA's objective is to increase cash through effective cash management during the fiscal year.

REQUEST FOR INFORMATION

The audited financial statements provide a general overview of RRHA's financial transactions. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Controller, Richmond Redevelopment and Housing Authority, 901 Chamberlayne Parkway, Richmond, Virginia 23220.

ACKNOWLEDGMENTS

This report was prepared by the Richmond Redevelopment and Housing Authority's Finance Department under the direction of T.K. Somanath, Chief Executive Officer and the leadership of Stacey L. Daniels-Fayson, CPA, Controller, with assistance from:

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The Department of Finance wishes to express its appreciation to the Board of Commissioners, the Chief Executive Officer and all RRHA Departments and other organizations for their support.

RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
STATEMENT OF NET POSITION
SEPTEMBER 30, 2016

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	
CURRENT ASSETS	
Cash and Cash Equivalents (Note 2)	\$ 4,966,603
Restricted Cash and Cash Equivalents (Note 2)	6,582,331
Short-Term Investments (Note 2)	69,994
Accounts Receivables, Net of Allowance of \$527,442 (Note 3)	4,100,363
Mortgage Loans and Notes Receivable - Current, Net of Allowance of \$412,944 (Note 4)	494,179
Land Held for Resale, Net of Allowance of \$759,528 (Note 6)	9,068,882
Other Assets, Net of Allowance of \$47,797	649,696
Total Current Assets	<u>25,932,048</u>
NONCURRENT ASSETS	
Capital Assets - Non-depreciable (Note 5)	
Land	6,988,696
CIP	3,867,909
Total Capital Assets - Non-depreciable	<u>10,856,605</u>
Capital Assets - Depreciable (Note 5)	
Buildings and Improvements	148,972,160
Furniture and Equipment	10,836,028
Accumulated Depreciation	(98,574,839)
Total Capital Assets - Depreciable	<u>61,233,349</u>
Capital Assets, Net	72,089,954
Mortgage Loans and Notes Receivable - Noncurrent, Net of Allowance of \$621,634 (Note 4)	21,065,984
Investment in Joint Venture	441,728
Total Noncurrent Assets	<u>93,597,666</u>
Total Assets	119,529,714
DEFERRED OUTFLOW OF RESOURCES	
Total Assets and Deferred Outflow of Resources	<u>\$ 121,815,816</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	
CURRENT LIABILITIES	
Current Portion Long-Term Debt (Note 7)	\$ 328,610
Accounts Payable (Note 9)	1,375,462
Due to Other Governments, Current (Note 9)	1,283,080
Compensated Absences, Current (Note 9)	673,780
Accrued Liabilities (Note 9)	2,024,343
Tenant Security Deposits/FSS Escrows (Note 9)	633,287
Other Current Liabilities (Note 9)	22,135
Unearned Revenues (Note 9)	545,637
Total Current Liabilities	<u>6,886,334</u>
NONCURRENT AND OTHER LIABILITIES	
Long-Term Debt, Net of Current (Note 7)	765,000
Other Noncurrent Liabilities (Note 9)	8,240,272
Accrued Pension and OPEB Liability (Notes 11&12)	9,800,916
Total Noncurrent Liabilities	<u>18,806,188</u>
Total Liabilities	<u>25,692,522</u>
DEFERRED INFLOW OF RESOURCES	
Total Liabilities, Deferred Inflow of Resources and Net Position	<u>2,968,154</u>
NET POSITION	
Net Investment in Capital Assets	72,089,954
Restricted	5,045,754
Unrestricted	16,019,432
Total Net Position	<u>93,155,140</u>
Total Liabilities, Deferred Inflow of Resources and Net Position	<u>\$ 121,815,816</u>

See accompanying Notes to Financial Statements.

RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED SEPTEMBER 30, 2016

OPERATING REVENUES

Dwelling Rental	\$ 10,770,899
HUD Grants and Subsidies	49,157,023
Other Government Grants and Subsidies	170,061
Sale of Property	147,638
Other Income	5,284,433
Mortgage Interest	98,128
Total Operating Revenues	<u>65,628,182</u>

OPERATING EXPENSES

Administration	11,095,422
Tenant Services	680,516
Utilities	10,956,807
Maintenance and Operation	8,340,140
Protective Services	326,251
General Expenses	4,828,016
Housing Assistance Payments	24,408,346
Cost of Property Sold	1,987,231
Depreciation	3,775,504
Total Operating Expenses	<u>66,398,233</u>

Total Operating Loss (770,051)

Nonoperating Revenues (Expenses):

Loss on Sale of Assets	(7,448,583)
Investment Income	6,075
Interest Expense	(27,051)
Total Nonoperating Revenues (Expenses)	<u>(7,469,559)</u>

Loss Before Capital Grants (8,239,610)

CAPITAL GRANTS

6,101,104

CHANGE IN NET POSITION

(2,138,506)

Net Position - Beginning of Year

95,293,646

NET POSITION - END OF YEAR

\$ 93,155,140

See accompanying Notes to Financial Statements.

RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2016

CASH FLOWS FROM OPERATING ACTIVITIES

Rental Receipts	\$ 11,037,612
Direct HUD Subsidies	47,932,199
Other Government Grants and Subsidies	122,439
Charges for Services	5,369,603
Payments to Employees	(12,287,857)
Housing Operations and Tenant Services	(26,280,580)
Housing Assistance Payments	(24,408,346)
Net Cash Provided by Operating Activities	<u>1,485,070</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Interest Payments	(27,051)
Principal Payments on Bonds and Loans Payable	(640,864)
Net Cash Used by Noncapital Financing Activities	<u>(667,915)</u>

CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES

Acquisition of Capital Assets	(6,344,927)
Disposal of Capital Assets	7,654,628
Capital Contributions	6,101,104
Net Cash Provided by Capital Financing Activities	<u>7,410,805</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from Land Held for Resale	362,998
Loss on Disposal of Land Held for Resale	(7,448,583)
Interest Income	6,075
Net Cash Used by Investing Activities	<u>(7,079,510)</u>

NET INCREASE IN CASH AND CASH EQUIVALENTS

1,148,450

Cash and Cash Equivalents - Beginning of Year

10,400,484

CASH AND CASH EQUIVALENTS - END OF YEAR

\$ 11,548,934

CLASSIFIED AS

Cash and Cash Equivalents	\$ 4,966,603
Restricted Cash	6,582,331
Total	<u>\$ 11,548,934</u>

RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Net Operating Loss	\$ (770,051)
Adjustments to Reconcile Cash and Cash Equivalents Provided by Operating Activities:	
Depreciation	3,775,504
Bad Debt Expense	1,281,394
Effects of Changes in Operating Assets and Liabilities, Net of Business Combination and Noncash Items:	
Accounts Receivable	(2,486,269)
Mortgage Loans, Net	(150,888)
Other Assets	(77,731)
Accounts Payable	(3,359)
Unearned Revenue	157,697
Tenant Security Deposits	31,737
Accrued Liabilities	784,721
Other Liabilities	(116,463)
OPEB / Pension Liability	(941,222)
Net Cash Provided by Operating Activities	<u>\$ 1,485,070</u>

See accompanying Notes to Financial Statements.

RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Richmond Redevelopment and Housing Authority (the Authority or RRHA) was established by the City Council of the City of Richmond, Virginia (the City), in October 1940 as a political subdivision of the Commonwealth of Virginia. RRHA is responsible for operating affordable housing programs, which provide housing for eligible families, for operating redevelopment and conservation programs in accordance with the City's Master Plan and for the delivery of services to citizens of low income housing and urban renewal areas through the encouragement and development of social and economic opportunities. The Board of Commissioners of RRHA is appointed by the City Council. A summary of the various programs, including Annual Contributions Contract Numbers (ACC #), if applicable, provided by RRHA are as follows:

Low Income Public Housing programs provide subsidy funding annually, by a formula for Housing Modernization and Housing Operations Programs. These programs support public housing operations by way of an annual contributions contract with the Department of Housing and Urban Development (HUD), ACC #P-200. Under this contract, RRHA develops, modernizes and manages twenty-one public housing developments and 135 single family homes.

Housing Choice Voucher programs (HCVP) include the Certificate, Voucher and Moderate Rehabilitation programs. Under these programs, rental assistance payments are made by RRHA primarily to landlords on behalf of eligible families. These programs are funded by the annual contributions contract with HUD, ACC # P-5518.

Capital Funding Programs (CFP) provides funds annually, by a formula, to PHAs for capital and management activities, including modernization and development of public housing. The CFP funds, which are allocated annually, represent the major source of funding for capital and management activities at PHAs.

The HOPE VI revitalization program includes the construction and sale of affordable housing units. The units will be owned by RRHA and managed as public housing.

Resident Opportunities and Self-Sufficiency (ROSS) Programs are provided by a series of grants from HUD. The purpose of the ROSS Programs is to assist residents in becoming economically self-sufficient by providing supportive services and resident empowerment activities.

The Community Development Block Grant (CDBG) and the Home Investment Partnership (HOME) programs include various residential redevelopment projects administered by the City. RRHA acts as a subrecipient of CDBG and HOME programs, which are received by the City from HUD and passed on to RRHA. RRHA generally uses these funds for various revitalization projects which includes but is not limited to the purchase of land, demolition of blighted structures, relocation of tenants and/or owners, infrastructure improvements, single-family mortgage loans and forgivable loans and grants in designated sections of the City of Richmond.

RRHA also provides other non-grant related activities including administrative functions and resident day care services along with private residential and commercial bank loans, which are categorized as Other Programs.

RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Basis of Accounting, Basis of Presentation and Measurement Focus

RRHA has prepared its financial statements in conformity with Generally Accepted Accounting Principles (GAAP). Government Accounting Standards Board (GASB) Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* (GASB 62), was issued to incorporate FASB and AICPA guidance into GASB authoritative literature.

The Authority uses the accrual basis of accounting in the enterprise funds. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flow takes place.

The Authority uses fund accounting (as presented in the supplemental financial data schedule). Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain Authority functions. The fund is a separate accounting entity with a self-balancing set of accounts. The accounting and financial reporting method applied by a fund is determined by the fund's measurement focus. The accounting objectives are determination of net income, financial position and cash flows. All assets and liabilities associated with the Enterprise Fund's activities are included on the Statement of Net Position. All funds of the Authority are enterprise funds.

Effective for fiscal year 2008, HUD requires all public housing agencies meeting certain criteria to account for financial activity by project. Referred to as the asset management program, RRHA is now required to report financial activity by project as well as by fund through HUD's on-line reporting system.

Management of RRHA and the City of Richmond has determined that RRHA is a component unit of the City of Richmond, Virginia and, accordingly, the financial position and results of RRHA's operations are included in the City of Richmond's basic financial statements.

Financial Reporting Entity

RRHA's financial statements are prepared in conformity with GAAP as applied to governmental units. GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Therefore, RRHA's financial statements present the Authority and the following blended component units, which are entities for which the primary government is considered financially accountable.

Richmond Opportunities, Inc. (ROI)

The Richmond Opportunities, Inc. (ROI) is organized as a nonstock corporation exclusively for charitable and educational purposes. The name of the corporation was changed to Richmond Opportunities, Inc. in August 2009. Currently, RRHA's Youth Sports and Fine Arts Academy program operates through ROI. The mission of the Academy is to provide RRHA youth opportunities to participate in a variety of sports and cultural-related activities while receiving intensive, case management services. Bringing youth together from all

RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Financial Reporting Entity (continued)

communities is an opportunity for youth to gain enhanced socialization skills and respect for one another. The Academy deters gang behavior and other anti-social behavior by providing opportunities for youth to interact positively with RRHA and non-RRHA youth reaching across various socio-economic levels. This program is primarily funded through the donations of RRHA employees; the donations are tax deductible.

Randolph Place Associates, L.P.

The Randolph Place Associates, L.P. was a limited partnership created under the laws of the Commonwealth of Virginia on January 10, 1985. The Partnership was formed to acquire, rehabilitate, construct, own, and operate a 50-unit apartment housing project for occupancy by the elderly in Richmond, Virginia. The project was managed by RRHA through the Randolph Place Development Corporation (RPDC), a wholly owned subsidiary of RRHA, which was a general partner.

