

Newport News Redevelopment and Housing Authority
Newport News, Virginia

Financial Statements and
Report of Independent Auditor

June 30, 2013

CONTENTS

	Page
Report of Independent Auditor	2-4
Management's Discussion and Analysis	5-13
Fund Financial Statements	
Statement of Net Position – Proprietary Fund	14-15
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Fund	16
Statement of Cash Flows – Proprietary Fund	17-18
Statement of Fiduciary Net Position – Fiduciary Fund	19
Statement of Changes in Fiduciary Net Position – Fiduciary Fund	20
Notes to Financial Statements	21-56
SUPPLEMENTAL INFORMATION	
Schedule of Funding Progress	57
Schedule of Employer Contributions	57
Combining Program Financial Statements	
Combining Statement of Net Position – Proprietary Fund Programs	58-61
Combining Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Fund Programs	62-63
Combining Statement of Cash Flow – Proprietary Fund Programs	64-67
Statement of Capital Fund Program Costs	68-71
Federal Financial Report	72-74
Financial Data Schedule	75-84
COMPLIANCE SECTION	
Schedule of Expenditures of Federal Awards	85-86
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit Performed in Accordance with <i>Government Auditing Standards</i>	87-88
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Federal Program and Internal Control over Compliance in Accordance with <i>OMB Circular A-133</i>	89-90
Schedule of Findings and Questioned Costs	91-92

Report of Independent Auditor

The Commissioners of the Newport News
Redevelopment and Housing Authority

Report on the Financial Statements

We have audited the accompanying financial statements of the proprietary fund and the fiduciary fund information of the Newport News Redevelopment and Housing Authority (the "Authority"), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the proprietary fund and the fiduciary fund information of the Authority as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Correction of an Error

As discussed in Note 21 to the financial statements, certain errors resulting in the overstatement of previously reported payables and the understatement of development costs as of June 30, 2012, were discovered by management of the Authority during the current year. Accordingly, an adjustment has been made to net position as of June 30, 2012, to correct the error. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 5 through 13, and the Schedules of Funding Progress, and the Schedules of Employer Contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The combining program financial statements, capital fund program cost statements, federal financial status reports, financial data schedules, as well as the accompanying schedule of expenditures of federal awards, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2014 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting.

Cheryl Bekart LLP

Virginia Beach, Virginia
March 26, 2014

**Newport News Redevelopment and Housing Authority
Newport News, Virginia**

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ended June 30, 2013

The Newport News Redevelopment and Housing Authority ("the Authority" or "NNRHA") management's discussion and analysis is designed to assist the reader in focusing on significant financial issues, provide an overview of the Authority's financial activity, identify changes in the Authority's financial position, and identify individual fund issues or concerns.

This management discussion and analysis is presented in accordance with the requirements of the Governmental Accounting Standards Board Statement No. 34 (GASB 34).

Financial Highlights

The net position (assets and deferred outflows or resources over liabilities and deferred inflows of resources) may serve over time as a useful indicator of a Housing Authority's financial position. For the Authority, assets exceeded liabilities by \$73,983,818, which is a decrease of \$4,025,273 during the year ended June 30, 2013. The majority of the decrease is due to the use of funds that were restricted to capital construction and the use housing choice voucher reserves.

OVERVIEW OF THE ANNUAL FINANCIAL REPORTS

The following outline describes the integral parts of this financial presentation and is a guideline for understanding its components:

- I. **Management Discussion and Analysis (MD&A)**
Serves as an introduction to the Authority's basic financial statements
- II. **Basic Financial Statements**
 - Fund Financial Statements
 - Notes to Financial Statements
- III. **Other Required Supplementary Information**

Fund Financial Statements

The financial statements in this report are those of a special purpose governmental entity engaged in only business type activities.

The following Statements are included in the fund financial statements:

Statement of Net Position – The Statement of Net Position reports all financial and capital resources for the Authority similar to a balance sheet. Net position is the difference between the Authority's assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. Assets and liabilities are presented in order of liquidity, and are classified as "Current" (convertible into cash within one year), "Restricted", and "Non-current".

**Newport News Redevelopment and Housing Authority
Newport News, Virginia**

MANAGEMENT’S DISCUSSION AND ANALYSIS

Fiscal Year Ended June 30, 2013

The focus of the Statement of Net Position (the “Unrestricted”) is designed to represent the net available liquid (non-capital) assets, net of liabilities, for the entire Authority. Net Position (formerly Net Assets) are reported in three broad categories:

Net Investments in Capital Assets – This component of Net Position consists of all Capital Assets, 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 – This component of Net Position consists of restricted assets, when constraints are placed on the asset by creditors (such as debt covenants), grantors, contributors, laws, and regulations, etc.

Unrestricted – Consists of Net Position that do not meet the definition of “Net Investment in Capital Assets, or “Restricted”.

Statement of Revenues, Expenses and Changes in Fund Net Position – This Statement includes Operating Revenues, such as rental income, Operating Expenses, such as administrative, utilities, and maintenance, and depreciation, and Non-Operating Revenue and Expenses, such as grant revenue, investment income and interest expense.

The focus of the Statement of Revenues, Expenses and Changes in Fund Net Position is the “Change in Net Position”, which is similar to Net Income or Loss.

Statement of Cash Flows – The Statement of Cash Flows discloses net cash provided by or used for operating activities, non-capital financing activities, and from capital and related financing and investment activities.

The Authority uses the enterprise method of accounting, which utilizes the full accrual basis of accounting. The enterprise method of accounting is similar to accounting utilized by the private sector.

Business-type Activities

Public Housing Fund – Under the conventional Low-Rent Public Housing Program, the Authority rents units that it owns to low-income households. The Low-Rent Public Housing Program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides Operating Subsidy and Capital Grant funding to enable the Authority to provide the housing at a rent that is based upon 30% of household income. The Authority’s capital funds are received from the United States Department of Housing and Urban Development through a formula-driven computation. These funds are used to modernize and upgrade facilities at housing developments. Each year’s grant funds must be entirely obligated within two years of inception of the grant, and entirely expended within four years. These funds include the operations of three mixed finance developments operated as public housing.

