

**RICHMOND REDEVELOPMENT
AND HOUSING AUTHORITY**

**FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION
WITH INDEPENDENT AUDITOR'S REPORT**

For the Year Ended September 30, 2023

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Richmond Redevelopment and Housing Authority
Richmond, Virginia

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the accompanying financial statements of the Richmond Redevelopment and Housing Authority (the Authority), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, except for the possible effects of the matter discussed in the *Basis for Qualified Opinion* section of our report, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as September 30, 2023, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Matter Giving Rise to Qualified Opinion

The Authority has recognized its net pension liability under Governmental Accounting Standards Board (GASB) Statement No. 68 and net other post-employment benefits (OPEB) liability related to group life insurance (GLI) and disability insurance (DI) under GASB Statement No. 75 at a measurement date more than one year from the end of the fiscal year. The Authority participates in the Virginia Retirement System (VRS) who administers the pension, GLI, and DI plans for the Authority and other public sector employees in Virginia covered under VRS. VRS is responsible for obtaining the actuarial report determining the net pension liability, net OPEB liabilities, and the measurement date.

The Authority has included the financial effects of the GASB 68 and GASB 75 actuarial valuation reports provided by VRS based on the measurement date of June 30, 2022, the most recent available report published by VRS. These effects impacted net pension liability, net OPEB liability, deferred outflows of resources, deferred inflows of resources and pension and OPEB expense. Although an updated actuarial valuation with a measurement date of September 30, 2022, or later would change these amounts, it is not practicable to quantify the financial effects.

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 14, and the pension and Other Post Employment Benefit schedules on pages 59 through 65, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The Financial Data Schedule, Statements and Certifications of Capital Fund Program Costs, and Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information 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. The 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 Financial Data Schedule, Statement and Certification of Capital Fund Costs, and 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 June 28, 2024, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's 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.

A handwritten signature in black ink that reads "Rubins & Company". The signature is written in a cursive, flowing style.

June 28, 2024
Bethesda, Maryland

**RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023**

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, 2023. Management's discussion and analysis is designed to assist the reader in focusing on significant financial transactions, provide an overview of RRHA's financial activity, and identify changes in RRHA's financial position. The following sections, in conjunction with the financial statements, are designed to focus on RRHA's current year activities, resulting changes, and currently known facts.

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

FINANCIAL HIGHLIGHTS

Statement of Net Position

- The assets and deferred outflow of resources of RRHA exceeded its liabilities and deferred inflows of resources by \$158.9 million (net position). Of this amount, \$67 million (unrestricted net position) may be used to meet ongoing obligations to creditors, \$83.2 million is invested in capital assets, net of debt and \$8.6 million is restricted for specific purposes (restricted net position).
- RRHA's total net position increased by \$8.2 million compared to fiscal year 2022.
- RRHA's total assets and deferred outflows of resources increased by \$12 million from the prior year while RRHA's total liabilities and deferred inflows of resources increased by \$3.8 million from the prior year. During fiscal year 2023 RRHA's assets increased primarily as the result of an increase in operating cash and an increase in mortgage receivables.
- Liabilities increased as a result of an increase in long-term debt related to the Church Hill project.
- RRHA's liquidity increased to 10.93 to 1. This means that RRHA has the ability to pay its current liabilities at least 10 times over. See discussion of RRHA's liquidity on page 12.

Statement of Revenues, Expenses, and Changes in Net Position

- HUD receipts increased as compared to the prior year.
- The operating expenses include a depreciation expense of \$4.1 million primarily associated with the Public Housing properties.
- RRHA's operating expenses exceeded operating revenues by \$4.6 million.

**RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023**

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, 2023. 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 supplementary 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, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources reported as net position. Over time, the increases or decreases in RRHA's net position can be an indicator as to whether the financial position of RRHA is improving or deteriorating. To accurately use changes in net position as an indicator of RRHA's overall health, the underlying factors contributing to increases or decreases must be analyzed, as well as other non-financial factors (such as changes in the condition of fixed assets). Net position is reported in the following three categories:

- Net investment in capital assets – represents the net book value of buildings and land, furniture and equipment, and construction in progress less the current outstanding related debt.
- Restricted – resources whose use is subject to constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments less related debt. RRHA's restricted net position balance consists of 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.

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.

**RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023**

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 the Authority's Share of Net GLI OPEB Liability on page 61, the Schedule of the Authority's Contributions – VRS GLI plan on page 62, the Schedule of the Authority's Share of Net VLDP OPEB Liability on page 63, the Schedule of the Authority's Contributions – VLDP plan on page 64, the Schedule of Changes in the Authority's Net Pension Liability and Related Ratios and Schedule of Authority's Contributions for the VRS Pension Plan on pages 59 and 60, reflects RRHA's position as it related to funding its obligation to provide pension and OPEB benefits to its employees. Additionally, the other supplementary information included on pages 66 through 73 presents a Financial Data Schedule.

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 and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$158.9 million on September 30, 2023.

Net position in capital assets totaling \$83.2 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 are still outstanding. RRHA uses these capital assets to provide services to residents; consequently, these assets are not available for future spending.

An additional portion of RRHA's net position totaling \$8.6 million represents resources that are subject to external restrictions on how they may be used. The remaining balance is an unrestricted net position totaling \$66 million, which may be used to meet RRHA's ongoing obligations to residents and creditors.

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

RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023

Table 1 represents the Schedule of Net Position for RRHA as of September 30, 2023 and 2022.

Comparative Statement of Net Position

TABLE I

	<u>2023</u>	<u>2022</u>	<u>Total Change</u>	<u>% Change</u>
Current and Other Assets	\$ 109,547,408	\$ 104,930,783	\$ 4,616,625	4.40%
Capital Assets	89,432,732	82,848,486	6,584,246	7.95%
Deferred Outflows of Resources	<u>5,962,598</u>	<u>5,201,976</u>	<u>760,622</u>	14.62%
Total Assets and Deferred Outflows	\$ <u>204,942,738</u>	\$ <u>192,981,245</u>	\$ <u>11,961,493</u>	6.20%
Current Liabilities	\$ 5,477,798	\$ 8,038,594	\$ (2,560,796)	-31.86%
Noncurrent Liabilities	33,072,073	26,741,850	6,330,223	23.67%
Deferred Inflows of Resources	<u>7,520,583</u>	<u>7,520,583</u>	<u>-</u>	0.00%
Total Liabilities and Deferred Inflows	<u>46,070,454</u>	<u>42,301,027</u>	<u>3,769,427</u>	8.91%
Net Investment in Capital Assets	83,232,012	82,186,247	1,045,765	1.27%
Restricted	9,671,620	9,054,411	617,209	6.82%
Unrestricted	<u>65,968,652</u>	<u>59,439,560</u>	<u>6,529,092</u>	10.98%
Total Net Position	<u>158,872,284</u>	<u>150,680,218</u>	<u>8,192,066</u>	5.44%
Total Liabilities, Deferred Inflows and Net Position	\$ <u>204,942,738</u>	\$ <u>192,981,245</u>	\$ <u>11,961,493</u>	6.20%

Net position changed as a result of the following:

- Current and other assets increased due to the increase in cash received from bond fees, developer fees, and government grant receipts.
- Capital assets increased as a result of recording a new office lease for 600 E. Broad Street.
- Deferred outflows of resources and deferred inflows of resources remained the same due to the results of the audited actuarial valuation of the Authority's pension and OPEB plans not being available.
- Current liabilities decreased as a result of paying down liabilities before year end.
- Noncurrent liabilities increased due to recordation of the new office lease for 600 E. Broad Street.
- Restricted net position decreased as a result of cash restricted for capital improvements being used during the year.

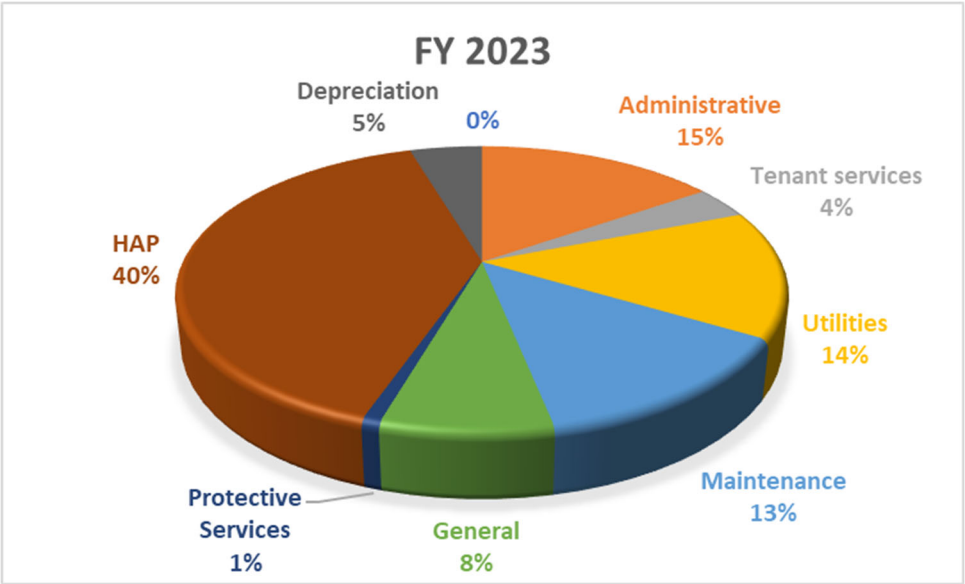
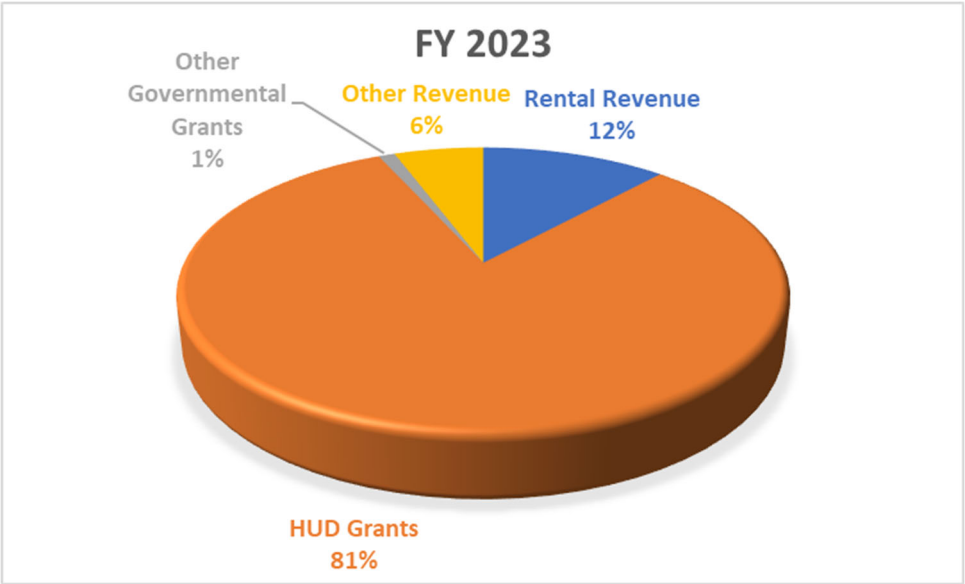
**RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023**

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

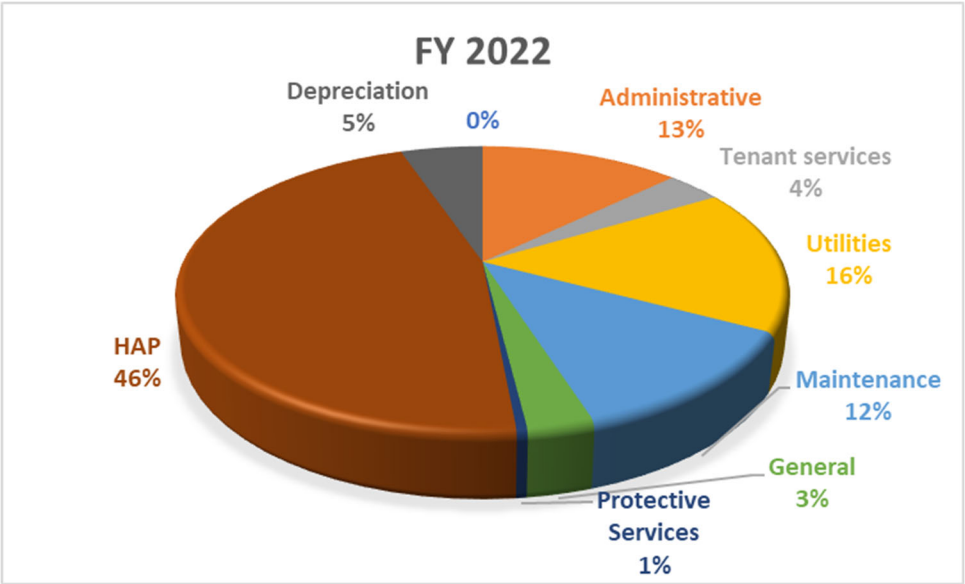
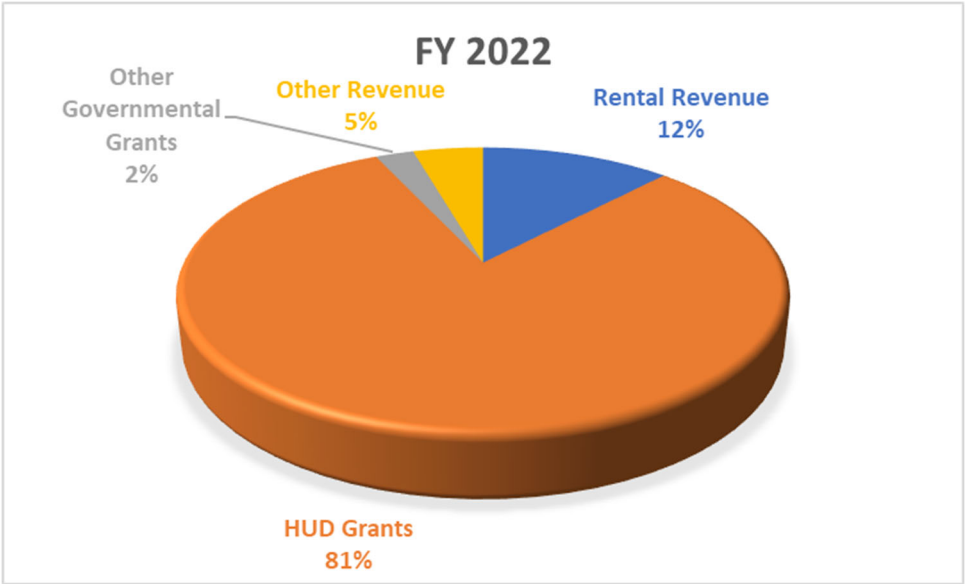
Comparative Statement of Revenues, Expenses, and Changes in Net Position TABLE II				
	<u>2023</u>	<u>2022</u>	<u>Total Change</u>	<u>% Change</u>
Operating Revenues:				
Rental Revenue	\$ 9,749,734	\$ 9,419,713	\$ 330,021	3.50%
HUD Grants	67,069,763	62,963,806	4,105,957	6.52%
Other Governmental Grants	863,887	1,897,448	(1,033,561)	-54.47%
Other Revenue	<u>4,695,049</u>	<u>3,479,363</u>	<u>1,215,686</u>	34.94%
Total Revenue	<u>82,378,433</u>	<u>77,760,330</u>	<u>4,618,103</u>	5.94%
Operating Expenses:				
Administrative	13,530,193	10,079,645	3,450,548	34.23%
Tenant Services	3,185,387	2,800,235	385,152	13.75%
Utilities	12,757,274	12,950,186	(192,912)	-1.49%
Maintenance	11,708,458	9,664,868	2,043,590	21.14%
General	6,804,874	2,356,546	4,448,328	188.76%
Protective Services	721,416	378,604	342,812	0.00%
Housing Assistance Payments	35,198,434	36,424,938	(1,226,504)	-3.37%
Depreciation	<u>4,059,931</u>	<u>4,131,596</u>	<u>(71,665)</u>	-1.73%
Total Expenses	<u>87,965,967</u>	<u>78,786,618</u>	<u>9,179,349</u>	11.65%
Operating Income (Loss)	<u>(5,587,534)</u>	<u>(1,026,288)</u>	<u>(4,561,246)</u>	444.44%
Nonoperating Revenues (Expenses):				
Interest Income	384,311	183,880	200,431	109.00%
Interest Expense	(13,692)	(13,692)	-	0.00%
Gain on Sale of Capital Assets	<u>6,527,802</u>	<u>932,738</u>	<u>5,595,064</u>	0.00%
Total Nonoperating Revenues (Expenses)	<u>6,898,421</u>	<u>1,102,926</u>	<u>5,795,495</u>	525.47%
Income (Loss) Before Contributions and Transfers	1,310,887	76,638	1,234,249	1610.49%
Capital Grants	<u>6,881,179</u>	<u>2,763,920</u>	<u>4,117,259</u>	148.96%
Change in Net Position	8,192,066	2,840,558	5,351,508	188.40%
Prior Period Adjustment	-	148,315	(148,315)	0.00%
Beginning Net Position	<u>150,680,218</u>	<u>147,691,345</u>	<u>2,988,873</u>	2.02%
Ending Net Position	<u>\$ 158,872,284</u>	<u>\$ 150,680,218</u>	<u>\$ 8,192,066</u>	5.44%

- Other government grants decreased as a result of decreased grant funding.
- Other revenue increased due to an increase in proceeds from bond and developer fees.
- Administrative expenses increased due to an increase in administrative staffing.
- Tenant services increased due to an increase in tenant grant funding.
- General expenses increased due to an increase in bad debt expense, management fee expenses, and other general expenses.
- Housing assistance payments decreased due to decrease in units leased.

**RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
MANAGEMENT’S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023**



**RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
MANAGEMENT’S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023**



**RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023**

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.

Working Capital and Current Ratio

TABLE III

	<u>2023</u>	<u>2022</u>
Current Assets	\$ 53,028,487	\$ 48,986,707
Less: Current Liabilities	<u>(5,477,798)</u>	<u>(8,038,594)</u>
Working Capital	\$ 47,550,689	\$ 40,948,113
Current Assets	\$ 53,028,487	\$ 48,986,707
Divided by: Current Liabilities	5,477,798	8,038,594
Current Ratio	<u>9.68</u>	<u>6.09</u>

RRHA is financially stable as evidenced by its working capital of \$47.6 million and its 9.68:1 ratio of current assets to current liabilities at September 30, 2022. 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 2022.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of September 30, 2023, RRHA's capital assets totaled approximately \$89.4 million (net of accumulated depreciation). Included in the capital assets are land, land improvements, buildings, structures, right of use assets, and construction in progress. See footnote 5 for further details.

Comparative Statement of Capital Assets

TABLE IV

	<u>2023</u>	<u>2022</u>	<u>Total Change</u>	<u>% Change</u>
Land	\$ 7,904,139	\$ 7,904,139	\$ -	0.00%
Buildings and Improvements	139,989,610	138,389,342	1,600,268	1.16%
Furniture and Equipment	27,996,087	24,770,474	3,225,613	13.02%
Right to Use Asset	6,697,766	612,703	6,085,063	0.00%
Construction in Progress	<u>18,867,482</u>	<u>19,181,547</u>	<u>(314,065)</u>	-1.64%
	201,455,084	190,858,205	10,596,879	5.55%
Accumulated Depreciation	<u>(112,022,352)</u>	<u>(108,009,719)</u>	<u>(4,012,633)</u>	3.72%
Total Capital Assets	\$ <u>89,432,732</u>	\$ <u>82,848,486</u>	\$ <u>6,584,246</u>	7.95%

**RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023**

Long-Term Debt

As of September 30, 2023, RRHA had net outstanding notes, bonds and loans payable totaling \$13.3 million. See footnote 6 and 16 for further details.

ECONOMIC CONDITIONS AND NEXT YEAR'S BUDGET

The Richmond Redevelopment and Housing Authority ("RRHA"), like any other Housing Authority, is economically impacted by Federal Appropriations and annual proration provided to RRHA. Seeing a decline in the quality of the housing stock due to age and decline in federal funding, the ability to provide affordable housing remains challenging. The city's goal is to build 1,000 affordable housing units annually, prevent involuntary displacement, integrate housing at all income levels and transform public housing properties.

This affordable housing goal is focused on the fact that housing in the city of Richmond and the region is increasingly unaffordable for most median income earners. And the fact that the city and the region are projected to keep growing will further exacerbate housing affordability issues in the city and surrounding area.

However, the City of Richmond continues to be on the upswing for economic recovery and as of November 2023 Richmond's unemployment rate was 0.6 percent below national average. The population continues to grow with an estimated increase of 3.1 percent from 2020 to 2023. This equates to an estimated 40,186 new residents. The in-migration propelled by job growth and by student enrollment at VCU has a positive effect in is expected to make up the largest share of population growth. Because of this fact, there will be a greater need for additional affordable housing and homeownership.

The average apartment rent is approximately \$1,483. Although the rent cost burden is lower in Richmond compared to the renters nationally and very low-income renter households, earning up to 50 percent of the area median income, are more likely to experience severe cost burden.

RRHA continues to growth its partnerships and collaborations to support the goal of affordable housing creation and transformation of the aged housing stock to meet the current household composition needs with suitable housing.

**RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023**

Several other factors will affect the financial position of the authority in the subsequent fiscal year.

These factors may include:

- Future funds from the Federal Government to sustain our current housing and a shift away funding traditional public housing, but rather a focus on public/private partnerships as the way to transform public housing.
- Developing high quality affordable housing sites through the low-income housing tax credit program and other State and Local initiatives and making successful application.
- Repositioning operations following the private sector management model, generating additional revenues and developers fee for future development of affordable housing.

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 Senior Vice President and Chief Financial Officer, Richmond Redevelopment and Housing Authority, 600 E. Broad Street, Richmond, Virginia, 23219.

RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
STATEMENT OF NET POSITION
SEPTEMBER 30, 2023

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

Current assets:

Cash and cash equivalents - unrestricted	\$ 27,996,922
Cash and cash equivalents - restricted	13,943,175
Tenant receivables, net of allowance for doubtful accounts of \$1,832,304	811,179
Accounts receivable - HUD	1,202,891
Accounts receivable - other, net of allowance for doubtful accounts of \$71,008	2,063,869
Prepaid expenses and other current assets	364,215
Inventories	862,279
Assets held for sale	5,783,957
	<hr/>
Total current assets	53,028,487

Noncurrent assets:

Capital assets	
Land	7,904,139
Buildings and improvements	139,989,610
Furniture and equipment	27,996,087
Right to use assets	6,697,766
Construction in progress	18,867,482
	<hr/>
	201,455,084
Less: Accumulated depreciation	(112,022,352)
	<hr/>
Total capital assets	89,432,732
	<hr/>
Notes receivable, net of current portion	56,518,921
	<hr/>
Total noncurrent assets	145,951,653
	<hr/>
Total assets	198,980,140

Deferred outflows of resources:

OPEB related deferred outflows	200,337
Pension related deferred outflows	5,762,261
	<hr/>
Total deferred outflows of resources	5,962,598

Total assets and deferred outflows of resources	\$ 204,942,738
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See accompanying notes to financial statements.

RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
STATEMENT OF NET POSITION
SEPTEMBER 30, 2023

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION

Current liabilities:

Accounts payable	\$ 523,259
Accounts payable - other governments	985,366
Accrued expenses	150,436
Accrued compensated absences, current	616,131
Tenant security deposits	676,662
Current portion of long-term debt	765,000
Current portion of lease liability	739,766
Unearned revenue	1,021,178
	<hr/>
Total current liabilities	5,477,798
	<hr/>

Noncurrent liabilities:

Long-term debt, net of current portion	11,773,096
OPEB liability	488,501
Pension liability	3,122,025
Other noncurrent liabilities	17,688,451
	<hr/>
Total noncurrent liabilities	33,072,073
	<hr/>
Total liabilities	38,549,871
	<hr/>

Deferred inflows of resources:

OPEB related deferred inflows	175,907
Pension related deferred inflows	7,344,676
	<hr/>
Total deferred inflows of resources	7,520,583
	<hr/>

Net position:

Invested in capital assets, net of related debt	83,232,012
Restricted net position	9,671,620
Unrestricted net position	65,968,652
	<hr/>
Total net position	158,872,284
	<hr/>

**Total liabilities, deferred inflows of resources,
and net position**

\$ 204,942,738

See accompanying notes to financial statements.

RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
For the year ended September 30, 2023

Operating Revenues:

HUD operating revenue	\$ 67,069,763
Other government grant revenue	863,887
Tenant revenue	9,749,734
Other	4,695,049
	<u>82,378,433</u>
Total operating revenue	<u>82,378,433</u>

Operating Expenses:

Administration	13,530,193
Tenant services	3,185,387
Utilities	12,757,274
Ordinary maintenance	11,708,458
General	6,804,874
Protective services	721,416
Housing assistance payments	35,198,434
Depreciation	4,059,931
	<u>87,965,967</u>
Total operating expenses	<u>87,965,967</u>

Operating income (loss)	<u>(5,587,534)</u>
-------------------------	--------------------

Nonoperating revenues (expenses):

Interest income	384,311
Interest expense	(13,692)
Gain on sale of capital assets	6,527,802
	<u>6,898,421</u>
Total nonoperating revenues (expenses)	<u>6,898,421</u>

Income before other revenues, expenses, gains, losses, and transfers	1,310,887
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HUD capital grants	<u>6,881,179</u>
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Increase (decrease) in net position	8,192,066
--	------------------

Net position, beginning of year	<u>150,680,218</u>
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Net position, end of year	<u><u>\$ 158,872,284</u></u>
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See accompanying notes to financial statements.

RICHMONT REDEVELOPMENT AND HOUSING AUTHORITY
STATEMENT OF CASH FLOWS
For the year ended September 30, 2023

Cash flows from operating activities:

Cash received from tenants	\$ 10,072,987
Cash received from HUD and other governments for operating activity	68,675,094
Cash received from others	4,683,606
Cash paid to employees	(14,946,883)
Cash paid to suppliers and vendors	(36,266,939)
Cash paid for housing assistance payments	(35,198,434)

Net cash flows used by operating activities	<u>(2,980,569)</u>
--	--------------------

Cash flows from capital and related financing activities:

Purchases of capital assets	(8,031,901)
Proceeds from sale of capital assets	7,603,956
Cash received from HUD for capital activity	6,881,179

Net cash flows provided by capital and related financing activities	<u>6,453,234</u>
--	------------------

Cash flows from investing activities:

Issuance of notes receivable	75,372
Interest income received	384,311

Net cash flows provided by investing activities	<u>459,683</u>
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NET INCREASE IN CASH	3,932,348
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CASH AND CASH EQUIVALENTS, beginning of year	<u>38,007,749</u>
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CASH AND CASH EQUIVALENTS, end of year	<u><u>\$ 41,940,097</u></u>
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**RECONCILIATION OF CASH AND CASH EQUIVALENTS PER STATEMENT
OF CASH FLOWS TO THE STATEMENT OF NET POSITION**

Cash and cash equivalents - unrestricted	\$ 27,996,922
Cash and cash equivalents - restricted	13,943,175
Cash and cash equivalents per statement of net position	<u><u>\$ 41,940,097</u></u>

See accompanying notes to financial statements.

RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
STATEMENT OF CASH FLOWS (CONTINUED)
For the year ended September 30, 2023

**RECONCILIATION OF OPERATING INCOME TO NET CASH
PROVIDED BY OPERATING ACTIVITIES**

**Reconciliation of operating income (loss) to net cash provided (used) by
operating activities**

Operating income (loss)	\$ (5,587,534)
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**Adjustments to reconcile operating income (loss) to net cash
provided by (used) operating activities:**

Depreciation	4,059,931
Pension and OPEB expense	716,065

Changes in operating assets and liabilities

Decrease (increase) in accounts receivable, net	618,776
Decrease (increase) in prepaid expenses	(115,610)
Decrease (increase) in inventory	(300,964)
Increase (decrease) in accounts payable	(1,472,557)
Increase (decrease) in accrued expenses	(1,658,888)
Increase (decrease) in accrued compensated absences	(17,105)
Increase (decrease) in unearned revenue	96,511
Increase (decrease) in noncurrent liabilities	680,806
Net cash provided (used) by operating activities	<u>\$ (2,980,569)</u>

See accompanying notes to financial statements.

RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

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

Low-Income Public Housing programs provide subsidy funding annually, by a formula for Housing Modernization and Housing Operations Programs. These programs support public housing operations by way of an annual contributions contract with the Department of Housing and Urban Development (HUD), ACC #P-200. Under this contract, RRHA develops, modernizes and manages 21 public housing developments and 135 single-family homes.

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

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

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

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

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

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

RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Financial Reporting Entity

The Authority's financial statements include those of the Authority and component units. In determining how to define the reporting entity, management has considered all potential component units. The decision to include a component unit in the reporting entity was made by applying the criteria set forth by the Governmental Accounting Standards Board (GASB). These criteria include manifestation of oversight responsibility including financial accountability, imposition of will, financial benefit to or burden on a primary organization, and financial accountability as a result of fiscal dependency.

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

On the basis of the application of these criteria, Randolph Place Associated, L.P. and Richmond Development Corporation are entities that are required to be reported as blended component units of the Authority. There are no other component units.

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. On November 1, 2007, the 50-unit apartment was sold to a subsidiary of Better Housing Coalition. The Randolph Place Associates Limited Partnership has been repurposed to carry out for-profit development but currently has limited activity. The Partnership has a June 30 fiscal year-end.

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. The Corporation has a December 31 fiscal year-end.

RDC is the sole member of RDC Armstrong, LLC, a limited liability company formed to engage in community development activities. The activity of RDC Armstrong, LLC is consolidated under the blended component unit RDC.

These entities are deemed blended component units and therefore the operating activities are included in the Authority's basic financial statements. 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, 2023.

RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting, Basis of Presentation, and Measurement Focus

RRHA has prepared its financial statements in conformity with Generally Accepted Accounting Principles (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB).

The Authority accounts for its programs in a single enterprise fund using the economic resources measurement focus and the accrual basis of accounting. 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.

D. 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.

E. Receivables

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

F. Mortgage Loans Receivable

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

G. Inventories

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

H. Interprogram Activities

Interprogram receivables and payables, and interprogram revenues and expenses have been eliminated in preparing the basic financial statements.

I. 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 five years. Donated fixed assets are stated at their acquisition 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 to 50 years
Building improvements	15 to 40 years
Furniture and equipment	5 to 20 years
Land improvements	20 years

RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Capital Assets (continued)

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.

J. Leases

Lessee - For new or modified contracts, the Authority determines whether the contract is a lease. If a contract is determined to be, or contain, a lease with a non-cancellable term in excess of 12 months (including any options to extend or terminate the lease when exercise is reasonably certain), the Authority records a lease asset and lease obligation which is calculated based on the value of the discounted future lease payments over the term of the lease. The Authority recognizes a lease liability and right to use asset on the statement of net position. Leases with an initial, non-cancellable term of 12 months or less are not recorded on the statement of net position and expense is recognized as incurred over the lease term. At the commencement of the lease, the Authority measures the lease liability at the present value of payments expected to be made during the lease term and then reduces the liability by the principal portion of lease payments made. The lease asset is measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs, then amortized on a straight-line basis over a period that is shorter of the lease term or the useful life of similar capital assets. Lease payments are apportioned between interest expense and principal based on an amortization schedule calculated using the effective interest method.

Lessor - For new or modified contracts, the Authority determines whether the contract is a lease. If a contract is determined to be, or contain, a lease with a non-cancellable term in excess of 12 months (including any options to extend or terminate the lease when exercise is reasonably certain), the Authority records a lease receivable and a deferred inflow of resources which is calculated based on the value of the discounted future lease payments over the term of the lease. The Authority will not recognize a lease receivable and a deferred inflow of resources for leases with a non-cancellable term of less than 12 months, and income is recognized as earned. The Authority is a lessor for a non-cancellable lease of real property. The Authority recognizes a lease receivable and a deferred inflow of resources on the statement of net position. At the commencement of a lease, the Authority measures the lease receivable as the present value of payments expected to be received during the lease term and then reduces the receivable by the principal portion of lease payments received after satisfaction of accrued interest on the lease receivable, calculated using the effective interest method. The deferred inflow of resources is measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date, then recognized on a straight-line basis as revenue over the lease term.

K. Assets Held for Sale

Assets Held for Sale are recorded at the lower of cost or fair market value when purchased or donated, less estimated disposal costs.

RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Compensated Absences

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 Year</u>	<u>Maximum Payment Upon Separation</u>
Less than 5 years	22.75 days	24 days	24 days
5 to 9 years	26 days	30 days	30 days
10 to 14 years	26 days	36 days	36 days
15 or more years	29.25 days	42 days	42 days

M. Income Taxes

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

N. Equity Classifications

Equity is classified as net position and displayed in three components:

Net Investment in Capital Assets - Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Restricted - Consists of net position with constraints placed on their use either by external groups such as creditors, granters, contributors, laws or regulations of other governments or by law through constitutional provisions or enabling legislation. RRHA's restricted net position consists of escrows held for debt service payments, reserve accounts, program income for the City, and excess housing assistance payments.

Unrestricted - All other net position that does not meet the definition of "restricted" or "net investment in capital assets".

O. Unearned Revenue

Unearned revenue shown on the statement of net position is comprised of revenue amounts for which asset recognition criteria have been met but for which revenue recognition criteria have not yet been met.

P. Revenue Recognition

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

RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Revenue Recognition (continued)

RRHA has entered into annual contributions contracts with HUD to develop, manage, own, and rent affordable housing. HUD makes annual debt service contributions and monthly operating subsidy contributions within the public housing program and monthly contributions for housing assistance payments and administration fees for the HCVP program. Such operating contributions are reflected as operating revenues in the accompanying statement of revenues, expenses, and changes in net position. Capital contributions are presented as a separate component in determining the change in net position 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.

Q. Nonoperating 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 nonoperating revenues and expenses. RRHA reports as nonoperating revenue and expense amounts arising from capital asset transactions, investment related activities and intergovernmental debt service related transactions.

