

**RICHMOND REDEVELOPMENT AND  
HOUSING AUTHORITY**

**FINANCIAL STATEMENTS  
September 30, 2013**

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



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CliftonLarsonAllen, LLP

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

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*BUILDING VIBRANT COMMUNITIES*

**INDEPENDENT AUDITORS' REPORT**



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

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*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, as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the Authority's basic 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. 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.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Richmond Redevelopment and Housing Authority as of September 30, 2013, and the changes in net position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters****Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-14 and schedule of funding progress on page 42 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 information identified in the table of contents as other supplementary information is not a required part of the financial statements and is presented for purposes of additional analysis. The schedule of expenditures of federal awards as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated May 12, 2014, 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 12, 2014

**RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**September 30, 2013**

**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, 2013. 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 2,900 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 \$130.2 million (net position). Of this amount, \$24.9 million (unrestricted net position) may be used to meet ongoing obligations to creditors, \$99.6 million is invested in capital assets, net of debt and \$5.7 million is restricted for specific purposes (restricted net position).
- RRHA's total net position decreased by \$1.3 million or 1.00% compared to fiscal year 2012.
- RRHA's total assets decreased by \$1.9 million from the prior year while RRHA's total liabilities decreased by \$0.6 million from the prior year. During fiscal year 2013 RRHA assets decreased as a result of normal depreciation expense of \$4.1 million, reduced operating subsidy totaling \$2.4 million resulting from sequestration, and use of HAP reserves of \$1.3 million. These amounts were offset by an increase in land held for resale, an increase in deferred receivables totaling \$2.5 million related to the Dove Street project, and an increase in program income due to the City of Richmond.
- RRHA's liquidity remains stable at 4.56 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 \$5.8 million.

**RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**September 30, 2013**

- The operating loss includes depreciation expense of \$4.1 million primarily associated with the LIPH properties.
- HAP expenses exceeded HAP funding by \$1.8 million. The HAP reserve was utilized to cover the difference.
- Properties sold within the Real Estate and Community Development program were sold for a loss of \$345,041.

**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, 2013. 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 and liabilities 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, 2013**

**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 in footnote 10 presents RRHA's progress in funding its obligation to provide pension benefits to its employees. Additionally, the other supplementary information included on pages 41 through 63 presents a Financial Data Schedule and Statement and Certification of Actual Modernization Costs for four grants closed out during the fiscal year and the Schedule of Funding Progress for Post-Retirement Benefits Other than Pension Benefits.

**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 \$130.2 million at September 30, 2013.

Net position totaling \$99.6 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 the RRHA's net position totaling \$5.7 million represents resources that are subject to external restrictions on how they may be used. The remaining balance is unrestricted net position totaling \$24.9 million, which may be used to meet RRHA's ongoing obligations to residents and creditors.

**RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
September 30, 2013**

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

Table 1 represents the Schedule of Net Position for RRHA as of September 30, 2013 and 2012.

**Table 1  
Schedule of Net Position**

	<b>2013</b>	<b>2012</b>	<b>\$ Increase/ (Decrease)</b>	<b>% Increase/ (Decrease)</b>
Current and other assets	\$ 50,236,770	\$ 48,493,326	\$ 1,743,444	3.60%
Capital assets	99,762,606	103,448,680	(3,686,074)	(3.56)%
<b>Total assets</b>	<b>149,999,376</b>	<b>151,942,006</b>	<b>(1,942,630)</b>	<b>(1.28)%</b>
Current and other liabilities	16,926,809	16,201,194	725,615	4.48%
Long-term debt outstanding	2,849,870	4,202,401	(1,352,531)	(32.18)%
<b>Total liabilities</b>	<b>19,776,679</b>	<b>20,403,595</b>	<b>(626,916)</b>	<b>(3.07)%</b>
Net position:				
Net investment in capital assets	99,600,239	101,580,559	(1,980,320)	(1.95)%
Restricted	5,674,231	6,656,423	(982,192)	(14.76)%
Unrestricted	24,948,227	23,301,429	1,646,798	7.07%
<b>Total net position</b>	<b>\$ 130,222,697</b>	<b>\$ 131,538,411</b>	<b>\$ (1,315,714)</b>	<b>(1.00)%</b>

Net position changed as a result of the following:

- Current and Other Assets increased by \$1.7 million or 3.60%. The increase is due to increases in the following items: deferred notes receivable totaling \$2.5 million related to the Dove Street project, mortgage receipts of \$0.5 million, land held for resale of \$1.8 million and program income due to the City of Richmond. These amounts were offset by a decrease in the operating subsidy related to sequestration totaling \$2.4 million and the use of HAP reserves totaling \$1.3 million.
- Long-term debt outstanding decreased by \$1.4 million or 32.18%. The decrease is primarily due to the payment of \$1.2 million on the Wells Fargo line of credit which was converted to a 3-year term note during fiscal year 2013.

**RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**September 30, 2013**

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

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

	<b>2013</b>	<b>2012</b>	<b>\$ Increase/ (Decrease)</b>	<b>% Increase/ (Decrease)</b>
<b>Operating revenues:</b>				
Tenant revenue	\$ 9,444,145	\$ 8,753,370	\$ 690,775	7.89%
HUD grants & subsidies	47,101,090	49,096,091	(1,995,001)	(4.06)%
Other government grants & subsidies	422,905	453,827	(30,922)	(6.81)%
Sale of property	133,560	677,772	(544,212)	(80.29)%
Other income	4,479,774	3,056,192	1,423,582	46.58%
Mortgage interest	129,464	134,624	(5,160)	(3.83)%
<b>Total operating revenues</b>	<b>61,710,938</b>	<b>62,171,876</b>	<b>(460,938)</b>	<b>(0.74)%</b>
<b>Operating expenses:</b>				
Administrative	12,020,776	12,405,111	(384,335)	(3.10)%
Tenant services	942,357	1,411,842	(469,485)	(33.25)%
Utilities	9,638,289	9,444,354	193,935	2.05%
Maintenance and operation	9,626,927	9,821,117	(194,190)	(1.98)%
Protective services	1,179,512	1,052,925	126,587	12.02%
General expenses	4,772,660	4,538,083	234,577	5.17%
Housing assistance	24,645,918	24,539,960	105,958	0.43%
Extrordinary maintenance	2,200	9,115	(6,915)	(75.86)%
Cost of property sold	555,896	2,480,052	(1,924,156)	(77.59)%
Depreciation	4,148,938	3,885,412	263,526	6.78%
<b>Total operating expenses</b>	<b>67,533,473</b>	<b>69,587,971</b>	<b>(2,054,498)</b>	<b>(2.95)%</b>
<b>Operating gain/(loss)</b>	<b>(5,822,535)</b>	<b>(7,416,095)</b>	<b>1,593,560</b>	<b>(21.49)%</b>
<b>Non-operating revenues (expenses):</b>				
Loss on sale of assets	(1,565)	(113,325)	111,760	(7141.21)%
Investment income	56,450	13,565	42,885	316.14%
Interest expense	(49,911)	(476,402)	426,491	(89.52)%
<b>Total non-operating revenue (expense), net</b>	<b>4,974</b>	<b>(576,162)</b>	<b>581,136</b>	<b>(100.86)%</b>
<b>Net income/(loss) before capital grants</b>	<b>(5,817,561)</b>	<b>(7,992,257)</b>	<b>2,174,696</b>	<b>(27.21)%</b>
<b>Capital grants/contributions</b>	<b>4,501,847</b>	<b>6,552,299</b>	<b>(2,050,452)</b>	<b>(31.29)%</b>
<b>Change in net position</b>	<b>\$ (1,315,714)</b>	<b>\$ (1,439,958)</b>	<b>\$ 124,244</b>	<b>(8.63)%</b>

**RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**September 30, 2013**

- Net position decreased primarily as a result of lower cost of property sold and general expenses. The reduction in these costs was offset by the closing of the stimulus grants during fiscal year 2012 which impacted tenant services and capital grants/contributions.
- HUD grants and subsidies decreased by \$2.0 million or by 4.06% primarily as a result of sequestration cuts. The operating subsidy for Public Housing was reduced by \$2.2 million and HUD funding for the HCV Program was reduced by \$0.4 million. These decreases were offset by an increase in capital funding of \$0.5 million.
- Sale of property decreased by \$0.5 million or 80.29% as RRHA recognized proceeds from the sale of the Old Manchester lots and Ordway Manor in the prior year.
- Other income increased \$1.4 million or 46.58% primarily as the result of recognizing income on the write-off of the allowance established in the prior year related to land held for resale.
- General expenses increased by \$0.2 million or 5.23% related to expenses associated with property sold in prior years.
- Cost of property sold decreased by \$1.9 million or 77.59% due to lower property sales. In the prior year, RRHA sold the Old Manchester lots and Ordway Manor and Fulton Village.
- Interest expense decreased by \$0.4 million or 89.52% due to the payoff of debt totaling \$1.3 million during fiscal year 2013.

**RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
September 30, 2013**

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 2013 and 2012. Program expenses represent amounts spent by RRHA to administer these programs.

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

	<b>2013</b>	<b>2012</b>	<b>\$ Increase/ (Decrease)</b>	<b>% Increase/ (Decrease)</b>
Program revenues (gross):				
Rent and other	\$ 9,444,145	\$ 8,753,370	\$ 690,775	7.89%
Operating subsidies/grants	22,672,100	24,240,256	(1,568,156)	(6.47)%
Capital grants	4,501,847	6,552,299	(2,050,452)	(31.29)%
HCVP administrative fees	1,576,432	1,752,868	(176,436)	(10.07)%
HCVP subsidy	22,852,558	23,103,492	(250,934)	(1.09)%
City programs	1,243,273	1,284,713	(41,440)	(3.23)%
Investment and other	3,421,419	457,365	2,964,054	648.07%
<b>Total program revenues</b>	<b>65,711,774</b>	<b>66,144,363</b>	<b>(432,589)</b>	<b>(0.65)%</b>
Program expenses (gross):				
Low rent housing	35,064,585	35,330,584	(265,999)	(0.75)%
Other grants	3,056,803	1,505,180	1,551,623	103.09%
HCVP administrative	1,812,174	1,650,146	162,028	9.82%
HCVP subsidy	24,389,090	24,519,845	(130,755)	(0.53)%
City programs	1,406,378	2,558,107	(1,151,729)	(45.02)%
Investment and other	1,298,458	2,020,459	(722,001)	(35.73)%
<b>Total program expenses</b>	<b>67,027,488</b>	<b>67,584,321</b>	<b>(556,833)</b>	<b>(0.82)%</b>
Change in net position	(1,315,714)	(1,439,958)	124,244	(8.63)%
Net position, October 1	131,538,411	132,978,369	(1,439,958)	(1.08)%
Net position, September 30	\$ 130,222,697	\$ 131,538,411	\$ (1,315,714)	(1.00)%

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

- Total program revenues decreased by \$0.4 million or 0.65%. Operating subsidies/grants and capital grants decreased by \$4.0 million due to sequestration which impacted the public housing operating subsidy and the closure of the stimulus projects in the prior year. Investment and other revenue increased by \$3.0 million due to developer fees and a grant received for the Dove project in fiscal year 2013 as well as an adjustment to the mortgage allowance.



**RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
September 30, 2013**

- Total program expenses decreased by \$0.6 million or 0.82%. This decrease is primarily due to a decrease in City programs (\$1.2 million) and investment/other expenses (\$0.7 million) offset by an increase in expenses for the Low Rent Public Housing and Rental Assistance Demonstration (RAD) programs.
- The decrease in the low rent housing program expenses is primarily due to the commencement of the RAD Program funded by HUD. This program transferred certain public housing properties to another type of subsidy funded by HUD. This also increased other grant expenses.

**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**

	<u>2013</u>	<u>2012</u>
Current assets	\$ 28,093,056	\$ 28,387,511
Less: current liabilities	(6,162,288)	(8,740,320)
<b>Working capital</b>	<b><u>\$ 21,930,768</u></b>	<b><u>\$ 19,647,191</u></b>
Current assets	<u>\$ 28,093,056</u>	<u>\$ 28,387,511</u>
Divided by: current liabilities	6,162,288	8,740,320
<b>Current ratio</b>	<b>4.56:1</b>	<b>3.25:1</b>

RRHA is financially stable as evidenced by its working capital of \$21,930,768 and its 4.56:1 ratio of current assets to current liabilities at September 30, 2013. 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 2012 by \$2,283,577 while the current ratio also increased. This is primarily due to a change in the current portion of long-term debt of \$2.5 million. During fiscal year 2013 the Wells Fargo line of credit was converted to a 3-year note resulting in a change in the classification of the debt from a current liability to a long-term debt. This change is offset by an increase in program income due to the City of Richmond related to mortgages and the Marriott land lease.

**RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
September 30, 2013**

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

As of September 30, 2013, RRHA's capital assets totaled \$99,762,606 (net of accumulated depreciation). Included in the capital assets are land, land improvements, buildings and structures, equipment, and construction in progress. See footnote 6 on page 30.

**Table 5  
Capital Assets**

	<u>2013</u>	<u>2012</u>
Land	\$ 10,233,076	\$ 10,101,338
Buildings	164,226,327	160,531,660
Furniture, equipment & machinery	8,119,892	6,720,914
Accumulated depreciation	(96,171,351)	(91,723,560)
Construction in progress	13,354,662	17,818,328
<b>Total</b>	<b><u>\$ 99,762,606</u></b>	<b><u>\$ 103,448,680</u></b>

**Long-Term Debt**

As of September 30, 2013, RRHA had net outstanding notes, bonds and loans payable totaling \$2,849,870. See footnote 7 on page 31.

	<u>2013</u>	<u>2012</u>
Energy Services	\$ -	\$ 161,404
Wells Fargo Line of Credit	1,700,000	2,876,433
4th and Grace Place Note Payable	765,000	765,000
Diocese of Richmond Note Payable	384,870	399,564
RDC Loan	739,608	711,000
ROI Loan	5,448	5,061
Subtotal	3,594,926	4,918,462
Less: Eliminations	(745,056)	(716,061)
<b>Total outstanding debt</b>	<b><u>\$ 2,849,870</u></b>	<b><u>\$ 4,202,401</u></b>

**RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**September 30, 2013**

**ECONOMIC CONDITIONS AND NEXT YEAR'S BUDGET**

The national economy for 2013 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 2014. Housing sales will continue to grow: existing housing about 4% and new homes about 16%; business spending will grow about 5%; inflation will be below 2%, and unemployment will continue to decrease to about 6.3%. The national unemployment rate for 2013 improved from the prior year from about 8% to 7% while the City of Richmond unemployment rate improved slightly for the same time period from about 6.1% to 5.7%.

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. In addition, major semiconductor manufacturing firms have been attracted to Richmond in the past years. The most notable is the Virginia Bio-Technology Research Park, which is home to 45 biotechnology firms and other related companies. Richmond is also home to the Fifth District Federal Reserve Bank and the Fourth Circuit U.S. Court of Appeals. The competitive advantages and the diversity of the labor force have helped Richmond to maintain a stable economy.

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.

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 2014 budget is conservatively based and is reflective of 2013 federal legislative mandates. The fiscal year (FY) 2014 budget assumes HUD will fund public housing operations at 80% of projected need, fund housing assistant payments at 94% of projected need, and fund the administrative needs of HCVP at 69%. These projected funding levels are a significant decrease from prior year's funding. During fiscal year 2013, both the HCVP and the LIPH Programs were subjected to sequestration cuts. Sequestration refers to a series of automatic across-the-board cuts to domestic and defense programs outlined in the Budget Control act of 2011. These cuts were in place because Congress did not meet the deadline of passing a deficit reduction package by March 1, 2013.

**RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**September 30, 2013**

Good news for fiscal 2014, Congress adopted and the President signed into law the Omnibus Spending in January 2014. Under this bill, many HUD programs will receive increased funding. This means for RRHA that public housing operations will be funded at 82% of projected need, housing assistant payments will be funded at 99.7% of projected need, the administrative funding for HCVP will be funded at 75% of projected need and the Capital Fund budget for 2014 will be funded at a higher level as well.

The FY2014 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 Creighton and Whitcomb. 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 Interim Chief Financial Officer, 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 LaTanja Davenport, MBA, Interim Chief Financial 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.

The cover is courtesy of the RRHA Office of Governmental Affairs and Public Relations.

## **BASIC FINANCIAL STATEMENTS**

**RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY**  
**STATEMENT OF NET POSITION**  
**September 30, 2013**

<b>ASSETS</b>	
<b>CURRENT ASSETS</b>	
Cash and cash equivalents (Note 3)	\$ 4,041,483
Restricted cash and cash equivalents (Note 3)	7,885,961
Accounts receivables, net of allowance of \$86,824 (Note 4)	1,472,653
Mortgage loans and notes receivable - current, net of allowance of \$100,000 (Note 5)	1,121,042
Land held for resale, net of allowance of \$164,832	12,980,008
Other assets	<u>591,909</u>
Total current assets	<u>28,093,056</u>
<b>NONCURRENT ASSETS</b>	
Capital assets - non-depreciable (Note 6)	
Land	10,233,076
CIP	<u>13,354,662</u>
Total capital assets - non-depreciable	<u>23,587,738</u>
Capital assets - depreciable (Note 6)	
Buildings and improvements	164,226,327
Furniture and equipment	8,119,892
Accumulated depreciation	<u>(96,171,351)</u>
Total capital assets - depreciable	<u>76,174,868</u>
Capital assets, net	<u>99,762,606</u>
Mortgage loans and notes receivable - noncurrent, net of allowance of \$1,432,077 (Note 5)	21,541,648
Other noncurrent assets	2,051
Investment in joint venture	<u>600,015</u>
Total noncurrent assets	<u>121,906,320</u>
<b>TOTAL ASSETS</b>	<u>\$ 149,999,376</u>
<b>LIABILITIES AND NET POSITION</b>	
<b>CURRENT LIABILITIES</b>	
Current portion long-term debt (Note 7)	\$ 391,790
Accounts payable (Note 8)	881,292
Due to other governments, current (Note 8)	2,143,996
Accrued liabilities (Note 8)	2,075,442
Tenant security deposits/FSS escrows (Note 8)	545,927
Other current liabilities (Note 8)	21,030
Deferred revenues (Note 8)	<u>102,811</u>
Total current liabilities	<u>6,162,288</u>
<b>NONCURRENT AND OTHER LIABILITIES</b>	
Long-term debt, net of current portion (Note 7)	2,458,080
Deferred revenue, net of current (Note 8)	2,547,510
Due to other governments, net of current (Note 8)	4,123,924
Other noncurrent liabilities (Note 8)	1,991,073
Accrued pension and OPEB liability (Note 11)	<u>2,493,804</u>
Total noncurrent liabilities	<u>13,614,391</u>
Total liabilities	<u>19,776,679</u>
<b>NET POSITION</b>	
Net investment in capital assets	99,600,239
Restricted	5,674,231
Unrestricted	<u>24,948,227</u>
Total net position	<u>130,222,697</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$ 149,999,376</u>

The accompanying notes are an integral part of the financial statements.

**RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**Year Ended September 30, 2013**

**OPERATING REVENUES**

Dwelling rental	\$ 9,444,145
HUD grants and subsidies	47,101,090
Other government grants and subsidies	422,905
Sale of property	133,560
Other income	4,479,774
Mortgage interest	<u>129,464</u>
Total operating revenues	<u>61,710,938</u>

**OPERATING EXPENSES**

Administration	12,020,776
Tenant services	942,357
Utilities	9,638,289
Maintenance and operation	9,626,927
Protective services	1,179,512
General expenses	4,772,660
Housing assistance payments	24,645,918
Extraordinary maintenance	2,200
Cost of property sold	555,896
Depreciation	<u>4,148,938</u>
Total operating expenses	<u>67,533,473</u>

Total operating gain/(loss) (5,822,535)

Nonoperating revenues (expenses):

Loss on sale of assets	(1,565)
Investment income	56,450
Interest expense	<u>(49,911)</u>

Total nonoperating revenues (expenses) 4,974

Loss before capital grants (5,817,561)

Capital grants 4,501,847

**CHANGE IN NET POSITION** (1,315,714)

**NET POSITION, BEGINNING OF YEAR** 131,538,411

**NET POSITION, END OF YEAR** \$ 130,222,697

The accompanying notes are an integral part of the financial statements.

**RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY**  
**STATEMENT OF CASH FLOWS**  
**Year Ended September 30, 2013**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Rental receipts	\$ 8,532,439
Direct HUD subsidies	47,658,473
Other government grants and subsidies	422,905
Charges for services	4,742,798
Administration and general	(12,288,812)
Housing operations and tenant services	(26,683,142)
Housing assistance payments	(24,645,918)
Net cash used in operating activities	<u>(2,261,257)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Principal payments on bonds and loans payable	<u>(1,352,531)</u>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>	
Acquisition of capital assets, net	(2,988,763)
Capital contributions	4,501,847
Net cash provided by capital financing activities	<u>1,513,084</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest payments	(49,911)
Increase in land held for resale	(268,039)
Loss on disposal of land held for resale	(1,565)
Interest income	56,450
Net cash used in investing activities	<u>(263,065)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(2,363,769)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>14,291,213</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 11,927,444</u>
<b>CLASSIFIED AS</b>	
Cash and cash equivalents	\$ 4,041,483
Restricted cash	<u>7,885,961</u>
<b>TOTAL</b>	<u>\$ 11,927,444</u>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES</b>	
Net operating loss	\$ (5,822,535)
Adjustments to reconcile cash and cash equivalents used in operating activities:	
Depreciation	4,148,938
Effects of changes in operating assets and liabilities, net of business combination and noncash items:	
Accounts receivable	(119,496)
Mortgage loans, net	(926,643)
Other assets	(267,136)
Accounts payable	(110,617)
Deferred revenue	676,879
Tenant security deposits	14,937
Accrued liabilities	(101,484)
Other liabilities	<u>245,900</u>
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<u>\$ (2,261,257)</u>

The accompanying notes are an integral part of the financial statements.



**RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2013**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Richmond Redevelopment and Housing Authority (RRHA or the Authority) has prepared its financial statements in conformity with Generally Accepted Accounting Principles (GAAP). The significant accounting policies under which the financial statements have been prepared are as follows:

**Basis of Accounting, Basis of Presentation and Measurement Focus**

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.

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.

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.

**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 are presented in accordance with GASB Statement No. 14, *The Financial Reporting Entity* as amended by GASB Statement No. 39. This Statement defines the distinction between the primary government, RRHA, and its related entities; however, RRHA's relationships with other organizations do not constitute the inclusion of said organizations with the RRHA reporting entity. 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.

**RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2013**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Financial Reporting Entity (continued)**

RRHA also includes several blended component units. The entities that are included as blended component units are as follows:

**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 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, 2013.

**RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2013**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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.

**Mortgage Loans Receivable**

Mortgage loans are carried at amounts advanced, net of collections and reserves for loan losses, if any. As of September 30, 2013, there was a reserve of \$1,532,077 for loan losses. RRHA has seen an increase in the number of foreclosures; however, a reserve has been established to cover loan losses. Note 5, Mortgage Loans provides information about loans in foreclosure. 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**

During 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

**RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2013**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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.

**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.

The Authority first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net resources are available.

**RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2013**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Deferred Revenue**

Deferred 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.

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, 2013. The inter-program transfers are included in the supplemental information.

**RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2013**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Indirect Costs**

Certain indirect costs are allocated to expenses in the various programs in accordance with the cost allocation plan which was approved by the appropriate grantors as part of RRHA's overall operations budget for the fiscal year.

**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.

**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**

GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34* modifies certain requirements for inclusion of component units in the financial reporting entity. This includes the concept of financial burden or benefit on the relationship between the primary government and the component unit. The implementation of this new standard had no impact on the Authority's 2013 financial statements.

GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* incorporates into GASB authoritative literature certain accounting and financial reporting guidance previously included in FASB, APB, and AICPA guidance issued before November 30, 1989. The implementation of this new standard updated the language discussed in Note 1 under Basis of Accounting.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* revised the financial reporting for elements of the financial statements as a consumption or acquisition of net assets that are applicable to a future reporting period. These items are distinct from assets and liabilities. This statement also modified the previous financial statement caption and definition of Net Assets to Net Position. This new standard required revising the presentation in the financial statements for those items identified as deferred outflows and inflows, and revising the names of the statements presented and certain classifications within those statements. The Authority did not have any deferred inflows or deferred outflows, as defined, to report at either September 30, 2013 or 2012.

**RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2013**

**NOTE 2 – ORGANIZATION**

**Background and Programs**

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. Section 519 of the Quality Housing and Work Responsibility Act of 1998 (Public law 105-276) amends Section 9 of the U.S. Housing Act of 1937 to provide for a Capital Fund Program to be established by HUD for the purpose of making assistance available to PHAs to carry out capital, management, development and other activities. It also requires HUD to develop a formula (through a negotiated rulemaking process) for determining the amount of assistance to be provided and a mechanism to reward performance. The CFP funds, which are allocated annually, represent the major source of funding for capital and management activities at PHAs.