**Newport News Redevelopment and Housing Authority
Newport News, Virginia**

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ended June 30, 2013

Rental Assistance Fund – This fund is used to report all rental assistance and subsidy programs and includes the Housing Choice Voucher program, the Section 8 Moderate Rehabilitation SRO program, and the Shelter Plus Care Program. Under the Housing Choice Voucher Program, the Authority administers contracts with independent landlords who own rental property. The Authority subsidizes the family's rent through a Housing Assistance Payment made to the landlord. The program is administered under an Annual Contributions Contract with HUD. HUD provides Annual Contributions Funding to enable the Authority to structure a lease that sets the participants' rent at 30% of household income. The Shelter Plus Care Program provides housing assistance payments for a special needs population. Under the Section 8 Moderate Rehabilitation Program, the Housing Authority assists homeless participants in a single-room-occupancy facility. This program is similar to the Housing Choice Voucher Program except that these units are owned by one landlord, and required moderate renovation as part of the original development costs.

State & Local Activities Fund – This fund includes locally funded redevelopment activities and grants.

Central Office Cost Center Fund – This fund includes the Authority's Revolving fund to centrally pay invoices and payroll, and is used to account for administrative functions provided by the Authority for its programs. This includes the costs of the Authority's executive offices, Department of Administration, Department of Finance, and other centralized services.

Community Development Block Grant (CDBG) and HOME Funds – Public housing agencies in Virginia are created as combined redevelopment and housing authorities under State law. The redevelopment powers of NNRHA are granted by the State Legislature and include the ability to carry out all tasks associated with redevelopment, conservation, as well as community and economic development projects (e.g.: property acquisition and clearance, as well as, making loans and grants). Redevelopment is coordinated closely with the City of Newport News and often is funded with City funding. NNRHA also is under contract with the City of Newport News (City) to administer the federal Community Development Block Grant (CDBG) and HOME programs. The Authority serves as the agency to receive all funds drawn by the City, collect all sources of other income, and pay all expenses incurred on behalf of City Council approved programs.

Resident Opportunity and Supportive Service (ROSS) Grants – The Authority has received funding over the last several years from the Department of Housing and Urban Development that encourages economic self-sufficiency among the Authority's resident population. This includes the Service Coordinators for Public Housing grants (SCPH), which funds coordinators who work directly with the Authority's senior residents.

Transition Center Fund - Virginia Housing Development Authority – The Authority built and maintains a 12-unit facility for the developmentally disabled with Section 8 Housing Choice Vouchers New Construction funds provided by the Virginia Housing Development Authority (VHDA). NNRHA contracts the management services of this facility to the local chapter of the Community Services Board for the unique needs of this special client population. Tenant rent, Section 8 Housing Choice Vouchers Housing Assistance Payments (HAP), and interest income provide for a well-financed development with adequate operating and replacement reserves.

**Newport News Redevelopment and Housing Authority
Newport News, Virginia**

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ended June 30, 2013

Business Activities Fund – This fund includes several programs and initiatives owned, operated, or administered by the Authority, including:

Congregate Resident Facility Housing – The Authority built and maintains an 18-bed facility for single pregnant clients suffering from substance abuse. The Community Services Board rents and manages the facility and provides rehabilitation services for its clients.

Tax Exempt Bond Issuance Program – The Authority occasionally is approached by private developers to issue tax exempt bonds for multi-family rental properties. The Mortgage Revenue Bond Program is funded by fees the developers pay either as a one-time financing fee or as annual payments over the life of the bond. The fee includes a pro-rata share of the initial bond financing for the Authority's approval of the tax exempt funding. The Authority earns interest on these deposits.

Excess Earned Administration Fee Fund – The Excess Administration Fee Program is funded by the interest earned on investments and the rental of acquired property. The fee program was started as the various Section 8 Certificate and Moderate Rehabilitation Programs were terminated and the excess administrative fees earned were transferred to this new program.

Developer Fee Fund – The Developer Fee Fund is funded by fees the Authority receives as the developer for Low Income Housing Tax Credit properties.

Neighborhood Stabilization Program Fund (NSP) – The Authority administers the federal NSP program on behalf of the City of Newport News. The program was established for the purpose of stabilizing communities that have suffered from foreclosures and abandonment, and involves the purchase, renovation, and eventual sale of residential real estate.

Fiduciary Fund

In FY 2009 the Authority established the Other Post-employment Benefits (OPEB) Trust Fund to account for resources held in trust for employees, retirees, and their beneficiaries based on the Authority's benefits plan. The Authority established the trust to accumulate and invest assets to fund OPEB liabilities by joining VACo/VML Pooled OPEB Trust Fund. The plan assets and activities are reported as a Fiduciary Fund in the fund financial statements.

**Newport News Redevelopment and Housing Authority
Newport News, Virginia**

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ended June 30, 2013

ANALYSIS OF AUTHORITY-WIDE NET POSITION (STATEMENT OF NET POSITION)

(Interfund due from and to amounts as well as interfund loans receivable and payable are excluded)

	FY 2013 Enterprise Funds	FY 2012 Enterprise Funds *	Increase (Decrease)
ASSETS:			
Cash and Investments	\$ 16,670,791	\$ 17,666,662	\$ (995,871)
Other Current Assets	1,925,356	1,867,463	57,893
Restricted Assets	13,482,762	16,003,727	(2,520,965)
Non-Current Assets	1,711,243	1,680,478	30,765
Capital Assets (Net)	44,459,241	45,074,540	(615,299)
TOTAL ASSETS	78,249,393	82,292,870	(4,043,477)
DEFERRED OUTFLOWS OF RESOURCES			
	-	-	-
LIABILITIES:			
Current Liabilities	1,567,977	1,504,965	63,012
Non-Current Liabilities	2,632,652	2,778,814	(146,162)
TOTAL LIABILITIES	4,200,629	4,283,779	(83,150)
DEFERRED INFLOWS OF RESOURCES			
	64,946	-	64,946
Net Position Invested in Capital Assets, Net of Related Debt	42,592,484	43,132,490	(540,006)
Restricted Net Position	14,835,948	17,523,595	(2,687,647)
Unrestricted Net Position	16,555,386	17,353,006	(797,620)
TOTAL NET POSITION	\$ 73,983,818	\$ 78,009,091	\$ (4,025,273)

* As restated

Analysis of Changes in Net Position

Net position (assets and deferred outflows or resources over liabilities and deferred inflows of resources) decreased \$4,025,273 mostly due to use of restricted capital funds for capital construction, these funds were used to continue the Marshall Courts renovation. The Housing Choice Voucher program was required to use a large part of its reserves in order to fund housing assistance payments.