R. 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.

S. Deferred Outflows/Inflows of Resources

A deferred outflow of resources represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense) until the future period. The Authority recognizes deferred outflows for contributions made subsequent to the measurement date related to pensions and the difference between projected and actual earnings on pension plan investments.

A deferred inflow of resources represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until the future period. The Authority recognizes deferred inflows for the difference between expected and actual experience, changes in assumptions, and net differences between projected and actual earnings related to the pension and OPEB plans.

RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

T. Group Life Insurance

The Virginia Retirement System (VRS) Group Life Insurance Program is a multiple employer, cost-sharing plan. It provides coverage to state employees, teachers, and employees of participating political subdivisions. The Group Life Insurance Program was established pursuant to §51.1-500 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. The Group Life Insurance Program is a defined benefit plan that provides a basic group life insurance benefit for employees of participating employers. For purposes of measuring the net Group Life Insurance Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the Group Life Insurance Program OPEB, and Group

Life Insurance Program OPEB expense, information about the fiduciary net position of the Virginia Retirement System (VRS) Group Life Insurance program OPEB and the additions to/deductions from the VRS Group Life Insurance Program OPEB's net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

U. Disability Program

The Virginia Retirement System (VRS) Political Subdivision Employee Virginia Local Disability Program is a multiple-employer, cost-sharing plan. For purposes of measuring the net Political Subdivision Employee Virginia Local Disability Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the Political Subdivision Employee Virginia Local Disability Program OPEB, and the Political Subdivision Employee Virginia Local Disability Program OPEB expense, information about the fiduciary net position of the Virginia Retirement System (VRS) Political Subdivision Employee Virginia Local Disability Program; and the additions to/deductions from the VRS Political Subdivision Employee Virginia Local Disability Program's net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

V. 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.

RICHMONT REDEVELOPMENT AND HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

W. Use of Management's Estimates

The preparation of financial statements in accordance with generally accepted accounting principles in the United States requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflow of resources, liabilities, deferred inflow of resources, and disclosure of contingent liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Significant estimates include the allowance for doubtful accounts, accrued expenses and liabilities, depreciable lives of property and equipment, amortization of leasehold improvements, estimated liability arising from injuries to persons, environmental accrual and contingencies. Actual results could differ significantly from those estimates.

X. Current and Future Accounting Pronouncements

The following Governmental Accounting Standards Board (GASB) pronouncements became effective for the Authority during the year ended September 30, 2023:

GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period* will improve financial reporting by providing users of financial statements with more relevant information about capital assets and the cost of borrowing for a reporting period.

GASB Statement No. 91, *Conduit Debt Obligations* will improve financial reporting by eliminating the existing option for issuers to report conduit debt obligations as their own liabilities, thereby ending significant diversity in practice.

GASB Statement No. 93, *Replacement of Interbank Offered Rates* will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* will improve financial reporting by establishing definitions of Public-Private and Public-Public Partnerships and Availability Payment Arrangements and by providing uniform guidance on accounting and financial reporting for transactions that meet those definitions.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* will improve financial reporting by establishing definitions for Subscription-Based Information Technology Arrangements and by providing uniform guidance on accounting and financial reporting for transactions that meet that definition. The requirements of this statement are effective for fiscal years beginning after June 15, 2022.

GASB Statement No. 99, *Omnibus 2020* will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature.

RICHMONT REDEVELOPMENT AND HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The following GASB pronouncements will be effective for the Authority in future years. The Authority is currently assessing the impact of these statements:

GASB Statement No. 100, *Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62* will enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this statement are effective for fiscal years beginning after June 15, 2023.

GASB Statement No. 101, *Compensated Absences* updates the recognition, measurement, and disclosure guidance for compensated absences. The requirements of this statement are effective for fiscal years beginning after June 15, 2023.

GASB Statement No. 102, *Certain Risk Disclosures* will improve financial reporting by providing users of financial statements with essential information that currently is not often provided. The requirements of this statement are effective for fiscal years beginning after June 15, 2024.

GASB Statement No. 103, *Financial Reporting Model Improvements* improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The requirements of this statement are effective for fiscal years beginning after June 15, 2025.

2. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash

At September 30, 2023, cash on hand, cash items and petty cash totaled \$41,940,097 and the value of RRHA's deposits with financial institutions totaled \$43,530,737.

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

Custodial Credit Risk – Deposits

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

RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

2. CASH AND CASH EQUIVALENTS AND INVESTMENTS (continued)

The State Treasury Board publishes lists of those financial institutions opting out of the collateral pool which did not meet the collateral requirements in accordance with the procedures for the payment of losses. As of September 30, 2023, all bank balances were covered by either federal deposit insurance or the Act.

Cash equivalents consist of money market funds with initial maturities not exceeding 365 days and average maturities of less than 90 days. RRHA invests in a short-term Government & Agency Portfolio money market fund that aims to maximize current income consistent with the preservation of capital and the maintenance of liquidity. The fund normally invests at least 80% of the assets in direct obligations of the U.S. treasury and other securities issued or guaranteed as to principal and interest by the U.S. government, or its agencies and instrumentalities (agency securities), as well as repurchase agreements secured by those obligations. RRHA also invests in a liquid federal trust fund consisting of U.S. treasury and agency debt which matures within one year. The balance of cash equivalents at September 30, 2023 was \$2,769,283.

Interest Rate Risk

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

Credit Risk

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

Custodial Credit Risk – Investments

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

Concentration of Credit Risk

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

RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
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3. NOTES RECEIVABLE

Mortgage loans, by collateral type, as of September 30, 2023, is as follows:

	Principal	Accrued Interest	Total
Single-family real estate	\$ 1,932,932	\$ -	\$ 1,932,932
Multi-family real estate	41,678,415	6,272,768	47,951,183
Commercial real estate	7,155,667	2,642,112	9,797,779
Total mortgage loans receivable	50,767,014	8,914,880	59,681,894
Less: Allowance	(3,095,910)	-	(3,095,910)
Total mortgage loans receivable, net	47,671,104	8,914,880	56,585,984
Less: Current mortgage loans receivable	(67,063)	-	(67,063)
Noncurrent mortgage loans receivable	\$ 47,604,041	\$ 8,914,880	\$ 56,518,921

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

These liabilities are included in accounts payable, due to other governments, and long-term debt, as applicable, in the statement of net position.

Other liabilities to the City of Richmond are due after repayment of the related mortgage loans receivable. RRHA records an allowance for loan loss related to loans made for which RRHA bears the risk of loss. RRHA provides for losses when a specific need for an allowance is identified. The provision for loan losses charged or credited to operating expense is the amount necessary, in management's judgment, to maintain the allowance at a level it believes sufficient to cover losses in collection of loans. Estimates of future losses involve the exercise of management's judgment and assumptions with respect to future conditions. The principal factors considered by management in determining the adequacy of the allowance are the composition of the loan portfolio, historical loss experience, economic conditions, the value and adequacy of collateral, and the current level of the allowance.

4. ASSETS HELD FOR SALE

Activity in the assets held for sale account for the year ended September 30, 2023, is as follows:

	Balance October 1, 2022	Increases	Decreases	Balance September 30, 2023
Land held for sale	\$ 6,424,503	\$ -	\$ 399,045	\$ 6,823,548
Less: Allowance	(1,039,591)	-	-	(1,039,591)
Total assets held for sale, net	\$ 5,384,912	\$ -	\$ 399,045	\$ 5,783,957

RICHMONT REDEVELOPMENT AND HOUSING AUTHORITY
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5. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2023 is as follows:

	Balance October 1, 2022	Additions and Other Increases	Retirements and Other Decreases	Balance September 30, 2023
Land	\$ 7,904,139	\$ -	\$ -	\$ 7,904,139
Construction in progress	19,181,547	3,443,711	(3,757,776)	18,867,482
Total assets not being depreciated	27,085,686	3,443,711	(3,757,776)	26,771,621
Buildings and structures	137,776,639	1,600,268	-	139,376,907
Furniture and equipment	25,383,177	3,290,013	(64,400)	28,608,790
Right to use asset	612,703	6,085,063	-	6,697,766
Total capital assets	190,858,205	14,419,055	(3,822,176)	201,455,084
Less: Accumulated depreciation	(108,009,719)	(4,059,931)	47,298	(112,022,352)
Total capital assets, net	\$ 82,848,486	\$ 10,359,124	\$ (3,774,878)	\$ 89,432,732

6. DEBT OBLIGATIONS

Changes in the total long-term debt during the year ended September 30, 2023, are summarized below. These debt obligations of RRHA are not held or guaranteed by HUD.

	Balance October 1, 2022	Additions	Forgiveness / Reductions	Balance September 30, 2023	Due within One Year
4th and Grace Place Note ¹	\$ 765,000	\$ -	\$ -	\$ 765,000	\$ 765,000
COCC/LIPH Repayment ²	5,805,544	-	-	5,805,544	-
COCC/LIPH Repayment ³	408,225	-	-	408,225	-
RDC Armstrong LLC Note Payable to City ⁴	6,004,294	307,848	-	6,312,142	-
Subtotal	12,983,063	307,848	-	13,290,911	765,000
Less: Eliminations	(6,213,769)	-	-	(6,213,769)	-
Grand Total	\$ 6,769,294	\$ 307,848	\$ -	\$ 7,077,142	\$ 765,000

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

² Amended agreement dated September 11, 2017, interest rate of 0.0%. This loan is between the Central Office Cost Center (COCC) and the Low Income Public Housing Program (LIPH) and is therefore eliminated for financial statement purposes.

³ Amended agreement dated December 28, 2017, interest rate of 0.0%. This loan is between the Central Office Cost Center (COCC) and the Low Income Public Housing Program (LIPH) and is therefore eliminated for financial statement purposes.

⁴ Agreements dated February 8, 2018, interest rate of 5.75%, maturing February 8, 2038. These loans are between RDC Armstrong LLC and Economic Development Authority of the City of Richmond

RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

6. DEBT OBLIGATIONS (continued)

Future annual payments of the above loans as follows:

Year Ended September 30,	Principal	Interest
2024	\$ 765,000	\$ -
2025	-	-
2026	-	-
2027	-	-
2028	-	-
2029 - 2033	-	-
2034 - 2038	6,312,142	8,048,586
	\$ 7,077,142	\$ 8,048,586

7. HUD REPAYMENT AGREEMENT

As shown in Note 6, on July 6, 2016, RRHA entered into a repayment agreement with HUD in the amount of \$6,132,638. This agreement was amended on September 11, 2017 increasing the amount by \$507,800 to a new total of \$6,465,544. On December 28, 2017, the agreement was amended again increasing the amount by \$448,225. The agreement is the result of the unallowable transfer of funds from the Low Income Public Housing program to the Central Office Cost Center. RRHA is to make the required annual installment repayment over a period of 63 years commencing on October 1, 2016 out of non-HUD, non-federal funds. For the \$6,465,544 amount amended on September 11, 2017, payments will be made as follows: two annual installments of \$51,352 beginning on October 1, 2016 and the second on October 1, 2017; sixty annual installments of \$110,000; and the final installment of \$29,934 due on October 1, 2078. In addition to these amounts, the agreement also requires repayment of management fees in the amount of \$48,648 on October 1, 2016 and October 1, 2017. For the \$448,225 amount amended on December 28, 2017, payments will be made as follows: 56 annual installments of \$8,000 beginning on October 1, 2018, and the final installment of \$225 due on October 1, 2075. These amounts represent amounts owed between two programs of RRHA, so the receivable and payable amounts are eliminated for financial reporting purposes.

RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
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8. NONCURRENT LIABILITIES

Activity in RRHA's noncurrent liability accounts for fiscal year 2023 were as follows:

	Balance October 1, 2022	Increase	Decrease	Balance September 30, 2023	Due Within One Year
Debt payable to third parties	\$ 6,769,294	\$ 307,848	\$ -	\$ 7,077,142	\$ 765,000
Lease liability	364,180	6,085,063	(248,523)	6,200,720	739,766
Compensated absences	633,236	-	(17,105)	616,131	616,131
Unearned revenues	924,667	96,511	-	1,021,178	1,021,178
Due to other governments	370,820	614,546	-	985,366	985,366
Pension liability	3,122,025	-	-	3,122,025	-
OPEB liability	492,229	-	(3,728)	488,501	-
Other noncurrent liabilities	17,007,645	680,806	-	17,688,451	-
Long Term Liabilities	<u>\$ 29,684,096</u>	<u>\$ 7,784,774</u>	<u>\$ (269,356)</u>	<u>\$ 37,199,514</u>	<u>\$ 4,127,441</u>

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 was approximately \$155,777,231 as of September 30, 2023.

10. VIRGINIA RETIREMENT SYSTEM (VRS) POLITICAL SUBDIVISION PENSION PLAN

Plan Description

All full-time, salaried permanent employees of the Authority are automatically covered by VRS Retirement Plan upon employment. This cost sharing plan is administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the Code of Virginia, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

The system administers three different benefit structures for covered employees – Plan 1, Plan 2, and Hybrid. Each of these benefit structures has different eligibility criteria.

RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

10. VIRGINIA RETIREMENT SYSTEM (VRS) POLITICAL SUBDIVISION PENSION PLAN
(continued)

Employees Covered by Benefit Terms

As of the June 30, 2021 actuarial valuation, the following employees were covered by the benefits terms of the pension plan:

Active members	176
Transfers Out	88
Inactive members:	
Member or their beneficiaries receiving benefits	197
Members active elsewhere in VRS	68
Nonvested members	92
Vested members	<u>64</u>
Subtotal - Inactive member	<u>421</u>
Total members	<u>685</u>

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding options provided by the Virginia General Assembly. Employees are required to contribute 5% of their compensation toward their retirement.

The Authority's contractually required employer contribution rate for the year ended September 30, 2022, was 8.56% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by the employee during the year, with an additional amount to finance any unfunded accrued liability.

Net Pension Liability

The net pension liability (NPL) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. For the Authority, the net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2021, rolled forward to the measurement date of June 30, 2022.

Actuarial Assumptions – General Employees

The total pension liability for General Employees in the Authority's retirement plan was based on an actuarial valuation as of June 30, 2021, using the Entry Age normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

**10. VIRGINIA RETIREMENT SYSTEM (VRS) POLITICAL SUBDIVISION PENSION PLAN
(continued)**

Inflation	2.5%
Salary increases	3.5– 5.35%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation

Mortality Rates:

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount, rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, postretirement healthy, and disabled)□	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
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10. VIRGINIA RETIREMENT SYSTEM (VRS) POLITICAL SUBDIVISION PENSION PLAN
(continued)

Long-Term Expected Rate of Return

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	34.00%	5.71%	1.941%
Fixed Income	15.00%	2.04%	0.306%
Credit Strategies	14.00%	4.78%	0.669%
Real Assets	14.00%	4.47%	0.626%
Private Equity	14.00%	9.73%	1.362%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.224%
PIP - Private Investment Partnership	3.00%	6.55%	0.197%
	<u>100.00%</u>		5.33%
		Inflation	<u>2.50%</u>
			<u>7.83%</u>

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; political subdivisions were also provided with an opportunity to use an alternate employer contribution rate.

The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

RICHMONT REDEVELOPMENT AND HOUSING AUTHORITY
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10. VIRGINIA RETIREMENT SYSTEM (VRS) POLITICAL SUBDIVISION PENSION PLAN
(continued)

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at September 30, 2021	\$ 70,252,779	\$ 70,810,452	\$ (557,673)
Changes for the Year:			
Service Cost	714,612	-	714,612
Interest	4,627,488	-	4,627,488
Changes of Assumptions	-	-	-
Differences Between Expected and Actual Experience	(633,595)	-	(633,595)
Contributions - Employer	-	677,403	(677,403)
Contributions - Employee	-	407,897	(407,897)
Refund of Contribution	(143,634)	-	(143,634)
Net Investment Income	-	(12,932)	(12,932)
Benefit Payments, Including Refunds	(4,680,379)	(4,680,379)	-
Administrative Expenses	-	(45,135)	(45,135)
Other Changes	-	1,574	1,574
Net Changes	(115,508)	(3,795,206)	(3,910,714)
Balances at September 30, 2022	\$ 70,137,271	\$ 67,015,246	\$ 3,122,025

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Authority using the discount rate of 6.75%, as well as what the Authority's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	1% Decrease 5.75%	Current Rate 6.75%	1% Increase 7.75%
Authority's Net Pension Liability (Asset)	\$ 10,614,912	\$ 3,122,025	\$ (3,144,930)

RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

10. VIRGINIA RETIREMENT SYSTEM (VRS) POLITICAL SUBDIVISION PENSION PLAN
(continued)

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

For the year ended September 30, 2022, the Authority recognized pension expense of \$11,977. At September 30, 2023, the Authority reported deferred inflows and outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 271,541
Changes of assumptions	-	-
Difference between projected and actual earnings on plan investments	4,915,507	7,073,135
Employer contributions subsequent to the measurement date	846,754	-
Total	<u>\$ 5,762,261</u>	<u>\$ 7,344,676</u>

The \$864,754 reported as deferred outflows of resources related to pensions resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in future periods. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

For the Year Ended September 30	Recognition of Existing Deferred Outflow (Inflow) of Resources, net
2023	\$ (235,542)
2024	(855,157)
2025	(1,424,714)
2026	932,998
2027	-
Thereafter	-

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2022 Annual Comprehensive Financial Report (ACFR). A copy of the 2022 VRS ACFR may be downloaded from the VRS website at <https://www.varetire.org/pdf/publications/2022-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
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11. GROUP LIFE INSURANCE PROGRAM

Plan Description

All full-time, salaried permanent employees of the Authority are automatically covered by the VRS Group Life Insurance Program upon employment. This plan is administered by the Virginia Retirement System (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

In addition to the Basic Group Life Insurance benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional Group Life Insurance Program. For members who elect the optional group life insurance coverage, the insurer bills employers directly for the premiums. Employers deduct these premiums from members' paychecks and pay the premiums to the insurer. Since this is a separate and fully insured program, it is not included as part of the Group Life Insurance Program OPEB.