On November 1, 2007, the 50-unit apartment was sold to a subsidiary of Better Housing Coalition. The Randolph Place Associates limited partnership was dissolved effective August 2, 2007 and there is discussion to repurpose the RPDC to carry out for-profit development.

Richmond Development Corporation (RDC)

The Richmond Development Corporation (RDC), formerly known as Randolph Neighborhood and Development Corporation (RNDC), obtained a Section 501(c)(3) tax-exempt status as a public charity on January 11, 1982. The name of the corporation was changed to Richmond Development Corporation in February 1998. The purpose of the Corporation is to build vibrant and sustainable neighborhoods in Richmond through housing and commercial development activities. This Corporation will be the vehicle used to obtain tax credits and funding for several of RRHA's strategic initiatives.

These entities are deemed blended component units and therefore, the operating activities are included in the Authority's basic financial statements. Two of the entities have calendar year ends and one has a June 30 fiscal year end. Accordingly, the amounts included for each blended component unit in the financial statements are as of and for the respective year ends that fall within the year ended September 30, 2016.

Cash Equivalents

Highly liquid investments, including money market funds and certificates of deposit, with initial maturities of three months or less from the date of purchase are considered cash equivalents.

Receivables

Receivables are shown net of allowances. RRHA determines its allowance based on historical data.

RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Mortgage Loans Receivable

Mortgage loans are carried at amounts advanced, net of collections and reserves for loan losses, if any. Properties that are foreclosed are carried on the books at the loan value if an appraisal of the property is not available. Loans that become past due as to principal and interest are evaluated for collectability, and included in the allowance for loan losses if deemed appropriate.

Inventories

In fiscal year 2011, RRHA implemented a just-in-time solution for inventory. Under this new method, inventory is recorded at cost and is expensed when purchased. RRHA also continues to use the consumption method for items purchased prior to the change. These items are charged to expense when consumed. Inventories are recorded at average cost.

Capital Assets

Capital assets, mainly buildings and structures, land, land improvements and equipment, are generally stated at historical cost, or at estimated historical cost based on appraisals or on other acceptable methods when historical cost is not available. RRHA defines capital assets as items with an initial, individual cost of more than \$5,000 and an estimated useful life of at least 5 years. Donated fixed assets are stated at their fair market value as of the date of the donation.

Accumulated depreciation is reported as a reduction of fixed assets. Depreciation is calculated on the straight-line basis over the following estimated useful lives.

Building and structures	40 - 50 years
Building improvements	15 - 40 years
Equipment	5 - 20 years
Land improvements	20 years

Construction in Progress

Construction in Progress represents expended funds for certain Housing Modernization programs. At the completion of the project, amounts are transferred to land and land improvements; buildings and structures; and equipment. Administrative, overhead and other costs, which do not increase the value of the property, are expensed as incurred.

Land Held for Resale

Land Held for Resale is recorded at the lower of cost or fair market value when purchased or donated, less estimated disposal costs.

Debt Obligations

Debt is carried at the outstanding face amount, net of any remaining unamortized premium or discount.

**RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Compensated Absences

The liabilities for compensated absences have been recorded in accordance with the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*. The current leave policy in effect (Policy #2.3 effective January 1, 2008) states that employees earn annual vacation leave at a rate ranging from 22.75 days per year, up to a maximum of 29.25 days per year after 15 years of service.

According to this policy, the maximum balance at the end of each fiscal year and maximum payment upon separation is noted in the following table.

<u>Years of Service</u>	<u>Number of Days Earned per Year</u>	<u>Maximum Balance End of the Year</u>	<u>Maximum Payment Upon Separation</u>
Less than five years	22.75 days	24 days	24 days
5-9 years	26 days	30 days	30 days
10-14 years	26 days	36 days	36 days
15 or more years	29.25 days	42 days	36 days

Net Position

Net position in enterprise fund financial statements is classified as net investment in capital assets, restricted, and unrestricted. Net investment in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors, laws and regulations of other governments or imposed by law through state statute. RRHA's restricted net position consists of escrows held for debt service payments, reserve accounts, program income for the City, and excess housing assistance payments. Unrestricted net position consists of assets that are not subject to externally imposed stipulations. The unrestricted net position may be designated for specific purposes by action of management or the board or may otherwise be limited by contractual agreements with outside parties. The Authority first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net resources are available.

Unearned Revenue

Unearned revenue shown on the Statement of Net Position is comprised of revenue amounts for which asset recognition criteria have been met but for which revenue recognition criteria have not yet been met.

Revenue Recognition

Generally, revenues are recognized when earned, regardless of when the related cash flows take place. Non-exchange transactions, in which RRHA either gives or receives value without directly receiving or giving equal value in exchange, include, for example, grants, entitlements, and donations. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Rental revenues are recorded as operating revenues as rentals become due. Rental payments received in advance, if any, are deferred until earned.

RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Revenue Recognition (Continued)

RRHA has entered into annual contributions contracts with HUD to develop, manage, own, and rent affordable housing. HUD makes annual debt service contributions and monthly operating subsidy contributions within the public housing program and monthly contributions for housing assistance payments and administration fees for the HCVP program. Such operating contributions are reflected as operating revenues in the accompanying Statement of Revenues, Expenses and Changes in Net Position. Capital contributions are presented as a separate component in determining the change in net assets for the year on the Statement of Revenues, Expenses and Changes in Net Position.

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

Home sales revenues are recorded at the time of closing and are reported under the legal contractual requirement of the individual program and are reported as operating revenues.

Non-operating Revenues and Expenses

Operating revenues and expenses generally result from providing goods and services in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. RRHA reports as non-operating revenue and expense amounts arising from capital asset transactions, investment related activities and intergovernmental debt service related transactions.

Inter-program Transfers

Transfers among programs are recognized in all programs affected in the period in which the transfers occur. The inter-program activity was eliminated from the Statement of Net Position for presentation purposes in the audited statements at September 30, 2016. The inter-program transfers are included in the supplemental information.

Pension Plans

RRHA participates in a defined benefit pension plan administered by the Virginia Retirement System. It is RRHA's policy to fund the normal cost and amortization of unfunded prior service cost (over 30 years). RRHA also provides post-employment benefits other than pensions in the form of health-related insurance. Expenses are recognized as incurred.

Deferred Outflows/Inflows of Resources

A deferred outflow of resources represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenditure) until the future period. The Authority recognizes deferred outflows for contributions made subsequent to the measurement date related to pensions.

A deferred inflow of resources represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until the future period. The Authority recognizes deferred inflows for the difference between the projected and actual investment earnings related to pensions as well as changes in the proportion of pension related to the Authority.

RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Income Taxes

As a political subdivision of the Commonwealth of Virginia, RRHA is exempt from Federal and State income taxes.

Use of Estimates

The preparation of the financial statements in conformity with GAAP requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses reported during the reporting period. Actual results could differ from those estimates.

New Accounting Pronouncements

In fiscal year 2016, the Authority implemented GASB Statement No. 72, *Fair Value Measurement and Application*, GASB Statement No. 73, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* and GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*.

GASB No. 72 improves the accounting and financial reporting related to fair value measurements. This statement clarified the definition of fair value of assets and liabilities and the valuation techniques used, considering such factors as use of acquisition price and exit price. This statement did not impact valuations for the Authority's assets and liabilities but did impact related disclosures.

GASB Statement No. 73 clarifies the application of certain provisions of Statements 67 and 68 with regard to information required to be presented as notes to the 10-year schedules of required supplementary information. This Statement did not impact the financial reporting or related disclosures included in these financial statements

GASB No. 76 identifies the hierarchy of generally accepted accounting principles (GAAP) in the context of the current governmental financial reporting environment. This Statement did not impact the financial reporting or related disclosures included in these financial statements.

NOTE 2 CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash

At September 30, 2016, cash on hand, cash items and petty cash totaled \$9,073,766 and the value of RRHA's deposits with financial institutions totaled \$9,510,582.

To support the implementation of Asset Management, RRHA established separate bank accounts for select programs (i.e. Community Revitalization, Housing Choice Voucher). Cash and investments are separately held by each of RRHA's programs. As disbursements are made from the payroll accounts, funds from the Revolving Account are automatically transferred to those bank accounts to cover those disbursements on a daily basis. All cash classified as restricted relates to the establishment of escrow accounts for outstanding loans with program requirements, tenant security deposits, excess HCV payments, and debt service.

RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 2 CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, RRHA's deposits may not be returned to it. It is RRHA's policy to ensure that all deposits with financial institutions are covered by either federal deposit insurance or the provisions of the Virginia Security for Public Deposits Act (the Act). Under the Act, financial institutions may participate in the collateral pool by pledging collateral in excess of 50% of excess deposits in the name of the State Treasury Board. The Code of Virginia §2.2-4405(5), as amended, authorizes the State Treasury Board to "establish guidelines to permit banks to withdraw from the procedures for the payment of losses under §2.2-4403 [, as amended,] and instead be governed by the procedures for the payment of losses under §2.2-4404 [, as amended]. The State Treasury Board publishes lists of those financial institutions opting out of the collateral pool which did not meet the collateral requirements in accordance with the procedures for the payment of losses. As of September 30, 2016, all bank balances were covered by either federal deposit insurance or the Act.

Cash Equivalents and Investments

Cash equivalents consist of money market funds with initial maturities not exceeding 365 days and average maturities of less than 90 days. RRHA invests in a short term Government & Agency Portfolio money market fund that aims to maximize current income consistent with the preservation of capital and the maintenance of liquidity. The fund normally invests at least 80% of the assets in direct obligations of the U.S. Treasury and other securities issued or guaranteed as to principal and interest by the U.S. Government, or its agencies and instrumentalities (agency securities), as well as repurchase agreements secured by those obligations. RRHA also invests in a liquid federal trust fund consisting of U.S. Treasury and Agency debt which matures within 1 year. The balance of cash equivalents and investments at September 30, 2016 was \$2,545,162.

Interest Rate Risk

Fair value of an investment fluctuates with interest rates and increasing interest rates could cause fair value to decline below the original cost. To limit RRHA's exposure to increasing interest rates, RRHA's investment policy limits the terms of investment and allows the maturities to remain liquid to enable RRHA to meet all operating requirements.

Credit Risk

RRHA does not have a formal policy on credit risk; however, the Federal Code of Regulations, Part 85, Subpart C, (24 CFR 85.20) for cash management and investments permits investments in the following types of investments: direct U.S. obligations, U.S. agency obligations, repurchase agreements, and money market mutual funds. RRHA follows these guidelines and all of RRHA's investments are short term in nature with weighted average maturities of less than 90 days. Repurchase agreements are collateralized by securities at market value sufficient to cover the face values of the investments.

RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 2 CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Cash Equivalents and Investments (Continued)

Custodial Credit Risk - Investments

For an investment, this is the risk that in the event of failure of the counterparty, RRHA will not be able to recover all or a portion of the value of its investments or collateral securities that are in the possession of an outside party. RRHA does not have a formal policy on custodial credit risk.

Concentration of Credit Risk

RRHA places no limit on the amount that it may invest in any one issuer. The majority of the investments are in money market funds in various accounts held with one financial institution. RRHA does not have a formal policy for concentration of credit risk.