**Newport News Redevelopment and Housing Authority
Newport News, Virginia**

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ended June 30, 2013

	FY2013	FY2012		
	Enterprise Funds	Enterprise Funds	Increase/ Decrease	Percent
OPERATING REVENUES:				
Rental and tenant income	3,617,869	3,904,536	(286,667)	-7%
Intergovernmental	28,308,096	28,001,359	306,737	1%
Other income	2,083,719	870,679	1,213,040	139%
Total operating revenues	<u>34,009,684</u>	<u>32,776,574</u>	<u>1,233,110</u>	<u>4%</u>
OPERATING EXPENSES:				
Administration	5,706,638	5,917,328	(210,690)	-4%
Tenant Services	602,399	620,368	(17,969)	-3%
Utilities	2,022,362	2,081,734	(59,372)	-3%
Ordinary maintenance and operations	3,030,079	3,686,822	(656,743)	-18%
Protective services	161,260	190,901	(29,641)	-16%
Insurance expense	441,181	434,516	6,665	2%
General expenditures	4,404,768	2,396,152	2,008,616	84%
Nonroutine maintenance (net of insurance)	865,502	131,263	734,239	559%
Housing assistance payments	18,259,812	17,756,467	503,345	3%
Interest	47,205	47,099	106	0%
Depreciation	3,254,174	3,161,818	92,356	3%
Total operating expenses	<u>38,795,380</u>	<u>36,424,468</u>	<u>2,370,912</u>	<u>7%</u>
OPERATING INCOME / (LOSS)	<u>(4,785,696)</u>	<u>(3,647,894)</u>	<u>(1,137,802)</u>	<u>31%</u>
NONOPERATING REVENUES / (EXPENSES):				
Interest and investment revenue	130,844	140,869	(10,025)	-7%
Developer fees earned	-	725,000	(725,000)	-100%
Gain or (loss) on disposition of fixed assets	(116,365)	(12,828)	(103,537)	807%
Total nonoperating revenues / expenses	<u>14,479</u>	<u>853,041</u>	<u>(838,562)</u>	<u>-98%</u>
INCOME / (LOSS) BEFORE CONTRIBUTIONS, TRANSFERS, AND ADJUSTMENTS:				
	(4,771,217)	(2,794,853)	(1,976,364)	71%
HUD capital contributions	685,944	4,075,765	(3,389,821)	-83%
Tax credit proceeds	60,000	1,076,340	(1,016,340)	-94%
CHANGE IN NET ASSETS	<u>(4,025,273)</u>	<u>2,357,252</u>	<u>(6,382,525)</u>	<u>-271%</u>
TOTAL NET ASSETS - beginning	77,668,757	77,215,736	453,021	1%
Prior period adjustments	340,334	(1,904,231)	2,244,565	-118%
TOTAL NET ASSETS - ending	<u>\$ 73,983,818</u>	<u>\$ 77,668,757</u>	<u>\$ (3,684,939)</u>	<u>-5%</u>

**Newport News Redevelopment and Housing Authority
Newport News, Virginia**

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ended June 30, 2013

Revenue and Expense Activities

Operating Revenues of Enterprise Funds Activities – The Authority's revenue increased slightly by 3.21% or \$1,233,110 in FYE June 30, 2013 as compared to FYE June 30, 2012. Income (rent, excess utilities, and maintenance charges) decreased \$286,667 due to lower tenant rents and the removal of the last 108 units at Dickerson Courts from inventory. The net intergovernmental revenue, operating grants and housing assistance payments, in total increased slightly by \$306,767. Program activity and income has not been as strong this year as in previous years due to the economy, fewer individuals are receiving or paying off these loans. As a result, program income has decreased.

Operating Expenses of Enterprise Funds Activities – The Authority's Enterprise Funds expenses increased by 6% or \$2,370,912 in FYE June 30, 2013 as compared to FYE June 30, 2012. Although there was an increase of \$503,345 in housing assistance payments to landlords, most of the increase was attributable to the expenditure of HOME and CDBG grant funds. Most of the operating expenses (administration, ordinary maintenance, utilities etc.) decreased. The continued phase-out of Harbor Homes and Dickerson Courts and a continued effort to control costs contributed to the overall decrease in expenditures.

CAPITAL ASSETS

At the end of fiscal year June 30, 2013, the Enterprise Funds had \$107,751,090 before accumulated depreciation, invested in a broad range of capital assets, including multi-family residential property, commercial office and shop property, computer equipment, and vehicles. The Authority's Public Housing fund is capital assets intensive and reflects the costs of buildings purchased, constructed and decades of major renovations. The cost of these items are capitalized and depreciated over their useful lives, while the grants received from HUD to fund these capital costs are recognized as revenue in the year the costs are capitalized. During the current year, the Authority had a decrease in building improvements. These are related to the completion of the demolition of Harbor Homes and removal from public housing inventory.

Additional information on the Authority's capital assets can be found in Note 5 to the financial statements.

	FY 2013	FY 2012	Increase / Decrease
Land and improvements	\$ 3,765,977	\$ 3,765,977	\$ -
Building	99,354,659	100,334,664	(980,005)
Equipment	3,261,237	3,475,945	(214,708)
Construction in progress	1,369,217	5,396,313	(4,027,096)
Total	<u>107,751,090</u>	<u>112,972,899</u>	<u>(5,221,809)</u>
Accumulated depreciation	<u>(63,291,849)</u>	<u>(67,898,359)</u>	<u>4,606,510</u>
TOTAL	<u>\$ 44,459,241</u>	<u>\$ 45,074,540</u>	<u>\$ (615,299)</u>

**Newport News Redevelopment and Housing Authority
Newport News, Virginia**

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ended June 30, 2013

LONG-TERM DEBT

At the end of fiscal year June 30, 2013, the Authority owed \$1,866,757 in long-term debt to external parties. This is a note payable due to VHDA for the Transition Center. During 2013, there were no modifications to this mortgage note and principal payments of \$15,293 were made. Additional information on the Authority's long-term debt can be found in Note 4 to the financial statements.