The current Blackwell HOPE VI revitalization plan includes development of 420 housing units consisting of 161 rental units, 191 homeownership units, and 68 loan-to-purchase (second mortgage only) units. Of the 420 units, 161 rental units and 185 homeownership units have been completed. There are 74 homeownership units remaining. Due to the decline in the market for affordable homeownership, RRHA has been unsuccessful in selling the remaining homes in its homeownership phases. Therefore, RRHA has amended its plan to reduce its homeownership units by 27 and reduce the loan-to-purchase units by 13. With the reduction in the homeownership units, RRHA will construct 18 senior rental units, which will be under an ACC agreement with HUD. RRHA had submitted this revision in fiscal 2013 which was approved by HUD. This was the 3rd revision to the Blackwell HOPE VI revitalization plan.

**RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2013**

**NOTE 2 – ORGANIZATION (CONTINUED)**

**Background and Programs (continued)**

The first phase of the offsite component of HOPE VI, partnering with the developer Health-E Community in the Fulton area has completed the construction and sales of 32 units. The construction of the Phase II portion in Fulton for an additional 26 affordable homes with Health-E Community is ongoing along with the sales of these units. In addition, with the development partner Southside Community Development & Housing Corporation, 16 units and 48 units have been completed respectively within the additional phases of the HOPE VI program Swansboro and the Citywide down payment program.

In October 2013, RRHA requested a 4th revision to the HOPE VI revitalization grant. The purpose of the revision was to further reduce the number of loan-to-purchase units by 7, resulting in a total of 48 loan-to-purchase units and to reduce the number of senior rental units from 40 to 18. The 18 senior rental units comprised of 100% public housing units that are funded with a combination of HOPE VI funds, HOPE VI program income and CDBG funds. No tax credit or market rate units were contemplated and all units will be owned by RRHA and managed as public housing. The Senior Designated Housing Plan was approved in May 2014. RRHA is committed to the completion of the grant by early spring 2015.

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. This program is consistent with HUD's goal to most effectively focus resources on "welfare to work" and on independent living for the elderly and persons with disabilities. HUD awards ROSS grants to applicants that implement practical solutions within the grant term that result in improved economic self-sufficiency for public housing residents.

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 sub recipient 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 procures developers to rehabilitate or construct residential/commercial properties to replace or improve blighted structures. Upon sale of the revitalized structure, funds are in some cases returned to the City as program income.

The Capital Improvement Program consists of agreements and asset transfers with the City for multi-use development projects and other activities throughout the City of Richmond. These projects are generally funded through payments from the City to RRHA and borrowings for which repayment is dependent on funds from the City. Monies have been used to conduct studies, initiate loans and grants, purchase land, demolish blighted buildings, construct buildings, operate facilities and make relocation payments to displaced businesses and families.

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**  
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**NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS**

**Cash**

At September 30, 2013, cash on hand, cash items and petty cash totaled \$11,927,444 and the value of RRHA's deposits with financial institutions totaled \$12,253,066.

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 "[e]stablish 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.

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 housing choice voucher payments, and debt service payments.

**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. This is a 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.

**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.

**RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2013**

**NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)**

**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.

**Custodial credit risk for investments**

For an investment, the custodial credit risk 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 a detail of cash and investments at September 30, 2013:

	<b>Unrestricted</b>	<b>Fair Value Restricted</b>	<b>Total</b>	<b>Ratings</b>
Petty cash	\$ 1,000	\$ -	\$ 1,000	N/A
Checking accounts	3,533,612	4,685,283	8,218,895	N/A
Money market funds	<u>506,871</u>	<u>3,200,678</u>	<u>3,707,549</u>	AAAm
<b>Total</b>	<u>\$ 4,041,483</u>	<u>\$ 7,885,961</u>	<u>\$ 11,927,444</u>	

**NOTE 4 – ACCOUNTS RECEIVABLE**

Accounts receivable including applicable allowances for uncollectible accounts at September 30, 2013 consisted of the following:

Tenants (net of allowance of \$86,824)	\$ 287,997
Accounts receivable - HUD	718,058
Other government	142,347
Miscellaneous	<u>324,251</u>
<b>Total</b>	<u>\$ 1,472,653</u>

**RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2013**

**NOTE 5 – MORTGAGE LOANS**

The composition of RRHA's mortgage loan portfolio, by collateral type, as of September 30, 2013, is as follows:

	<u>Principal</u>	<u>Accrued Interest</u>	<u>Total</u>
Single-family real estate	\$ 9,928,915	\$ -	\$ 9,928,915
Multi-family real estate	4,998,870	219,070	5,217,940
Commercial real estate	<u>7,290,000</u>	<u>1,757,912</u>	<u>9,047,912</u>
Total mortgage loans	22,217,785	1,976,982	24,194,767
Less allowance	<u>(1,532,077)</u>	-	<u>(1,532,077)</u>
Total mortgage loans, net	20,685,708	1,976,982	22,662,690
Less current mortgage loans	<u>(1,121,042)</u>	-	<u>(1,121,042)</u>
<b>Non-current mortgage loans</b>	<u>\$ 19,564,666</u>	<u>\$ 1,976,982</u>	<u>\$ 21,541,648</u>

RRHA makes single-family mortgage loans that are both active and deferred. At September 30, 2013 there is a balance of \$4,321,907 due on active notes and \$5,607,008 due on deferred notes. 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:

	<u>Principal</u>	<u>Accrued Interest</u>	<u>Total</u>
HUD programs:			
Hope VI	\$ 6,525,000	\$ 789,538	\$ 7,314,538
City of Richmond Cooperative Agreements:			
4th and Grace Street	<u>765,000</u>	<u>968,374</u>	<u>1,733,374</u>
<b>Total commercial loans</b>	<u>\$ 7,290,000</u>	<u>\$ 1,757,912</u>	<u>\$ 9,047,912</u>

Related liabilities consist of the following:

Notes payable - 4th and Grace Street	\$ 765,000
Accrued interest - 4th and Grace Street	968,374
Due to City of Richmond - mortgage loans	<u>3,656,781</u>
<b>Total</b>	<u>\$ 5,390,155</u>

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

**RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2013**

**NOTE 5 – MORTGAGE LOANS (CONTINUED)**

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.

During fiscal year 2013, RRHA incurred 1 loan loss totaling \$115,620 as a result of foreclosure. The allowance at September 30, 2013 was sufficient to cover these losses. The foreclosed properties were reflected on the books based on the loan value associated with each of the properties at the time of foreclosure. This loan loss represents approximately 1% of the outstanding single family mortgages.

**NOTE 6 – CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2013 is as follows:

	Balance October 1, 2012	Increases	Decreases	Transfers	Balance September 30, 2013
Capital assets not being depreciated:					
Land	\$ 10,101,338	\$ -	\$ -	\$ 131,738	\$ 10,233,076
Construction in progress (CIP)	<u>17,818,328</u>	<u>2,980,617</u>	<u>(2,194,526)</u>	<u>(5,249,757)</u>	<u>13,354,662</u>
Total capital assets not being depreciated	<u>27,919,666</u>	<u>2,980,617</u>	<u>(2,194,526)</u>	<u>(5,118,019)</u>	<u>23,587,738</u>
Capital assets being depreciated:					
Land improvements	7,202,890	-	-	267,253	7,470,143
Building and structures	153,328,770	8,146	-	3,419,268	156,756,184
Equipment	<u>6,720,914</u>	<u>-</u>	<u>(32,520)</u>	<u>1,431,498</u>	<u>8,119,892</u>
Total capital assets being depreciated	167,252,574	8,146	(32,520)	5,118,019	172,346,219
Less accumulated depreciation:	<u>91,723,560</u>	<u>4,148,938</u>	<u>298,853</u>	<u>-</u>	<u>96,171,351</u>
Total capital assets being depreciated, net	<u>75,529,014</u>	<u>(4,140,792)</u>	<u>(331,373)</u>	<u>5,118,019</u>	<u>76,174,868</u>
<b>Total capital assets, net</b>	<u>\$ 103,448,680</u>	<u>\$ (1,160,175)</u>	<u>\$ (2,525,899)</u>	<u>\$ -</u>	<u>\$ 99,762,606</u>

The Authority transferred \$1,252,688 from CIP to land held for resale during fiscal 2013 representing properties with no activity during fiscal 2013 as the Authority intends to offer the properties for sale.

**RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 7 – DEBT OBLIGATIONS**

Changes in the total long-term debt during the year ended September 30, 2013 are summarized below. These debt obligations of RRHA are not held or guaranteed by HUD.

	Balance October 1, 2012	Additions	Forgiveness/ Reductions	Balance September 30, 2013	Due Within One Year
EUA Citizens Conversation Note <sup>1</sup>	\$ 161,404	\$ -	\$ (161,404)	\$ -	\$ -
Wachovia/Wells Fargo Note <sup>2</sup>	2,876,433	-	(1,176,433)	1,700,000	372,919
4th & Grace Place Note <sup>3</sup>	765,000	-	-	765,000	-
Diocese of Richmond <sup>4</sup>	399,564	-	(14,694)	384,870	18,871
RDC Loan <sup>5</sup>	711,000	28,608	-	739,608	14,674
ROI Loan <sup>6</sup>	5,061	387	-	5,448	1,499
Subtotal	4,918,462	28,995	(1,352,531)	3,594,926	407,963
Less: Eliminations	(716,061)	(28,995)	-	(745,056)	(16,173)
<b>Grand total</b>	<b>\$ 4,202,401</b>	<b>\$ -</b>	<b>\$ (1,352,531)</b>	<b>\$ 2,849,870</b>	<b>\$ 391,790</b>

<sup>1</sup>Original issuance of \$6,161,174 maturing December 18, 2012. Interest at 5.41% effective interest rate. This debt was paid in full as of September 30, 2013.

<sup>2</sup>Wells 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 has been extended through May 1, 2016.

<sup>3</sup>Dated July 27, 2000, interest rate of 6.4%, maturing January 1, 2021.

<sup>4</sup>Dated August 28, 2012, interest rate of 6.0%, maturing September 1, 2017.

<sup>5</sup>Dated December 1, 2010, interest rate of 7.0%. This loan is between the Authority and RDC, a blended component unit and is therefore eliminated for financial statement purposes.

<sup>6</sup>Dated 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, 2013, and thereafter are as follows:

Year Ended September 30,	Notes and Loans	
	Principal	Interest
2014	\$ 391,790	\$ 47,578
2015	730,352	39,007
2016	624,515	25,606
2017	338,213	18,966
2018	-	-
2019-2023	765,000	-
<b>Total</b>	<b>\$ 2,849,870</b>	<b>\$ 131,157</b>

**RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2013**

**NOTE 8 – 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 2013 was as follows:

	Balance October 1,			Balance September 30,		Due Within One Year
	2012	Increases	Reductions	2013		
Accounts payable	\$ 991,909	\$ 19,739,093	\$ (19,849,710)	\$ 881,292	\$ 881,292	
Due to other governments	6,119,698	3,631,416	(3,483,194)	6,267,920	2,143,996	
Accrued liabilities	2,176,926	42,349,903	(42,451,387)	2,075,442	2,075,442	
Tenant security deposits	530,990	212,931	(197,994)	545,927	545,927	
Deferred revenues	1,973,442	7,782,684	(7,105,805)	2,650,321	102,811	
Other current liabilities	41,549	11,737	(32,256)	21,030	21,030	
Other noncurrent liabilities	1,816,941	438,135	(264,003)	1,991,073	-	
OPEB liability	2,549,739	261,972	(317,907)	2,493,804	-	
<b>Total</b>	<u>\$ 16,201,194</u>	<u>\$ 74,427,871</u>	<u>\$ (73,702,256)</u>	<u>\$ 16,926,809</u>	<u>\$ 5,770,498</u>	

**NOTE 9 – 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 \$112,595,354 as of September 30, 2013. There was one issuance during fiscal year 2013 totaling \$22,870,825.

**NOTE 10 – DEFINED BENEFIT PENSION PLAN**

RRHA contributes to the Virginia Retirement System (VRS), a mixed-agent, multiple-employer defined benefit public employee retirement system with separate cost-sharing pools for each locality that acts as a common investment and administrative agent for political subdivisions in the Commonwealth of Virginia.

**Plan Description**

All full-time, salaried permanent employees must participate in the VRS as a member of either Plan 1 or Plan 2. 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. 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. AFC is defined as the average of the highest consecutive 36 months of salary for Plan

**RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 10 – DEFINED BENEFIT PENSION PLAN (CONTINUED)**

**Plan Description** (continued)

1 member and the average of the highest 60 consecutive months of salary for Plan 2 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 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. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns RRHA 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.