The following is the detail of cash equivalents and investments at September 30, 2016 with maturities less than one year:

	Fair Value		Total	S&P Ratings
	Unrestricted	Restricted		
Petty Cash	\$ 1,000	\$ -	\$ 1,000	N/A
Checking Accounts	4,965,092	4,107,674	9,072,766	N/A
Money Market Funds	511	2,474,657	2,475,168	Aaa-mf
Short-Term Investments				
Federal Home Loan Banks	-	16,766	16,766	AA+
Federal Farm Credit Banks	-	19,270	19,270	AA+
US Treasuries	-	26,526	26,526	A-1+
Tennessee Valley Authority	-	7,432	7,432	A-1+
Total	<u>\$ 4,966,603</u>	<u>\$ 6,652,325</u>	<u>\$ 11,618,928</u>	

Fair Value Measurements

The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted market prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. As of September 30, 2016, fair value of investments are as follows:

RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 2 CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Cash Equivalents and Investments (Continued)

	9/30/2016	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investment by Fair Value Level				
Debt Securities				
Federal Home Loan Banks	\$ 16,766	\$ -	\$ 16,766	\$ -
Federal Farm Credit Banks	19,270	-	19,270	-
US Treasuries	26,526	26,526	-	-
Tennessee Valley Authority	7,432	-	7,432	-
Total Investments by Fair Value Level	<u>\$ 69,994</u>	<u>\$ 26,526</u>	<u>\$ 43,468</u>	<u>\$ -</u>

NOTE 3 ACCOUNTS RECEIVABLE

Accounts receivable including applicable allowances for uncollectible accounts at September 30, 2016 consisted of the following:

Tenants (Net of Allowance of \$264,462)	\$ 434,942
Accounts Receivable - HUD	2,433,413
Other Government	649,132
Miscellaneous (Net of Allowance of \$262,980)	582,876
Total	<u>\$ 4,100,363</u>

NOTE 4 MORTGAGE LOANS

The composition of RRHA's mortgage loan portfolio, by collateral type, as of September 30, 2016, is as follows:

	Accrued		Total
	Principal	Interest	
Single-Family Real Estate	\$ 6,472,244	\$ -	\$ 6,472,244
Multi-Family Real Estate	5,384,343	1,114,257	6,498,600
Commercial Real Estate	7,290,000	2,333,897	9,623,897
Total Mortgage Loans	19,146,587	3,448,154	22,594,741
Less Allowance	(1,034,578)	-	(1,034,578)
Total Mortgage Loans, Net	18,112,009	3,448,154	21,560,163
Less Current Mortgage Loans	(494,179)	-	(494,179)
Noncurrent Mortgage Loans	<u>\$ 17,617,830</u>	<u>\$ 3,448,154</u>	<u>\$ 21,065,984</u>

RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 4 MORTGAGE LOANS (CONTINUED)

RRHA makes single-family mortgage loans that are both active and deferred. Active loans require repayment of principal and interest and bear interest at market rates in effect at the time the loan was made. Deferred loans represent loans for which the repayment of principal and interest is deferred, without interest, for periods up to fifteen years and bear interest at rates significantly below market rates in effect at the time the loan was made.

Commercial loans were funded from the following sources:

	Principal	Accrued Interest	Total
HUD Programs:			
Hope VI	\$ 6,525,000	\$ 1,010,960	\$ 7,535,960
City of Richmond Cooperative Agreements:			
4th and Grace Street	765,000	1,322,937	2,087,937
Total Commercial Loans	<u>\$ 7,290,000</u>	<u>\$ 2,333,897</u>	<u>\$ 9,623,897</u>

Related liabilities consist of the following:

Notes Payable - 4th and Grace Street	\$ 765,000
Accrued Interest - 4th and Grace Street	1,322,937
Due to City of Richmond - Mortgage Loans	<u>3,162,713</u>
Total	<u>\$ 5,250,650</u>

These liabilities are included in accounts payable, due to other governments, and long-term debt, as applicable, in the Statement of Net Position.

Other liabilities to the City of Richmond are due after repayment of the related mortgage loans receivable. RRHA records an allowance for loan loss related to loans made for which RRHA bears the risk of loss. RRHA provides for losses when a specific need for an allowance is identified. The provision for loan losses charged or credited to operating expense is the amount necessary, in management's judgment, to maintain the allowance at a level it believes sufficient to cover losses in collection of loans. Estimates of future losses involve the exercise of management's judgment and assumptions with respect to future conditions. The principal factors considered by management in determining the adequacy of the allowance are the composition of the loan portfolio, historical loss experience, economic conditions, the value and adequacy of collateral, and the current level of the allowance. There was no loss incurred in fiscal year 2016.

RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 5 CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2016 is as follows:

	Balance October 1, 2015	Increases	Decreases	Transfers/ Capitalizations	Balance September 30, 2016
Capital Assets Not Being Depreciated:					
Land	\$ 7,366,112	\$ -	\$ (377,416)	\$ -	\$ 6,988,696
Construction in Progress (CIP)	1,334,655	6,285,873	(103,432)	(3,649,187)	3,867,909
Total Capital Assets Not Being Depreciated	<u>8,700,767</u>	<u>6,285,873</u>	<u>(480,848)</u>	<u>(3,649,187)</u>	<u>10,856,605</u>
Capital Assets Being Depreciated:					
Land Improvements	8,747,707	-	-	588,004	9,335,711
Building and Structures	152,146,739	-	(13,775,000)	1,264,710	139,636,449
Equipment	9,083,111	59,054	(86,648)	1,780,511	10,836,028
Total Capital Assets Being Depreciated	<u>169,977,557</u>	<u>59,054</u>	<u>(13,861,648)</u>	<u>3,633,225</u>	<u>159,808,188</u>
Less Accumulated Depreciation:	<u>101,503,165</u>	<u>3,775,504</u>	<u>(6,790,480)</u>	<u>86,650</u>	<u>98,574,839</u>
Total Capital Assets Being Depreciated, Net	<u>68,474,392</u>	<u>(3,716,450)</u>	<u>(7,071,168)</u>	<u>3,546,575</u>	<u>61,233,349</u>
Total Capital Assets, Net	<u>\$ 77,175,159</u>	<u>\$ 2,569,423</u>	<u>\$ (7,552,016)</u>	<u>\$ (102,612)</u>	<u>\$ 72,089,954</u>

NOTE 6 LAND HELD FOR RESALE

Activity in the land held for resale account for the year ended September 30, 2016 is as follows:

	Balance October 1, 2015	Increases	Decreases	Transfers	Balance September 30, 2016
Land Held for Resale	\$ 11,655,944	\$ -	\$ (1,817,441)	\$ (10,094)	\$ 9,828,409
Less: Allowance	<u>2,224,064</u>	<u>-</u>	<u>(1,464,537)</u>	<u>-</u>	<u>759,527</u>
Total Land Held for Resale, Net	<u>\$ 9,431,880</u>	<u>\$ -</u>	<u>\$ (352,904)</u>	<u>\$ (10,094)</u>	<u>\$ 9,068,882</u>

RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 7 DEBT OBLIGATIONS

Changes in the total long-term debt during the year ended September 30, 2016 are summarized below. These debt obligations of RRHA are not held or guaranteed by HUD.

	Balance October 1, 2015	Additions	Forgiveness/ Reductions	Balance September 30, 2016	Due Within One Year
Wells Fargo Note ¹	\$ 620,712	\$ -	\$ (620,712)	\$ -	\$ -
4th & Grace Place Note ²	765,000	-	-	765,000	-
Diocese of Richmond ³	347,573	-	(19,777)	327,796	327,796
COCC/LRPH Repayment ⁴	-	6,132,638	(174,894)	5,957,744	100,000
ROI Loan ⁵	2,405	-	(1,591)	814	814
Subtotal	1,735,690	6,132,638	(816,974)	7,051,354	428,610
Less: Eliminations	(1,216)	(6,132,638)	176,110	(5,957,744)	(100,000)
Grand Total	<u>\$ 1,734,474</u>	<u>\$ -</u>	<u>\$ (640,864)</u>	<u>\$ 1,093,610</u>	<u>\$ 328,610</u>

¹Wells Fargo Non-Revolving Line of Credit Note: Original Date December 21, 2005 renewed in the amount of \$1,704,864 effective August 31, 2013. Interest to accrue on principal balance; rate may change day to day based on the Daily One Month LIBOR plus 1.50%. The line of credit was paid off in May 2016.

²Dated July 27, 2000, interest rate of 6.4%, maturing January 1, 2021.

³Dated August 28, 2012, interest rate of 6.0%, maturing September 1, 2017.

⁴Dated July 6, 2016 interest rate of 0.0%. This loan is between the Central Office Cost Center (COCC) and the Low Income Public Housing Program (LIPH) and is therefore eliminated for financial statement purposes.

⁵Dated July 15, 2011, interest rate of 3.0%. This loan is between the Authority and ROI, a blended component unit and is therefore eliminated for financial statement purposes.

The principal payment obligations related to bonds and loans payable for the five years commencing October 1, 2016, and thereafter are as follows:

Year Ended September 30,	Notes and Loans	
	Principal	Interest
2017	\$ 328,610	\$ 18,966
2021	765,000	-
Total	<u>\$ 1,093,610</u>	<u>\$ 18,966</u>

RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 8 HUD REPAYMENT AGREEMENT

As shown in Note 7, on July 6, 2016, RRHA entered into a repayment agreement with HUD in the amount of \$6,132,638. The agreement is the result of the unallowable transfer of funds from the Low Rent Public Housing program to the Central Office Cost Center. RRHA is to make the required annual installment repayment over a period of 63 years commencing on October 1, 2078 out of non-HUD, non-federal funds. Payments will be made as follows: two annual installments of \$51,352 beginning on October 1, 2016 and the second on October 1, 2017; sixty annual installments of \$100,000; and the final installment of \$29,934 due on October 1, 2078. In addition to these amounts, the agreement also requires repayment of management fees in the amount of \$48,648 on October 1, 2016 and October 1, 2017.

NOTE 9 OTHER LIABILITIES

Activity in RRHA's liability accounts which include the component units, other than bonds, loans payable and long-term notes payable, for fiscal year 2016 was as follows:

	Balance October 1,			Balance September 30,		Due Within
	2015	Increases	Reductions	2016	One Year	
Accounts Payable	\$ 1,378,821	\$ 18,432,074	\$ (18,435,433)	\$ 1,375,462	\$ 1,375,462	
Due to Other Governments	4,183,800	3,290,142	(3,953,065)	3,520,877	1,283,080	
Accrued Liabilities	1,198,252	34,429,179	(33,603,088)	2,024,343	2,024,343	
Compensated Absences	715,184	745,518	(786,922)	673,780	673,780	
Tenant Security Deposits	601,550	188,403	(156,666)	633,287	633,287	
Unearned Revenues	3,664,355	1,415,342	(928,133)	4,151,564	545,637	
Other Current Liabilities	23,313	8,022	(9,200)	22,135	22,135	
Other Noncurrent Liabilities	2,178,388	621,955	(403,795)	2,396,548	-	
Pension and OPEB Liability	9,056,822	10,516,759	(9,772,665)	9,800,916	-	
Total	<u>\$ 23,000,485</u>	<u>\$ 69,647,394</u>	<u>\$ (68,048,967)</u>	<u>\$ 24,598,912</u>	<u>\$ 6,557,724</u>	

NOTE 10 CONDUIT DEBT

RRHA, with the approval of the City or other Commonwealth of Virginia local governmental entities, may issue and sell debt to finance the acquisition, development, construction and/or rehabilitation of mixed-use and/or multi-family housing projects and commercial facilities deemed to be in the public interest. Such debt is payable solely from the revenue of the projects, which are owned by the developers, and does not constitute a debt or pledge of the faith and credit of RRHA, the Commonwealth of Virginia or any political subdivision thereof. Accordingly, such debt and related assets are not presented in the financial statements. The aggregate amount of all conduit debt obligations outstanding totaled \$102,354,529 as of September 30, 2016.

RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 11 DEFINED BENEFIT PENSION PLAN

Modification of Opinion

The most recent actuarial valuation report provided by the Virginia Retirement System (VRS) related to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27* and the related GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68* used a measurement date of June 30, 2015 to determine the net pension liability. GASB 68 requires a measurement date no earlier than the end of the employer’s prior fiscal year, or September 30, 2015 in the case of the Authority. Therefore, the valuation report issued by VRS is outdated for the Authority’s September 30, 2016 financial statements.

VRS provides retirement benefits to multiple employers in the state of Virginia and is responsible for procuring the actuarial valuation report used to determine the net pension liability for employers participating in VRS. The Authority has no control over the timing or content of the actuarial valuation report and therefore has no responsibility for selecting the measurement date used in the report. VRS is aware that some employers participating in VRS cannot use the most recent available report, but as of the date of our opinion on the Authority’s September 30, 2016 financial statements no updated report was available.