ECONOMIC FACTORS

Several significant economic factors are present that may impact the Authority in the future:

- The Department of Housing and Urban Development has historically under-estimated the subsidy needs of public housing authorities. The Housing Act of 1998 made sweeping changes to the public housing program. Congress commissioned Harvard University to conduct a public housing cost study to establish a reasonable basis to project the cost of managing public housing, and determine the amount of subsidy a housing authority should receive. Harvard proposed a new operating fund formula to calculate the operating subsidy and that the public housing program should move to a system which focused on asset management. The Authority successfully transitioned to asset management in FY 2009. However, no changes to the operating fund formula have been made in the intervening years. Also, several problems remain: an inflation factor that does not consider the increase in the cost of health benefits, not providing an increase in funding for administering properties that are older than 28 years, not using an inflation factor for items such as asset management fee, and continued unwillingness to acknowledge the operating and regulatory differences that exist between public housing and the properties that were used to establish the benchmark.
- The Authority is being funded at a rate of 82% of public housing subsidy eligibility for the first six months of FY 2014. This is one of the lowest rates of funding the program has experienced. We are expecting to receive funding of 89.32% for full 2014 calendar year.
- The Authority's federal revenues had been drastically cut in many programs. The Housing Choice Voucher (Section 8) program was subject to a renewal funding of 94.1% last year; however it is expected that funding will be close to sufficient to renew all vouchers in use. Additionally, a 15% increase in administrative funding should raise proration to a range of 75-80% in 2014. Prior Reductions in both CDBG and HOME will dramatically reduce the resources available for housing rehabilitation, traditional redevelopment activities, and assistance provided to many non-profit agencies. Capital funding should be restored to nominal 2012 levels, roughly half of the cost of repair needs that will accrue. Congress declined to expand or fund RAD, as HUD had requested, so only 60,000 units nationwide will be able to convert to long-term section 8 contracts, at level funding.
- In the short-term, health care and other insurance costs are expected to increase dramatically. In the longer term, it is unknown at this time how the recently enacted health care reform will affect Authority expenses.
- Post-retirement benefits other than pensions are estimated to be \$132,000 for FY 2014. The liability has been funded through a trust.

**Newport News Redevelopment and Housing Authority
Newport News, Virginia**

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ended June 30, 2013

FINANCIAL CONTACT

Questions concerning any of the information provided in this Management Discussion & Analysis should be addressed to:

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FINANCIAL STATEMENTS

Newport News Redevelopment and Housing Authority
Newport News, Virginia

STATEMENT OF NET POSITION

PROPRIETARY FUND

JUNE 30, 2013

	<u>Proprietary Fund</u>
<u>ASSETS</u>	
Current assets:	
Cash and equivalents - unrestricted	\$ 16,630,627
Accounts receivable (net of allowance)	1,258,580
Investments	40,164
Notes receivable	500,000
Prepaid expenses	66,842
Materials inventory (net of allowance)	8,693
Other assets	91,241
Total current assets	<u>18,596,147</u>
Restricted assets:	
Cash and equivalents - restricted	4,179,197
Investments - restricted	347,974
Notes receivable (non-current)	8,955,591
Total restricted assets	<u>13,482,762</u>
Noncurrent assets:	
Notes and mortgages receivable	1,552,891
Nondepreciable capital assets	5,135,194
Capital assets (net)	39,324,047
Other noncurrent assets	158,352
Total noncurrent assets	<u>46,170,484</u>
TOTAL ASSETS	<u>78,249,393</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
None	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

Newport News Redevelopment and Housing Authority
Newport News, Virginia

STATEMENT OF NET POSITION
(Continued)

PROPRIETARY FUND

JUNE 30, 2013

	<u>Proprietary Fund</u>
<u>LIABILITIES</u>	
Current liabilities:	
Accounts payable and accrued expenses	\$ 1,302,683
Accrued salaries	196,665
Accrued interest payable	616
Unearned revenues	34,585
Compensated absences	16,708
Current portion of long-term liabilities	16,720
Total current liabilities	<u>1,567,977</u>
Long-term liabilities:	
Compensated absences	464,287
Notes and mortgages payable	1,850,037
Unearned revenues	15,694
Trust, deposit and escrow liabilities	302,634
Total long-term liabilities	<u>2,632,652</u>
 TOTAL LIABILITIES	 <u>4,200,629</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Receipts of grant funds before time requirements have been met	<u>64,946</u>
<u>NET POSITION</u>	
Net investment in capital assets	42,592,484
Restricted for:	
Reserves and escrows	3,247,287
HAP reserves	852,549
Loan programs	8,955,591
Other	1,780,521
Unrestricted	16,555,386
TOTAL NET POSITION	<u>\$ 73,983,818</u>

The accompanying notes are an integral part of this statement.

Newport News Redevelopment and Housing Authority
Newport News, Virginia

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

PROPRIETARY FUND

FOR THE YEAR ENDED JUNE 30, 2013

	Proprietary Fund
OPERATING REVENUES:	
Rental and tenant income	\$ 3,617,869
Intergovernmental - operating grants	28,308,096
Fee revenue	61,109
Other income	2,022,610
Total operating revenues	<u>34,009,684</u>
OPERATING EXPENSES:	
Administration	5,706,638
Tenant services	602,399
Utilities	2,022,362
Ordinary maintenance	3,030,079
Protective services	161,260
Insurance expense	441,181
General expenses	4,404,768
Nonroutine maintenance	865,502
Housing assistance payments	18,259,812
Interest	47,205
Depreciation	3,254,174
Total operating expenses	<u>38,795,380</u>
OPERATING INCOME/(LOSS)	<u>(4,785,696)</u>
NONOPERATING REVENUES/EXPENSES:	
Interest and investment revenue	130,844
Gain or loss on disposition fixed assets	(116,365)
Total nonoperating revenues/(expenses)	<u>14,479</u>
INCOME/(LOSS) BEFORE CONTRIBUTIONS, TRANSFERS AND ADJUSTMENTS	(4,771,217)
HUD Capital contributions	685,944
Tax credit and other proceeds	60,000
CHANGE IN NET POSITION	<u>(4,025,273)</u>
TOTAL NET POSITION - July 1, 2012	77,668,757
Prior period adjustments (Note 21)	340,334
TOTAL NET POSITION - June 30, 2013	<u>\$ 73,983,818</u>

The accompanying notes are an integral part of this statement.