The specific information for Group Life Insurance Program OPEB, including eligibility, coverage and benefits is set out in the table below:

GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS

Eligible Employees

The Group Life Insurance Program was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program.

Basic group life insurance coverage is automatic upon employment. Coverage end for employees who leave their position before retirement eligibility or who take a refund of their member contributions and accrued interest.

Benefit Amounts

The benefits payable under the Group Life Insurance Program have several components.

- **Natural Death Benefit** – The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled.
- **Accidental Death Benefit** – The accidental death benefit is double the natural death benefit.
- **Other Benefit Provisions** – In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include:
 - Accidental dismemberment benefit
 - Safety belt benefit
 - Repatriation benefit
 - Felonious assault benefit
 - Accelerated death benefit option

RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
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11. GROUP LIFE INSURANCE PROGRAM (continued)

Reduction in benefit Amounts

The benefit amounts provided to members covered under the Group Life Insurance Program are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value.

Minimum Benefit Amount and Cost-of-Living Adjustment (COLA)

For covered members with at least 30 years of creditable service, there is a minimum benefit payable under the Group Life Insurance Program. The minimum benefit was set at \$8,000 by statute. This amount is increased annually based on the VRS Plan 2 cost-of-living adjustment and is currently \$8,984.

Contributions

The contribution requirements for the Group Life Insurance Program are governed by §51.1- 506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the Group Life Insurance Program was 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% (1.31% X 60%) and the employer component was 0.52% (1.31% X 40%). Employers may elect to pay all or part of the employee contribution, however the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2022 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability.

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Group Life Insurance Program OPEB

At September 30, 2022, the Authority reported a liability of \$493,800 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2022 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2021, and rolled forward to the measurement date of June 30, 2022. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the Group Life Insurance Program for the year ended June 30, 2019, relative to the total of the actuarially determined employer contributions for all participating employers. At September 30, 2022, the participating employer's proportion was 0.04101% as compared to .04460% at September 30, 2021.

For the year ended September 30, 2022, the participating employer recognized GLI OPEB expense of \$9,224. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
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11. GROUP LIFE INSURANCE PROGRAM (continued)

At September 30, 2023, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 39,103	\$ 19,810
Net difference between projected and actual investment earnings	-	30,855
Changes of assumptions	18,418	48,098
Change in proportionate share and difference between expected and actual contributions	38,430	65,619
Employer contributions subsequent to the measurement date	60,216	-
Total	<u>\$ 156,167</u>	<u>\$ 164,382</u>

\$60,216 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in future periods. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

For the Year Ended September 30	Recognition of Existing Deferred Outflow (Inflow) of Resources, net
2023	\$ 43,160
2024	(14,416)
2025	(24,669)
2026	(289)
2027	(12,001)
Thereafter	-

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2021, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

Inflation	2.5%
Salary increases, including inflation –	
Locality – general employees	3.5– 5.35%
Investment rate of return	6.75%, net of investment expenses, including inflation

RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
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11. GROUP LIFE INSURANCE PROGRAM (continued)

Mortality Rates – Non-Largest Ten Locality Employers – General Employees

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; males set forward 2 years; 105% of rates for females set forward 3 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 95% of rates for males set forward 2 years; 95% of rates for females set forward 1 year

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of MP-2020 rates

The actuarial assumptions used in the June 30, 201, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, postretirement healthy, and disabled)□	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

RICHMONT REDEVELOPMENT AND HOUSING AUTHORITY
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11. GROUP LIFE INSURANCE PROGRAM (continued)

Net GLI OPEB Liability

The net OPEB liability (NOL) for the Group Life Insurance Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2022, NOL amounts for the Group Life Insurance Program is as follows (amounts expressed in thousands):

	Group Life Insurance OPEB Program (thousands)
Total GLI OPEB liability	\$ 3,672,085
Plan fiduciary net position	<u>2,467,989</u>
GLI net OPEB liability (asset)	<u>\$ 1,204,096</u>
Plan fiduciary net position as a percentage of total GLI OPEB liability (asset)	67.2%

The total GLI OPEB liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net GLI OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System's notes to the financial statements and required supplementary information.

RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
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11. GROUP LIFE INSURANCE PROGRAM (continued)

Long-Term Expected Rate of Return

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	34.00%	5.71%	1.941%
Fixed Income	15.00%	2.04%	0.306%
Credit Strategies	14.00%	4.78%	0.669%
Real Assets	14.00%	4.47%	0.626%
Private Equity	14.00%	9.73%	1.362%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.224%
PIP - Private Investment Partnership	3.00%	6.55%	0.197%
	<u>100.00%</u>		5.33%
		Inflation	<u>2.50%</u>
			<u>7.83% *</u>

* The above allocation provides a one-year return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at the time, providing a median return of 7.11%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2022, the rate contributed by the entity for the GLI OPEB Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined rate. From July 1, 2022, on, employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
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11. GROUP LIFE INSURANCE PROGRAM (continued)

Sensitivity of the Employer's Proportionate Share of the Net GLI OPEB Liability to Changes in the Discount Rate

The following presents the employer's proportionate share of the net GLI OPEB liability using the discount rate of 6.75%, as well as what the employer's proportionate share of the net GLI OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	1% Decrease 5.75%	Current Rate 6.75%	1% Increase 7.75%
Authority's Net OPEB Liability (Asset)	\$ 718,537	\$ 493,800	\$ 312,182

Group Life Insurance Program Fiduciary Net Position

Detailed information about the Group Life Insurance Program's Fiduciary Net Position is available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <https://www.varetire.org/pdf/publications/2022-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500

RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
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12. DISABILITY PROGRAM

Plan Description

All full-time, salaried general employees; including local law enforcement officers, firefighters, or emergency medical technicians of political subdivisions who do not provide enhanced hazardous duty benefits; who are in the VRS Hybrid Retirement Plan benefit structure and whose employer has not elected to opt out of the VRS-sponsored program are automatically covered by the VRS Political Subdivision Employee Virginia Local Disability Program. This plan is administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for eligible public employer groups in the Commonwealth of Virginia. Political subdivisions are required by Title 51.1 of the Code of Virginia, as amended to provide short-term and long-term disability benefits for their Hybrid employees either through a local plan or through the Virginia Local Disability Program (VLDP).

The specific information for each plan and the eligibility for covered groups within each plan are set out in the table below:

POLITICAL SUBDIVISION EMPLOYEE VIRGINIA LOCAL DISABILITY PROGRAM (VLDP)
PLAN PROVISIONS

Eligible Employees

The Political Subdivision Employee Virginia Local Disability Program was implemented January 1, 2014 to provide short-term and long-term disability benefits for non-work-related and work-related disabilities for employees with Hybrid retirement benefits. Eligible employees are enrolled automatically upon employment, unless their employer has elected to provide comparable coverage. They include:

- Full-time general employees; including local law enforcement officers, firefighters, or emergency medical technicians who do not have enhanced hazardous duty benefits; of public political subdivisions covered under VRS

Benefit Amounts

The Political Subdivision Employee Virginia Disability Local Program (VLDP) provides the following benefits for eligible employees:

Short-Term Disability –

- The program provides a short-term disability benefit beginning after a seven-calendar-day waiting period from the first day of disability. Employees become eligible for non-work-related short-term disability coverage after one year of continuous participation in VLDP with their current employer.
- During the first five years of continuous participation in VLDP with their current employer, employees are eligible for 60% of their pre-disability income if they go out on non-work-related or work-related disability.

RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

12. DISABILITY PROGRAM (continued)

- Once the eligibility period is satisfied, employees are eligible for higher income replacement levels

Long-Term Disability –

- The VLDP program provides a long-term disability benefit beginning after 125 workdays of short-term disability. Members are eligible if they are unable to work at all or are working fewer than 20 hours per week.
- Members approved for long-term disability will receive 60% of their pre-disability income. If approved for work-related long-term disability, the VLDP benefit will be offset by the workers' compensation benefit. Members will not receive a VLDP benefit if their workers' compensation benefit is greater than the VLDP benefit.

Virginia Local Disability Program Notes

- Members approved for short-term or long-term disability at age 60 or older will be eligible for a benefit, provided they remain medically eligible
- VLDP Long-Term Care Plan is a self-funded program that assists with the cost of covered long-term care services.

Contributions

The contribution requirement for active Hybrid employees is governed by §51.1-1178(C) of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to political subdivisions by the Virginia General Assembly. Each political subdivision's contractually required employer contribution rate for the year ended September 30, 2022 was 0.85% of covered employee compensation for employees in the VRS Political Subdivision Employee Virginia Local Disability Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Political Subdivision Employee Virginia Local Disability Program OPEB Liabilities, Political Subdivision Employee Virginia Local Disability Program OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Political Subdivision Employee Virginia Local Disability Program OPEB

RICHMONT REDEVELOPMENT AND HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

12. DISABILITY PROGRAM (continued)

At September 30, 2022, the political subdivision reported a liability of \$ 19,277 for its proportionate share of the VRS Political Subdivision Employee Virginia Local Disability Program Net OPEB Liability. The Net VRS Political Subdivision Employee Virginia Local Disability Program OPEB Liability was measured as of June 30, 2022 and the total VRS Political Subdivision Employee Virginia Local Disability Program OPEB liability used to calculate the Net VRS Political Subdivision Employee Virginia Local Disability Program OPEB Liability was determined by an actuarial valuation as of June 30, 2021, and rolled forward to the measurement date of June 30, 2022. The political subdivision's proportion of the Net VRS Political Subdivision Employee Virginia Local Disability Program OPEB Liability was based on the political subdivision's actuarially determined employer contributions to the VRS Political Subdivision Employee Virginia Local Disability Program OPEB plan for the year ended June 30, 2022 relative to the total of the actuarially determined employer contributions for all participating employers. At September 30, 2022 the political subdivision's proportion of the VRS Political Subdivision Employee Virginia Local Disability Program was 0.090126% as compared to 0.95160% at September 30, 2021.

For the year ended September 30, 2022, the political subdivision recognized VRS Political Subdivision Employee Virginia Local Disability Program OPEB expense of \$28,914. Since there was a change in proportionate share between measurement dates a portion of the VRS Political Subdivision Employee Virginia Local Disability Program Net OPEB expense was related to deferred amounts from changes in proportion.

At September 30, 2023, the political subdivision reported deferred outflows of resources and deferred inflows of resources related to the VRS Political Subdivision Employee Virginia Local Disability Program OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 7,872
Net difference between projected and actual investment earnings	-	23
Changes of assumptions	203	1,901
Change in proportionate share and difference between expected and actual contributions	159	1,729
Employer contributions subsequent to the measurement date	43,808	-
Total	<u>\$ 44,170</u>	<u>\$ 11,525</u>

RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
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12. DISABILITY PROGRAM (continued)

\$43,808 reported as deferred outflows of resources related to the Political Subdivision Employee VLDP OPEB resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the Net Political Subdivision Employee VLDP OPEB Liability in the Fiscal Year ending September 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Political Subdivision Employee VLDP OPEB will be recognized in the Political Subdivision Employee VLDP OPEB expense in future reporting periods as follows:

For the Year Ended September 30	Recognition of Existing Deferred Outflow (Inflow) of Resources, net
2023	\$ 43,358
2024	(538)
2025	(2,649)
2026	260
2027	(361)
Thereafter	(7,425)

Actuarial Assumptions

The total Political Subdivision Employee VLDP OPEB liability for the VRS Political Subdivision Employee Virginia Local Disability Program was based on an actuarial valuation as of June 30, 2021, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

Inflation	2.5%
Salary increases, including inflation –	
Locality – general employees	3.5– 5.35%
Investment rate of return	6.75%, net of investment expenses, including inflation

Mortality Rates – Non-Largest Ten Locality Employers – General Employees

Pre-Retirement:

Pub-2010 Amount Weighted General Employee Rates projected generationally; males set forward 2 years; 105% of rates for females set forward 3 years

Post-Retirement:

Pub-2010 Amount Weighted General Healthy Retiree Rates projected generationally; 95% of rates for males set forward 2 years; 95% of rates for females set forward 1 year

RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
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12. DISABILITY PROGRAM (continued)

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted General Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (Pre-retirement, postretirement healthy, and disabled)□	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Net Political Subdivision Employee VLDP OPEB Liability

The net OPEB liability (NOL) for the Political Subdivision Employee Virginia Local Disability Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2022, NOL amounts for the VRS Political Subdivision Employee Virginia Local Disability Program is as follows (amounts expressed in thousands):

RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
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September 30, 2023

12. DISABILITY PROGRAM (continued)

	VLDP OPEB Program (thousands)
Total VLDP OPEB liability	\$ 7,360
Plan fiduciary net position	<u>7,948</u>
GLI net OPEB liability (asset)	<u>\$ (588)</u>
Plan fiduciary net position as a percentage of total	108.0%

Long-Term Expected Rate of Return

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	34.00%	5.71%	1.941%
Fixed Income	15.00%	2.04%	0.306%
Credit Strategies	14.00%	4.78%	0.669%
Real Assets	14.00%	4.47%	0.626%
Private Equity	14.00%	9.73%	1.362%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.224%
PIP - Private Investment Partnership	3.00%	6.55%	0.197%
	<u>100.00%</u>		5.33%
		Inflation	<u>2.50%</u>
			<u>7.83% *</u>

* The above allocation provides a one-year return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at the time, providing a median return of 7.11%, including expected inflation of 2.50%.

RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

12. DISABILITY PROGRAM (continued)

Discount Rate

The discount rate used to measure the total Political Subdivision Employee VLDP OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2022, the rate contributed by the political subdivision for the VRS Political Subdivision Employee Virginia Local Disability Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2021 on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Political Subdivision Employee VLDP OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Political Subdivision Employee VLDP OPEB liability.

Sensitivity of the Political Subdivision's Proportionate Share of the Political Subdivision Employee VLDP Net OPEB Liability to Changes in the Discount Rate

The following presents the political subdivision's proportionate share of the VRS Political Subdivision Employee Virginia Local Disability Program net VLDP OPEB liability using the discount rate of 6.75%, as well as what the political subdivision's proportionate share of the net VLDP OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	1% Decrease 5.75%	Current Rate 6.75%	1% Increase 7.75%
Authority's Net OPEB Liability (Asset)	\$ 562	\$ (5,299)	\$ (10,388)

Political Subdivision Employee VLDP OPEB Fiduciary Net Position

Detailed information about the VRS Political Subdivision Employee Virginia Local Disability Program's Fiduciary Net Position is available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <https://www.varetire.org/pdf/publications/2022-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218- 2500.

RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
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13. DEFERRED COMPENSATION PLAN

RRHA offers all regular employees a deferred compensation plan (the Plan) created in accordance with Internal Revenue Code Section 457. The Plan permits employees to defer a portion of their salary until future years. The deferred compensation is not available to employees or beneficiaries until termination, retirement, death, or unforeseeable emergency. All amounts of compensation deferred under the Plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are held in an annuity contract for the participants. The contract is managed by the AIG Variable Annuity Life Insurance Company. The assets and corresponding liability are not included in the accompanying financial statements as of September 30, 2023.

14. CONTINGENCIES AND OTHER MATTERS

Litigation and Other Matters

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

Grants

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

15. INTER-PROGRAM ELIMINATIONS

The following amounts have been eliminated in preparing the 2023 financial statements:

Inter-program Receivable/Payable	\$ 7,556,415
Inter-program Notes Receivable/Payable	<u>6,213,769</u>
Statement of Net Position Totals	<u>\$ 13,770,184</u>
Management Fees	\$ 4,372,306
Bookkeeping Fees	645,084
Asset Management Fees	341,040
Front-line Service Fees	2,782,219
Other Revenue (OIG interprogram Reimbursements)	<u>2,152,371</u>
Statement of Revenue, Expenses and Changes in Net Position Totals	<u>\$ 10,293,020</u>

RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

16. LEASING ACTIVITIES

The Authority has entered into multiple leasing arrangements under a non-cancellable lease to lease copiers, vehicles, and other equipment for approximately \$14,000 a year ranging from 36 to 60 month terms.