**Funding Policy and Contribution Rates**

All active members of the plan 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 2013 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. 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. 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, 2013, 2012 and 2011 were \$1,330,828, \$1,516,767, and \$1,657,403 respectively and were equal to the required contributions.

**Actuarial Assumptions**

The required contributions for the plan were determined as part of the June 30, 2013 and 2012 actuarial valuations. The projection of future benefits for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The projection of benefits does not explicitly incorporate the potential effects of legal or contractual funding limitations. The actuarial methods and assumptions used are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Amounts determined for the funded status of the plan and the annual required contribution of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

**RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY**  
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**NOTE 10 – DEFINED BENEFIT PENSION PLAN (CONTINUED)**

**Actuarial Assumptions (continued)**

The significant actuarial assumptions used in the valuation of the plan are as follows:

1. Investment return of 7.00% per annum.
2. Projected salary increases between 3.50%-5.35% per annum for Non-LEO members and between 3.50%-4.75% per annum for LEO members.
3. Cost of living adjustment of 2.50% per annum for Plan 1 members and 2.25% per annum for Plan 2 members.
4. Total inflation is assumed to increase 2.5% per annum.
5. Asset valuation – this method is intended to recognize a “smoothed market value of assets.” Under this method, the difference between actual return on market value from investment experience and the expected return on market value is recognized over a five-year period. The resulting actuarial value of assets cannot be less than 80% or more than 120% of the market value of assets.

**Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Asset	Actuarial Accrued Liability	Unfunded Actual Accrued Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
June 30, 2007	\$ 51,268,307	\$ 53,935,554	\$ 2,667,247	95.05%	\$ 10,810,298	24.67%
June 30, 2008	55,263,267	56,885,196	1,621,929	97.15%	11,416,556	14.21%
June 30, 2009	53,630,957	58,749,637	5,118,680	91.29%	11,113,951	46.06%
June 30, 2010	52,009,643	62,534,314	10,524,671	83.17%	12,185,415	86.37%
June 30, 2011	51,656,282	63,949,000	12,292,718	80.78%	11,784,653	104.31%
June 30, 2012	49,895,147	64,986,416	15,091,269	76.78%	10,847,595	139.12%
June 30, 2013	50,240,927	63,974,138	13,733,211	78.53%	10,313,433	133.16%

**NOTE 11 – 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 68 retirees receiving benefits and 168 active plan members at September 30, 2013. The Plan does not issue a publicly available financial report.



**RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 11 – POST RETIREMENT BENEFITS OTHER THAN PENSION BENEFITS (CONTINUED)**

**Plan Description** (continued)

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.

**Funding Policy**

The contributions 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.

**RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2013**

**NOTE 11 – POST RETIREMENT BENEFITS OTHER THAN PENSION BENEFITS (CONTINUED)**

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, 2013 were as follows:

Annual required contribution	\$ 249,204
Interest on net OPEB obligation	114,738
Adjustment to annual required contribution	(295,327)
Contribution made	<u>(124,550)</u>
Decrease in net OPEB obligations	(55,935)
Net OPEB obligations, beginning of year	<u>2,549,739</u>
<b>Net OPEB obligations, end of year</b>	<b><u>\$ 2,493,804</u></b>

The percentage of AOC contributed was 180.7 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, 2013 and 2012 were as follows:

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
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

**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, 2012, the most recent actuarial valuation, the actuarial accrued liability (AAL) was \$1,434,450 and there were no actuarial plan assets, therefore the unfunded AAL (UAAL) was \$1,434,450. As of September 30, 2013, the annual covered payroll of active employees covered by the Plan was \$11,478,856 resulting in a ratio of UAAL to covered payroll of 12.50 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.

**RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2013**

**NOTE 11 – POST RETIREMENT BENEFITS OTHER THAN PENSION BENEFITS (CONTINUED)**

**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, 2012
Actuarial method	Entry age normal cost method
Amortization method	Level percentage of pay
Amortization period	9 years - closed
Investment rate of return	4.50%
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**

<b>Year Ending September 30,</b>	<b>Annual Rate of Increase</b>
2013	9.00%
2014	8.00%
2015	7.00%
2016	6.00%
2017-2018	4.70%
2019-2022	4.60%

**NOTE 12 – 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, 2013.

**RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2013**

**NOTE 13 – 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.

**Grants**

Federal grant programs in which RRHA participates have been audited in accordance with the provisions of the Office of Management and Budget Circular A-133. 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 14 – 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.

**NOTE 15 – LEASES**

RRHA is obligated under certain leases, which are accounted for as operating leases. Rental expense for the year ended September 30, 2013 was \$257,563. Rental obligations under operating leases for each of the years through September 30, 2015 are as follows:

<u>Year Ended September 30,</u>	<u>Rental Obligation</u>
2014	\$ 93,899
2015	<u>7,825</u>
<b>Total</b>	<u>\$ 101,724</u>

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.

**RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2013**

**NOTE 16 – 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 17 – ECONOMIC DEPENDENCY**

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

**NOTE 18 – PENDING GASB STANDARDS**

GASB routinely issues standards that will become effective in future years. The following are two standards that have been issued that management has determined may have an impact on future financial statements of the Authority. Management is currently evaluating the specific impact of these Standards.

Statement No. 65, *Items Previously Reported as Assets and Liabilities*.

This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities. It also requires that certain items previously capitalized or deferred be treated as a period cost. GASB Statement No. 65 will become effective for the reporting period ending September 30, 2014.

Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*.

The objective of this Statement is to improve accounting and financial reporting by state and local government employers for the pension in which they are involved. This Statement will become effective for the reporting period ending September 30, 2015. The Authority is currently evaluating the effect of the implementation of this Statement.

**RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2013**

**NOTE 19 – SUBSEQUENT EVENTS**

On December 30, 2013, the Authority sold two properties to the City of Richmond for \$10 each. The properties included the parking deck of the Shockoe Plaza Condominium and the Coliseum parking deck. The book value of the associated land and buildings at December 30, 2013 was approximately \$9.99 million.

**REQUIRED SUPPLEMENTARY INFORMATION**

**RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY**  
**SCHEDULE OF FUNDING PROGRESS**  
**September 30, 2013**

**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%



**OTHER SUPPLEMENTARY INFORMATION**

**RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY**  
**FINANCIAL DATA SCHEDULE**  
**September 30, 2013**

Line Item #	Account Description	LIPH 14.850/872	HCVP 14.871	HOPE VI 14.866
<b>CURRENT ASSETS</b>				
Cash:				
111	Unrestricted	\$ 1,724,163	\$ 399,461	\$ 105,543
112	Restricted - modernization and development	-	-	-
113	Other restricted	-	491,366	-
114	Tenant security deposits	512,389	-	-
115	Restricted for payment of current liabilities	29,024	57,401	-
100	Total cash	<u>2,265,576</u>	<u>948,228</u>	<u>105,543</u>
Accounts and notes receivable:				
122	HUD other projects	582,904	-	46,211
124	Other government	-	-	-
125	Miscellaneous	4,597,521	74,209	1,518
126	Tenants	368,391	-	-
126.1	Allowance for doubtful accounts - tenants	(86,216)	-	-
127	Notes, loans & mortgages receivable, current	-	-	434,731
128	Fraud recovery	-	-	-
129	Accrued interest receivable	-	-	-
120	Total receivables, net of allowances for uncollectibles	<u>5,462,600</u>	<u>74,209</u>	<u>482,460</u>
131	Investments - unrestricted	-	-	-
132	Investments - restricted	-	-	-
135	Investments - restricted for current liability	-	-	-
	Total current investments	<u>-</u>	<u>-</u>	<u>-</u>
142	Prepaid expenses and other assets	19,705	8,257	-
143	Inventories	218,068	-	-
143.1	Allowance for obsolete inventories	(20,897)	-	-
144	Interprogram - due from	-	-	-
145	Assets held for sale	62,344	-	1,124,054
150	Total current assets	<u>8,007,396</u>	<u>1,030,694</u>	<u>1,712,057</u>
<b>NONCURRENT ASSETS</b>				
Fixed assets:				
161	Land	2,603,661	-	-
162	Buildings	131,115,760	-	-
163	Furniture, equipment & machinery - dwellings	2,235,723	-	-
164	Furniture, equipment & machinery - admin.	1,884,106	224,412	-
165	Leasehold improvements	7,382,474	-	-
166	Accumulated depreciation	(80,265,869)	(219,060)	-
167	Construction in progress	2,173,740	-	4,715,398
160	Total fixed assets, net of accumulated depreciation	67,129,595	5,352	4,715,398
171	Notes, loans and mortgages receivable - noncurrent	4,968,397	-	8,161,168
174	Other assets	-	-	-
176	Investment in joint ventures	15	-	-
180	Total noncurrent assets	<u>72,098,007</u>	<u>5,352</u>	<u>12,876,566</u>
190	<b>TOTAL ASSETS</b>	<u>\$ 80,105,403</u>	<u>\$ 1,036,046</u>	<u>\$ 14,588,623</u>

<b>N/C S/R Sect 8 Programs</b>	<b>CU</b>	<b>State/Local</b>	<b>Business Activities</b>	<b>CDBG 14.218</b>
\$ -	\$ 323,484	\$ 406,170	\$ 322,988	\$ 130,845
-	-	-	-	-
-	108,100	20,273	2,315,856	19,098
-	-	-	-	-
-	-	679,111	372,075	-
-	431,584	1,105,554	3,010,919	149,943
-	-	-	20	-
-	-	70,959	-	71,388
-	455	25,738	103,800	-
-	-	620	-	-
-	-	-	-	-
-	-	11,085	448,439	195,305
-	-	-	-	-
-	-	-	-	-
-	455	108,402	552,259	266,693
-	-	506,871	-	-
-	156,004	862,629	540,246	-
-	-	-	741,148	-
-	156,004	1,369,500	1,281,394	-
-	-	-	3,242	137
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	5,194,369	2,692,609	3,647,958
-	588,043	7,777,825	7,540,423	4,064,731
-	-	7,616,162	13,253	-
-	-	21,042,000	-	-
-	-	-	-	-
-	-	-	11,638	-
-	-	-	-	-
-	-	(9,121,441)	(3,238)	-
-	-	3,196,635	2,431,500	19,000
-	-	22,733,356	2,453,153	19,000
-	-	552,092	4,070,017	2,876,823
-	-	2,051	-	-
-	600,000	-	-	-
-	600,000	23,287,499	6,523,170	2,895,823
\$ -	\$ 1,188,043	\$ 31,065,324	\$ 14,063,593	\$ 6,960,554

**RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY**  
**FINANCIAL DATA SCHEDULE**  
**September 30, 2013**

Line Item #	Account Description	ROSS 14.870	Public Safety	HOME
<b>CURRENT ASSETS</b>				
Cash:				
111	Unrestricted	\$ -	\$ -	\$ -
112	Restricted - modernization and development	-	-	-
113	Other restricted	-	-	54,145
114	Tenant security deposits	-	-	-
115	Restricted for payment of current liabilities	-	-	-
100	Total cash	<u>-</u>	<u>-</u>	<u>54,145</u>
Accounts and notes receivable:				
122	HUD other projects	11,460	964	-
124	Other government	-	-	-
125	Miscellaneous	-	785	-
126	Tenants	-	-	-
126.1	Allowance for doubtful accounts - tenants	-	-	-
127	Notes, loans & mortgages receivable, current	-	-	46,122
128	Fraud recovery	-	-	-
129	Accrued interest receivable	-	-	-
120	Total receivables, net of allowances for uncollectibles	<u>11,460</u>	<u>1,749</u>	<u>46,122</u>
131	Investments - unrestricted	-	-	-
132	Investments - restricted	-	-	-
135	Investments - restricted for current liability	-	-	-
	Total current investments	<u>-</u>	<u>-</u>	<u>-</u>
142	Prepaid expenses and other assets	-	-	-
143	Inventories	-	-	-
143.1	Allowance for obsolete inventories	-	-	-
144	Interprogram - due from	-	-	-
145	Assets held for sale	-	-	258,674
150	Total current assets	<u>11,460</u>	<u>1,749</u>	<u>358,941</u>
<b>NONCURRENT ASSETS</b>				
Fixed assets:				
161	Land	-	-	-
162	Buildings	-	-	-
163	Furniture, equipment & machinery - dwellings	-	-	-
164	Furniture, equipment & machinery - admin.	-	-	-
165	Leasehold improvements	-	-	-
166	Accumulated depreciation	-	-	-
167	Construction in progress	-	-	-
160	Total fixed assets, net of accumulated depreciation	<u>-</u>	<u>-</u>	<u>-</u>
171	Notes, loans and mortgages receivable - noncurrent	-	-	1,639,239
174	Other assets	-	-	-
176	Investment in joint ventures	-	-	-
180	Total noncurrent assets	<u>-</u>	<u>-</u>	<u>1,639,239</u>
190	<b>TOTAL ASSETS</b>	<u>\$ 11,460</u>	<u>\$ 1,749</u>	<u>\$ 1,998,180</u>