The Authority has included the financial effects of the GASB 68 valuation report with the June 30, 2015 measurement date as this represents the most recent data available. Although a report with a more recent measurement date would result in changes to the net pension liability and other financial components, it is not practical to estimate the effects of those changes on the financial statements.

Plan Description

RRHA contributes to the VRS, an agent, multiple-employer defined benefit public employee retirement system with separate cost-sharing pools for state employees and teachers. The plan is administered by the Board of Trustees of the Virginia Retirement System and provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Beginning January 1, 2014, employees newly covered under VRS were enrolled in the new VRS Hybrid Retirement Plan (Hybrid Plan). The Hybrid Plan combines the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members had the option of converting to the new Hybrid Plan. Title 51.1 of the Code of Virginia (1950), as amended, assigns the Authority to establish and amend benefit provisions to the Commonwealth of Virginia legislature. VRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of that report may be obtained by writing VRS at P.O. Box 2500, Richmond, VA 23218-2500.

RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 11 DEFINED BENEFIT PENSION PLAN (CONTINUED)

Plan Benefits and Membership

All full-time, salaried permanent employees must participate in the VRS as a member of Plan 1, Plan 2 or the Hybrid Plan. Plan 1 includes members hired prior to July 1, 2010, and who were vested as of January 1, 2013. Plan 2 includes members hired on or after July 1, 2010, or members hired prior to July 1, 2010 and who were not vested as of January 1, 2013. The Hybrid Plan includes members hired on or after January 1, 2014 or those who elect the plan. Benefits vest after five years of service. Plan 1 members who retire at or after age 65 with at least five years of credited service are entitled to an annual retirement benefit payable monthly for life in an amount equal to 1.70 percent of their average final compensation (AFC) times years of service. Plan 2 members who retire after reaching Social Security normal retirement age plus five years of service are entitled to an annual retirement benefit payable monthly for life in an amount equal to 1.70 percent of their AFC times years of service up to January 1, 2013 plus 1.65% of AFC times years of service from January 1, 2013. Hybrid Plan members who retire after reaching Social Security normal retirement age plus five years of service are entitled to an annual retirement benefit payable monthly for life in an amount equal to 1.00% of AFC times years of service.

AFC is defined as the average of the highest consecutive 36 months of salary for Plan 1 members and the average of the highest 60 consecutive months of salary for Plan 2 and Hybrid Plan members. An optional reduced retirement benefit is available to Plan 1 members of VRS as early as age 50 with 10 years of credited service or age 55 with at least five years of credited service. No reduction applies if the member has credit for 30 years of services at retirement and is at least 50. Plan 2 and Hybrid Plan members may retire after reaching age 60 with five years of service, or upon the sum of their age and their years of service being 90. In addition, retirees qualify for annual cost-of-living increases beginning in their second year of retirement. Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits. As of the June 30, 2015 valuation report, the plan had 269 active members, 241 retirees & beneficiaries, and 169 inactive vested & non-vested members.

Funding Policy

All active members of Plan 1 or Plan 2 contribute 5.00% of their creditable compensation per year. The employer may "pick-up" the member's contributions under the provision of the Internal Revenue Code Section 414(h). Creditable compensation equals annual salary minus overtime pay, payments of a temporary nature, or payment for extra duties. RRHA has assumed the full amount of the member contribution which for 2016 was 5.0%. In addition, RRHA is required to contribute the remaining amounts necessary to fund the VRS using the actuarial basis specified by statute. Members of the Hybrid Plan are required to contribute 1% of their creditable compensation per year to the defined contribution component of the Hybrid Plan and active members may make voluntary additional contributions of up to 4% of their creditable compensation. The recommended employer contribution consists of the normal cost and the amortization of the unfunded actuarial liability. The employer contribution rates are computed as level percentages of payroll and are determined using the entry age normal cost method. The recommended employer contribution rate for 2016 was 12.40%.

RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 11 DEFINED BENEFIT PENSION PLAN (CONTINUED)

Funding Policy (Continued)

Unfunded liabilities are amortized under a thirty year period from the valuation date decreasing by one each year in subsequent valuations until reaching 20 years. RRHA's actual contributions to the VRS for fiscal years June 30, 2016, 2015 and 2014 were \$958,201 \$1,021,688, and \$1,242,573, respectively and were equal to the required contributions.

Net Pension Liability

The net pension liability (NPL) was calculated for each entity within VRS based on a methodology that allocates the NPL and pension amounts based on the proportion of the total contributions made by each entity during the measurement period. The NPL was determined based on an actuarial valuation as of June 30, 2014, using updated actuarial assumptions applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2015. The proportionate share for the Authority is 0.2916%. At September 30, 2016 the Authority reported a NPL of 7,735,349 for its proportionate share of the NPL.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2016, the Authority recognized pension expense of \$419,775. At September 30, 2016, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	\$ 1,108,471	\$ 2,714,962
Difference Between Expected and Actual Experience Authority Contributions Subsequent to the Measurement Date	-	253,192
Total	\$ 1,177,631	-
	\$ 2,286,102	\$ 2,968,154

Actuarial Assumptions

The \$1,177,631 reported as deferred outflows of resources related to pensions related from the Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended September 30:	Amount
2017	\$ (735,276)
2018	(735,276)
2019	(751,638)
2020	362,507
Total	\$ (1,859,683)

**RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 11 DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Assumptions (Continued)

The total pension liability (TPL) for the year ended June 30, 2015 was determined as part of the June 30, 2014 actuarial valuation using the entry age actuarial cost method and rolled forward to the measurement date of June 30, 2015. Significant actuarial assumptions used in the valuation included:

Inflation	2.50%
Salary Increases, Including Inflation	3.00%
Investment Rate of Return, Net of Plan Investment Expenses	7.00%

Mortality rates with adjustments for mortality improvements post-retirement were based on the RP 2000 Mortality tables projected to 2020 using Scale AA.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012.

The long-term expected rate of return on pension plan assets 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 plan 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. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2015 are summarized in the following table.

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
US Equities	19.50%	6.46%
Developed Non-US Equities	16.50%	6.28%
Emerging Market Equity	6.00%	10.00%
Fixed Income	15.00%	0.09%
Emerging Debt	3.00%	3.51%
Rate Sensitive Credit	4.50%	3.51%
Non Rate Sensitive Credit	4.50%	5.00%
Convertibles	3.00%	4.81%
Public Real Estate	2.25%	6.12%
Private Real Estate	12.75%	7.10%
Private Equity	12.00%	10.41%
Cash	1.00%	-1.50%

Discount Rate

The discount rate used to measure the collective total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board and the member rate.

**RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 11 DEFINED BENEFIT PENSION PLAN (CONTINUED)

Discount Rate (Continued)

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

The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the Authority's share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease -6.00%	Current Discount Rate (7.00%)	1% Increase -8.00%
Total Political Subdivision Net Pension Liability	\$ 5,279,988,000	\$ 6,122,555,000	\$ 468,687,000
Authority's Proportionate Share	15,215,000	7,735,349	1,432,000

Additional Financial and Actuarial Information

Additional financial and actuarial information with respect to the Plans can be found in the Virginia Retirement System 2014 Comprehensive Annual Financial Report available online at www.varetire.org or by contacting the System at (804) 289-5919.

NOTE 12 POST RETIREMENT BENEFITS OTHER THAN PENSION BENEFITS

Plan Description

The post-retirement benefits plan is a cost-sharing single-employer defined benefit healthcare plan that finances hospital, medical, dental, and prescription drug insurance for eligible retirees. General information regarding the plans and their benefits is described in RRHA's Summary Plan Descriptions. Plan documents govern the provisions of the benefit plans. There were 57 retirees receiving benefits and 115 active plan members at the valuation date of September 30, 2014. The Plan does not issue a publicly available financial report.

In March 2011, RRHA's Board of Commissioners approved a plan that would phase-out the health insurance for retirees by February 28, 2022. The changes are as follows:

- Only eligible persons hired on or before March 31, 2011, can participate in RRHA's retiree healthcare plan while it exists. Employees hired on or after April 1, 2011 will not have access to the plan.
- Starting in January 2012, RRHA began gradually phasing out the retiree healthcare plan. The retiree healthcare plan will end completely by February 28, 2022.
- Through February 28, 2022, RRHA plans to continue to offer a healthcare plan to eligible retirees under the age of 65 and continue to provide the subsidy of \$225 per month, and
- Through December 31, 2016, RRHA plans to continue to offer a Medicare supplement plan to eligible retirees age 65 and over and to continue to provide those retirees with the subsidy of \$152 per month.

**RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 12 POST RETIREMENT BENEFITS OTHER THAN PENSION BENEFITS (CONTINUED)

Funding Policy

The contribution requirements of plan members are established and may be amended by the Board of Commissioners. Funding for these benefits is currently made on a pay-as-you-go basis. For eligible employees and retirees, RRHA currently contributes approximately 72% towards the cost of health premiums. Contribution rates of the employee or retiree are determined based on the plan selected by the employee or retiree. The monthly rates paid by the plan members are described in the Summary Plan Description.

Annual OPEB Cost and Net OPEB Obligation

RRHA's annual OPEB cost (expense) is calculated based on the ARC of the employer, an amount that was actuarially determined by using the Entry Age Actuarial Cost Method, an amount actuarially determined in accordance with the parameters of GASB Statement 45. Under this method, the normal cost rate is the percentage of pay contribution which would be sufficient to fund the plan benefits if it were paid from each member's entry into the plan until termination or retirement. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year. Management has chosen to amortize any unfunded actuarial liabilities (of funding excess) over a period of eleven years to coincide with the termination of all benefits by February 28, 2022 as described in the Funding Status and Funding Progress section. The following table shows the components to the Plan, and changes in RRHA's net OPEB obligations.

RRHA's AOC and the net OPEB obligation (NOPEBO) as of September 30, 2016 were as follows:

Annual Required Contribution	\$ 167,424
Interest on Net OPEB Obligation	67,468
Adjustment to Annual Required Contribution	(295,340)
Contribution Made	(122,917)
Decrease in Net OPEB Obligation	<u>(183,365)</u>
Net OPEB Obligation, Beginning of Year	2,248,932
Net OPEB Obligation, End of Year	<u><u>\$ 2,065,567</u></u>

The percentage of AOC contributed was 169.3 percent.

The Authority's annual OPEB cost, the percentage of annual OPEB cost contributions to the Plan, and the net OPEB obligations for the years ended September 30, 2016 and 2015 were as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
9/30/2009	\$ 1,279,298	27.5%	\$ 1,856,000
9/30/2010	1,158,879	15.9%	2,739,091
9/30/2011	25,776	642.6%	2,599,330
9/30/2012	141,846	138.0%	2,549,739
9/30/2013	68,615	180.7%	2,493,804
9/30/2014	66,098	226.7%	2,410,062
9/30/2015	(67,701)	155.9%	2,248,932
9/30/2016	(60,448)	203.3%	2,065,567

**RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 12 POST RETIREMENT BENEFITS OTHER THAN PENSION BENEFITS (CONTINUED)

Funding Status and Funding Progress

The required schedule of funding progress immediately following the notes presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

As of September 30, 2014, the most recent actuarial valuation, the actuarial accrued liability (AAL) was \$868,203 and there were no actuarial plan assets, therefore the unfunded AAL (UAAL) was \$868,203. As of September 30, 2014, the annual covered payroll of active employees covered by the Plan was \$10,303,718 resulting in a ratio of UAAL to covered payroll of 8.4 percent.

The actuarial valuation of the Plan involves estimates of the value of reported amounts and assumptions about the probability of events far into the future. The actuarially determined amounts regarding the funded status of the Plan and the annual required contributions (ARC) of RRHA and other participating agencies are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

As a result of the change in the health care plans and determining the impact on the OPEB obligation, RRHA elected to amortize the accumulated liability of \$2,739,091 as of September 2010 over 11 years.