Future minimum payments for the leases are as follows:

<u>Year Ended September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	<u>\$ 115,657</u>	<u>\$ 15,627</u>	<u>\$ 131,284</u>

The Authority entered into an arrangement to lease approximately 33,503 square feet of office space under a non-cancellable lease for an initial amount of \$53,490 a month, with fixed increases each year for 120 months until the current term expires on November 1, 2032. Future minimum payments for the lease are as follows:

<u>Year Ended September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 624,109	\$ 38,559	\$ 662,668
2025	624,109	58,439	682,548
2026	624,109	78,915	703,024
2027	624,109	100,007	724,116
2028	624,109	121,730	745,839
2029	624,109	144,105	768,214
2030	624,109	167,152	791,261
2031	624,109	190,889	814,998
2032	624,109	215,340	839,449
2033	468,082	31,998	500,080
	<u>\$ 6,085,063</u>	<u>\$ 1,147,134</u>	<u>\$ 7,232,197</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.

The Authority also leased land to Church Hill North Phase I, LLC for the Armstrong project. The lease is for \$976,000 of which \$73,200 was paid and is for a term of 40 years commencing on January 24, 2017. The land was leased to develop 60 family apartments.

RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
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16. LEASING ACTIVITIES (continued)

The Authority also leased land to Baker School LLC for the Fay Towers project. The lease required a one-time up-front prepaid rent of \$825,000. \$82,500 was received with the execution of the lease. The remaining \$742,500 will be paid in the form of a promissory note. The term of 75 years commencing on December 28, 2017. The land was leased to develop 51 senior housing units.

The Authority is the lessor of dwelling units mainly to low-income residents. The rents under the leases are determined generally by the resident's income as adjusted for eligible deductions regulated by HUD, although the resident may opt for a flat rent.

Leases may be cancelled by the lessee at any time. The Authority may cancel the lease only for cause. Revenues associated with leases are recorded in the financial statements and schedules as "Rental Revenue". Rental revenue per dwelling unit generally remains consistent from year to year but is affected by general economic conditions which impact personal income and local job availability.

17. AFFILIATED ENTITIES AND RELATED PARTIES

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

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

RRHA Affiliate and Related Party	Purpose/Project	Date Formed	RRHA Interest	Percentage Ownership
Blackwell Community II Limited Partnership	Townes at River South II	1998	Co-Limited Partner	0.01%
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%
RDC Armstrong LLC	Armstrong	3/5/2015	Member	100.00%
RDC Church Hill North 1 LLC	Church Hill	2/13/2015	Nonmanaging Member	25.00%
RDC Church Hill North 1B LLC	Church Hill	8/24/2017	Nonmanaging Member	25.00%

18. ECONOMIC DEPENDENCY

The Authority is economically dependent on annual grants from HUD. The programs operate at a loss prior to receiving the grants.

19. CONTRACTUAL COMMITMENTS

The Authority had outstanding contractual commitments of approximately \$8,800,000 for capital improvement and service contracts as of September 30, 2023, respectively.

RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
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20. CONDENSED COMBINING INFORMATION FOR BLENDED COMPONENT UNITS

Condensed combining information for blended component units is provided as follows:

	<u>Richmond Development Corporation</u>			
	<u>Richmond Development Corporation</u>	<u>RDC Armstrong LLC</u>	<u>Randolph Place Associates, LP</u>	<u>Total</u>
Assets				
Current assets	\$ 4,740,701	\$ -	\$ -	\$ 4,740,701
Capital assets	575,000	-	-	575,000
Noncurrent assets	6,085,063	6,312,142	-	12,397,205
Total Assets	<u>\$ 11,400,764</u>	<u>\$ 6,312,142</u>	<u>\$ -</u>	<u>\$ 17,712,906</u>
Liabilities				
Current liabilities	\$ 664,603	\$ -	\$ -	\$ 664,603
Due to RRHA	595,819	-	-	595,819
Noncurrent liabilities	5,460,954	6,312,142	-	11,773,096
Total Liabilities	<u>6,721,376</u>	<u>6,312,142</u>	<u>-</u>	<u>13,033,518</u>
Net Position				
Net investment in capital assets	575,000	-	-	575,000
Unrestricted net position	4,104,388	-	-	4,104,388
Total Net Position	<u>4,679,388</u>	<u>-</u>	<u>-</u>	<u>4,679,388</u>
Total Liabilities and Net Position	<u>\$ 11,400,764</u>	<u>\$ 6,312,142</u>	<u>\$ -</u>	<u>\$ 17,712,906</u>

RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

20. CONDENSED COMBINING INFORMATION FOR BLENDED COMPONENT UNITS (continued)

	<u>Richmond Development Corporation</u>			
	<u>Richmond Development Corporation</u>	<u>RDC Armstrong LLC</u>	<u>Randolph Place Associates, LP</u>	<u>Total</u>
Operating Revenues				
Other operating revenue	\$ 6,391,268	\$ -	\$ -	\$ 6,391,268
Total Operating Revenues	<u>6,391,268</u>	<u>-</u>	<u>-</u>	<u>6,391,268</u>
Operating Expenses				
Operating expenses	<u>2,313,063</u>	<u>-</u>	<u>-</u>	<u>2,313,063</u>
Total Operating Expenses	<u>2,313,063</u>	<u>-</u>	<u>-</u>	<u>2,313,063</u>
Operating income (loss)	<u>4,078,205</u>	<u>-</u>	<u>-</u>	<u>4,078,205</u>
Increase (Decrease) in Net Position	4,078,205	-	-	4,078,205
Net Position, Beginning of Year	<u>601,183</u>	<u>-</u>	<u>-</u>	<u>601,183</u>
Net Position, End of Year	<u>\$ 4,679,388</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,679,388</u>

	<u>Richmond Development Corporation</u>			
	<u>Richmond Development Corporation</u>	<u>RDC Armstrong LLC</u>	<u>Randolph Place Associates, LP</u>	<u>Total</u>
Net cash provided by operating activities	\$ (7,336)	\$ -	\$ -	\$ (7,336)
Net cash provided by capital and related financing activities	<u>4,145,760</u>	<u>-</u>	<u>-</u>	<u>4,145,760</u>
Net Increase (Decrease) in Cash and Cash Equivalents	4,138,424	-	-	4,138,424
Net Cash, Beginning of Year	<u>602,277</u>	<u>-</u>	<u>-</u>	<u>602,277</u>
Net Cash, End of Year	<u>\$ 4,740,701</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,740,701</u>

RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

21. SUBSEQUENT EVENTS

Events that occur after the balance sheet date but before the financial statements were issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the date of the statement of net position are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the date of the statement of net position require disclosure in the accompanying notes. Management evaluated the activity of the Authority through the date the financial statements were available to be issued and concluded that aside from the disclosures below, no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

Creighton Court - Phase B was chosen to close in Virginia Housing's 4% LIHTC funding round, anticipated to close August 2, 2024. The relocation team is working on relocating resident currently residing in the phase B demolition area. Concurrently, phase A is currently being vertically constructed; once complete 68 affordable housing units will come online, 21 of which are PBV replacement units.

Mosby Court South –RRHA and development partner TRG are working together to submit a Community Unit Plan to the City of Richmond. RRHA & TRG are working to compile a Section 18 application, both of which are necessary for approval of the redevelopment by the city.

Richmond Family 1 & 2 – Under the Rental Assistance Demonstration program (RAD) offered by HUD, the five properties were transferred to The Michaels Organization in two phases in 2021. Since then, there have been hurdles with both projects, both of which are anticipated to close October 1, 2024 and November 1, 2024, respectively.

Senior Sites – Currently, RRHA is in the process of modernization projects for all six of our senior sites, beginning with 700 S. Lombardy St August 4, 2024. During this process, the real estate department at RRHA will handle the temporary relocation of residents for the mod period and moving them back after the modernizations have been complete.

RICHMOND REDEVELOPMENT & HOUSING AUTHORITY
SCHEDULE OF CHANGES IN THE AUTHORITY'S NET PENSION LIABILITY AND RELATED RATIOS
SEPTEMBER 30, 2023

	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability								
Service cost	\$ 714,612	\$ 760,099	\$ 726,004	\$ 693,310	\$ 775,925	\$ 763,574	\$ 858,337	\$ 980,501
Interest	4,627,488	4,400,859	4,398,300	4,459,060	4,357,419	4,423,847	4,453,853	4,412,693
Changes in assumptions	-	2,902,586	-	1,602,482	-	(149,304)	-	-
Refund of contributions	(143,634)	(65,453)	-	-	-	-	-	-
Differences between expected and actual experience	(633,595)	(773,547)	(551,993)	(748,942)	797,566	(1,618,861)	(1,415,200)	(467,761)
Benefit payments, including refunds	(4,680,379)	(4,404,807)	(4,598,550)	(4,494,965)	(4,462,832)	(4,273,624)	(4,377,683)	(4,297,159)
Net change in total pension liability	(115,508)	2,819,737	(26,239)	1,510,945	1,468,078	(854,368)	(480,693)	628,274
Total pension liability - beginning	<u>70,252,779</u>	<u>67,433,042</u>	<u>67,459,281</u>	<u>65,948,336</u>	<u>64,480,258</u>	<u>65,334,626</u>	<u>65,815,319</u>	<u>65,187,045</u>
Total pension liability - ending	\$ 70,137,271	\$ 70,252,779	\$ 67,433,042	\$ 67,459,281	\$ 65,948,336	\$ 64,480,258	\$ 65,334,626	\$ 65,815,319
Plan fiduciary net position								
Contributions - employer	\$ 677,403	\$ 702,126	\$ 758,364	\$ 705,395	\$ 825,631	\$ 847,574	\$ 940,113	\$ 1,022,623
Contributions - employee	407,897	412,325	401,930	361,151	384,393	397,480	383,716	414,364
Refund of contributions	(143,634)	(65,453)	-	-	-	-	-	-
Net investment income	(12,932)	15,627,972	1,146,311	3,891,003	4,314,723	6,633,050	927,825	2,599,500
Benefit payments, including refunds	(4,680,379)	(4,404,807)	(4,598,550)	(4,494,965)	(4,462,832)	(4,273,624)	(4,377,683)	(4,297,159)
Administrative expenses	(45,135)	(41,078)	(41,090)	(41,365)	(39,195)	(40,464)	(37,325)	(37,922)
Other changes	<u>1,574</u>	<u>1,453</u>	<u>(1,321)</u>	<u>(2,377)</u>	<u>(3,752)</u>	<u>(5,812)</u>	<u>(411)</u>	<u>(541)</u>
Net change in plan fiduciary net position	(3,795,206)	12,232,538	(2,334,356)	418,842	1,018,968	3,558,204	(2,163,765)	(299,135)
Plan fiduciary net position - beginning	<u>70,810,452</u>	<u>58,577,914</u>	<u>60,912,270</u>	<u>60,493,428</u>	<u>59,474,460</u>	<u>55,916,256</u>	<u>58,080,021</u>	<u>58,379,156</u>
Plan fiduciary net position - ending	\$ 67,015,246	\$ 70,810,452	\$ 58,577,914	\$ 60,912,270	\$ 60,493,428	\$ 59,474,460	\$ 55,916,256	\$ 58,080,021
Authority's net pension liability (asset)	\$ 3,122,025	\$ (557,673)	\$ 8,855,128	\$ 6,547,011	\$ 5,454,908	\$ 5,005,798	\$ 9,418,370	\$ 7,735,298
Plan's fiduciary net position as a percentage of the total pension liability	95.55%	100.79%	86.87%	90.29%	91.73%	92.24%	85.58%	88.25%
Covered payroll	\$ 9,704,533	\$ 9,904,352	\$ 8,944,295	\$ 8,934,595	\$ 7,772,422	\$ 8,431,872	\$ 8,020,439	\$ 11,478,856
Authority's net pension liability (asset) as a percentage of covered payroll	32.17%	-5.63%	99.00%	73.28%	70.18%	59.37%	117.43%	67.39%

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

RICHMOND REDEVELOPMENT & HOUSING AUTHORITY
SCHEDULE OF EMPLOYER CONTRIBUTIONS
VRS PENSION PLAN
SEPTEMBER 30, 2023

Measurement Date	Contracturally Required Contribution	Contributions in Relation to Contracturally Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a % of Covered Payroll
6/30/2022	\$ 677,403	\$ 677,403	\$ -	\$9,704,533	6.98%
6/30/2021	702,126	702,126	-	9,904,352	7.09%
6/30/2020	758,364	758,364	-	8,944,295	8.48%
6/30/2019	705,395	705,395	-	8,934,595	7.90%
6/30/2018	825,631	825,631	-	7,772,422	10.62%
6/30/2017	847,574	847,574	-	8,431,872	10.05%
6/30/2016	940,113	940,113	-	8,020,439	11.72%
6/30/2015	1,022,623	1,022,623	-	11,478,856	8.91%

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

RICHMOND REDEVELOPMENT & HOUSING AUTHORITY
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF NET OPEB LIABILITY
VRS GROUP LIFE
SEPTEMBER 30, 2023

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Authority's proportion of the net OPEB liability	0.04101%	0.04350%	0.04020%	0.04270%	0.04510%
Authority's proportionate share of the net OPEB liability	\$ 493,800	\$ 725,277	\$ 648,000	\$ 648,000	\$ 679,000
Authority's covered payroll	\$ 9,704,533	\$ 9,904,352	\$ 8,934,595	\$ 7,881,449	\$ 8,318,127
Authority's proportionate share of the net OPEB liability as a percentage of its covered payroll	5.09%	7.32%	7.25%	8.22%	8.16%
Plan fiduciary net position as a percentage of the total OPEB liability	67.21%	52.64%	52.00%	51.22%	48.86%

RICHMOND REDEVELOPMENT & HOUSING AUTHORITY
SCHEDULE OF THE AUTHORITY'S OPEB CONTRIBUTIONS
VRS GROUP LIFE
SEPTEMBER 30, 2023

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contributions	\$ 48,173	\$ 46,510	\$ 42,217	\$ 40,984	\$ 43,254
Contributions in relation to contractually required contributions	\$ 48,173	\$ 46,510	\$ 42,217	\$ 40,984	\$ 43,254
Contribution deficiency	\$ -	\$ -	\$ -	\$ -	\$ -
Authority's covered payroll	\$ 9,704,533	\$ 9,904,352	\$ 8,934,595	\$ 7,881,449	\$ 8,318,127
Contributions as a percentage of covered payroll	0.50%	0.47%	0.47%	0.52%	0.52%

RICHMOND REDEVELOPMENT & HOUSING AUTHORITY
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF NET OPEB LIABILITY
VRS DISABILITY
SEPTEMBER 30, 2023

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Authority's proportion of the net OPEB liability	0.90126%	1.09210%	1.16880%	0.95160%
Authority's proportionate share of the net OPEB liability (asset)	\$ (5,299)	\$ 11,668	\$ 19,277	\$ 7,000
Authority's covered payroll	\$ 4,222,348	\$ 4,355,294	\$ 2,940,607	\$ 2,134,482
Authority's proportionate share of the net OPEB liability as a percentage of its covered payroll	-0.13%	0.27%	0.66%	0.33%
Plan fiduciary net position as a percentage of the total OPEB liability	119.59%	76.84%	49.19%	51.39%

RICHMOND REDEVELOPMENT & HOUSING AUTHORITY
SCHEDULE OF THE AUTHORITY'S OPEB CONTRIBUTIONS
VRS DISABILITY
SEPTEMBER 30, 2023

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contributions	\$ 35,045	\$ 36,412	\$ 21,172	\$ 12,807
Contributions in relation to contractually required contributions	\$ 35,045	\$ 36,412	\$ 21,172	\$ 12,807
Contribution deficiency	\$ -	\$ -	\$ -	\$ -
Authority's covered payroll	\$ 4,222,348	\$ 4,355,294	\$ 2,940,607	\$ 2,134,482
Contributions as a percentage of covered payroll	0.83%	0.84%	0.72%	0.60%

RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
September 30, 2023

1. **Changes in benefit terms** -There have been no significant changes to the System benefit provisions since the prior actuarial valuation. A hybrid plan with changes to the defined benefit plan structure and a new defined contribution component was adopted in 2012. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. Some of the Political Subdivision plans have made changes to the benefits provided to members in hazardous duty positions. In aggregate the impact of these changes on the Political Subdivision plans is not significant.

2. **Changes of assumptions** -Changes of assumption: The VRS Board of Trustees adopted a 6.75% investment rate of return since the prior measurement date. The interest rate changed for the two Political Subdivisions using the municipal bond index rate (2.16% as of June 30, 2021 and 2.21% as of June 30, 2020). Assumptions adopted based on the experience study for the period June 30, 2016 to June 30, 2020 were reflected for the June 30, 2021 measurement date. Page 27 of the *GASB Statement No. 68 Report for the Virginia Retirement System Prepared as of June 30, 2021* describes the method and assumptions used in calculations of actuarially determined contributions. The actuarially determined contribution rates are determined every two years. The last determination of the actuarial contribution rates was as of June 30, 2019 payable for the fiscal years 2021 and 2022.