ARRA - CFP Stimulus Formula 14.885	Other Project (RAD)	Section 8 MOD Rehab Program 14.856	COCC	Eliminations	Total
\$ -	\$ 15,147	\$ -	\$ 106,811	\$ -	\$ 3,534,612
-	-	-	-	-	-
-	-	-	-	-	3,008,838
-	26,445	-	-	-	538,834
-	-	-	-	-	1,137,611
-	41,592	-	106,811	-	8,219,895
-	70,697	5,802	-	-	718,058
-	-	-	-	-	142,347
-	173,837	-	3,931,852	(8,585,464)	324,251
-	4,735	-	1,075	-	374,821
-	(608)	-	-	-	(86,824)
-	-	-	1,533	(16,173)	1,121,042
-	-	-	-	-	-
-	-	-	32,201	-	32,201
-	248,661	5,802	3,966,661	(8,601,637)	2,625,896
-	-	-	-	-	506,871
-	-	-	900,651	-	2,459,530
-	-	-	-	-	741,148
-	-	-	900,651	-	3,707,549
-	2,058	-	160,834	-	194,233
-	7,304	-	179,677	-	405,049
-	(709)	-	(17,968)	-	(39,574)
-	-	-	-	-	-
-	-	-	-	-	12,980,008
-	298,906	5,802	5,296,666	(8,601,637)	28,093,056
-	-	-	-	-	10,233,076
-	4,598,424	-	-	-	156,756,184
-	-	-	-	-	2,235,723
-	34,997	-	3,729,016	-	5,884,169
-	87,669	-	-	-	7,470,143
-	(3,360,554)	-	(3,201,189)	-	(96,171,351)
-	24,016	-	794,373	-	13,354,662
-	1,384,552	-	1,322,200	-	99,762,606
-	-	-	2,795	(728,883)	21,541,648
-	-	-	-	-	2,051
-	-	-	-	-	600,015
-	1,384,552	-	1,324,995	(728,883)	121,906,320
\$ -	\$ 1,683,458	\$ 5,802	\$ 6,621,661	\$ (9,330,520)	\$ 149,999,376

**RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY**  
**FINANCIAL DATA SCHEDULE**  
**September 30, 2013**

Line Item #	Account Description	LIPH 14.850/872	HCVP 14.871	HOPE VI 14.866
<b>CURRENT LIABILITIES</b>				
311	Bank overdraft	\$ -	\$ -	\$ -
312	Accounts payable <= 90 days	1,632,650	175,252	33,596
313	Accounts payable > 90 days	-	-	-
321	Accrued wage/payroll taxes payable	154,871	16,815	860
322	Accrued compensated absences - current portion	327,227	38,849	-
324	Accrued contingency liability	-	-	-
325	Accrued interest payable	-	-	-
331	Accounts payable - HUD PHA programs	79,163	-	2,970
333	Accounts payable - other government	-	-	-
341	Tenant security deposits	518,982	-	-
342	Deferred revenues	78,301	1,264	-
343	Current portion of LT debt - capital projects / mortg	-	-	-
344	Current portion of LT debt - operating	-	-	-
345	Other current liabilities	11,272	-	-
346	Accrued liabilities - other	861,215	4,223	75
347	Interprogram (due to)	-	-	-
348	Loan liability - current	-	-	-
310	Total current liabilities	<u>3,663,681</u>	<u>236,403</u>	<u>37,501</u>
<b>NONCURRENT LIABILITIES</b>				
351	LT debt, net of current - capital projects/mortg	-	-	-
352	LT debt, net of current - operating	-	-	-
353	Non-current liabilities - other	1,530,222	57,051	789,538
354	Accrued compensated absences - noncurrent	-	-	-
355	Loan liability - noncurrent	-	-	-
357	Accrued pension and OPEB liability	495,540	177,415	-
350	Total noncurrent liabilities	<u>2,025,762</u>	<u>234,466</u>	<u>789,538</u>
300	Total liabilities	<u>5,689,443</u>	<u>470,869</u>	<u>827,039</u>
<b>NET POSITION</b>				
508.1	Net investment in capital assets	67,129,595	5,352	4,715,398
511.1	Restricted net position	-	494,255	-
512.1	Unrestricted net position	7,286,365	65,570	9,046,186
513	Total net position	<u>74,415,960</u>	<u>565,177</u>	<u>13,761,584</u>
600	<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$ 80,105,403</u>	<u>\$ 1,036,046</u>	<u>\$ 14,588,623</u>

<b>N/C S/R Sect 8 Programs</b>	<b>CU</b>	<b>State/Local</b>	<b>Business Activities</b>	<b>CDBG 14.218</b>
\$ -	\$ -	\$ -	\$ -	\$ -
-	134,013	195,314	2,705,800	42,537
-	-	-	-	-
-	-	3,299	20,483	-
-	-	-	60,015	-
-	-	-	-	-
-	-	-	2,000	-
-	-	-	-	-
-	-	1,528,948	8	432,063
-	-	-	-	-
-	-	5,525	-	5,558
-	14,674	-	-	-
-	1,499	-	-	-
-	5,152	-	3,327	6,041
-	343	17,788	18,548	244
-	-	-	-	-
-	-	-	391,790	-
-	<u>155,681</u>	<u>1,750,874</u>	<u>3,201,971</u>	<u>486,443</u>
-	724,934	-	162,367	-
-	3,949	-	-	-
-	143,883	1,178,364	800,464	2,570,171
-	-	-	-	-
-	-	-	1,530,713	765,000
-	-	-	98,945	-
-	<u>872,766</u>	<u>1,178,364</u>	<u>2,592,489</u>	<u>3,335,171</u>
-	<u>1,028,447</u>	<u>2,929,238</u>	<u>5,794,460</u>	<u>3,821,614</u>
-	(724,934)	22,733,356	2,290,786	19,000
-	264,104	45,896	3,969,325	-
-	<u>620,426</u>	<u>5,356,834</u>	<u>2,009,022</u>	<u>3,119,940</u>
-	<u>159,596</u>	<u>28,136,086</u>	<u>8,269,133</u>	<u>3,138,940</u>
\$ -	<u>\$ 1,188,043</u>	<u>\$ 31,065,324</u>	<u>\$ 14,063,593</u>	<u>\$ 6,960,554</u>

**RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY**  
**FINANCIAL DATA SCHEDULE**  
**September 30, 2013**

Line Item #	Account Description	ROSS 14.870	Public Safety	HOME
<b>CURRENT LIABILITIES</b>				
311	Bank overdraft	\$ -	\$ -	\$ -
312	Accounts payable <= 90 days	10,173	-	2,024
313	Accounts payable > 90 days	-	-	-
321	Accrued wage/payroll taxes payable	1,287	1,749	-
322	Accrued compensated absences - current portion	-	-	-
324	Accrued contingency liability	-	-	-
325	Accrued interest payable	-	-	-
331	Accounts payable - HUD PHA programs	-	-	-
333	Accounts payable - other government	-	-	182,977
341	Tenant security deposits	-	-	-
342	Deferred revenues	-	-	-
343	Current portion of LT debt - capital projects / mortg	-	-	-
344	Current portion of LT debt - operating	-	-	-
345	Other current liabilities	-	-	40
346	Accrued liabilities - other	-	-	-
347	Interprogram (due to)	-	-	-
348	Loan liability - current	-	-	-
310	Total current liabilities	<u>11,460</u>	<u>1,749</u>	<u>185,041</u>
<b>NONCURRENT LIABILITIES</b>				
351	LT debt, net of current - capital projects/mortg	-	-	-
352	LT debt, net of current - operating	-	-	-
353	Non-current liabilities - other	-	-	1,592,814
354	Accrued compensated absences - noncurrent	-	-	-
355	Loan liability - noncurrent	-	-	-
357	Accrued pension and OPEB liability	-	-	-
350	Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>1,592,814</u>
300	Total liabilities	<u>11,460</u>	<u>1,749</u>	<u>1,777,855</u>
<b>NET POSITION</b>				
508.1	Net investment in capital assets	-	-	-
511.1	Restricted net position	-	-	-
512.1	Unrestricted net position	-	-	220,325
513	Total net position	<u>-</u>	<u>-</u>	<u>220,325</u>
600	<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$ 11,460</u>	<u>\$ 1,749</u>	<u>\$ 1,998,180</u>



ARRA - CFP Stimulus Formula 14.885	Other Project (RAD)	Section 8 MOD Rehab Program 14.856	COCC	Eliminations	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	68,613	5,802	4,328,358	(8,580,312)	753,820
-	-	-	-	-	-
-	11,926	-	85,833	-	297,123
-	32,544	-	381,140	-	839,775
-	-	-	-	-	-
-	-	-	377	-	2,377
-	200	-	45,139	-	127,472
-	-	-	-	-	2,143,996
-	26,945	-	-	-	545,927
-	4,155	-	8,008	-	102,811
-	-	-	-	(14,674)	-
-	-	-	-	(1,499)	-
-	295	-	55	(5,152)	21,030
-	12,878	42	20,811	-	936,167
-	-	-	-	-	-
-	-	-	-	-	391,790
-	157,556	5,844	4,869,721	(8,601,637)	6,162,288
-	-	-	-	(724,934)	162,367
-	-	-	-	(3,949)	-
-	-	-	-	-	8,662,507
-	-	-	-	-	-
-	-	-	-	-	2,295,713
-	110,981	-	1,610,923	-	2,493,804
-	110,981	-	1,610,923	(728,883)	13,614,391
-	268,537	5,844	6,480,644	(9,330,520)	19,776,679
-	1,384,552	-	1,322,200	724,934	99,600,239
-	-	-	900,651	-	5,674,231
-	30,369	(42)	(2,081,834)	(724,934)	24,948,227
-	1,414,921	(42)	141,017	-	130,222,697
\$ -	\$ 1,683,458	\$ 5,802	\$ 6,621,661	\$ (9,330,520)	\$ 149,999,376

**RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY**  
**FINANCIAL DATA SCHEDULE**  
**September 30, 2013**

Line Item #	Account Description	LIPH 14.850/872	HCVP 14.871	HOPE VI 14.866
<b>REVENUE</b>				
70300	Net tenant rental revenue	\$ 7,990,241	\$ -	\$ -
70400	Tenant revenue - other	871,056	-	-
70500	Total tenant revenue	<u>8,861,297</u>	<u>-</u>	<u>-</u>
70600	HUD PHA operating grants	21,241,701	24,428,990	108,046
70610	Capital grants	3,659,897	-	743,567
70710	Management fee	-	-	-
70720	Asset management fee	-	-	-
70730	Bookkeeping fee	-	-	-
70740	Front line service fee	-	-	-
70750	Other fees	-	-	-
70800	Other governmental grants	-	-	-
71100	Investment income - unrestricted	555	-	-
71200	Mortgage interest income	-	-	-
71300	Proceeds from disposition of assets held for sale	-	-	-
71310	Cost of sales of assets	-	-	(210,856)
71400	Fraud recovery	348	113,131	-
71500	Other revenue	2,314,144	74,328	529,728
71600	Gain or loss on the sale of fixed assets	(4,903)	-	-
72000	Investment income - restricted	-	92	-
70000	Total revenue	<u>36,073,039</u>	<u>24,616,541</u>	<u>1,170,485</u>
<b>EXPENSES</b>				
Administrative:				
91100	Administrative salaries	1,358,632	671,399	24,312
91200	Auditing fees	111,795	75,800	-
91300	Management fee	3,284,897	316,828	-
91310	Bookkeeping fee	320,040	-	-
91400	Advertising and marketing	1,099	975	1,990
91500	Employee benefit contributions - administrative	482,274	184,160	7,945
91600	Office expenses	543,450	202,989	8,396
91700	Legal expense	297,312	22,223	66,486
91800	Travel	-	-	-
91900	Other	323,955	102,195	-
91000	Total administrative	<u>6,723,454</u>	<u>1,576,569</u>	<u>109,129</u>
92000	Asset management fee	<u>380,302</u>	<u>-</u>	<u>-</u>
Tenant services:				
92100	Salaries	-	-	-
92200	Relocation costs	42,946	-	-
92300	Employee benefit contributions	-	-	-
92400	Other	1,569,108	60,000	-
92500	Total tenant services	<u>1,612,054</u>	<u>60,000</u>	<u>-</u>
Utilities:				
93100	Water	1,636,263	-	-
93200	Electricity	2,976,193	-	-
93300	Gas	2,113,914	-	-
93400	Fuel	-	-	-
93600	Sewer	2,575,802	-	-
93800	Other utilities expense	153,869	-	417
93000	Total utilities	<u>9,456,041</u>	<u>-</u>	<u>417</u>
Ordinary maintenance & operations:				
94100	Labor	2,586,902	-	-
94200	Materials and other	1,034,186	-	-
94300	Contracts	4,473,456	-	-
94500	Employee benefits contribution	1,000,156	-	-
94000	Total ordinary maintenance & operations	<u>9,094,700</u>	<u>-</u>	<u>-</u>
Protective services:				
95100	Labor	488,523	-	-
95200	Other contract costs	204,034	-	-
95300	Other	324,938	-	-
95500	Employee benefit contributions	173,824	-	-
95000	Total protective services	<u>1,191,319</u>	<u>-</u>	<u>-</u>