Newport News Redevelopment and Housing Authority
Newport News, Virginia

STATEMENT OF CASH FLOWS

PROPRIETARY FUND

FOR THE YEAR ENDED JUNE 30, 2013

	Proprietary Fund
Cash flows from operating activities:	
Cash received from tenants/others	\$ 4,140,892
Cash received for fees/services/donations	637,221
Cash operating grants received (net)	27,962,421
Cash transfers from(to) other funds and entities	(2,209,453)
Cash payments for goods, services, rental subsidies	(24,340,388)
Cash payments to/for employees and benefits	(6,576,678)
Cash payments in lieu of property taxes	(173,689)
Cash paid for homes sold (net of sales)	(29,730)
Net cash provided/(used) by operating activities	<u>(589,404)</u>
Cash flows from capital and related financings activities:	
Purchase of equipment/capital assets	(3,155,694)
Contributions received for capital outlays	914,547
Proceeds from sale of capital assets	990
Loan principal payments	(15,293)
Interest payments	(8,143)
Net cash provided/(used) by capital and related financing activities	<u>(2,263,593)</u>
Cash flows from noncapital financing activities:	
Loans made to borrowers	(1,097,235)
Receipt of interest on notes and loans	81,459
Loans payments received	484,935
Net cash provided/(used) by noncapital financing activities	<u>(530,841)</u>
Cash flows from investing activities:	
Proceeds from sale of/investments made	8,158
Receipts of interest and dividends	15,913
Deposits to reserve accounts	(33,565)
Net cash provided/(used) by investing activities	<u>(9,494)</u>
Net increase/(decrease) in cash	(3,393,332)
Cash at July 1, 2012	<u>24,203,156</u>
Cash at June 30, 2013	<u>\$ 20,809,824</u>

The accompanying notes are an integral part of this statement.

Newport News Redevelopment and Housing Authority
Newport News, Virginia

STATEMENT OF CASH FLOWS
(CONTINUED)

PROPRIETARY FUND

FOR THE YEAR ENDED JUNE 30, 2013

	<u>Proprietary Fund</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income (loss)	\$ (4,785,696)
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation	3,254,174
Interest expense	47,205
Other adjustments	(1)
Change in assets and liabilities:	
Decrease/(Increase) in accounts receivable	(317,017)
Decrease/(Increase) in notes and mortgages receivable	264,784
Decrease/(Increase) in prepaid expenses and materials inventories	(15,316)
Decrease/(Increase) in other assets	873,852
Increase/(Decrease) in accounts payable	54,699
Increase/(Decrease) in accrued liabilities	(58,506)
Increase/(Decrease) in trust, deposit, and escrow liabilities	(4,638)
Increase/(Decrease) in unearned revenues	32,110
Increase/(Decrease) in deferred inflows of resources	64,946
	<u>\$ (589,404)</u>

The accompanying notes are an integral part of this statement.

Newport News Redevelopment and Housing Authority
Newport News, Virginia

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUND

JUNE 30, 2013

	<u>OPEB Trust Fund</u>
<u>ASSETS</u>	
Investments, at fair value	\$ 812,500
TOTAL ASSETS	<u>812,500</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
None	<u>-</u>
<u>LIABILITIES</u>	
Accounts payable and accrued expenses	-
TOTAL LIABILITIES	<u>-</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	
None	<u>-</u>
<u>NET POSITION</u>	
Net assets held in trust for other postemployment benefits	<u>812,500</u>
TOTAL NET POSITION	<u>\$ 812,500</u>

The accompanying notes are an integral part of this statement.

Newport News Redevelopment and Housing Authority
Newport News, Virginia

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FIDUCIARY FUND

FOR THE YEAR ENDED JUNE 30, 2013

	<u>OPEB Trust Fund</u>
ADDITIONS	
Contributions:	
Employer	\$ 270,314
Plan members	35,364
Total contributions	<u>305,678</u>
Investment income:	
Net (depreciation) in fair value of investments	<u>59,501</u>
Less: investment expense	<u>-</u>
Net investment income	<u>59,501</u>
Total additions	<u>365,179</u>
DEDUCTIONS	
Benefits paid	133,464
Administrative expenses	1,084
Total deductions	<u>134,548</u>
Change in position assets	<u>230,631</u>
Net position held in trust for other postemployment benefits - July 1, 2012	<u>581,869</u>
Net position held in trust for other postemployment benefits - June 30, 2013	<u>\$ 812,500</u>

The accompanying notes are an integral part of this statement.

Newport News Redevelopment and Housing Authority
Newport News, Virginia

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of the Newport News Redevelopment and Housing Authority have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Authority's accounting policies are described below.

A. Reporting Entity

The Newport News Redevelopment and Housing Authority is a public body and a body corporate and politic created under the Authority of the General Statutes of the State of Virginia. The Authority was created for the purpose of providing safe and sanitary housing for the citizens of Newport News, Virginia. The seven member Board of Commissioners of the Authority is appointed to four-year terms by the City Council of the City of Newport News but the Authority designates its own management. The City provides minimal financial support to the Authority and is not responsible for the debts or entitled to the surpluses of the Authority. The Authority has the power to approve its own budget and maintain its own accounting system. Although the City Council of the City of Newport News appoints the governing board of the Authority, no other criteria established by GASB 14, GASB 39, and GASB 61 for inclusion of the Authority in the financial reports of the City of Newport News are met. Therefore, a separate financial report is prepared for the Authority.

Included within the reporting entity:

BUSINESS-TYPE ACTIVITIES (PROPRIETARY FUND)

Public Housing Program	This program owns and operates HUD-subsidized rental apartments and includes the activities of HUD grants provided specifically for public housing facilities, tenants, and activities. This program includes the Low-Rent Public Housing operating subsidy program, and the Public Housing Capital Fund Program as well as mixed finance tax credit properties operated as Public Housing.
Rental Assistance Program	This program is used to account for the rental housing assistance program administered by the Authority. These programs include the Housing Choice Voucher program, the Section 8 Moderate Rehabilitation Program, and the Shelter Plus Care Program.
Central Office Cost Center Program	This program is used to account for administrative functions provided by the Authority for its other programs. This includes the costs of the Authority's Executive offices, Department of Administration, Department of Finance, and other centralized services.
Community Development Program	This program is used to carry-out community and economic development activities through the City of Newport News.