For the Political Subdivision plans the amortization period of the unfunded begins at 30 years on June 30, 2013 and will decrease by one each year until reaching 0 years. Each subsequent year, a new base will be added to the unfunded liability and will be amortized over a closed 20-year period. Additionally, for the Political Subdivision plans, the actuary has performed a calculation to determine the incremental contribution, if any, which results in the Political Subdivision avoiding a crossover date and a lower discount rate. The plans that do have a lower discount rate have negative assets as of the measurement date. The following actuarial methods and assumptions were used to determine contribution rates as of the June 30, 2019 actuarial valuations of the VRS pension plans:

Actuarial cost method:	Entry age
Amortization method:	Level percentage of payroll, closed
Remaining amortization period :	2-24 years
Asset valuation method:	5-year smoothed market
Inflation:	2.50 percent
Payroll growth:	3.00 percent
Salary increases, including inflation:	General Employees: 3.50 percent – 5.35 percent
Investment rate of return:	6.75 percent, net of investment expenses

RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
FINANCIAL DATA SCHEDULE
STATEMENT OF NET POSITION
September 30, 2023

	Low-Rent Public Housing 14.850	Public Housing CARES Act Funding 14.PHC	Housing Choice Vouchers 14.871	HCV CARES Act Funding 14.HCC	Emergency Housing 14.EHV	Business Activities	PIH Family Self- Sufficiency Program 14.896	Section 8 Moderate Rehabilitation 14.856	Community Development Block Grants/Entitlement Grants 14.218	FSS Escrow Forfeiture Account 14.EFA	Resident Opportunity and Supportive Services 14.870
ASSETS:											
CURRENT ASSETS:											
Cash:											
Cash - Unrestricted	\$ 15,339,146	\$ -	\$ 3,309,864	\$ -	\$ 258,236	\$ 2,072,576	\$ -	\$ -	\$ 200,041	\$ -	\$ -
Cash - Restricted - Modernization and Development	-	-	-	-	-	-	-	-	-	-	-
Cash - Other Restricted	-	-	1,259,376	-	-	5,116,642	-	-	351,067	-	-
Cash - Tenant Security Deposits	665,139	-	-	-	-	-	-	-	-	-	-
Cash - Restricted for Payment of Current Liabilities	44,218	-	83,504	-	-	-	-	-	-	-	-
Total Cash	16,048,503	-	4,652,744	-	258,236	7,189,218	-	-	551,108	-	-
Accounts and notes receivables:											
Accounts Receivable - HUD Other Projects	1,144,211	-	-	-	-	-	49,181	-	-	-	-
Accounts Receivable - Other Government	-	-	-	-	-	-	-	-	263,953	-	-
Accounts Receivable - Miscellaneous	25,787	-	1,229,961	-	18,393	24,121	-	696	-	-	-
Accounts Receivable - Tenants	2,619,299	-	16,837	-	-	6,727	-	-	-	-	-
Allowance for Doubtful Accounts - Tenants	(1,824,988)	-	-	-	-	(7,316)	-	-	-	-	-
Allowance for Doubtful Accounts - Other	-	-	(68,585)	-	-	(2,423)	-	-	-	-	-
Notes, Loans, & Mortgages Receivable - Current	-	-	-	-	-	-	-	-	-	-	-
Fraud Recovery	-	-	51,748	-	-	-	-	345	-	-	-
Total Receivables, Net	1,964,309	-	1,229,961	-	18,393	21,109	49,181	1,041	263,953	-	-
Other Current Assets:											
Prepaid Expenses and Other Assets	52,095	-	21,010	-	-	8,490	-	-	-	-	-
Inventories	693,051	-	-	-	-	9,558	-	-	-	-	-
Allowance for Obsolete Inventories	(38,577)	-	-	-	-	(1,406)	-	-	-	-	-
Inter Program Due From	919,912	-	-	-	-	312,305	-	-	247,932	38,521	-
Assets Held for Sale	-	-	-	-	-	961,134	-	-	806,023	-	-
TOTAL CURRENT ASSETS	19,639,293	-	5,903,715	-	276,629	8,500,408	49,181	1,041	1,869,016	38,521	-
NONCURRENT ASSETS:											
Capital Assets:											
Land	4,627,313	-	25,914	-	-	384,144	-	-	1,094,911	-	-
Buildings	115,436,788	-	678,388	-	-	5,658,299	-	-	-	-	-
Furniture, Equipment & Machinery - Dwellings	5,387,856	-	-	-	-	3,523	-	-	-	-	-
Furniture, Equipment & Machinery - Administration	17,826,744	-	670,759	-	-	101,391	-	-	-	-	-
Leasehold Improvements	13,434,577	-	73,690	-	-	1,075,336	-	-	-	-	-
Accumulated Depreciation	(98,059,078)	-	(1,114,435)	-	-	(6,624,594)	-	-	-	-	-
Construction in Progress	8,890,860	-	-	-	-	425,101	-	-	-	-	-
Total Capital Assets, Net	67,545,060	-	334,316	-	-	1,023,200	-	-	1,094,911	-	-
Notes, Loans and Mortgages Receivable - Non-Current	13,844,101	-	-	-	-	31,898,797	-	-	1,481,618	-	-
TOTAL NONCURRENT ASSETS	81,389,161	-	334,316	-	-	32,921,997	-	-	2,576,529	-	-
Deferred Outflow of Resources	2,073,239	-	496,042	-	-	303,860	-	-	-	-	-
TOTAL ASSETS	\$ 103,101,693	\$ -	\$ 6,734,073	\$ -	\$ 276,629	\$ 41,726,265	\$ 49,181	\$ 1,041	\$ 4,445,545	\$ 38,521	\$ -

RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
FINANCIAL DATA SCHEDULE
STATEMENT OF NET POSITION
September 30, 2023

	Mainstream Vouchers 14.879	Mainstream CARES Act Funding 14.MSC	Revitalization of Severely Distressed Public Housing 14.866	Choice Neighborhood Planning Grant 14.892	HOME Investment Partnerships Program 14.239	6.2 Component Unit - Blended	State/Local	Community Development Block Grants/State's Program 14.228	COC	Subtotal	ELIM	Total
ASSETS:												
CURRENT ASSETS:												
Cash:												
Cash - Unrestricted	\$ 491,780	\$ -	\$ 267,396	\$ -	\$ 348	\$ 4,729,178	\$ 1,328,057	\$ -	\$ 300	\$ 27,996,922	\$ -	\$ 27,996,922
Cash - Restricted - Modernization and Development	-	-	-	-	-	-	3,467,171	-	-	3,467,171	-	3,467,171
Cash - Other Restricted	-	-	60,000	-	107,514	-	2,649,320	-	127,701	9,671,620	-	9,671,620
Cash - Tenant Security Deposits	-	-	-	-	-	11,523	-	-	-	676,662	-	676,662
Cash - Restricted for Payment of Current Liabilities	-	-	-	-	-	-	-	-	-	127,722	-	127,722
Total Cash	491,780	-	327,396	-	107,862	4,740,701	7,444,548	-	128,001	41,940,097	-	41,940,097
Accounts and notes receivables:												
Accounts Receivable - HUD Other Projects	-	-	-	9,499	-	-	-	-	-	1,202,891	-	1,202,891
Accounts Receivable - Other Government	-	-	-	-	418,401	-	-	-	-	682,354	-	682,354
Accounts Receivable - Miscellaneous	27,617	-	-	-	-	-	6,792	-	-	1,333,367	-	1,333,367
Accounts Receivable - Tenants	-	-	-	-	-	-	620	-	-	2,643,483	-	2,643,483
Allowance for Doubtful Accounts - Tenants	-	-	-	-	-	-	-	-	-	(1,832,304)	-	(1,832,304)
Allowance for Doubtful Accounts - Other	-	-	-	-	-	-	-	-	-	(71,008)	-	(71,008)
Notes, Loans, & Mortgages Receivable - Current	-	-	59,318	-	-	-	7,745	-	-	67,063	-	67,063
Fraud Recovery	-	-	-	-	-	-	-	-	-	52,093	-	52,093
Total Receivables, Net	27,617	-	59,318	9,499	418,401	-	15,157	-	-	4,077,939	-	4,077,939
Other Current Assets:												
Prepaid Expenses and Other Assets	-	-	-	-	-	-	-	-	282,620	364,215	-	364,215
Inventories	-	-	-	-	-	-	-	-	213,768	916,377	-	916,377
Allowance for Obsolete Inventories	-	-	-	-	-	-	-	-	(14,115)	(54,098)	-	(54,098)
Inter Program Due From	-	-	33,962	-	-	-	153,065	-	5,850,718	7,556,415	(7,556,415)	-
Assets Held for Sale	-	-	1,046,407	-	-	-	2,970,393	-	-	5,783,957	-	5,783,957
TOTAL CURRENT ASSETS	519,397	-	1,467,083	9,499	526,263	4,740,701	10,583,163	-	6,460,992	60,584,902	(7,556,415)	53,028,487
NONCURRENT ASSETS:												
Capital Assets:												
Land	-	-	-	-	-	-	1,343,400	-	428,457	7,904,139	-	7,904,139
Buildings	-	-	-	-	-	575,000	-	-	2,922,493	125,270,968	-	125,270,968
Furniture, Equipment & Machinery - Dwellings	-	-	-	-	-	-	-	-	-	5,391,379	-	5,391,379
Furniture, Equipment & Machinery - Administration	-	-	-	-	-	-	-	-	4,005,814	22,604,708	-	22,604,708
Leasehold Improvements	-	-	-	-	-	6,085,063	-	-	747,742	21,416,408	-	21,416,408
Accumulated Depreciation	-	-	-	-	-	-	-	-	(6,224,245)	(112,022,352)	-	(112,022,352)
Construction in Progress	-	-	697,044	-	-	-	8,820,519	-	33,958	18,867,482	-	18,867,482
Total Capital Assets, Net	-	-	697,044	-	-	6,660,063	10,163,919	-	1,914,219	89,432,732	-	89,432,732
Notes, Loans and Mortgages Receivable - Non-Current	-	-	7,891,447	-	280,368	6,312,142	1,024,217	-	-	62,732,690	(6,213,769)	56,518,921
TOTAL NONCURRENT ASSETS	-	-	8,588,491	-	280,368	12,972,205	11,188,136	-	1,914,219	152,165,422	(6,213,769)	145,951,653
Deferred Outflow of Resources	-	-	-	-	-	-	-	-	3,089,457	5,962,598	-	5,962,598
TOTAL ASSETS	\$ 519,397	\$ -	\$ 10,055,574	\$ 9,499	\$ 806,631	\$ 17,712,906	\$ 21,771,299	\$ -	\$ 11,464,668	\$ 218,712,922	\$ (13,770,184)	\$ 204,942,738

RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
FINANCIAL DATA SCHEDULE
STATEMENT OF NET POSITION
September 30, 2023

	Low-Rent Public Housing 14.850	Public Housing CARES Act Funding 14.PHC	Housing Choice Vouchers 14.871	HCV CARES Act Funding 14.HCC	Emergency Housing 14.EHV	Business Activities	PIH Family Self- Sufficiency Program 14.896	Section 8 Moderate Rehabilitation 14.856	Community Development Block Grants/Entitlement Grants 14.218	FSS Escrow Forfeiture Account 14.EFA	Resident Opportunity and Supportive Services 14.870
LIABILITIES AND NET POSITION											
LIABILITIES:											
CURRENT LIABILITIES:											
Accounts Payable <= 90 Days	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,592	\$ -	\$ -
Accrued Wage/Payroll Taxes Payable	-	-	-	-	-	-	-	-	-	-	-
Accrued Compensated Absences - Current Portion	213,738	-	38,608	-	(81)	39,879	-	-	-	-	-
Accounts Payable - HUD PHA Programs	137,050	-	40,837	-	-	-	-	-	-	-	-
Accounts Payable - Other Government	69,636	-	-	-	-	-	-	-	-	-	-
Tenant Security Deposits	665,139	-	-	-	-	-	-	-	-	-	-
Unearned Revenue	153,063	-	365,142	-	164,500	139,128	-	-	(9,428)	-	-
Current Portion of Long Term Debt - Capital	-	-	-	-	-	-	-	-	-	-	-
Projects/Mortgage Revenue	-	-	-	-	-	-	-	-	-	-	-
Other Current Liabilities	1,375	-	1,685	-	-	500	-	-	-	-	-
Accrued Liabilities - Other	99,466	-	(9)	-	-	(37,790)	-	-	-	-	-
Inter Program - Due To	2,556,366	-	2,560,123	-	19,994	1,055,337	49,181	31,518	-	-	-
Loan Liability - Current	-	-	-	-	-	-	-	-	765,000	-	-
TOTAL CURRENT LIABILITIES	3,895,833	-	3,006,386	-	184,413	1,197,054	49,181	31,518	775,164	-	-
NONCURRENT LIABILITIES:											
Long-term Debt, Net of Current - Capital	-	-	-	-	-	-	-	-	-	-	-
Projects/Mortgage Revenue	-	-	-	-	-	-	-	-	-	-	-
Non-current Liabilities - Other	4,272,613	-	131,980	-	-	5,904,373	-	-	4,010,149	-	-
Loan Liability - Non Current	-	-	-	-	-	-	-	-	-	-	-
Accrued Pension and OPEB Liabilities	1,255,406	-	300,369	-	-	183,997	-	-	-	-	-
TOTAL NONCURRENT LIABILITIES	5,528,019	-	432,349	-	-	6,088,370	-	-	4,010,149	-	-
TOTAL LIABILITIES	9,423,852	-	3,438,735	-	184,413	7,285,424	49,181	31,518	4,785,313	-	-
Deferred Inflow of Resources	2,614,961	-	625,655	-	-	383,257	-	-	-	-	-
NET POSITION											
Net Investment in Capital Assets	67,545,060	-	334,316	-	-	1,023,200	-	-	1,094,911	-	-
Restricted Net Position	-	-	1,259,376	-	-	5,116,642	-	-	351,067	-	-
Unrestricted Net Position	23,517,820	-	1,075,991	-	92,216	27,917,742	-	(30,477)	(1,785,746)	38,521	-
TOTAL NET POSITION	91,062,880	-	2,669,683	-	92,216	34,057,584	-	(30,477)	(339,768)	38,521	-
TOTAL LIABILITIES AND NET POSITION	\$ 103,101,693	\$ -	\$ 6,734,073	\$ -	\$ 276,629	\$ 41,726,265	\$ 49,181	\$ 1,041	\$ 4,445,545	\$ 38,521	\$ -

RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
FINANCIAL DATA SCHEDULE
STATEMENT OF NET POSITION
September 30, 2023

	Mainstream Vouchers 14.879	Mainstream CARES Act Funding 14.MSC	Revitalization of Severely Distressed Public Housing 14.866	Choice Neighborhood Planning Grant 14.892	HOME Investment Partnerships Program 14.239	6.2 Component Unit - Blended	State/Local	Community Development Block Grants/State's Program 14.228	COCC	Subtotal	ELIM	Total
LIABILITIES AND NET POSITION												
LIABILITIES:												
CURRENT LIABILITIES:												
Accounts Payable <= 90 Days	\$ -	\$ -	\$ -	\$ 37,024	\$ 105,584	\$ 23,124	\$ 337,935	\$ -	\$ -	\$ 523,259	\$ -	\$ 523,259
Accrued Wage/Payroll Taxes Payable	-	-	-	-	-	-	-	-	66,131	66,131	-	66,131
Accrued Compensated Absences - Current Portion	-	-	-	-	-	-	-	-	323,987	616,131	-	616,131
Accounts Payable - HUD PHA Programs	-	-	-	-	-	-	-	-	-	177,887	-	177,887
Accounts Payable - Other Government	-	-	-	-	-	-	737,843	-	-	807,479	-	807,479
Tenant Security Deposits	-	-	-	-	-	11,523	-	-	-	676,662	-	676,662
Unearned Revenue	-	-	(1)	-	-	-	208,703	-	71	1,021,178	-	1,021,178
Current Portion of Long Term Debt - Capital												
Projects/Mortgage Revenue	-	-	-	-	-	624,109	-	-	115,657	739,766	-	739,766
Other Current Liabilities	-	-	-	-	-	-	-	-	275	3,835	-	3,835
Accrued Liabilities - Other	-	-	-	-	-	5,847	(72)	-	13,028	80,470	-	80,470
Inter Program - Due To	33,388	-	-	9,499	-	595,819	16,853	-	628,337	7,556,415	(7,556,415)	-
Loan Liability - Current	-	-	-	-	-	-	-	-	-	765,000	-	765,000
TOTAL CURRENT LIABILITIES	33,388	-	(1)	46,523	105,584	1,260,422	1,301,262	-	1,147,486	13,034,213	(7,556,415)	5,477,798
NONCURRENT LIABILITIES:												
Long-term Debt, Net of Current - Capital												
Projects/Mortgage Revenue	-	-	-	-	-	11,773,096	-	-	-	11,773,096	-	11,773,096
Non-current Liabilities - Other	-	-	1,554,336	-	711,558	-	1,103,442	-	-	17,688,451	-	17,688,451
Loan Liability - Non Current	-	-	-	-	-	-	-	-	6,213,769	6,213,769	(6,213,769)	-
Accrued Pension and OPEB Liabilities	-	-	-	-	-	-	-	-	1,870,754	3,610,526	-	3,610,526
TOTAL NONCURRENT LIABILITIES	-	-	1,554,336	-	711,558	11,773,096	1,103,442	-	8,084,523	39,285,842	(6,213,769)	33,072,073
TOTAL LIABILITIES	33,388	-	1,554,335	46,523	817,142	13,033,518	2,404,704	-	9,232,009	52,320,055	(13,770,184)	38,549,871
Deferred Inflow of Resources	-	-	-	-	-	-	-	-	3,896,710	7,520,583	-	7,520,583
NET POSITION												
Net Investment in Capital Assets	-	-	697,044	-	-	575,000	10,163,919	-	1,798,562	83,232,012	-	83,232,012
Restricted Net Position	-	-	60,000	-	107,514	-	2,649,320	-	127,701	9,671,620	-	9,671,620
Unrestricted Net Position	486,009	-	7,744,195	(37,024)	(118,025)	4,104,388	6,553,356	-	(3,590,314)	65,968,652	-	65,968,652
TOTAL NET POSITION	486,009	-	8,501,239	(37,024)	(10,511)	4,679,388	19,366,595	-	(1,664,051)	158,872,284	-	158,872,284
TOTAL LIABILITIES AND NET POSITION	\$ 519,397	\$ -	\$ 10,055,574	\$ 9,499	\$ 806,631	\$ 17,712,906	\$ 21,771,299	\$ -	\$ 11,464,668	\$ 218,712,922	\$ (13,770,184)	\$ 204,942,738