N/C S/R Sect 8 Programs	CU	State/Local	Business Activities	CDBG 14.218
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	422,905
-	-	143	43,393	-
-	-	-	129,464	-
-	-	-	133,556	4
-	-	(400)	(212,450)	(102,032)
-	-	-	-	-
-	40,347	752,729	669,800	190,575
-	-	-	-	-
-	2,281	1,244	5,691	-
-	42,628	753,716	769,454	511,452
-	-	131,120	331,745	39,558
-	750	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	70	1,319	-
-	-	29,521	104,475	13,054
-	2,772	81,702	83,567	35,131
-	2,777	35,716	71,263	27,541
-	-	-	-	-
-	13,500	-	47,529	1,324
-	19,799	278,129	639,898	116,608
-	-	-	-	-
-	-	-	-	-
-	-	-	-	5,024
-	-	-	-	-
-	-	-	-	5,024
-	-	-	-	-
-	-	-	570	129
-	-	30,696	875	401
-	-	-	(30)	-
-	-	-	-	-
-	-	-	566	-
-	126	2,921	10,916	853
-	126	33,617	12,897	1,383
-	-	-	-	-
-	-	147	140	-
-	350	-	-	525
-	-	-	-	-
-	350	147	140	525
-	-	-	-	-
-	-	-	-	-
-	-	-	951	-
-	-	-	-	-
-	-	-	951	-

**RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY**  
**FINANCIAL DATA SCHEDULE**  
**September 30, 2013**

Line Item #	Account Description	ROSS 14,870	Public Safety	HOME
<b>REVENUE</b>				
70300	Net tenant rental revenue	\$ -	\$ -	\$ -
70400	Tenant revenue - other	-	-	-
70500	Total tenant revenue	-	-	-
70600	HUD PHA operating grants	53,430	47,082	-
70610	Capital grants	-	-	-
70710	Management fee	-	-	-
70720	Asset management fee	-	-	-
70730	Bookkeeping fee	-	-	-
70740	Front line service fee	-	-	-
70750	Other fees	-	-	-
70800	Other governmental grants	-	-	-
71100	Investment income - unrestricted	-	-	-
71200	Mortgage interest income	-	-	-
71300	Proceeds from disposition of assets held for sale	-	-	-
71310	Cost of sales of assets	-	-	(30,158)
71400	Fraud recovery	-	-	-
71500	Other revenue	-	-	8,263
71600	Gain or loss on the sale of fixed assets	-	-	-
72000	Investment income - restricted	-	-	-
70000	Total revenue	53,430	47,082	(21,895)
<b>EXPENSES</b>				
Administrative:				
91100	Administrative salaries	-	-	-
91200	Auditing fees	-	-	-
91300	Management fee	-	-	-
91310	Bookkeeping fee	-	-	-
91400	Advertising and marketing	-	-	-
91500	Employee benefit contributions - administrative	-	-	-
91600	Office expenses	-	-	-
91700	Legal expense	-	-	-
91800	Travel	-	-	-
91900	Other	-	-	-
91000	Total administrative	-	-	-
92000	Asset management fee	-	-	-
Tenant services:				
92100	Salaries	40,054	-	-
92200	Relocation costs	-	-	-
92300	Employee benefit contributions	13,376	-	-
92400	Other	-	-	-
92500	Total tenant services	53,430	-	-
Utilities:				
93100	Water	-	-	-
93200	Electricity	-	-	-
93300	Gas	-	-	-
93400	Fuel	-	-	-
93600	Sewer	-	-	-
93800	Other utilities expense	-	-	-
93000	Total utilities	-	-	-
Ordinary maintenance & operations:				
94100	Labor	-	-	-
94200	Materials and other	-	-	-
94300	Contracts	-	-	-
94500	Employee benefits contribution	-	-	-
94000	Total ordinary maintenance & operations	-	-	-
Protective services:				
95100	Labor	-	33,512	-
95200	Other contract costs	-	-	-
95300	Other	-	-	-
95500	Employee benefit contributions	-	13,570	-
95000	Total protective services	-	47,082	-

ARRA - CFP Stimulus Formula 14.885	Other Project (RAD)	Section 8 MOD Rehab Program 14.856	COCC	Eliminations	Total
\$ -	\$ 573,775	\$ -	\$ -	\$ -	\$ 8,564,016
-	9,073	-	-	-	880,129
-	582,848	-	-	-	9,444,145
-	1,034,411	187,430	-	-	47,101,090
-	98,383	-	-	-	4,501,847
-	-	-	3,140,507	(3,140,507)	-
-	-	-	387,167	(387,167)	-
-	-	-	337,800	(337,800)	-
-	-	-	2,528,038	(2,528,038)	-
-	-	-	2,847,584	(2,847,584)	-
-	-	-	-	-	422,905
-	30	-	4,018	(1,250)	46,889
-	-	-	-	-	129,464
-	-	-	-	-	133,560
-	-	-	-	-	(555,896)
-	-	-	-	-	113,479
-	11,246	-	215,661	(440,526)	4,366,295
-	(537)	-	3,875	-	(1,565)
-	-	-	253	-	9,561
-	1,726,381	187,430	9,464,903	(9,682,872)	65,711,774
-	164,682	-	3,566,019	-	6,287,467
-	6,005	-	7,000	-	201,350
-	164,301	20,172	-	(3,477,506)	308,692
-	17,760	-	-	(337,800)	-
-	-	-	8,984	-	14,437
-	51,134	-	1,157,834	-	2,030,397
33,276	53,233	-	1,422,575	(440,526)	2,026,565
-	10,866	-	208,743	-	742,927
-	-	-	-	-	-
-	23,265	-	441,548	(544,375)	408,941
33,276	491,246	20,172	6,812,703	(4,800,207)	12,020,776
-	6,865	-	-	(387,167)	-
-	-	-	547,321	-	587,375
-	-	-	331	-	48,301
-	-	-	186,350	-	199,726
-	84,008	-	6,177	(1,612,338)	106,955
-	84,008	-	740,179	(1,612,338)	942,357
-	24,493	-	-	-	1,661,455
-	-	-	-	-	3,008,165
-	66,382	-	-	-	2,180,266
-	-	-	40	-	40
-	37,510	-	-	-	2,613,878
-	5,383	-	-	-	174,485
-	133,768	-	40	-	9,638,289
-	158,642	-	1,518,067	-	4,263,611
-	51,133	-	(82,121)	-	1,003,485
-	229,787	-	8,461	(1,966,210)	2,746,369
-	76,079	-	537,227	-	1,613,462
-	515,641	-	1,981,634	(1,966,210)	9,626,927
-	26,328	-	3,159	-	551,522
-	226,243	-	-	-	430,277
-	17,412	-	-	(342,350)	951
-	9,368	-	-	-	196,762
-	279,351	-	3,159	(342,350)	1,179,512

**RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY**  
**FINANCIAL DATA SCHEDULE**  
**September 30, 2013**

Line Item #	Account Description	LIPH 14.850/872	HCVP 14.871	HOPE VI 14.866
<b>EXPENSES (Continued)</b>				
Insurance premiums:				
96110	Property insurance	\$ 537,554	\$ -	\$ -
96120	Liability insurance	163,588	8,517	-
96130	Workmen's compensation	108,797	20,528	-
96140	All other insurance	76,299	11,158	-
96100	Total insurance premiums	<u>886,238</u>	<u>40,203</u>	<u>-</u>
Other general expenses:				
96200	Other general expenses	2,232,860	35,855	1,013,459
96210	Compensated absences	25,448	15,312	-
96300	Payments in lieu of taxes	-	-	-
96400	Bad debt - tenants rent	204,215	-	-
96500	Bad debt - mortgages	-	-	508,928
96600	Bad debt - other	-	-	-
96800	Severance expense	-	-	-
96000	Total other general expenses	<u>2,462,523</u>	<u>51,167</u>	<u>1,522,387</u>
Interest expense and amortization costs				
96710	Interest on mortgage/bonds payable	-	-	-
96720	Interest on notes payable	2,171	-	-
96730	Amortization of bond issue costs	-	-	-
96700	Total interest expense and amortization costs	<u>2,171</u>	<u>-</u>	<u>-</u>
96900	Total operating expenses	<u>31,808,802</u>	<u>1,727,939</u>	<u>1,631,933</u>
97000	Excess of operating revenue over operating expenses	<u>4,264,237</u>	<u>22,888,602</u>	<u>(461,448)</u>
97100	Extraordinary maintenance	2,200	-	-
97200	Casualty losses - non capitalized	-	-	-
97300	Housing assistance payments	17,176	24,389,090	-
97350	HAP portability in	-	67,498	-
97400	Depreciation expense	3,297,066	30,121	-
90000A	Total other expenses	<u>3,316,442</u>	<u>24,486,709</u>	<u>-</u>
90000	Total expenses	<u>35,125,244</u>	<u>26,214,648</u>	<u>1,631,933</u>
Other financing sources (uses):				
10010	Operating transfer in	1,044,573	-	-
10020	Operating transfer out	(1,044,573)	-	-
10030	Operating transfers from / to primary government	-	-	-
10070	Extraordinary items, net gain / loss	-	-	-
10093	Transfer from program and project - in	-	-	-
10100	Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
10000	<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENSES</b>	<u>\$ 947,795</u>	<u>\$ (1,598,107)</u>	<u>\$ (461,448)</u>
<b>Memo Account Information</b>				
11020	Required annual debt principal payments	\$ -	\$ -	\$ -
11030	Beginning equity	73,528,824	2,176,668	14,237,834
11040	Prior period adjustments, equity transfers & correction	(60,659)	(13,384)	(14,802)
11170	Administrative fee equity	-	268,703	-
11180	Housing assistance payments equity	-	296,474	-
11190	Unit months available	45,278	35,547	-
11210	Unit months leased	43,611	35,062	-
11270	Excess cash	1,632,599	-	-
11610	Land purchases	-	-	-
11620	Building purchases	-	-	-
11630	Furniture & equipment - dwelling purchases	-	-	-
11640	Furniture & equipment - administrative purchases	-	-	-
11650	Leasehold improvements	-	-	-
11660	Infrastructure purchases	3,659,897	-	-
13901	Replacement Housing Factor Funds	1,154,043	-	-

<b>N/C S/R Sect 8 Programs</b>	<b>CU</b>	<b>State/Local</b>	<b>Business Activities</b>	<b>CDBG 14.218</b>
\$ -	\$ -	\$ 13,684	\$ 6,694	\$ 3,977
-	-	364	19,173	228
-	-	-	10,264	-
-	1,967	-	15,324	-
-	<u>1,967</u>	<u>14,048</u>	<u>51,455</u>	<u>4,205</u>
-	16,611	295,130	136,460	164,819
-	-	(3,350)	23,195	-
-	-	-	-	-
-	-	-	-	-
-	-	-	69,183	20,862
-	-	-	-	-
-	-	-	-	-
-	<u>16,611</u>	<u>291,780</u>	<u>228,838</u>	<u>185,681</u>
-	-	1	-	-
-	(10,877)	-	59,856	-
-	-	-	-	-
-	<u>(10,877)</u>	<u>1</u>	<u>59,856</u>	<u>-</u>
-	<u>27,976</u>	<u>617,722</u>	<u>994,035</u>	<u>313,426</u>
-	<u>14,652</u>	<u>135,994</u>	<u>(224,581)</u>	<u>198,026</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	421,967	-	-
-	-	<u>421,967</u>	-	-
-	<u>27,976</u>	<u>1,039,689</u>	<u>994,035</u>	<u>313,426</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ -</u>	<u>\$ 14,652</u>	<u>\$ (285,973)</u>	<u>\$ (224,581)</u>	<u>\$ 198,026</u>
\$ -	\$ 16,173	\$ -	\$ 391,790	\$ -
-	144,944	28,232,227	7,322,407	3,021,906
-	-	189,832	1,171,307	(80,992)
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-

**RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY**  
**FINANCIAL DATA SCHEDULE**  
**September 30, 2013**

Line Item #	Account Description	ROSS 14.870	Public Safety	HOME
<b>EXPENSES (Continued)</b>				
Insurance premiums:				
96110	Property insurance	\$ -	\$ -	\$ 1,164
96120	Liability insurance	-	-	115
96130	Workmen's compensation	-	-	-
96140	All other insurance	-	-	-
96100	Total insurance premiums	<u>-</u>	<u>-</u>	<u>1,279</u>
Other general expenses				
96200	Other general expenses	-	-	20,000
96210	Compensated absences	-	-	-
96300	Payments in lieu of taxes	-	-	-
96400	Bad debt - tenants rent	-	-	-
96500	Bad debt - mortgages	-	-	-
96600	Bad debt - other	-	-	-
96800	Severance expense	-	-	-
96000	Total other general expenses	<u>-</u>	<u>-</u>	<u>20,000</u>
Interest expense and amortization costs				
96710	Interest on mortgage/bonds payable	-	-	-
96720	Interest on notes payable	-	-	-
96730	Amortization of bond issue costs	-	-	-
96700	Total interest expense and amortization costs	<u>-</u>	<u>-</u>	<u>-</u>
96900	Total operating expenses	<u>53,430</u>	<u>47,082</u>	<u>21,279</u>
97000	Excess of operating revenue over operating expenses	<u>-</u>	<u>-</u>	<u>(43,174)</u>
97100	Extraordinary maintenance	-	-	-
97200	Casualty losses - non capitalized	-	-	-
97300	Housing assistance payments	-	-	-
97350	HAP portability in	-	-	-
97400	Depreciation expense	-	-	-
90000A	Total other expenses	<u>-</u>	<u>-</u>	<u>-</u>
90000	Total expenses	<u>53,430</u>	<u>47,082</u>	<u>21,279</u>
Other financing sources (uses):				
10010	Operating transfer in	-	-	-
10020	Operating transfer out	-	-	-
10030	Operating transfers from / to primary government	-	-	-
10070	Extraordinary items, net gain / loss	-	-	-
10093	Transfer from program and project - in	-	-	-
10100	Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
10000	<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENSES</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (43,174)</u>
<b>Memo Account Information</b>				
11020	Required annual debt principal payments	\$ -	\$ -	\$ -
11030	Beginning equity	-	-	340,355
11040	Prior period adjustments, equity transfers & correction	-	-	(76,856)
11170	Administrative fee equity	-	-	-
11180	Housing assistance payments equity	-	-	-
11190	Unit months available	-	-	-
11210	Unit months leased	-	-	-
11270	Excess cash	-	-	-
11610	Land purchases	-	-	-
11620	Building purchases	-	-	-
11630	Furniture & equipment - dwelling purchases	-	-	-
11640	Furniture & equipment - administrative purchases	-	-	-
11650	Leasehold improvements	-	-	-
11660	Infrastructure purchases	-	-	-
13901	Replacement Housing Factor Funds	-	-	-



ARRA - CFP Stimulus Formula 14.885	Other Project (RAD)	Section 8 MOD Rehab Program 14.856	COCC	Eliminations	Total
\$ -	\$ 8,890	\$ -	\$ 1,557	\$ -	\$ 573,520
-	7,846	-	794	-	200,625
-	10,264	-	143,699	-	293,552
-	7,247	-	209,657	-	321,652
-	34,247	-	355,707	-	1,389,349
-	(972,261)	169	197,895	(573,350)	2,567,647
-	872	-	(55,821)	-	5,656
-	-	-	-	-	-
-	6,820	-	-	-	211,035
-	-	-	-	-	598,973
-	-	-	-	-	-
-	-	-	-	-	-
-	(964,569)	169	142,074	(573,350)	3,383,311
-	-	-	-	-	1
-	10	-	-	(1,250)	49,910
-	-	-	-	-	-
-	10	-	-	(1,250)	49,911
33,276	580,567	20,341	10,035,496	(9,682,872)	38,230,432
(33,276)	1,145,814	167,089	(570,593)	-	27,481,342
-	-	-	-	-	2,200
-	-	-	-	-	-
-	-	172,154	-	-	24,578,420
-	-	-	-	-	67,498
-	112,142	-	287,642	-	4,148,938
-	112,142	172,154	287,642	-	28,797,056
33,276	692,709	192,495	10,323,138	(9,682,872)	67,027,488
-	-	56,295	-	(1,100,868)	-
-	-	(56,295)	-	1,100,868	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ (33,276)	\$ 1,033,672	\$ (5,065)	\$ (858,235)	\$ -	\$ (1,315,714)
\$ -	\$ -	\$ -	\$ -	\$ (16,173)	\$ 391,790
-	-	(1,132)	2,534,378	-	131,538,411
33,276	381,249	6,155	(1,535,126)	-	-
-	-	-	-	-	268,703
-	-	-	-	-	296,474
-	2,388	456	-	-	83,669
-	2,352	453	-	-	81,478
-	117,776	-	-	-	1,750,375
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	98,383	-	-	-	3,758,280
-	-	-	-	-	1,154,043

**RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY**  
**STATEMENT AND CERTIFICATION OF ACTUAL MODERNIZATION COSTS**  
**Modernization Project Number VA36R00750208**  
**From Inception through September 30, 2013**

Development activities	\$ <u>772,405</u>
Total development costs	\$ <u><u>772,405</u></u>

The total amount of modernization costs at September 30, 2013 as shown above agree with the Annual Performance and Evaluation Form submitted to HUD on September 30, 2012.

**RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY**  
**STATEMENT AND CERTIFICATION OF ACTUAL MODERNIZATION COSTS**  
**Modernization Project Number VA36R00750209**  
**From Inception through September 30, 2013**

Development activities	\$ <u>560,526</u>
Total development costs	\$ <u><u>560,526</u></u>

The total amount of modernization costs at September 30, 2013 as shown above agree with the Annual Performance and Evaluation Form submitted to HUD on September 21, 2013.

**RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY**  
**STATEMENT AND CERTIFICATION OF ACTUAL MODERNIZATION COSTS**  
**Modernization Project Number VA36R00750409**  
**From Inception through September 30, 2013**

Development activities	\$ <u>30,635</u>
Total development costs	\$ <u><u>30,635</u></u>

The total amount of modernization costs at September 30, 2013 as shown above agree with the Annual Performance and Evaluation Form submitted to HUD on April 30, 2013.

**RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY**  
**STATEMENT AND CERTIFICATION OF ACTUAL MODERNIZATION COSTS**  
**Modernization Project Number VA36R00750210**  
**From Inception through September 30, 2013**

Development activities	\$ <u>582,766</u>
Total development costs	\$ <u><u>582,766</u></u>

The total amount of modernization costs at September 30, 2013 as shown above agree with the Annual Performance and Evaluation Form submitted to HUD on April 30, 2013.

**RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY**  
**NOTE TO SUPPLEMENTAL INFORMATION**  
**September 30, 2013**

**NOTE 1 – ACTUAL CAPITAL FUND PROGRAM COST CERTIFICATES**

RRHA has closed the following Capital Fund Program (CFP) grants. HUD approved each of the original budgets below and copies of the actual cost certificates submitted by RRHA are attached. Details of the grant numbers and final cost are as follows:

	<u>Budget</u>	<u>Cost</u>
Modernization Project Number VA36R00750208	\$ 772,405	\$ 772,405
Modernization Project Number VA36R00750209	560,526	560,526
Modernization Project Number VA36R00750409	30,635	30,635
Modernization Project Number VA36R00750210	582,766	582,766

**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 of the  
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 Richmond Redevelopment and Housing Authority (the Authority), as of and for the year ended September 30, 2013, 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 12, 2014.

**Internal Control Over Financial Reporting**

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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**

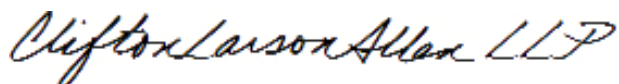
As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

**CliftonLarsonAllen LLP**

Arlington, Virginia

May 12, 2014

**Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect On Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133**

Board of Commissioners of the  
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 Circular A-133 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, 2013. 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion 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, 2013.

### **Other Matters**

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2013-001 through 2013-004. Our opinion on each major federal program is not modified with respect to these matters.

The Authority's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs and corrective action plan. The Authority's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on them.

### **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 OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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 certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2013-001 through 2013-004, that we consider to be significant deficiencies.

The Authority's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs and corrective action plan. The Authority's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on them.

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*CliftonLarsonAllen LLP*

Arlington, Virginia  
May 12, 2014

**RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended September 30, 2013**

	<b>Federal Catalog Number</b>	<b>Federal Expenditures</b>
<b>U.S. Department of Housing and Urban Development (HUD)</b>		
Public and Indian Housing Operating subsidy	14.850	\$ 18,620,585
HOPE VI - Urban Revitalization Development	14.866	851,613
Housing Choice Voucher Cluster	14.871	26,184,524
Capital Fund Program	14.872	7,414,154
Lower Income Housing Assistance Program - Section 8 Moderate Rehabilitation	14.856	187,430
Resident Opportunity Support Services	14.870	<u>53,430</u>
Total HUD Financial Assistance		<u>53,311,736</u>
<b>U.S. Department of Justice (DOJ)</b>		
ARRA - Public Safety Partnership and Community Policing Grant	16.710	<u>47,082</u>
<b>State/Local Financial Pass-Through Assistance</b>		
City of Richmond:		
Community Development Block Grant	14.218	<u>123,807</u>
<b>Total Expenditures of Federal Awards</b>		<u><u>\$ 53,482,625</u></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, 2013**

**NOTE 1 – BASIS OF PRESENTATION**

The Schedule of Expenditures of Federal Awards is presented on the accrual basis of accounting and includes all expenditures of federal awards administered by the Richmond Redevelopment and Housing Authority (the Authority). Several programs are funded jointly by the City and State in accordance with requirements of the various federal grants. Costs incurred for such programs are applied to Federal grant funds in accordance with the terms of the related Federal grants with the remainder applied to funds provided by the City and State.

All costs charged to Federal Awards are determined based on the applicable Federal grants and OMB Circular A-87, *Costs Principles Applicable to Grants and Contracts with State and Local Governments*.

**NOTE 2 – FEDERAL COGNIZANT AGENCY**

The Federal cognizant agency for the Authority is the U.S. Department of Housing and Urban Development (HUD).

**NOTE 3 – FINDINGS AND QUESTIONED COSTS**

The findings and questioned costs identified in connection with the 2013 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, 2013. No new loans were disbursed during the year ended September 30, 2013.

	<u>Federal CFDA Number</u>	<u>Amount Outstanding</u>
Community Development Block Grant	14.218	\$ 3,072,127
HOME	14.239	<u>1,685,361</u>
<b>Total</b>		<u>\$ 4,757,488</u>

**RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ended September 30, 2013**

**I. Summary of Independent Auditors' Results**

**Financial Statements**

Type of auditors' report issued:

**Unmodified**

Internal control over financial reporting:

- |   |       |     |       |   |               |
|---|-------|-----|-------|---|---------------|
| • Material weakness(es) identified?   | _____ | Yes | _____ | X | No            |
| • Significant deficiency(ies) identified that are not considered to be material weaknesses? | _____ | Yes | _____ | X | None reported |
| • Noncompliance material to financial statements noted?                                     | _____ | Yes | _____ | X | No            |

**Federal Awards**

Internal control over major programs:

- |   |       |     |       |       |               |
|---|-------|-----|-------|-------|---------------|
| • Material weakness(es) identified?   | _____ | Yes | _____ | X     | No            |
| • Significant deficiency(ies) identified that are not considered to be material weaknesses? | X     | Yes | _____ | _____ | None reported |

Type of auditors' report issued on compliance for major programs:

**Unmodified**

- |  |   |     |       |       |    |
|--|---|-----|-------|-------|----|
| • Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? | X | Yes | _____ | _____ | No |
|--|---|-----|-------|-------|----|

**Identification of Major Programs**

Name of Federal Program	CFDA Number	Expenditures
Low Rent Public Housing Program	14.850	\$ 18,620,585
Section 8 Housing Choice Voucher Cluster	14.871	26,184,524
Section 8 Project-Based Cluster	14.856	187,430

Dollar threshold used to distinguish between type A and type B programs \$1,604,479

Auditee qualified as low-risk auditee?	_____	Yes	_____	X	No
--	-------	-----	-------	---	----

**RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ended September 30, 2013**

**II. Financial Statement Findings**

None

**III. Federal Award Findings and Questioned Costs**

<b>Finding 2013-001:</b>	<b>Low Rent Public Housing, CFDA #14.850</b>
<b>Federal Agency:</b>	<b>U.S. Department of Housing and Urban Development</b>
<b>Compliance Requirement:</b>	<b>Special Tests (Tenant Participation Funding)</b>
<b>Type of Finding:</b>	<b>Noncompliance, Significant Deficiency</b>

***Condition***

The Authority has 15 tenant councils which equals 180 months of expenditures. Testing of 22 months of expenditures found 18 months with numerous unallowable or unsupported expenditures. The unallowable expenditures included excessive food/beverage costs, supplies for social events, trips for amusement purposes, payment of tenant rent and holiday bonuses to council leaders. The review of checks and support for expenditures noted many checks written to council presidents for payment of expenses with no supporting invoice or receipt for the expenses. We also noted checks written by council presidents to themselves with no evidence of other review and approval.