Actuarial Methods and Assumptions

The calculations of projected benefits are based on the terms of the Plan in effect at the time of valuation and on the pattern of sharing costs between the employer and plan members to that point. The actuarial calculations reflect a long-term perspective and actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in the actuarial accrued liability and the actuarial value of assets.

Actuarial assumptions used in the actuarial valuation were:

Valuation date	September 30, 2014
Actuarial method	Entry age normal cost method
Amortization method	Level percentage of pay
Amortization period	7 years - closed
Investment rate of return	3.00%
Salary scale	3.00%
Mortality	1994 group annuity mortality tables with a one-year setback in age for both males and females

Healthcare Cost Trend Rates

Year Ending September 30,	Annual Rate of Increase
2017	2.00%
2018	7.00%
2019-2022	5.30%

RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 13 DEFERRED COMPENSATION PLAN

RRHA offers all regular employees a deferred compensation plan (the Plan) created in accordance with Internal Revenue Code Section 457. The Plan permits employees to defer a portion of their salary until future years. The deferred compensation is not available to employees or beneficiaries until termination, retirement, death, or unforeseeable emergency. All amounts of compensation deferred under the Plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are held in an annuity contract for the participants. The contract is managed by the AIG Variable Annuity Life Insurance Company. The assets and corresponding liability are not included in the accompanying financial statements as of September 30, 2016.

NOTE 14 CONTINGENCIES AND OTHER MATTERS

Litigation and Other Matters

Certain claims, suits and complaints arising in the ordinary course of business have been filed and are pending against RRHA. In the opinion of RRHA's management, all such matters are adequately covered by insurance or if not so covered, are without merit or are adequately reserved for. An accrual for these matters has been included in other liabilities in the financial statements. No such matters were brought to our attention.

Grants

Federal grant programs in which RRHA participates have been audited in accordance with the provisions of the Office of Management and Budget Uniform Guidance. In addition, these grants are subject to financial and compliance audits by the federal government. Such audits could result in requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. RRHA management is of the opinion that disallowances, if any, will not be material.

NOTE 15 RISK MANAGEMENT

RRHA is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. RRHA reports all of its risk management activities and pays all claims for retained risks. For all retained risks, claims expense and liabilities are reported when it is probable that a loss has occurred and the amount of loss can be reasonably estimated. There have been no significant reductions in insurance coverage in the past three fiscal years.

RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 16 LEASES

RRHA is obligated under certain leases, which are accounted for as operating leases. Rental expense for the year ended September 30, 2016 was \$122,097. Rental obligations under operating leases for each of the years through September 30, 2019 are as follows:

Year Ended September 30,	Rental Obligation
2017	\$ 108,386
2018	48,802
2019	33,509
Total	\$ 190,697

The Authority has leased land to Blackwell Community Limited Partnership. The lease calls for annual rent payments of \$100, and is for a term of 43 years, commencing on January 12, 2000.

The land was leased to develop low income housing funded by the federal Hope VI program. Operations for 75 of these housing units are included within RRHA's public housing annual contribution contract from HUD.

The Authority also leased land to Dove Street Redevelopment, LLC for the Dove Project Phase I. The lease was prepaid at \$800,000 and is for a term of 99 years commencing on April 27, 2012. The land was leased to develop 80 mixed income units, of which 30 will receive public housing subsidies.

NOTE 17 AFFILIATED ENTITIES AND RELATED PARTIES

RRHA is a partner, owner, or interest holder either solely or severally with organizations as part of development and construction projects. These separate legal entities are established to advance the mission of RRHA related to building vibrant and sustainable neighborhoods. Activity of these entities is reflected in RRHA's financial statements as applicable, to the extent of their ownership interest and level of activity with the four entities listed below. This activity includes payment of operating expenses.

The following table reflects these entities, their purpose, and RRHA's interest.

RRHA Affiliate and Related Party	Purpose/Project	Date Formed	RRHA Interest	Percentage Ownership
Blackwell Community II Limited Partnership	Townes at River South II	1998	Co-Limited Partner	0.01%
Jernigan Hall, LLC	314 West Grace Street	11/17/2010	Limited Partner	49.00%
Dove Street Redevelopment, LLC	Dove Phase I	2/25/2010	Co-Limited Partner	0.01%
Dove Street Redevelopment, LLC	Dove Phase II	2/23/2012	Co-Limited Partner	0.01%

NOTE 18 ECONOMIC DEPENDENCY

RRHA is economically dependent on annual contributions and grants from HUD. RRHA operated at a loss prior to receiving the contributions.

RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 19 PENDING GASB STANDARDS

The following pending GASB Pronouncements are not expected to impact the financial statements of the Resolution:

- GASB statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This statement is effective for fiscal years beginning after June 15, 2016.
- GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This statement is effective for fiscal years beginning after June 15, 2017.
- GASB Statement No. 77, *Tax Abatement Disclosures*. This Statement is effective for reporting periods beginning after December 15, 2015.
- GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. This Statement is effective for reporting periods beginning after December 15, 2015.
- GASB Statement No. 80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14*. This Statement is effective for reporting periods beginning after June 15, 2016.
- GASB Statement No. 81, *Irrevocable Split-Interest Agreements*. This Statement is effective for reporting periods beginning after December 15, 2016.
- GASB Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73*. This Statement is effective for reporting periods beginning after June 15, 2016.

REQUIRED SUPPLEMENTARY INFORMATION

**RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS – OPEB PLAN
SEPTEMBER 30, 2016**

Schedule of Funding Progress – Post Retirement Benefits Other than Pension Benefits

Actuarial Valuation Date	Actuarial Accrued Liability	Unfunded Actual Accrued Liability (UALL)	Funded Ratio	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
September 30, 2007	\$ 12,999,377	\$ 12,999,377	0.00%	\$ 11,416,556	113.90%
September 30, 2009	12,098,829	12,098,829	0.00%	12,721,493	95.10%
March 31, 2011	1,756,400	1,756,460	0.00%	13,040,673	13.47%
September 30, 2012	1,434,450	1,434,450	0.00%	11,478,856	12.50%
September 30, 2014	868,203	868,203	0.00%	10,303,718	8.40%

**RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF AUTHORITY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
 SEPTEMBER 30, 2016**

	<u>2015</u>	<u>2016</u>
Authority's proportion of net pension liability (asset)	0.2715%	0.2916%
Authority's proportionate share of net pension liability (asset)	\$ 6,807,889	\$ 7,735,349
Authority's covered-employee payroll	\$ 11,478,856	\$ 10,303,718
Authority's proportionate share of net pension liability (asset) as a percentage of its covered-employee payroll	59%	75%
Plan fiduciary net position as a percentage of total pension liability	72.00%	86.70%

* The Authority implemented GASB 68 during fiscal year 2015. As such, only two years of information is available.

**RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF AUTHORITY'S CONTRIBUTIONS
VRS PENSION PLAN
Last 10 Fiscal Years
SEPTEMBER 30, 2016**

	2015	2016
Actuarial determined contributions	\$ 1,189,819	\$ 1,022,623
Contributions in relation to the actuarial determined contribution	\$ 1,189,819	\$ 1,022,623
Contribution deficiency (excess)	\$ -	\$ -
Authority's covered employee payroll	\$ 11,478,856	\$ 10,303,718
Contributions as a percentage of covered employee payroll	10.37%	9.92%

* The Authority implemented GASB 68 during fiscal year 2015. As such, only two years of information is available.

Notes to Schedule

Valuation Date:

Actuarially determined contribution amounts were calculated as of June 30, 2015:

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method:	Entry age normal cost
Amortization method:	Level percentage of payroll, closed
Remaining amortization period:	29 years
Asset valuation method:	5 year, smoothed market
Inflation:	2.5 percent
Salary increases:	3.0 percent
Investment rate of return:	7.0 percent, net of administrative expenses
Retirement age:	Rates vary by participant age
Mortality:	RP-2000 projected with Scale AA to 2020 with setbacks

OTHER SUPPLEMENTARY INFORMATION

RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
FINANCIAL DATA SCHEDULE
SEPTEMBER 30, 2016

Line Item #	Account Description	LIPH 14.850/872	HCVP 14.871	HOPE VI 14.866	Blended Comp Unit	State/Local	Business Activities
CURRENT ASSETS							
Cash:							
111	Unrestricted	\$ 3,566,172	\$ 248,810	\$ -	\$ 318,254	\$ 285,464	\$ 222,525
112	Restricted - modernization and development	-	-	-	-	-	-
113	Other restricted	484,498	892,080	-	133,957	134,432	507,775
114	Tenant security deposits	632,089	-	-	-	-	-
115	Restricted for payment of current liabilities	64,125	26,999	-	-	66,725	802,797
100	Total cash	<u>4,746,884</u>	<u>1,167,889</u>	<u>-</u>	<u>452,211</u>	<u>486,621</u>	<u>1,533,097</u>
Accounts and notes receivable:							
122	HUD other projects	2,326,477	-	89,883	-	-	-
124	Other government	-	-	-	-	478,134	-
125	Miscellaneous	1,950,923	255,069	-	1,168	27,165	250,007
126	Tenants	697,064	645	-	-	620	-
126.1	Allowance for doubtful accounts - tenants	(264,462)	-	-	-	-	-
126.2	Allowance for doubtful accounts - other	-	-	-	-	(19,882)	(115,108)
127	Notes, loans & mortgages receivable, current	100,000	-	225,981	-	7,616	88,704
128	Fraud recovery	-	29,985	-	-	-	-
129	Accrued interest receivable	-	-	-	-	-	-
120	Total receivables, net of allowances for uncollectibles	<u>4,810,002</u>	<u>285,699</u>	<u>315,864</u>	<u>1,168</u>	<u>493,653</u>	<u>223,603</u>
131	Investments - unrestricted	-	-	-	-	511	-
132	Investments - restricted	-	-	-	-	-	541,007
135	Investments - restricted for current liability	-	-	-	-	359,239	742,351
	Total current investments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>359,750</u>	<u>1,283,358</u>
142	Prepaid expenses and other assets	65,205	12,390	-	-	-	8,972
143	Inventories	291,955	-	-	-	-	-
143.1	Allowance for obsolete inventories	(27,352)	-	-	-	-	-
144	Interprogram - due from	-	-	-	-	-	-
145	Assets held for sale	-	-	1,370,617	-	4,074,604	2,108,125
150	Total current assets	<u>9,886,694</u>	<u>1,465,978</u>	<u>1,686,481</u>	<u>453,379</u>	<u>5,414,628</u>	<u>5,157,155</u>
NONCURRENT ASSETS							
Fixed assets:							
161	Land	2,598,102	-	-	-	1,343,400	3,047,194
162	Buildings	139,636,449	-	-	-	-	-
163	Furniture, equipment & machinery - dwellings	1,743,300	-	-	-	-	-
164	Furniture, equipment & machinery - admin.	5,061,082	320,180	-	-	-	51,882
165	Leasehold improvements	9,335,711	-	-	-	-	-
166	Accumulated depreciation	(94,727,648)	(258,462)	-	-	-	(43,483)
167	Construction in progress	2,046,949	-	1,692,258	-	-	36,444
160	Total fixed assets, net of accumulated depreciation	<u>65,693,945</u>	<u>61,718</u>	<u>1,692,258</u>	<u>-</u>	<u>1,343,400</u>	<u>3,092,037</u>
171	Notes, loans and mortgages receivable - noncurrent	11,749,320	-	7,788,883	-	461,648	2,731,766
174	Other assets	-	-	-	-	-	-
176	Investment in joint ventures	-	-	-	441,728	-	-
180	Total noncurrent assets	<u>77,443,265</u>	<u>61,718</u>	<u>9,481,141</u>	<u>441,728</u>	<u>1,805,048</u>	<u>5,823,803</u>
200	Deferred Outflow of Resources	<u>1,016,690</u>	<u>116,954</u>	<u>7,642</u>	<u>-</u>	<u>31,748</u>	<u>127,793</u>
290	TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 88,346,649</u>	<u>\$ 1,644,650</u>	<u>\$ 11,175,264</u>	<u>\$ 895,107</u>	<u>\$ 7,251,424</u>	<u>\$ 11,108,751</u>

RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
FINANCIAL DATA SCHEDULE
SEPTEMBER 30, 2016

Line Item #	Account Description	CDBG 14,218	HOME	Other Project PFSS	COCC	Eliminations	Total
CURRENT ASSETS							
Cash:							
111	Unrestricted	\$ 152,485	\$ -	\$ -	\$ 172,382	\$ -	\$ 4,966,092
112	Restricted - modernization and development	-	-	-	-	-	-
113	Other restricted	159,778	25,088	-	-	-	2,337,608
114	Tenant security deposits	-	-	-	-	-	632,089
115	Restricted for payment of current liabilities	177,331	-	-	-	-	1,137,977
100	Total cash	<u>489,594</u>	<u>25,088</u>	<u>-</u>	<u>172,382</u>	<u>-</u>	<u>9,073,766</u>
Accounts and notes receivable:							
122	HUD other projects	-	-	17,053	-	-	2,433,413
124	Other government	170,998	-	-	-	-	649,132
125	Miscellaneous	157,717	33,151	-	878,965	(2,738,294)	815,871
126	Tenants	-	-	-	1,075	-	699,404
126.1	Allowance for doubtful accounts - tenants	-	-	-	-	-	(264,462)
126.2	Allowance for doubtful accounts - other	(107,150)	(20,840)	-	-	-	(262,980)
127	Notes, loans & mortgages receivable, current	70,062	101,816	-	-	(100,000)	494,179
128	Fraud recovery	-	-	-	-	-	29,985
129	Accrued interest receivable	-	-	-	-	-	-
120	Total receivables, net of allowances for uncollectibles	<u>291,627</u>	<u>114,127</u>	<u>17,053</u>	<u>880,040</u>	<u>(2,838,294)</u>	<u>4,594,542</u>
131	Investments - unrestricted	-	-	-	-	-	511
132	Investments - restricted	-	-	-	902,054	-	1,443,061
135	Investments - restricted for current liability	-	-	-	-	-	1,101,590
	Total current investments	<u>-</u>	<u>-</u>	<u>-</u>	<u>902,054</u>	<u>-</u>	<u>2,545,162</u>
142	Prepaid expenses and other assets	-	-	-	114,516	-	201,083
143	Inventories	-	-	-	204,455	-	496,410
143.1	Allowance for obsolete inventories	-	-	-	(20,445)	-	(47,797)
144	Interprogram - due from	-	-	-	-	-	-
145	Assets held for sale	1,499,499	16,037	-	-	-	9,068,882
150	Total current assets	<u>2,280,720</u>	<u>155,252</u>	<u>17,053</u>	<u>2,253,002</u>	<u>(2,838,294)</u>	<u>25,932,048</u>
NONCURRENT ASSETS							
Fixed assets:							
161	Land	-	-	-	-	-	6,988,696
162	Buildings	-	-	-	-	-	139,636,449
163	Furniture, equipment & machinery - dwellings	-	-	-	-	-	1,743,300
164	Furniture, equipment & machinery - admin.	-	-	-	3,659,584	-	9,092,728
165	Leasehold improvements	-	-	-	-	-	9,335,711
166	Accumulated depreciation	-	-	-	(3,545,246)	-	(98,574,839)
167	Construction in progress	92,258	-	-	-	-	3,867,909
160	Total fixed assets, net of accumulated depreciation	<u>92,258</u>	<u>-</u>	<u>-</u>	<u>114,338</u>	<u>-</u>	<u>72,089,954</u>
171	Notes, loans and mortgages receivable - noncurrent	3,242,666	949,445	-	-	(5,857,744)	21,065,984
174	Other assets	-	-	-	-	-	-
176	Investment in joint ventures	-	-	-	-	-	441,728
180	Total noncurrent assets	<u>3,334,924</u>	<u>949,445</u>	<u>-</u>	<u>114,338</u>	<u>(5,857,744)</u>	<u>93,597,666</u>
200	Deferred Outflow of Resources	<u>45,964</u>	<u>-</u>	<u>-</u>	<u>939,311</u>	<u>-</u>	<u>2,286,102</u>
290	TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 5,661,608</u>	<u>\$ 1,104,697</u>	<u>\$ 17,053</u>	<u>\$ 3,306,651</u>	<u>\$ (8,696,038)</u>	<u>\$ 121,815,816</u>

RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
FINANCIAL DATA SCHEDULE
SEPTEMBER 30, 2016

Line Item #	Account Description	LIPH 14.850/872	HCVP 14.871	HOPE VI 14.866	Blended Comp Unit	State/Local	Business Activities
CURRENT LIABILITIES							
311	Bank overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
312	Accounts payable <= 90 days	3,224,581	297,365	85,420	96,044	51,667	36,905
313	Accounts payable > 90 days	-	-	-	-	-	-
321	Accrued wage/payroll taxes payable	220,078	26,501	853	-	-	35,892
322	Accrued compensated absences - current portion	289,580	23,459	-	-	-	54,392
324	Accrued contingency liability	-	-	-	-	-	-
325	Accrued interest payable	-	-	-	-	-	-
331	Accounts payable - HUD PHA programs	176,583	46	-	-	-	-
333	Accounts payable - other government	12,478	-	-	-	482,958	-
341	Tenant security deposits	633,287	-	-	-	-	-
342	Deferred revenues	105,574	34,436	-	-	209,636	-
343	Current portion of LT debt - capital projects / mortg	-	-	-	-	-	-
344	Current portion of LT debt - operating	-	-	-	814	-	-
345	Other current liabilities	12,567	-	-	5,152	50	2,817
346	Accrued liabilities - other	1,468,921	4,348	13	159	646	7,771
347	Interprogram (due to)	-	-	-	-	-	-
348	Loan liability - current	-	-	-	-	-	327,796
310	Total current liabilities	<u>6,143,649</u>	<u>386,155</u>	<u>86,286</u>	<u>102,169</u>	<u>744,957</u>	<u>465,573</u>
NONCURRENT LIABILITIES							
351	LT debt, net of current - capital projects/mortg	-	-	-	-	-	-
352	LT debt, net of current - operating	-	-	-	-	-	-
353	Noncurrent liabilities - other	2,312,722	26,344	1,010,959	295,727	341,549	692,241
354	Accrued compensated absences - noncurrent	-	-	-	-	-	-
355	Loan liability - noncurrent	-	-	-	-	-	-
357	Accrued pension and OPEB liability	4,034,222	548,079	27,376	-	69,696	522,988
350	Total noncurrent liabilities	<u>6,346,944</u>	<u>574,423</u>	<u>1,038,335</u>	<u>295,727</u>	<u>411,245</u>	<u>1,215,229</u>
300	Total liabilities	<u>12,490,593</u>	<u>960,578</u>	<u>1,124,621</u>	<u>397,896</u>	<u>1,156,202</u>	<u>1,680,802</u>
400	Deferred Inflow of Resources	<u>1,356,220</u>	<u>153,833</u>	<u>10,515</u>	<u>-</u>	<u>26,742</u>	<u>169,151</u>
NET POSITION							
508.1	Net investment in capital assets	65,693,945	61,718	1,692,258	-	1,343,400	3,092,037
511.1	Restricted net position	-	1,137,224	-	133,957	78,689	2,593,930
512.1	Unrestricted net position	8,805,891	(668,703)	8,347,870	363,254	4,646,391	3,572,831
513	Total net position	<u>74,499,836</u>	<u>530,239</u>	<u>10,040,128</u>	<u>497,211</u>	<u>6,068,480</u>	<u>9,258,798</u>
600	TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	<u>\$ 88,346,649</u>	<u>\$ 1,644,650</u>	<u>\$ 11,175,264</u>	<u>\$ 895,107</u>	<u>\$ 7,251,424</u>	<u>\$ 11,108,751</u>

RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
FINANCIAL DATA SCHEDULE
SEPTEMBER 30, 2016

Line Item #	Account Description	CDBG 14.218	HOME	Other Project PFSS	COCC	Eliminations	Total
CURRENT LIABILITIES							
311	Bank overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
312	Accounts payable <= 90 days	3,528	-	14,451	298,643	(2,733,142)	1,375,462
313	Accounts payable > 90 days	-	-	-	-	-	-
321	Accrued wage/payroll taxes payable	-	-	2,602	210,269	-	496,195
322	Accrued compensated absences - current portion	-	-	-	306,349	-	673,780
324	Accrued contingency liability	-	-	-	-	-	-
325	Accrued interest payable	-	-	-	-	-	-
331	Accounts payable - HUD PHA programs	-	-	-	-	-	176,629
333	Accounts payable - other government	210,105	400,910	-	-	-	1,106,451
341	Tenant security deposits	-	-	-	-	-	633,287
342	Deferred revenues	195,906	-	-	85	-	545,637
343	Current portion of LT debt - capital projects / mortg	-	-	-	-	-	-
344	Current portion of LT debt - operating	-	-	-	-	-	814
345	Other current liabilities	6,044	-	-	657	(5,152)	22,135
346	Accrued liabilities - other	851	-	-	45,439	-	1,528,148
347	Interprogram (due to)	-	-	-	-	-	-
348	Loan liability - current	-	-	-	100,000	(100,000)	327,796
310	Total current liabilities	<u>416,434</u>	<u>400,910</u>	<u>17,053</u>	<u>961,442</u>	<u>(2,838,294)</u>	<u>6,886,334</u>
NONCURRENT LIABILITIES							
351	LT debt, net of current - capital projects/mortg	-	-	-	-	-	-
352	LT debt, net of current - operating	-	-	-	-	-	-
353	Noncurrent liabilities - other	2,541,944	1,018,786	-	-	-	8,240,272
354	Accrued compensated absences - noncurrent	-	-	-	-	-	-
355	Loan liability - noncurrent	765,000	-	-	5,857,744	(5,857,744)	765,000
357	Accrued pension and OPEB liability	199,870	-	-	4,398,685	-	9,800,916
350	Total noncurrent liabilities	<u>3,506,814</u>	<u>1,018,786</u>	<u>-</u>	<u>10,256,429</u>	<u>(5,857,744)</u>	<u>18,806,188</u>
300	Total liabilities	<u>3,923,248</u>	<u>1,419,696</u>	<u>17,053</u>	<u>11,217,871</u>	<u>(8,696,038)</u>	<u>25,692,522</u>
400	Deferred Inflow of Resources	<u>76,709</u>	<u>-</u>	<u>-</u>	<u>1,174,984</u>	<u>-</u>	<u>2,968,154</u>
NET POSITION							
508.1	Net investment in capital assets	92,258	-	-	114,338	-	72,089,954
511.1	Restricted net position	199,900	-	-	902,054	-	5,045,754
512.1	Unrestricted net position	<u>1,369,493</u>	<u>(314,999)</u>	<u>-</u>	<u>(10,102,596)</u>	<u>-</u>	<u>16,019,432</u>
513	Total net position	<u>1,661,651</u>	<u>(314,999)</u>	<u>-</u>	<u>(9,086,204)</u>	<u>-</u>	<u>93,155,140</u>
600	TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	<u>\$ 5,661,608</u>	<u>\$ 1,104,697</u>	<u>\$ 17,053</u>	<u>\$ 3,306,651</u>	<u>\$ (8,696,038)</u>	<u>\$ 121,815,816</u>

RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
FINANCIAL DATA SCHEDULE
YEAR ENDED SEPTEMBER 30, 2016

Line Item #	Account Description	LIPH 14.850/872	HCVP 14.871	HOPE VI 14.866	Blended Comp Unit	State/Local	Business Activities
REVENUE							
70300	Net tenant rental revenue	\$ 9,639,978	\$ -	\$ -	\$ -	\$ -	\$ -
70400	Tenant revenue - other	1,130,921	-	-	-	-	-
70500	Total tenant revenue	10,770,899	-	-	-	-	-
70600	HUD PHA operating grants	22,200,131	26,700,330	163,418	-	-	-
70610	Capital grants	5,072,640	-	911,073	-	-	-
70710	Management fee	-	-	-	-	-	-
70720	Asset management fee	-	-	-	-	-	-
70730	Bookkeeping fee	-	-	-	-	-	-
70740	Front line service fee	-	-	-	-	-	-
70750	Other fees	-	-	-	-	-	377,128
70800	Other governmental grants	-	-	-	-	-	-
71100	Investment income - unrestricted	437	-	-	-	-	3,538
71200	Mortgage interest income	-	-	-	-	-	98,128
71300	Proceeds from disposition of assets held for sale	-	-	-	-	-	147,631
71310	Cost of sales of assets	-	-	-	-	(855,803)	(406,070)
71400	Fraud recovery	-	25,503	-	-	-	-
71500	Other revenue	404,106	103,802	-	48,780	1,945,254	3,767,567
71600	Gain or loss on the sale of fixed assets	-	-	-	-	(7,448,583)	-
72000	Investment income - restricted	-	-	-	8	363	803
70000	Total revenue	38,448,213	26,829,635	1,074,491	48,788	(6,358,769)	3,988,725
EXPENSES							
Administrative:							
91100	Administrative salaries	1,446,431	493,773	14,876	-	107,748	476,102
91200	Auditing fees	78,421	60,005	17,324	-	-	65,750
91300	Management fee	4,240,292	439,452	-	-	-	150,000
91310	Bookkeeping fee	343,283	274,657	-	-	-	-
91400	Advertising and marketing	5,328	1,773	-	4,500	-	612
91500	Employee benefit contributions - administrative	514,479	155,655	8,849	-	16,729	132,867
91600	Office expenses	844,768	167,715	94,856	425	696,036	75,093
91700	Legal expense	194,128	373	71	6,898	36,673	107,967
91800	Travel	-	-	-	-	-	-
91900	Other	173,273	22,359	1,074	10,645	23	1,491
91000	Total administrative	7,840,403	1,615,762	137,050	22,468	857,209	1,009,882
92000	Asset management fee	182,682	-	-	-	-	-
Tenant services:							
92100	Salaries	82,485	-	-	-	-	-
92200	Relocation costs	65,151	-	-	-	-	49,939
92300	Employee benefit contributions	17,435	-	-	-	-	-
92400	Other	476,008	115,672	-	-	-	-
92500	Total tenant services	641,079	115,672	-	-	-	49,939
Utilities:							
93100	Water	2,352,622	-	2,584	-	-	474
93200	Electricity	2,765,256	-	943	-	-	844
93300	Gas	1,485,150	-	92	-	73	179
93400	Fuel	-	-	-	-	-	-
93600	Sewer	4,059,284	-	90	-	-	-
93800	Other utilities expense	250,598	-	224	-	2,586	27,581
93000	Total utilities	10,912,910	-	3,933	-	2,659	29,078
Ordinary maintenance & operations:							
94100	Labor	2,357,503	-	-	-	-	-
94200	Materials and other	1,045,362	-	-	-	-	103
94300	Contracts	3,496,556	-	280	-	-	-
94500	Employee benefits contribution	876,351	-	-	-	-	-
94000	Total ordinary maintenance & operations	7,775,772	-	280	-	-	103
Protective services:							
95100	Labor	-	-	-	-	-	-
95200	Other contract costs	114,104	-	-	-	-	-
95300	Other	94	-	-	-	-	-
95500	Employee benefit contributions	-	-	-	-	-	-
95000	Total protective services	114,198	-	-	-	-	-

**RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
FINANCIAL DATA SCHEDULE
YEAR ENDED SEPTEMBER 30, 2016**

Line Item #	Account Description	CDBG 14.218	HOME	Other Project PFSS	COCC	Eliminations	Total
REVENUE							
70300	Net tenant rental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,639,978
70400	Tenant revenue - other	-	-	-	-	-	1,130,921
70500	Total tenant revenue	-	-	-	-	-	10,770,899
70600	HUD PHA operating grants	-	-	93,144	-	-	49,157,023
70610	Capital grants	-	-	-	-	-	5,983,713
70710	Management fee	-	-	-	3,974,851	(3,974,851)	-
70720	Asset management fee	-	-	-	182,682	(182,682)	-
70730	Bookkeeping fee	-	-	-	617,940	(617,940)	-
70740	Front line service fee	-	-	-	862,710	(862,710)	-
70750	Other fees	-	-	-	1,270,525	(1,647,653)	-
70800	Other governmental grants	287,452	-	-	-	-	287,452
71100	Investment income - unrestricted	-	-	-	15	-	3,990
71200	Mortgage interest income	-	-	-	-	-	98,128
71300	Proceeds from disposition of assets held for sale	7	-	-	-	-	147,638
71310	Cost of sales of assets	(725,358)	-	-	-	-	(1,987,231)
71400	Fraud recovery	-	-	-	-	-	25,503
71500	Other revenue	1,333,865	150,456	-	2,106,687	(4,601,587)	5,258,930
71600	Gain or loss on the sale of fixed assets	-	-	-	-	-	(7,448,583)
72000	Investment income - restricted	-	-	-	911	-	2,085
70000	Total revenue	895,966	150,456	93,144	9,016,321	(11,887,423)	62,299,547
EXPENSES							
Administrative:							
91100	Administrative salaries	106,997	-	-	2,610,827	-	5,256,754
91200	Auditing fees	-	-	-	13,145	-	234,645
91300	Management fee	-	-	-	-	(4,351,979)	477,765
91310	Bookkeeping fee	-	-	-	-	(617,940)	-
91400	Advertising and marketing	-	-	-	6,848	-	19,061
91500	Employee benefit contributions - administrative	31,949	-	-	648,896	-	1,509,424
91600	Office expenses	8,334	-	-	856,859	-	2,744,086
91700	Legal expense	5,813	-	-	180,923	-	532,846
91800	Travel	-	-	-	-	-	-
91900	Other	-	-	-	149,844	(37,868)	320,841
91000	Total administrative	153,093	-	-	4,467,342	(5,007,787)	11,095,422
92000	Asset management fee	-	-	-	-	(182,682)	-
Tenant services:							
92100	Salaries	-	-	68,301	227,647	-	378,433
92200	Relocation costs	-	-	-	-	-	115,090
92300	Employee benefit contributions	-	-	24,843	70,696	-	112,974
92400	Other	-	-	-	923	(518,584)	74,019
92500	Total tenant services	-	-	93,144	299,266	(518,584)	680,516
Utilities:							
93100	Water	42	-	-	-	-	2,355,722
93200	Electricity	4,744	-	-	-	-	2,771,787
93300	Gas	-	-	-	-	-	1,485,494
93400	Fuel	-	-	-	-	-	-
93600	Sewer	-	-	-	-	-	4,059,374
93800	Other utilities expense	3,441	-	-	-	-	284,430
93000	Total utilities	8,227	-	-	-	-	10,956,807
Ordinary maintenance & operations:							
94100	Labor	-	-	-	1,258,306	-	3,615,809
94200	Materials and other	-	-	-	145,814	-	1,191,279
94300	Contracts	-	-	-	9,686	(1,232,658)	2,273,864
94500	Employee benefits contribution	-	-	-	381,611	-	1,257,962
94000	Total ordinary maintenance & operations	-	-	-	1,795,417	(1,232,658)	8,338,914
Protective services:							
95100	Labor	-	-	-	-	-	-
95200	Other contract costs	-	-	-	-	-	114,104
95300	Other	-	-	-	-	212,053	212,147
95500	Employee benefit contributions	-	-	-	-	-	-
95000	Total protective services	-	-	-	-	212,053	326,251

RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
FINANCIAL DATA SCHEDULE
YEAR ENDED SEPTEMBER 30, 2016

Line Item #	Account Description	LIPH 14.850/872	HCVP 14.871	HOPE VI 14.866	Blended Comp Unit	State/Local	Business Activities
EXPENSES (Continued)							
Insurance premiums:							
96110	Property insurance	\$ 531,116	\$ -	\$ -	\$ -	\$ -	\$ 10,627
96120	Liability insurance	212,930	15,812	-	-	-	2,827
96130	Workmen's compensation	61,682	7,277	-	-	-	5,577
96140	All other insurance	114,055	8,364	-	-	-	14,429
96100	Total insurance premiums	919,783	31,453	-	-	-	33,460
Other general expenses:							
96200	Other general expenses	1,614,374	33,254	581	5,666	236,623	492,560
96210	Compensated absences	5,794	-	-	-	-	-
96300	Payments in lieu of taxes	-	-	-	-	-	-
96400	Bad debt - tenants rent	521,803	-	-	-	-	-
96500	Bad debt - mortgages	-	-	301,002	-	-	36,933
96600	Bad debt - other	1,581,441	-	-	-	19,882	179,490
96800	Severance expense	1,220	-	-	-	-	-
96000	Total other general expenses	3,724,632	33,254	301,583	5,666	256,505	708,983
Interest expense and amortization costs							
96710	Interest on mortgage/bonds payable	-	-	-	-	-	-
96720	Interest on notes payable	-	-	-	(12,970)	-	27,000
96730	Amortization of bond issue costs	-	-	-	-	-	-
96700	Total interest expense and amortization costs	-	-	-	(12,970)	-	27,000
96900	Total operating expenses	32,111,459	1,796,141	442,846	15,164	1,116,373	1,858,445
97000	Excess of operating revenue over operating expenses	6,336,754	25,033,494	631,645	33,624	(7,475,142)	2,130,280
Extraordinary maintenance							
97100	Extraordinary maintenance	1,226	-	-	-	-	-
97200	Casualty losses - non capitalized	-	-	-	-	-	-
97300	Housing assistance payments	20,173	24,285,681	-	-	-	-
97350	HAP portability in	-	102,492	-	-	-	-
97400	Depreciation expense	3,473,390	23,891	-	-	160,708	-
90000A	Total other expenses	3,494,789	24,412,064	-	-	160,708	-
90000	Total expenses	35,606,248	26,208,205	442,846	15,164	1,277,081	1,858,445
Other financing sources (uses):							
10010	Operating transfer in	2,016,083	-	-	-	-	-
10020	Operating transfer out	(2,016,083)	-	-	-	-	-
10030	Operating transfers from / to primary government	-	-	-	-	-	-
10070	Extraordinary items, net gain / loss	-	-	-	-	-	-
10091	InterProject excess cash transfer in	418,345	-	-	-	-	-
10092	InterProject excess cash transfer out	(418,345)	-	-	-	-	-
10093	Transfer from program and project - in	-	-	-	-	-	-
10100	Total other financing sources (uses)	-	-	-	-	-	-
10000	EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENSES	\$ 2,841,965	\$ 621,430	\$ 631,645	\$ 33,624	\$ (7,635,850)	\$ 2,130,280
Memo Account Information							
11020	Required annual debt principal payments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11030	Beginning equity	71,476,766	(91,191)	9,335,240	463,587	13,268,783	8,169,517
11040	Prior period adjustments, equity transfers & correction	181,105	-	73,243	-	435,547	(1,040,999)
11170	Administrative fee equity	-	(606,985)	-	-	-	-
11180	Housing assistance payments equity	-	1,137,224	-	-	-	-
11190	Unit months available	48,288	37,303	-	-	-	-
11210	Unit months leased	46,231	36,621	-	-	-	-
11270	Excess cash	409,438	-	-	-	-	-
11610	Land purchases	-	-	-	-	-	-
11620	Building purchases	-	-	-	-	-	-
11630	Furniture & equipment - dwelling purchases	-	-	-	-	-	-
11640	Furniture & equipment - administrative purchases	-	-	-	-	-	-
11650	Leasehold improvements	-	-	-	-	-	-
11660	Infrastructure purchases	5,072,640	-	-	-	-	-
13901	Replacement Housing Factor Funds	-	-	-	-	-	-

**RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
FINANCIAL DATA SCHEDULE
YEAR ENDED SEPTEMBER 30, 2016**

Line Item #	Account Description	CDBG 14.218	HOME	Other Project PFSS	COCC	Eliminations	Total
EXPENSES (Continued)							
	Insurance premiums:						
96110	Property insurance	\$ 1,960	\$ -	\$ -	\$ 3,662	\$ -	\$ 547,365
96120	Liability insurance	387	-	-	593	-	232,549
96130	Workmen's compensation	-	-	-	41,995	-	116,531
96140	All other insurance	-	-	-	103,378	-	240,226
96100	Total insurance premiums	2,347	-	-	149,628	-	1,136,671
	Other general expenses						
96200	Other general expenses	369,304	412,098	-	68,376	(952,047)	2,280,789
96210	Compensated absences	-	-	-	-	-	5,794
96300	Payments in lieu of taxes	-	-	-	-	-	-
96400	Bad debt - tenants rent	-	-	-	-	-	521,803
96500	Bad debt - mortgages	-	-	-	-	-	337,935
96600	Bad debt - other	107,150	20,839	-	2,731,593	(4,218,739)	421,656
96800	Severance expense	-	-	-	122,148	-	123,368
96000	Total other general expenses	476,454	432,937	-	2,922,117	(5,170,786)	3,691,345
	Interest expense and amortization costs						
96710	Interest on mortgage/bonds payable	-	-	-	-	-	-
96720	Interest on notes payable	-	-	-	-	13,021	27,051
96730	Amortization of bond issue costs	-	-	-	-	-	-
96700	Total interest expense and amortization costs	-	-	-	-	13,021	27,051
96900	Total operating expenses	640,121	432,937	93,144	9,633,770	(11,887,423)	36,252,977
97000	Excess of operating revenue over operating expenses	255,845	(282,481)	-	(617,449)	-	26,046,570
	Extraordinary maintenance						
97100	Extraordinary maintenance	-	-	-	-	-	1,226
97200	Casualty losses - non capitalized	-	-	-	-	-	-
97300	Housing assistance payments	-	-	-	-	-	24,305,854
97350	HAP portability in	-	-	-	-	-	102,492
97400	Depreciation expense	-	-	-	117,515	-	3,775,504
90000A	Total other expenses	-	-	-	117,515	-	28,185,076
90000	Total expenses	640,121	432,937	93,144	9,751,285	(11,887,423)	64,438,053
	Other financing sources (uses):						
10010	Operating transfer in	-	-	-	-	(2,016,083)	-
10020	Operating transfer out	-	-	-	-	2,016,083	-
10030	Operating transfers from / to primary government	-	-	-	-	-	-
10070	Extraordinary items, net gain / loss	-	-	-	-	-	-
10091	InterProject excess cash transfer in	-	-	-	-	-	418,345
10092	InterProject excess cash transfer out	-	-	-	-	-	(418,345)
10093	Transfer from program and project - in	-	-	-	-	-	-
10100	Total other financing sources (uses)	-	-	-	-	-	-
10000	EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENSES	\$ 255,845	\$ (282,481)	\$ -	\$ (734,964)	\$ -	\$ (2,138,506)
Memo Account Information							
11020	Required annual debt principal payments	\$ -	\$ -	\$ -	\$ 100,000	\$ (100,000)	\$ -
11030	Beginning equity	1,224,441	(33,426)	-	(8,520,071)	-	95,293,646
11040	Prior period adjustments, equity transfers & correction	181,365	908	-	168,831	-	-
11170	Administrative fee equity	-	-	-	-	-	(606,985)
11180	Housing assistance payments equity	-	-	-	-	-	1,137,224
11190	Unit months available	-	-	-	-	-	85,591
11210	Unit months leased	-	-	-	-	-	82,852
11270	Excess cash	-	-	-	-	-	409,438
11610	Land purchases	-	-	-	-	-	-
11620	Building purchases	-	-	-	-	-	-
11630	Furniture & equipment - dwelling purchases	-	-	-	-	-	-
11640	Furniture & equipment - administrative purchases	-	-	-	-	-	-
11650	Leasehold improvements	-	-	-	-	-	-
11660	Infrastructure purchases	-	-	-	-	-	5,072,640
13901	Replacement Housing Factor Funds	-	-	-	-	-	-

**RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
 STATEMENT AND CERTIFICATION OF ACTUAL MODERNIZATION COSTS
 CAPITAL FUND PROGRAM
 YEAR ENDED SEPTEMBER 30, 2016**

	<u>VA36P007501-12</u>
Funds Approved	\$ 5,706,534
Funds Expended	<u>5,706,534</u>
Excess of Funds Approved	<u><u>\$ -</u></u>
Funds Advanced	\$ 5,706,534
Funds Expended	<u>5,706,534</u>
Excess of Funds Advanced	<u><u>\$ -</u></u>
	<u>VA36E007501-14</u>
Funds Approved	\$ 250,000
Funds Expended	<u>250,000</u>
Excess of Funds Approved	<u><u>\$ -</u></u>
Funds Advanced	\$ 250,000
Funds Expended	<u>250,000</u>
Excess of Funds Advanced	<u><u>\$ -</u></u>

1. The distribution of costs as shown on the Actual Modernization Cost Certificates submitted to HUD for approval are in agreement with the Authority's records.
2. All modernization costs have been paid and all related liabilities have been discharged through payment.

SINGLE AUDIT REPORT

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

Board of Commissioners
Richmond Redevelopment and Housing Authority
Richmond, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Richmond Redevelopment and Housing Authority (the Authority), as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated May 10, 2017.

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 opinion 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

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



CliftonLarsonAllen LLP

Arlington, Virginia
May 10, 2017

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR
EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Board of Commissioners
Richmond Redevelopment and Housing Authority
Richmond, Virginia

Report on Compliance for Each Major Federal Program

We have audited Richmond 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, 2016. The Authority's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and 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 on Each Major Federal Program

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2016.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2016-001. Our opinion on each major federal program is not modified with respect to this matter.

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

Report on Internal Control Over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2016-001, that we consider to be a significant deficiency.

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

Board of Commissioners
Richmond Redevelopment and Housing Authority

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 result of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Arlington, Virginia
May 10, 2017

**RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2016**

Federal Grantor/ Pass through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
Department of Housing and Urban Development				
Public and Indian Housing	14.850	-	-	\$ 18,868,513
HOPE VI - Urban Revitalization Development	14.866	-	-	1,074,491
Housing Choice Voucher Program	14.871	-	-	26,184,314
Capital Fund Program	14.872	-	-	8,404,258
PIH Family Self-Sufficiency Program	14.896	-	-	93,144
HOME Investment Partnerships Program	14.239	City of Richmond	-	1,899,892
Community Development Block Grant	14.218	City of Richmond	-	<u>3,821,622</u>
Total Department of Housing and Urban Development Programs				<u>60,346,234</u>
Total Expenditures of Federal Awards				<u>\$ 60,346,234</u>

This schedule is an integral part of the accompanying notes.

**RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
SEPTEMBER 30, 2016**

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Authority under programs of the federal government for the year ended September 30, 2016. The information in this Schedule is presented in accordance with the requirements of 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Authority has elected not to use the 10-percent de minimis indirect cost rate as allowed under Uniform Guidance.

NOTE 3 FINDINGS AND QUESTIONED COSTS

The findings and questioned costs identified in connection with the 2016 Single Audit are disclosed in Schedule II and III and the status of the prior year findings and questioned costs are disclosed in Schedule IV.

HUD has conducted several reviews of the Authority and has issued their reports on the results of some of these reviews. The Authority has responded to the reviews for which reports have been issued.

NOTE 4 LOANS OUTSTANDING

The Authority had the following loan balances outstanding at September 30, 2016. No new loans were disbursed during the year ended September 30, 2016.

	Federal CFDA Number	Amount Outstanding
Community Development Block Grant	14.218	\$ 3,047,252
HOME	14.239	1,051,261
Total		<u>\$ 4,098,513</u>

This information is an integral part of the accompanying schedule.

**RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2016**

Section I – Summary of Auditors’ Results

Financial Statements

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

Federal Awards

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

Identification of Major Federal Programs

CFDA Numbers

14.850
14.871
14.218

Name of Federal Program or Cluster

Low Rent Public Housing Program
Housing Choice Voucher Program
Community Development Block Grant

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

\$ 1,810,387

Auditee qualified as low-risk auditee?

_____ yes X no

**RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2016**

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

Section III – Findings and Questioned Costs – Major Federal Programs

2016-001

Federal Agency: U.S. Department of Housing and Urban Development
Federal Program Title: Low Rent Public Housing
CFDA Number: 14.850
Award Period: October 1, 2015 through September 30, 2016
Type of Finding: Significant Deficiency in Internal Control over Compliance

Condition: Pursuant to 24 CFR Part 135.90, direct recipients of HUD financial assistance should submit reports to HUD for the purpose of determining the effectiveness of Section 3. Direct recipients include public housing authorities, entitlement communities, states, and certain NOFA grantees that utilize HUD funding for construction and rehabilitation purposes.

HUD has issued guidance in reports dated January 2016 and February 22, 2016 stating that Public Housing Authorities must submit their Section 3 reports by January 10th of each year following the completion of their fiscal cycle. HUD considers a fiscal cycle from October 1, 2015 to September 30, 2016 to be a 2016 Section 3 report which would therefore be due by January 10, 2017.

Condition/Context: During the audit, it was noted that the Authority did not submit the required Section 3 report related to Low Rent Public Housing program in a timely manner. The report was submitted on February 9, 2017, 30 days after the HUD due date.

Questioned Costs: None

Cause: The Authority had staffing turnover in the procurement department during the year which caused an oversight of the reporting deadline.

Effect: The lack of internal controls over this compliance requirement resulted in noncompliance.

Repeat Finding: No

Recommendation: We recommend the Authority review the new SPEARS reporting website, establish an account and assign specific individuals in the procurement and/or compliance Departments with the responsibility for the preparation, review and submission of these reports by January 10th of each year for the prior fiscal year.

Views of responsible officials and planned corrective actions: The Authority has reviewed the new SPEARS reporting website, established two accounts (one for the Director and one for the Contract Specialist) and assigned the Contract Specialist with the responsibility for the preparation, review and submission of these reports by January 10th of each year for the prior fiscal year. The Director shall review the report prior to submission. Additionally, an appendix will be added to the Procurement Procedures detailing any and all required reports with due dates.

**RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2016**

Section IV – Prior Year Findings

2015-001 (2014-002)

Prior year material weakness identified related to unallowable transfers from the Low Rent Public Housing (LRPH) program to the Central Office Cost Center (COCC). In the current year, the Entity entered into a repayment agreement with HUD to return these funds to the LRPH program and is currently in compliance with this agreement.

2015-002 (2014-004, 2013-003)

During this year's testing of Public and Indian Housing Information Center Reporting, we determined that corrective action was implemented. No similar findings were noted during the current year audit.

2015-003 (2014-005, 2013-002, 2012-01, 2011-02, 2010-02, 2009-04, 2008-03, 2007-03, 2006-001)

During this year's testing of Housing Choice Voucher Program eligibility, reporting, and QC Inspections, we determined that corrective action was implemented. No similar findings were noted during the current year audit.

**RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
CORRECTIVE ACTION PLAN
YEAR ENDED SEPTEMBER 30, 2016**

U.S. Department of Housing and Urban Development

Richmond Redevelopment and Housing Authority respectfully submits the following corrective action plan for the year ended September 30, 2016.

Audit period: October 1, 2015 – September 30, 2016

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

FINDINGS—FEDERAL AWARD PROGRAMS AUDITS

*U.S. Department of Housing and Urban Development
2016-001 Low Rent Public Housing – CFDA No. 14.850*

Recommendation: The finding recommended the Authority review the new SPEARS reporting website, establish an account and assign specific individuals in the procurement and/or compliance Departments with the responsibility for the preparation, review and submission of these reports by January 10th of each year for the prior fiscal year.

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

Action taken in response to finding: The Authority has reviewed the new SPEARS reporting website, established two accounts (one for the Director and one for the Contract Specialist) and assigned the Contract Specialist with the responsibility for the preparation, review and submission of these reports by January 10th of each year for the prior fiscal year. The Director shall review the report prior to submission. Additionally, an appendix will be added to the Procurement Procedures detailing any and all required reports with due dates.

Name(s) of the contact person(s) responsible for corrective action: Tiffany Ford, Director of Procurement

Planned completion date for corrective action plan: January 2017