Newport News Redevelopment and Housing Authority
Newport News, Virginia

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

A. Reporting Entity (Continued)

HOME Investment Partnerships Program	This program is used to carry-out community and economic development activities through the City of Newport News.
Resident Self Sufficiency and Service Coordinator Programs Program	This program is used to account for the costs of delivering services funded by HUD's ROSS grants.
Transition Center Program	This program is used to account for the VHDA funded Transition Center housing program
Business Activities Program	This program includes all of the non-federal and non-governmental activities that generate non-federal revenues.
Neighborhood Stabilization Program	This program is used to account for the activities and expenditures related to the City of Newport News' allocation of NSP funds from the State's allocation of funds.
State and Local Activities Program	This program includes locally funded redevelopment activities and grants.

In evaluating the Authority's reporting entity in accordance with GASB Statement 14, GASB Statement 39, and GASB Statement 61, management determined that the following entities or organizations met the criteria for inclusion in the Authority's financial statements:

- Orcutt Senior Housing Development Corporation (including Orcutt Senior Housing, L.P.)
- Orcutt Townhomes Development Corporation (including Orcutt Townhomes, L.P.)
- Orcutt Townhomes Development Corporation (including Orcutt Townhomes 3, L.P.)

These entities are included as blended component units of the Authority. In accordance with the applicable guidance, management evaluated whether the Authority is financially accountable for an entity as well as the significance of the relationship. The following criteria were used in this evaluation: the ability of the Authority to appoint a voting majority of the organization's governing body; whether the Authority can impose its will on the organization; whether the organization provides specific financial benefits to or imposes a specific financial burden on the Authority; and whether the organization is fiscally dependent on the Authority.

Newport News Redevelopment and Housing Authority
Newport News, Virginia

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

B. Description of a Public Housing Authority

Funding for the Newport News Redevelopment and Housing Authority is from the United States Department of Housing and Urban Development (HUD) and from payments received from tenants of the Authority owned housing. Under the Low-Rent Public Housing Program, low income tenants pay a portion of the rental cost of public housing, based upon the income and need of the tenants. HUD funds the difference between the actual costs to operate the Authority and the amounts paid by tenants through operating subsidies. The subsidies are made to the Authority under the terms and conditions of the annual contributions contract with HUD.

The Rental Assistance Program provides rental supplements to the owners of existing private housing who rent to qualifying individuals. The Authority processes all applicants for the Section 8 Housing Choice Vouchers and Moderate Rehabilitation Programs, and Shelter Plus Care Programs places approved applicants in housing and pays the owner of the private housing monthly rental supplement. Under the conditions of an annual contributions contract, HUD provides funding for the rental supplements and for administrative costs. Under the Moderate Rehabilitation and Shelter Plus Care programs, housing assistance payments are funded by HUD on a reimbursement basis and an administrative fee is earned based on a formulae proscribed by HUD. For the Housing Choice Voucher program, HUD provides funding for housing assistance, administrative fees, and for other purposes based on an appropriated budget authority.

C. Fund financial statements

The Authority is a special-purpose government with no governmental activities. All of the Authority's funds are reported as one proprietary fund, which relies on a significant extent on fees and charges for support. In accordance with Sp20.107 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, the Authority's basic financial statements only include the Proprietary fund financial statements. The fund financial statements reflect the elimination of inter-program balances or transactions.

Another post-employment benefit (OPEB) trust fund is used to account for resources held in trust for employee, retirees, and their beneficiaries based on the postemployment benefits plan. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with plan terms.

D. Revenue recognition, measurement focus, basis of accounting, and financial statement presentation

The fund level financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessment.

Newport News Redevelopment and Housing Authority
Newport News, Virginia

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

D. Revenue recognition, measurement focus, basis of accounting, and financial statement presentation (Continued)

The significant revenue recognition policies and practice related to these revenues are as follows:

Charges to tenants, participants, or applicants – these revenues consist primarily of dwelling rental charges and related fees and charges. Such revenues are recognized when due. Rental charges are typically recorded and recognized at the beginning of the rental term while tenant charges and fees are recognized when the underlying transaction has occurred. The revenues associated with installment repayment agreements are recorded when collected.

Operating grants and contributions – the Authority receives various grants from other governments and entities. In general, for cost reimbursement-type grants, the revenues are recognized when the underlying expenses are incurred and as soon as all eligibility requirements imposed by the provider have been met. For formula-based operating subsidies, the revenues are recognized during the period for which the subsidy was approved and authorized by the grantor agency. For fee-based grants, the revenues are recognized when the services are performed and delivered. The principal operating grant revenues earned by the Authority include operating subsidies for its low-rent public housing program, administrative fees for the Section 8 housing assistance programs and the non-capital portions of modernization and capital improvement grants.

Capital grants and contributions – the Authority receives various grants from other governments and entities. In general, for cost reimbursement-type grants, the revenues are recognized when the underlying expenses are incurred and as soon as all eligibility requirements imposed by the provider have been met. The principal capital grant revenues earned by the Authority include the capital portion of modernization and capital improvement grants.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues for the enterprise fund are rental and other charges to tenants or participants and the section 8 administrative fee earned on the housing assistance program. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expense not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

Newport News Redevelopment and Housing Authority
Newport News, Virginia

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

E. Fund Accounting

The Authority uses a single enterprise fund to report on its financial position and results of its operations in the fund level financial statements. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain Authority functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

The fund types used by the Authority are described as follows:

Proprietary Fund Types – these funds account for virtually all other operations that are organized to be primarily self-supporting through user charges. The fund included in this category is the Enterprise Fund. Enterprise Funds are established to account for operations that are financed or operated in a manner similar to business enterprises, where the intent is that the costs of the program be recovered primarily through user charges.

Pension trust fund – is used to account for resources held in trust for employee, retirees, and their beneficiaries based on the postemployment benefits plan.

F. Basis of Accounting – Fund Level Statements

The accounting and financial reporting treatment applied to a fund is determined by its measurements focus. Proprietary fund types used the flow of economic resources measurement focus. With this measurement focus the emphasis is on the measurement of net income similar to the approach used by commercial enterprise. Revenues are recognized when earned and expenses are recognized when incurred.