RICHMONT REDEVELOPMENT AND HOUSING AUTHORITY
FINANCIAL DATA SCHEDULE
STATEMENT OF REVENUE, EXPENSE, AND CHANGES IN NET POSITION
September 30, 2023

	Low-Rent Public Housing 14.850	Public Housing CARES Act Funding 14.PHC	Housing Choice Vouchers 14.871	HCV CARES Act Funding 14.HCC	Emergency Housing 14.EHV	Business Activities	PIH Family Self- Sufficiency Program 14.896	Section 8 Moderate Rehabilitation 14.856	Community Development Block Grants/Entitlement Grants 14.218	FSS Escrow Forfeiture Account 14.EFA	Resident Opportunity and Supportive Services 14.870
REVENUES:											
Net Tenant Rental Revenue	\$ 9,513,483	\$ -	\$ 50	\$ -	\$ -	\$ 100	\$ -	\$ -	\$ -	\$ -	\$ -
Tenant Revenue - Other	236,893	-	-	-	-	(792)	-	-	-	-	-
Total Tenant Revenue	9,750,376	-	50	-	-	(692)	-	-	-	-	-
HUD PHA Operating Grants	29,521,191	-	34,865,321	-	769,092	-	83,573	-	-	-	212,684
Capital Grants	6,881,179	-	-	-	-	-	-	-	-	-	-
Management Fee	-	-	-	-	-	91,342	-	-	-	-	-
Asset Management Fee	-	-	-	-	-	-	-	-	-	-	-
Book Keeping Fee	-	-	-	-	-	-	-	-	-	-	-
Front Line Service Fee	-	-	-	-	-	-	-	-	-	-	-
Other Fees	-	-	-	-	-	-	-	-	-	-	-
Total Fee Revenue	-	-	-	-	-	91,342	-	-	-	-	-
Other Government Grants	-	-	-	-	-	-	-	-	-	-	-
Investment Income - Unrestricted	14,819	-	-	-	-	104,537	-	-	-	-	-
Mortgage Interest Income	-	-	-	-	-	113,366	-	-	-	-	-
Proceeds from Disposition of Assets Held for Sale	-	-	-	-	-	192,731	-	-	-	-	-
Fraud Recovery	-	-	19,231	-	-	-	-	-	-	-	-
Other Revenue	204,837	-	1,609,199	-	-	603,473	-	24,750	38,521	-	-
Gain or Loss on Sale of Capital Assets	(12,610)	-	-	-	-	196	-	-	-	-	-
Investment Income - Restricted	-	-	-	-	-	5,545	-	-	-	-	-
TOTAL REVENUES	46,359,792	-	36,493,801	-	769,092	1,110,498	83,573	-	24,750	38,521	212,684
EXPENSES:											
Administrative											
Administrative Salaries	1,360,538	-	872,799	-	28,340	804,635	-	-	-	-	-
Auditing Fees	41,959	-	55,419	-	1,236	-	-	-	-	-	-
Management Fee	3,959,812	-	674,180	-	14,160	58,333	-	-	-	-	-
Book-keeping Fee	312,735	-	316,718	-	6,488	-	-	-	-	-	-
Advertising and Marketing	9,849	-	-	-	-	2,310	-	-	-	-	-
Employee Benefit contributions - Administrative	(2,009,102)	-	388,938	-	8,054	129,865	-	-	(247,932)	-	-
Office Expenses	2,248,044	-	215,236	-	-	1,891,116	-	-	-	-	37,205
Legal Expense	102,695	-	-	-	-	7,959	-	-	-	-	-
Other Administrative	426,322	-	156,880	-	(467)	(794,489)	-	2,109	-	-	(4,270)
Total Administrative Expense	6,452,852	-	2,680,170	-	57,811	2,099,729	-	2,109	(247,932)	-	32,935
Asset Management Fee	341,040	-	-	-	-	-	-	-	-	-	-
Tenant Services											
Tenant Services - Salaries	57,417	-	-	-	-	-	61,261	-	-	-	87,393
Relocation Costs	57,248	-	1,200	-	-	93,625	-	-	-	-	-
Employee Benefit Contributions - Tenant Services	63,707	-	-	-	-	-	22,312	-	-	-	24,153
Tenant Services - Other	1,319,258	-	282,759	-	-	-	-	-	-	-	-
Total Tenant Services	1,497,630	-	283,959	-	-	93,625	83,573	-	-	-	111,546
Utilities											
Water	2,850,931	-	925	-	-	8,344	-	-	-	-	-
Electricity	2,907,865	-	14,742	-	-	6,167	-	-	-	-	-
Gas	1,690,364	-	4,492	-	-	14,273	-	-	-	-	-
Sewer	4,723,407	-	1,201	-	-	10,135	-	-	-	-	-
Other Utilities Expense	364,528	-	3,545	-	-	53,095	-	-	4,470	-	-
Total Utilities	12,537,095	-	24,905	-	-	92,014	-	-	4,470	-	-

RICHMONT REDEVELOPMENT AND HOUSING AUTHORITY
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STATEMENT OF REVENUE, EXPENSE, AND CHANGES IN NET POSITION
September 30, 2023

	Mainstream Vouchers 14.879	Mainstream CARES Act Funding 14.MSC	Revitalization of Severely Distressed Public Housing 14.866	Choice Neighborhood Planning Grant 14.892	HOME Investment Partnerships Program 14.239	6.2 Component Unit - Blended	State/Local	Community Development Block Grants/State's Program 14.228	COCC	Subtotal	ELIM	Total
REVENUES:												
Net Tenant Rental Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	9,513,633	\$ -	\$ 9,513,633
Tenant Revenue - Other	-	-	-	-	-	-	-	-	-	236,101	-	236,101
Total Tenant Revenue	-	-	-	-	-	-	-	-	-	9,749,734	-	9,749,734
HUD PHA Operating Grants	1,303,403	-	-	314,499	-	-	-	-	-	67,069,763	-	67,069,763
Capital Grants	-	-	-	-	-	-	-	-	-	6,881,179	-	6,881,179
Management Fee	-	-	-	-	-	-	-	-	4,280,964	4,372,306	(4,372,306)	-
Asset Management Fee	-	-	-	-	-	-	-	-	341,040	341,040	(341,040)	-
Book Keeping Fee	-	-	-	-	-	-	-	-	645,084	645,084	(645,084)	-
Front Line Service Fee	-	-	-	-	-	-	-	-	2,782,219	2,782,219	(2,782,219)	-
Other Fees	-	-	-	-	-	-	-	-	2,152,371	2,152,371	(2,152,371)	-
Total Fee Revenue	-	-	-	-	-	-	-	-	10,201,678	10,293,020	(10,293,020)	-
Other Government Grants	-	-	-	-	-	-	863,887	-	-	863,887	-	863,887
Investment Income - Unrestricted	-	-	-	-	-	43,799	41,232	-	32,372	236,759	-	236,759
Mortgage Interest Income	-	-	-	-	-	-	-	-	-	113,366	-	113,366
Proceeds from Disposition of Assets Held for Sale	-	-	-	-	-	6,347,469	16	-	-	6,540,216	-	6,540,216
Fraud Recovery	-	-	-	-	-	-	-	-	-	19,231	-	19,231
Other Revenue	-	-	-	-	-	-	-	-	2,195,038	4,675,818	-	4,675,818
Gain or Loss on Sale of Capital Assets	-	-	-	-	-	-	-	-	-	(12,414)	-	(12,414)
Investment Income - Restricted	-	-	-	-	-	-	27,610	-	1,031	34,186	-	34,186
TOTAL REVENUES	1,303,403	-	-	314,499	-	6,391,268	932,745	-	12,430,119	106,464,745	(10,293,020)	96,171,725
EXPENSES:												
Administrative												
Administrative Salaries	-	-	-	-	-	-	-	-	4,269,555	7,335,867	-	7,335,867
Auditing Fees	1,910	-	-	-	-	3,453	-	-	5,000	108,977	-	108,977
Management Fee	23,252	-	-	-	-	-	1,605	-	-	4,731,342	(4,372,306)	359,036
Book-keeping Fee	9,143	-	-	-	-	-	-	-	-	645,084	(645,084)	-
Advertising and Marketing	-	-	-	510	-	9,405	-	-	94,663	116,737	-	116,737
Employee Benefit contributions - Administrative	-	-	(33,964)	-	-	-	(76,261)	-	(163,306)	(2,003,708)	-	(2,003,708)
Office Expenses	-	-	-	120,692	-	641,334	945,882	-	1,428,282	7,527,791	-	7,527,791
Legal Expense	-	-	-	-	-	52,497	11,249	-	20,921	195,321	-	195,321
Other Administrative	-	-	(224,569)	70,892	(75,343)	32,551	279	-	300,277	(109,828)	-	(109,828)
Total Administrative Expense	34,305	-	(258,533)	192,094	(75,343)	739,240	882,754	-	5,955,392	18,547,583	(5,017,390)	13,530,193
Asset Management Fee	-	-	-	-	-	-	-	-	-	341,040	(341,040)	-
Tenant Services												
Tenant Services - Salaries	-	-	-	-	-	-	-	-	557,228	763,299	-	763,299
Relocation Costs	-	-	-	-	-	109,604	-	-	4,907	266,584	-	266,584
Employee Benefit Contributions - Tenant Services	-	-	-	-	-	-	-	-	442,525	552,697	-	552,697
Tenant Services - Other	-	-	-	-	-	-	-	-	790	1,602,807	-	1,602,807
Total Tenant Services	-	-	-	-	-	109,604	-	-	1,005,450	3,185,387	-	3,185,387
Utilities												
Water	-	-	-	-	-	1,264	-	-	4,239	2,865,703	-	2,865,703
Electricity	-	-	-	-	-	448	-	-	68,184	2,997,406	-	2,997,406
Gas	-	-	-	-	-	624	80	-	10,701	1,720,534	-	1,720,534
Sewer	-	-	-	-	-	768	-	-	2,906	4,738,417	-	4,738,417
Other Utilities Expense	-	-	-	-	-	545	3,316	-	5,715	435,214	-	435,214
Total Utilities	-	-	-	-	-	3,649	3,396	-	91,745	12,757,274	-	12,757,274

RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
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	Low-Rent Public Housing 14.850	Public Housing CARES Act Funding 14.PHC	Housing Choice Vouchers 14.871	HCV CARES Act Funding 14.HCC	Emergency Housing 14.EHV	Business Activities	PIH Family Self- Sufficiency Program 14.896	Section 8 Moderate Rehabilitation 14.856	Community Development Block Grants/Entitlement Grants 14.218	FSS Escrow Forfeiture Account 14.EFA	Resident Opportunity and Supportive Services 14.870
Ordinary Maintenance & Operations											
Ordinary Maintenance and Operations - Labor	2,526,058	-	-	-	-	-	-	-	-	-	-
Ordinary Maintenance and Operations - Materials and Other	1,719,200	-	-	-	-	1,521	-	-	-	-	-
Ordinary Maintenance and Operations Contracts	7,434,623	-	22,985	-	-	63,946	-	-	-	-	-
Employee Benefit Contributions - Ordinary Maintenance	1,862,476	-	-	-	-	-	-	-	-	-	-
Total Maintenance	13,542,357	-	22,985	-	-	65,467	-	-	-	-	-
EXPENSES (continued):											
Protective Services											
Protective Services - Other Contract Costs	8,961	-	-	-	-	221,922	-	-	5,438	-	-
Protective Services - Other	410,095	-	-	-	-	-	-	-	-	-	-
Total Protective Services	419,056	-	-	-	-	221,922	-	-	5,438	-	-
Insurance Premiums											
Property Insurance	698,964	-	3,269	-	-	1,343	-	-	-	-	-
Liability Insurance	242,890	-	32,954	-	-	7,893	-	-	-	-	-
Workmen's Compensation	48,587	-	8,247	-	-	4,129	-	-	-	-	-
All Other Insurance	53,632	-	14,706	-	-	2,027	-	-	-	-	-
Total insurance Premiums	1,044,073	-	59,176	-	-	15,392	-	-	-	-	-
General Expenses											
Other General Expenses	1,025,028	-	142,200	-	-	222,561	-	-	-	-	-
Compensated Absences	994	-	(4,481)	-	(81)	1,605	-	-	-	-	-
Bad Debt - Tenant Rents	2,359,411	-	-	-	-	-	-	-	-	-	-
Bad Debt - Mortgages	-	-	-	-	-	44,986	-	-	-	-	-
Total Other General Expenses	3,385,433	-	137,719	-	(81)	269,152	-	-	-	-	-
Financial Expenses											
Interest on Notes Payable (Short and Long Term)	-	-	-	-	-	-	-	-	-	-	-
Total Financial Expenses	-	-	-	-	-	-	-	-	-	-	-
TOTAL OPERATING EXPENSES	39,219,536	-	3,208,914	-	57,730	2,857,301	83,573	2,109	(238,024)	-	144,481
EXCESS OPERATING REVENUE	7,140,256	-	33,284,887	-	711,362	(1,746,803)	-	(2,109)	262,774	38,521	68,203
Housing Assistance Payments	43,449	-	31,732,495	-	776,525	-	-	30,716	-	-	-
HAP Portability - In	-	-	1,348,118	-	-	-	-	-	-	-	-
Depreciation Expense	3,548,639	-	50,034	-	-	125,729	-	-	-	-	-
Total Other Expenses	3,592,088	-	33,130,647	-	776,525	125,729	-	30,716	-	-	-
TOTAL EXPENSES	42,811,624	-	36,339,561	-	834,255	2,983,030	83,573	32,825	(238,024)	-	144,481
EXCESS OF REVENUE OVER EXPENSES	3,548,168	-	154,240	-	(65,163)	(1,872,532)	-	(32,825)	262,774	38,521	68,203
Other Financing Sources											
Operating Transfer In	59,264	-	-	-	-	-	-	-	-	-	-
Operating Transfer Out	(59,264)	-	-	-	-	-	-	-	-	-	-
Prior Period Adjustments, Equity Transfers, and Correction of Errors	244,045	(244,045)	34,933	(34,933)	-	-	70,573	-	-	-	-
Beginning Net Position	87,270,667	244,045	2,480,510	34,933	157,379	35,930,116	(70,573)	2,348	(602,542)	-	(68,203)
Ending Net Position	\$ 91,062,880	\$ -	\$ 2,669,683	\$ -	\$ 92,216	\$ 34,057,584	\$ -	\$ (30,477)	\$ (339,768)	\$ 38,521	\$ -

RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
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STATEMENT OF REVENUE, EXPENSE, AND CHANGES IN NET POSITION
September 30, 2023