***Criteria***

PIH Notice 2013-21 and 24 CFR 964.140 and 964.15 provide guidance on the activities allowed for tenant participation purposes. Unallowable expenses include those outside the PHA policy, HUD regulatory requirements and items listed as prohibited funds in the Office of Management and Budget's (OMB) Circular A-87. This list of prohibited uses of federal funds includes entertainment and social activities.

***Cause***

It does not appear that controls are sufficient to account for tenant participation funds and hold the tenant councils accountable for their expenditures.

***Effect***

The tenant council expenditures are not properly documented and in some cases the documentation indicates unallowable expenditures or questionable expenditures. We could not determine that all expenditures were properly spent on tenant participation activities.

***Questioned Costs***

\$9,665.

***Recommendation***

We recommend the Authority develop and implement improved procedures for reviewing tenant council expenditures and provide additional training for council members in proper financial recordkeeping processes and allowable costs. The Authority should provide written information to the councils describing how unallowable expenses should be repaid and the potential consequences of continued unallowable expenses.



**RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ended September 30, 2013**

***RRHA Response***

The Authority has entered into written agreements with all tenant councils effective December 2012. The written agreements document the funding received, allowable expenditures of funds, and that the Authority has the authorization to inspect financial records. The Authority has provided training to all tenant councils (i.e. record keeping, HUD regulations) to ensure compliance with the written agreements as well as one-on-one training with specific tenant councils. The Authority has instituted quarterly reviews of tenant council expenditures to ensure compliance with the agreements and HUD regulations.

Councils that are deemed in default of the written agreement are required to make substantial changes as a condition to continue to receive tenant participation funds.

On March 27, 2014 all tenant councils participated in a group viewing of the recent HUD webinar on Resident Councils and the use of Tenant Participation Funds. The Authority is scheduled to present and discuss the audit findings with the tenant councils on May 22, 2014 to help provide the tenant organization a better understanding of the severity of the issues that need to be addressed. The Authority will continue to train and monitor the tenant councils on allowable and unallowable expenditures.

The Deputy Chief Operating Officer and Controller are responsible for the corrective action and the corrective action has been implemented as of March 27, 2014.

<b>Finding 2013-002:</b>	<b>Housing Choice Voucher Program, CFDA #14.871</b>
<b>Federal Agency:</b>	<b>U.S. Department of Housing and Urban Development</b>
<b>Compliance Requirement:</b>	<b>Eligibility, Reporting (PIC), Special Tests (HQS Inspections)</b>
<b>Type of Finding:</b>	<b>Noncompliance, Significant Deficiency</b>

***Condition***

Testing of 40 Housing Choice Voucher (HCV) tenant files for eligibility, reporting and annual inspection requirements found exceptions in 7 files with some files containing multiple exceptions. The exceptions include the following:

- 4 files did not document that the Authority performed timely recertifications.
- 3 recertifications were not uploaded to PIC within 60 days of the effective date.
- 2 files did not document that an annual inspection was conducted within 12 months of the last inspection

***Criteria***

24 CFR 985.516 requires PHA's to obtain third party verification of all income, assets, and expenses reported on the HUD-50058 and conduct a reexamination of family income and composition at least annually. 24 CFR 982.405(a) states "The PHA must inspect the unit leased to a family prior to the initial term of the lease, at least annually during assisted occupancy, and at other times as needed, to determine if the unit meets HQS." 24 CFR 982.158 requires the Authority to submit the HUD-50058 form electronically in PIC each time the Authority completes a new HUD-50058 form for any action. PIH Notice 2011-65 issued on November 30, 2011 clarified the reporting requirements by stating that the form must be submitted no later than 60 calendar days from the effective date of the HUD-50058.

***Cause***

The Authority did not adequately monitor the completion of annual inspections or recertifications prepared by housing specialists to ensure they were performed annually.

**RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended September 30, 2013**

***Effect***

The Authority has not complied with the HUD regulations relating to annual requirements in some cases.

***Questioned Costs***

Not applicable

***Recommendation***

We recommend that the Authority continue to revise their procedures to ensure all annual recertifications and inspections occur timely and the housing specialists obtain all required documentation.

***RRHA Response***

Staff members have been reorganized to ensure that recertifications are performed annually which will prevent late uploads of 50058's to PIC. The Inspection Supervisor will cross check the inspections against PIC to ensure all inspections are captured before they are due.

The Supervisor of the Housing Choice Voucher Program and the Inspection Supervisor are responsible for these corrective actions which were implemented in July and August of 2013.

<b>Finding 2013-003:</b>	<b>Low Rent Public Housing, CFDA #14.850</b>
<b>Federal Agency:</b>	<b>U.S. Department of Housing and Urban Development</b>
<b>Compliance Requirement:</b>	<b>Eligibility, Reporting (PIC)</b>
<b>Type of Finding:</b>	<b>Noncompliance, Significant Deficiency</b>

***Condition***

Testing of 40 Low Rent Public Housing tenant files for eligibility and recertification purposes found exceptions in 6 files which included the following:

- 1 file did not have a general release form signed by all household members over the age of 18.
- 1 file contained a miscalculation of tenant income.
- 2 files did not contain third party verification of assets or the assets reported in the HUD-50058 did not agree to the support.
- 2 HUD-50058 forms were uploaded to PIC more than 60 days after the effective date.

***Criteria***

Low Rent Public Housing regulation 24 CFR 960.259(c)(1) states "The PHA must obtain and document in the family file third party verification of the following factors, or must document in the file why third party verification was not available: reported family annual income; the value of assets; expenses related to deductions from annual income..." PIH Notice 2011-65 issued on November 30, 2011 clarified the reporting requirements for PIC by stating that the form must be submitted no later than 60 calendar days from the effective date of the HUD-50058.

***Cause***

The Authority did not collect all necessary third party verification information prior to completing the reexamination. In some cases, housing specialists incorrectly calculated annual income or assets.

**RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ended September 30, 2013**

***Effect***

The amount of tenant rent could be incorrect based on missing or inaccurate information.

***Questioned Costs***

Unable to determine.

***Recommendation***

We recommend the Authority continue to revise their procedures to ensure all annual recertifications and inspections occur timely and the housing specialists obtain all required documentation.

***RRHA Response***

In accordance with PIH Notice 2013-3, RRHA continues to improve its processes and standardize its recertification documents to ensure that all required documents are completed for all household members. RRHA will also continue to access all available training options for staff related to rent calculation, EIV and other related topics to ensure compliance, improve efficiency and reduce errors. Staff will ensure that all HUD 50058 forms are uploaded to PIC prior to the effective date unless there are instances of fraud and the need for a retroactive rent adjustment.

This Notice allows a PHA to accept a family's declaration of the amount of assets of less than \$5,000, and the amount of income expected to be received from those assets. In addition, the PHA's application and reexamination documentation, which is signed by all adult family members, can serve as the declaration. When the family has net family assets equal to or less than \$5,000, the PHA is not required to request supporting documentation (e.g. bank statements) from the family to confirm the assets or the amount of income expected to be received from those assets. When the family has net family assets in excess of \$5,000, the PHA must obtain supporting documentation (e.g. bank statements) from the family to confirm the assets.

Property Managers will ensure that a declaration is signed by each applicable tenant and maintained in the tenant file. The Deputy Chief Operating Officer is responsible for this corrective action which is effective immediately.

<b>Finding 2013-004:</b>	<b>Section 8 Project-Based Cluster, CFDA #14.182/195/249/856</b>
<b>Federal Agency:</b>	<b>U.S. Department of Housing and Urban Development</b>
<b>Compliance Requirement:</b>	<b>Eligibility, Special Tests (Inspections)</b>
<b>Type of Finding:</b>	<b>Noncompliance, Significant Deficiency</b>

***Condition***

2 of 5 tenant files tested for compliance with eligibility and annual inspection requirements contained exceptions. 1 file did not document the completion of an annual HQS inspection and 1 file did not document support for the tenant's assets.

***Criteria***

24 CFR 882.514 requires a PHA to verify family income and other pertinent information such as assets. 24 CFR 882.516(b) states "In addition to the inspections required prior to execution of the Contract, the PHA must inspect or cause to be inspected each dwelling unit under Contract at least annually...."

**RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ended September 30, 2013**

***Cause***

The Authority did not maintain documentation to support certain amounts reported on the recertifications and did not adequately monitor inspections.

***Effect***

The Authority is not in compliance with some HUD requirements.

***Questioned Costs***

Unable to determine.

***Recommendation***

We recommend the Authority continue to revise their procedures to ensure all annual recertifications and inspections occur timely and the housing specialists obtain all required documentation.

***RRHA Response***

Staff has been trained to closely cross check information provided by the participant to ensure assets and verifications of income paperwork is properly denoted on the verification. Annual inspections were processed on Moderate Rehabilitation Program units during the Moderate Rehabilitation Program contract negotiation period. This was required before the contract extension occurred through HUD.

Future corrective action on this finding is not necessary as the Authority no longer has a Section 8 Moderate Rehabilitation Contract with HUD.

**RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY**  
**SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS**  
**Year Ended September 30, 2013**

**Finding 2012-01, 2011-02, 2010-02, 2009-04, 2008-03, 2007-03, 2006-01 – Housing Choice Voucher Program, CFDA #14.871**

***Condition***

Testing of Housing Choice Voucher tenant files for all years revealed exceptions in numerous files related to the following items: missing Declaration of Section 214 Status forms; missing or incorrect documentation to support income, asset or expense amounts; improper calculation of tenant rent or HAP amounts; untimely annual recertifications; housing assistance payments in disagreement with the HUD-50058; missing general release forms and privacy act notices, missing annual HQS inspection documentation, and failed HQS inspections that could not be located or did not document the proper reinspection period.

***Status***

This finding was partially cleared in the current fiscal year. The issues related to missing or incorrect documentation to support income and untimely annual recertifications remain open in the current year. See finding 2013-002.

**Finding 2012-02 - Low Rent Public Housing, CFDA #14.850**

***Condition***

Testing of 40 Low Rent Public Housing tenant files found exceptions in 10 files, some of which had multiple exceptions, which included the following:

- 2 files did not contain third party verification of income or the income reported in the HUD-50058 did not agree to the support.
- 4 files did not contain third party verification of assets or the assets reported in the HUD-50058 did not agree to the support.
- 1 file did not contain third party verification of expenses or the expenses reported in the HUD-50058 did not agree to the support.
- 4 files did not document that the Authority performed timely recertifications.
- 2 files did not contain documentation to show the Authority reviewed the EIV report.

***Status***

This finding was partially cleared in the current fiscal year. The issues related to missing or incorrect documentation to support assets and income remain open in the current year. See finding 2013-003.

**Finding 2012-03 - Housing Choice Voucher Program, CFDA #14.871**

***Condition***

Testing of 40 Housing Choice Voucher (HCV) applicant files from the top of the waiting list found 4 files that indicated the applicant's voucher had expired but the applicant was not removed from the applicant pool.

***Status***

This finding was cleared in the current year.

**RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY**  
**SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS**  
**Year Ended September 30, 2013**

**Finding 2012-04 - Housing Choice Voucher Program, CFDA #14.871**

***Condition***

For 2 of the 3 monthly VMS reports tested, the Authority could not provide support for all amounts. The missing information included the number of vouchers, HAP amounts, HAP expenses after the 1st of the month, vouchers issued but not under HAP contract at the end of the month and vouchers covered by Project-Based AHAP's and HAP's.

***Status***

This finding was cleared in the current year.

**Finding 2012-05 - Low Rent Public Housing, CFDA #14.850**

***Condition***

6 of 18 monthly tenant council expenditure listings tested contained unsupported expenditures and receipts or other information that indicated amounts were spent for personal items and not tenant participation activities. The 6 months comprise 4 different tenant councils.

***Status***

This finding was noted in the current year. See finding 2013-001.