Generally, the fund financial statements reflect the elimination of interprogram balances and transfers.

G. Budgets and Budgetary Accounting

The Authority is required by its HUD Annual Contribution Contracts to adopt annual budgets for the Low-Rent Public Housing Program. Annual budgets are not required for capital projects grants; other HUD grants or Housing Assistance Payments Programs as their budgets are approved for the length of the project or grant. Annual, project and grant length budgets require grantor approval. The annual operating budget is not approved by HUD and is not an appropriated budget.

Appropriations are authorized at the function level. Management may transfer budget authorization between functions. All appropriations which are not used lapse at year end. Budgeted amounts are as originally adopted or as amended by the Board.

Newport News Redevelopment and Housing Authority
Newport News, Virginia

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

H. Cash and Investments

Generally, cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the Authority. Security deposit investments are reported as cash regardless of the investment term. Investments are stated at cost or at market value as required by GASB 31.

I. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2013, are recorded as deferred charges or prepaid items.

J. Inventories

Inventories are valued at cost using the average cost method.

K. Capital Assets

Capital assets including construction or acquisition of infrastructure assets are capitalized in the proprietary funds used to acquire or construct them. All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received.

The costs of normal maintenance and repairs that do not add to the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable. Assets are depreciated over their useful lives using the straight line method. The useful lives for each class of depreciable assets are as follows:

Buildings and improvements	15-40 years
Furniture	10 years
Office equipment and maintenance equipment	7 years
Vehicles and automotive equipment	7 years
Computer equipment and software	3-10 years

L. Capitalized Interest

Interest expense on notes and bonds, net of interest income on related debt proceeds are capitalized during the project development period through the date of full availability. Only the interest associated specifically with debt used to construct physical structures is capitalized.

Newport News Redevelopment and Housing Authority
Newport News, Virginia

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

M. Vacation and Sick Leave Compensation

Employees earn annual leave at varying rates based upon years of service up to a maximum of 24 days per year. At termination, employees are paid for any accumulated annual leave. The liability for accrued but unused annual leave at June 30, 2013 is \$480,995 and is reported as a current or non-current liability. The maximum accrual is forty (40) days. Employees earn sick leave at the rate of 15 days per year with no maximum accumulation. At termination, employees are not paid for any accumulated balances.

N. Estimates

Preparing the Authority's financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The most significant estimates relate to allowance for uncollectible accounts receivable, inventory obsolescence and depreciation. These estimates may be adjusted as more current information becomes available and any adjustment could be significant.

O. Imputation of Interest

The Authority makes loans to homeowners, program participants, and affiliates and obtain loans from state agencies and other governmental entities for the purposes of carrying out the Authority's and the state's affordable housing objectives. Accordingly, some notes receivable or payable that bear no interest or bear a below market interest rate do not require the imputation of interest pursuant to Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements (GASB 62, paragraph 147f).

NOTE 2 – DEPOSITS AND INVESTMENTS:

The Authority's funds are maintained in bank deposits or in investments in debt securities. The Authority is permitted to invest funds in deposit accounts at federally insured financial institutions; in obligations of the U.S. Treasury or U.S. Government agencies; Local or State Government Investment Pools; and Repurchase Agreements with financial institutions (as long as the entire balance is collateralized by specifically identified securities of the U.S. Government or its agencies). Investments in debt securities that have a remaining maturity at the time of purchase of more than one year and that have a determinable market value are valued at market value as of year-end. The market values are based on quoted market prices at year-end. Certificates of deposit are stated at cost as they are not traded in any market and are held for longer terms. Securities with a remaining maturity at the time of purchase of one year or less are reported at amortized cost.

BANK DEPOSITS

Deposits include amounts held in accounts that qualify for federal depository insurance and include demand deposits such as checking accounts, saving accounts and NOW accounts, as well as time deposits such as nonnegotiable certificates of deposit. In the financial statements, amounts held in demand deposits accounts and in time deposits with initial maturities of 90 days or less are classified as cash and cash equivalents. Amounts held in time deposits with initial maturities in excess of 90 days are classified as investments.

Newport News Redevelopment and Housing Authority
Newport News, Virginia

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 2 – DEPOSITS AND INVESTMENTS: (Continued)

As of June 30, 2013, the Authority's deposits consist of the following:

Demand Deposit accounts (checking, savings, and money market account)	\$ 7,196,597
Time deposits - certificates of deposit	<u>40,000</u>
Total deposits	<u><u>\$ 7,236,597</u></u>

Deposits are required to be either covered by federal depository insurance or be collateralized with securities held by a third-party custodian in the Authority's name. At June 30, 2013, the Authority's deposits with financial institutions had a carrying amount of \$7,236,597 and a bank balance of \$7,715,054. The bank balance is categorized as follows:

Amounts insured by the FDIC or collateralized with securities held by third party custodians in the Authority's name	\$ 1,435,825
Collateralized under the Commonwealth's public depository fund in accordance with the laws of the Commonwealth of Virginia	<u>6,279,229</u>
Total bank balance	<u><u>\$ 7,715,054</u></u>

As of June 30, 2013, the Authority deposits are classified in the financial statements as follows:

Cash and cash equivalents	\$ 7,196,597
Investments	<u>40,000</u>
Total deposits	<u><u>\$ 7,236,597</u></u>

Newport News Redevelopment and Housing Authority
Newport News, Virginia

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 2 – DEPOSITS AND INVESTMENTS: (Continued)

INVESTMENTS

As of June 30, 2013 the Authority held the following investments:

Investment Type	Maturity	Issuer Credit Rating	Proprietary Fund - Fair Value or Cost	Fiduciary Fund - Fair Value or Cost
Repurchase Agreements	Daily	N/A	\$ 7,411,474	\$ -
Federal Home Loan Bank Discount Note	7/15/2013	Not rated	314,988	-
Federal Home Loan Bank Discount Note	7/31/2013	Not rated	399,993	-
Federal Home Loan Bank Discount Note	8/9/2013	Not rated	5,482,822	-
VACO/VML Pooled OPEB Trust	N/A	N/A	-	812,500
RBC Money Market Mutual Fund	N/A	N/A	164	-
	Total		<u>\$ 13,609,441</u>	<u>\$ 812,500</u>