	Mainstream Vouchers 14.879	Mainstream CARES Act Funding 14.MSC	Revitalization of Severely Distressed Public Housing 14.866	Choice Neighborhood Planning Grant 14.892	HOME Investment Partnerships Program 14.239	6.2 Component Unit - Blended	State/Local	Community Development Block Grants/State's Program 14.228	COCC	Subtotal	ELIM	Total
Ordinary Maintenance & Operations												
Ordinary Maintenance and Operations - Labor	-	-	-	-	-	-	242	-	1,528,437	4,054,737	-	4,054,737
Ordinary Maintenance and Operations - Materials and Other	-	-	-	-	-	-	-	-	53,561	1,774,282	-	1,774,282
Ordinary Maintenance and Operations Contracts	-	-	-	280	-	30,797	-	-	86,858	7,639,489	(4,934,590)	2,704,899
Employee Benefit Contributions - Ordinary Maintenance	-	-	-	-	-	-	-	-	1,312,064	3,174,540	-	3,174,540
Total Maintenance	-	-	-	280	-	30,797	242	-	2,980,920	16,643,048	(4,934,590)	11,708,458
EXPENSES (continued):												
Protective Services												
Protective Services - Other Contract Costs	-	-	-	-	-	-	-	-	-	236,321	-	236,321
Protective Services - Other	-	-	-	-	-	-	-	-	75,000	485,095	-	485,095
Total Protective Services	-	-	-	-	-	-	-	-	75,000	721,416	-	721,416
Insurance Premiums												
Property Insurance	-	-	-	-	-	-	-	-	28,611	732,187	-	732,187
Liability Insurance	-	-	-	-	-	-	-	-	20,408	304,145	-	304,145
Workmen's Compensation	-	-	-	-	-	-	-	-	38,520	99,483	-	99,483
All Other Insurance	-	-	-	-	-	-	-	-	100,973	171,338	-	171,338
Total insurance Premiums	-	-	-	-	-	-	-	-	188,512	1,307,153	-	1,307,153
General Expenses												
Other General Expenses	-	-	159,570	(156,293)	-	1,429,773	-	-	287,587	3,110,426	-	3,110,426
Compensated Absences	-	-	-	-	-	-	-	-	(15,139)	(17,102)	-	(17,102)
Bad Debt - Tenant Rents	-	-	-	-	-	-	-	-	-	2,359,411	-	2,359,411
Bad Debt - Mortgages	-	-	-	-	-	-	-	-	-	44,986	-	44,986
Total Other General Expenses	-	-	159,570	(156,293)	-	1,429,773	-	-	272,448	5,497,721	-	5,497,721
Financial Expenses												
Interest on Notes Payable (Short and Long Term)	-	-	-	-	-	-	-	-	13,692	13,692	-	13,692
Total Financial Expenses	-	-	-	-	-	-	-	-	13,692	13,692	-	13,692
TOTAL OPERATING EXPENSES	34,305	-	(98,963)	36,081	(75,343)	2,313,063	886,392	-	10,583,159	59,014,314	(10,293,020)	48,721,294
EXCESS OPERATING REVENUE	1,269,098	-	98,963	278,418	75,343	4,078,205	46,353	-	1,846,960	47,450,431	-	47,450,431
Housing Assistance Payments	893,551	-	-	-	-	-	373,580	-	-	33,850,316	-	33,850,316
HAP Portability - In	-	-	-	-	-	-	-	-	-	1,348,118	-	1,348,118
Depreciation Expense	-	-	-	-	-	-	-	-	335,529	4,059,931	-	4,059,931
Total Other Expenses	893,551	-	-	-	-	-	373,580	-	335,529	39,258,365	-	39,258,365
TOTAL EXPENSES	927,856	-	(98,963)	36,081	(75,343)	2,313,063	1,259,972	-	10,918,688	98,272,679	(10,293,020)	87,979,659
EXCESS OF REVENUE OVER EXPENSES	375,547	-	98,963	278,418	75,343	4,078,205	(327,227)	-	1,511,431	8,192,066	-	8,192,066
Other Financing Sources												
Operating Transfer In	-	-	-	-	-	-	-	-	-	59,264	(59,264)	-
Operating Transfer Out	-	-	-	-	-	-	-	-	-	(59,264)	59,264	-
Prior Period Adjustments, Equity Transfers, and Correction of Errors	-	-	-	-	-	-	-	-	(70,573)	-	-	-
Beginning Net Position	110,462	-	8,402,276	(315,442)	(85,854)	601,183	19,693,822	-	(3,104,909)	150,680,218	-	150,680,218
Ending Net Position	\$ 486,009	\$ -	\$ 8,501,239	\$ (37,024)	\$ (10,511)	\$ 4,679,388	\$ 19,366,595	\$ -	\$ (1,664,051)	\$ 158,872,284	\$ -	\$ 158,872,284

RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
Year ended September 30, 2023

Statement and Certification of Actual Capital Fund Program Costs

Grant Year VA36R007502-06

- 1 The actual program costs of Grant VA36R007502-06 are as follows:

Funds Approved	\$ 643,350
Funds Expended	<u>643,350</u>
Excess/(Deficiency) of Funds	<u>\$ -</u>
Funds Advanced	\$ 643,350
Funds Expended	<u>643,350</u>
Excess/(Deficiency) of Funds Advanced	<u>\$ -</u>

- 2 There were no additions during the fiscal year that were audited by Rubino and Company.
- 3 The total program costs as stated on the Annual Statement/Performance and Evaluation Report is in agreement with the Actual Modernization Cost Certificate as submitted to HUD for approval is in agreement with the PHA's records.
- 4 All Capital Fund Program costs have been paid and all related liabilities have been discharged through payment.

RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
Year ended September 30, 2023

Statement and Certification of Actual Capital Fund Program Costs

Grant Year VA36R007502-07

- 1 The actual program costs of Grant VA36R007502-07 are as follows:

Funds Approved	\$ 774,697
Funds Expended	<u>774,697</u>
Excess/(Deficiency) of Funds	<u><u>\$ -</u></u>
 Funds Advanced	 \$ 774,697
Funds Expended	<u>774,697</u>
Excess/(Deficiency) of Funds Advanced	<u><u>\$ -</u></u>

- 2 There were no additions during the fiscal year that were audited by Rubino and Company.
- 3 The total program costs as stated on the Annual Statement/Performance and Evaluation Report is in agreement with the Actual Modernization Cost Certificate as submitted to HUD for approval is in agreement with the PHA's records.
- 4 All Capital Fund Program costs have been paid and all related liabilities have been discharged through payment.

RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
Year ended September 30, 2023

Statement and Certification of Actual Capital Fund Program Costs

Grant Year VA36R007501-15

- 1 The actual program costs of Grant VA36R007501-15 are as follows:

Funds Approved	\$ 54,640
Funds Expended	<u>54,640</u>
Excess/(Deficiency) of Funds	<u>\$ -</u>
Funds Advanced	\$ 54,640
Funds Expended	<u>54,640</u>
Excess/(Deficiency) of Funds Advanced	<u>\$ -</u>

- 2 There were no additions during the fiscal year that were audited by Rubino and Company.
- 3 The total program costs as stated on the Annual Statement/Performance and Evaluation Report is in agreement with the Actual Modernization Cost Certificate as submitted to HUD for approval is in agreement with the PHA's records.
- 4 All Capital Fund Program costs have been paid and all related liabilities have been discharged through payment.

RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
Year ended September 30, 2023

Statement and Certification of Actual Capital Fund Program Costs

Grant Year VA36R007501-16

- 1 The actual program costs of Grant VA36R007501-16 are as follows:

Funds Approved	\$ 3,147
Funds Expended	<u>3,147</u>
Excess/(Deficiency) of Funds	<u><u>\$ -</u></u>
 Funds Advanced	 \$ 3,147
Funds Expended	<u>3,147</u>
Excess/(Deficiency) of Funds Advanced	<u><u>\$ -</u></u>

- 2 There were no additions during the fiscal year that were audited by Rubino and Company.
- 3 The total program costs as stated on the Annual Statement/Performance and Evaluation Report is in agreement with the Actual Modernization Cost Certificate as submitted to HUD for approval is in agreement with the PHA's records.
- 4 All Capital Fund Program costs have been paid and all related liabilities have been discharged through payment.

RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
Year ended September 30, 2023

Statement and Certification of Actual Capital Fund Program Costs

Grant Year VA36P007501-15

- 1 The actual program costs of Grant VA36R007501-15 are as follows:

Funds Approved	\$ 6,360,447
Funds Expended	<u>6,360,447</u>
Excess/(Deficiency) of Funds	<u>\$ -</u>
 Funds Advanced	 \$ 6,360,447
Funds Expended	<u>6,360,447</u>
Excess/(Deficiency) of Funds Advanced	<u>\$ -</u>

- 2 There were no additions during the fiscal year that were audited by Rubino and Company.
- 3 The total program costs as stated on the Annual Statement/Performance and Evaluation Report is in agreement with the Actual Modernization Cost Certificate as submitted to HUD for approval is in agreement with the PHA's records.
- 4 All Capital Fund Program costs have been paid and all related liabilities have been discharged through payment.

RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
Year ended September 30, 2023

Statement and Certification of Actual Capital Fund Program Costs

Grant Year VA36P007501-16

- 1 The actual program costs of Grant VA36P007501-16 are as follows:

Funds Approved	\$ 6,568,771
Funds Expended	<u>6,568,771</u>
Excess/(Deficiency) of Funds	<u><u>\$ -</u></u>
 Funds Advanced	 \$ 6,568,771
Funds Expended	<u>6,568,771</u>
Excess/(Deficiency) of Funds Advanced	<u><u>\$ -</u></u>

- 2 There were no additions during the fiscal year that were audited by Rubino and Company.
- 3 The total program costs as stated on the Annual Statement/Performance and Evaluation Report is in agreement with the Actual Modernization Cost Certificate as submitted to HUD for approval is in agreement with the PHA's records.
- 4 All Capital Fund Program costs have been paid and all related liabilities have been discharged through payment.

RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
Year ended September 30, 2023

Statement and Certification of Actual Capital Fund Program Costs

Grant Year VA36P007501-17

- 1 The actual program costs of Grant VA36P007501-17 are as follows:

Funds Approved	\$ 6,831,575
Funds Expended	<u>6,831,575</u>
Excess/(Deficiency) of Funds	<u><u>\$ -</u></u>
 Funds Advanced	 \$ 6,831,575
Funds Expended	<u>6,831,575</u>
Excess/(Deficiency) of Funds Advanced	<u><u>\$ -</u></u>

- 2 There were no additions during the fiscal year that were audited by Rubino and Company.
- 3 The total program costs as stated on the Annual Statement/Performance and Evaluation Report is in agreement with the Actual Modernization Cost Certificate as submitted to HUD for approval is in agreement with the PHA's records.
- 4 All Capital Fund Program costs have been paid and all related liabilities have been discharged through payment.



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

Board of Commissioners
Richmond Redevelopment and Housing Authority
Richmond, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Richmond Redevelopment and Housing Authority (the Authority), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated June 28, 2024, which was qualified due to the reason described in the *Matter Rise to Qualified Opinion* paragraph related to the measurement date for valuing pension and OPEB liabilities.

Report on 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) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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 or significant deficiencies may exist that were not identified.

Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*

Purpose of this Report

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

A handwritten signature in black ink that reads "Rubins & Company". The signature is written in a cursive, flowing style.

Bethesda, Maryland
June 28, 2024



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

Board of Commissioners
Richmond Redevelopment and Housing Authority
Richmond, Virginia

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Richmond Redevelopment and Housing Authority's (the Authority's) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended September 30, 2023. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Authority's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as Finding No. 2023-001. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the Authority's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the other auditing procedures applied in the audit of compliance, and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance 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, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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 a 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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as Finding No. 2023-001 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the Authority's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

A handwritten signature in black ink that reads "Rubins & Company". The signature is written in a cursive, flowing style. The word "Rubins" is followed by an ampersand "&" and then the word "Company".

Bethesda, Maryland
June 28, 2024

RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended September 30, 2023

Federal Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass through Identifying Number	Federal Expenditures
Department of Housing and Urban Development Programs			
Housing Voucher Cluster:			
Housing Choice Vouchers	14.871	N/A	\$ 34,865,321
Emergency Housing Vouchers	14.871	N/A	769,092
Mainstream Vouchers	14.879	N/A	<u>1,303,403</u>
			36,937,816
Public and Indian Housing	14.850	N/A	24,394,322
Capital Fund Program	14.872	N/A	12,008,048
Choice Neighborhoods Planning Grants	14.892	N/A	314,499
Resident Opportunity and Supportive Services	14.870	N/A	212,684
Family Self-Sufficiency Program	14.896	N/A	<u>83,573</u>
Total HUD Expenditures			<u>73,950,942</u>
TOTAL FEDERAL EXPENDITURES			<u><u>\$ 73,950,942</u></u>

See Notes to the Schedule

RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
SEPTEMBER 30, 2023

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Richmond Redevelopment and Housing Authority (the Authority) under programs of the federal government for the year ended September 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 INDIRECT COST RATE

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

RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SEPTEMBER 30, 2023

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements

- | | |
|--|------------|
| 1. Type of auditors’ report issued: | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material Weakness(es) identified? | No |
| b. Significant deficiency(ies) identified that are not considered to be material weakness(es)? | No |
| 3. Noncompliance material to financial statements noted? | No |

Federal Awards

- | | |
|---|------------|
| 4. Internal control over major programs: | |
| a. Material weakness(es) identified? | No |
| b. Significant deficiency(ies) identified that are not considered to be material weakness(es)? | Yes |
| 5. Type of auditors’ report issued on compliance for major programs: | Unmodified |
| 6. Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Uniform Guidance? | Yes |
| 7. Identification of major federal programs: | |

<u>Name of Federal Program or Cluster</u>	<u>Federal Assistance Listing No.</u>
Public and Indian Housing	14.850
Capital Fund Program	14.872
8. Dollar threshold used to distinguish between Type A and Type B programs:	\$ 2,218,528
9. Auditee qualified as low-risk auditee under Uniform Guidance, section 530?	No

RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SEPTEMBER 30, 2023

SECTION II – FINANCIAL STATEMENT FINDINGS

None noted.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding 2023-001: Missing Tenant Income Information

Federal Agency: U.S. Department of Housing and Urban Development

Federal Program Title: Public and Indian Housing

Federal Assistance Listing Number: 14.850

Compliance Requirement: Eligibility

Criteria: Per 2 CFR, PHAs are required to obtain and document third party verification of reported family annual income.

Condition: The Authority was unable to locate income verification documentation as well as reported the incorrect income amount on the Family Report.

Context: Out of the 60 tenant files reviewed for income verification, 2 files did not have the documentation verifying income and 3 files did not have the correct income amount on the Family Report.

Effect: The Authority did not verify income properly.

Cause: The Authority did not have the proper controls in place to ensure tenant income was verified correctly.

Repeat Finding: This is not a repeat finding.

Recommendation: The Authority should review and enhance its policies, procedures, and internal controls to ensure the recertifications include the correct income amount and is adequately retained in the Authority's files.

Views of Responsible Officials: The Authority agrees with the finding.

**RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
SEPTEMBER 30, 2023**

Finding 2022-001: Inadequate Controls over Financial Reporting

Condition: The Authority did not have adequate controls over the financial reporting process and, as a result, material adjustments were posted related to the prior year.

Current Year Status: This finding was cleared.

Finding 2022-002: Late Submission of Financial Statements to FAC and REAC

Condition: The Authority did not submit its audited financial statements to the Federal Audit Clearinghouse and to REAC by the required due dates.

Current Year Status: This finding was cleared.



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Chief Executive Officer
Steven B. Nesmith

Board of Commissioners
W.R. "Bill" Johnson, Jr., Chair
Charlene Pitchford, Vice Chair
Veronica G. Blount
Dyanne Broidy
Kyle R. Elliott
Barrett Hardiman
Edward L. Jackson, Jr.
Gregory Lewis
Harold Parker, Jr.

CORRECTIVE ACTION PLAN (CAP)

Since the end of audit period 9/30/2023 the Richmond Redevelopment and Housing Authority (RRHA) has accomplished a series of activities to improve the quality and accuracy of tenant file information and has created Corrective Action Plans (CAP) for continuous improvement, as outlined below:

FY 2023 Activity to date: RRHA requested a review of RRHA policies and procedures regarding rent collection and tenant file management from Nan McKay Consultants. Nan McKay issued a memorandum certifying compliance of the agency's policies and procedures with all related HUD requirements.

CAP: RRHA will update its Standard Operating Procedures regarding tenant file management to comply with Admission and Continued Occupancy and Administrative Plan revisions that were part of the agency's Annual Plans.

FY 2023 Activity to date: Staff attended a Nan McKay Consultants rent calculation training September 26-28, 2023. In addition, RRHA staff attended a six-week training course that included a two-week skills development. In addition, a Corporate Trainer position has been budgeted and will be filled early in the first quarter of FY2025.

CAP: RRHA will ensure quarterly refresher training for current staff and comprehensive training for new staff.

FY 2023 Activity to date: The RRHA created a Chief Compliance Officer Position that coordinates and reports on all RRHA compliance activities.

CAP: The RRHA will develop a Standard Operating Procedure for that Compliance Office that will include more extensive quality control reviews and statistically significant Internal Audit reviews of tenant files.

NAME OF RESPONSIBLE PERSON:

Tonise Webb, Associate Lead Counsel and Chief Compliance Officer

EXPECTED COMPLETION DATE FOR CORRECTIVE ACTION PLANS:

September 30, 2024





1810 Gillespie Way, Ste. 202
El Cajon, CA 92020
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5/13/24

To whom it may concern,

Nan McKay & Associates, Inc. provides Public Housing Authorities (PHAs) across the country with regulatory compliance services related to the public housing and housing choice voucher (HCV) programs. After a high-level review of Richmond Redevelopment Housing Authority's (RRHA) policies for calculating residents' rents owed, (including a high-level review of RRHA's Admissions and Continued Occupancy Policy (ACOP) and verification checklist as well as a discussion with RRHA staff of the rent calculation process), NMA has concluded that RRHA's policies appear to be accurate and in compliance with standards as set out by its regulator the U.S. Department of Housing and Urban Development (HUD) as well as industry best practices. Policies in RRHA's ACOP related to the calculation of tenant rent are accurate and up to date with current regulatory requirements. NMA did not conduct an independent confirmatory file review to ensure that RRHA's practices match their policies as described in the ACOP.



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