As of June 30, 2013, the Authority's cash and cash equivalents consist of the following:

	Proprietary Fund	Fiduciary Fund
Cash and cash equivalents	\$ 13,609,277	\$ -
Investments	164	812,500
Total investments	<u>\$ 13,609,441</u>	<u>\$ 812,500</u>

Newport News Redevelopment and Housing Authority
Newport News, Virginia

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 2 – DEPOSITS AND INVESTMENTS: (Continued)

CLASSIFICATION IN FINANCIAL STATEMENTS:

In summary, as of June 30, 2013, the Authority's cash and cash equivalents consist of the following:

	Proprietary Fund
Deposits with financial institutions	\$ 7,196,597
Investments - short-term	13,609,277
Petty cash and change funds	3,950
Total cash and cash equivalents	<u>\$ 20,809,824</u>
Restricted for:	
Capital improvements replacement reserve	\$ 1,252,985
Security deposits	145,563
Housing Choice Voucher HAP Reserve	858,255
Family Self Sufficiency (FSS) program escrow	276,066
Replacement reserve and other reserve accounts	1,127,106
Unexpended insurance proceeds	519,222
	<u>4,179,197</u>
Unrestricted	<u>\$ 16,630,627</u>

In summary, as of June 30, 2013, the Authority's investments consist of the following:

	Proprietary Fund	Fiduciary Fund
Deposits with financial institutions - longer term maturities	\$ 40,000	\$ -
Investments	164	812,500
Unrestricted	<u>40,164</u>	<u>812,500</u>
Reserves held by VHDA	347,974	-
Restricted	<u>347,974</u>	<u>-</u>
Total investments	<u>\$ 388,138</u>	<u>\$ 812,500</u>

Interest rate risk – The Authority's formal investment policy does not specifically address the exposure to this risk. Investments held for longer periods are subject to increased risks from interest rate changes. The Authority's investment in securities with maturities of six months or less minimized interest rate risk.

Newport News Redevelopment and Housing Authority
Newport News, Virginia

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 2 – DEPOSITS AND INVESTMENTS: (Continued)

Credit risk – the Authority’s formal investment policy does not specifically address credit risk. Credit risk is generally evaluated based on the credit ratings issued by nationally recognized statistical rating organizations. Generally, the Authority only invests in debt securities of U.S. Government sponsored entities which minimizes credit risk.

Custodial credit risk – investments – For an investment, this is the risk that, in the event of the failure of a counterparty, the authority would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Authority’s \$7,411,474 investment in repurchase agreements are uninsured and unregistered investments for which the securities are held by the counterparty, or by the counterparty, or by its trust department but not in the Authority’s name. The Authority has no policy on custodial credit risk for investments.

Custodial credit risk – deposits – For deposits, this is the risk that, in the event of a bank failure, the Authority’s deposits may not be returned to it. The Authority has no policy on custodial credit risk for deposits.

Concentration of credit risk – the Authority’s investment policy does not restrict the amount that the Authority may invest in any one issuer.

NOTE 3 – ACCOUNTS RECEIVABLE

Receivables at June 30, 2013 consist of the following:

	Fund
Tenants/program participants	\$ 283,000
Less: Allowance	(248,953)
	<u>34,047</u>
HUD	470,488
Loan program participants	46,387
Other governments	513,743
Insurance proceeds	5,921
Affiliated property owners	
Phoenix Village II	70,965
Phoenix Village	7,115
Great Oak	106,955
Miscellaneous	<u>2,959</u>
	<u>\$ 1,258,580</u>

The allowance for doubtful accounts is an estimate of the amounts owed by residents that the Authority expects to become uncollectible. The estimate was based on an analysis of historical write-off amounts and the amounts owed by vacated tenants.

Newport News Redevelopment and Housing Authority
Newport News, Virginia

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 3 – ACCOUNTS RECEIVABLE

Detailed information by program is as follows:

	Public Housing Program	Rental Assistance Program	Central Office Cost Center Program	Community Development Program	HOME Investment Partnership Program	Resident Self Sufficiency Programs	Transition Center Program	State and Local Activities Program	Neighborhood Stabilization Program	Business Activities Program
Tenants	\$ 35,456	\$ 241,322	\$ -	\$ -	\$ -	\$ -	\$ 6,222	\$ -	\$ -	\$ -
Less: Allowance	(7,631)	(241,322)	-	-	-	-	-	-	-	-
	<u>27,825</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,222</u>	<u>-</u>	<u>-</u>	<u>-</u>
HUD	438,577	18,208	-	-	-	13,703	-	-	-	-
Loan program participants	-	-	-	748	45,639	-	-	-	-	-
Other governments	41,195	5,335	-	-	181,013	-	-	218,071	65,868	2,261
Insurance proceeds	5,921	-	-	-	-	-	-	-	-	-
Affiliated property owners										
Phoenix Village II	-	-	70,965	-	-	-	-	-	-	-
Phoenix Village	-	-	4,352	-	-	-	-	-	-	2,763
Great Oak	-	-	106,955	-	-	-	-	-	-	-
Miscellaneous	-	-	125	-	-	-	2,321	-	-	513
	<u>\$ 513,518</u>	<u>\$ 23,543</u>	<u>\$ 182,397</u>	<u>\$ 748</u>	<u>\$ 226,652</u>	<u>\$ 13,703</u>	<u>\$ 8,543</u>	<u>\$ 218,071</u>	<u>\$ 65,868</u>	<u>\$ 5,537</u>

Newport News Redevelopment and Housing Authority
Newport News, Virginia

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 4 – MORTGAGES PAYABLE, INTERFUND NOTES PAYABLE:

Transition Center

The cost of the Transition Center was financed by a permanent first mortgage loan from the Virginia Housing Development Authority (VHDA). On June 15, 1978 the construction loan was converted to a permanent first mortgage loan of \$256,311 payable in equal monthly installments of \$1,953 including interest at 8.824%, through September 1, 2017. The maturities over the next five years are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total Payments</u>
For the year ended June 30, 2014	\$ 16,720	\$ 6,716	\$ 23,436
For the year ended June 30, 2015	18,281	5,155	23,436
For the year ended June 30, 2016	19,987	3,449	23,436
For the year ended June 30, 2017	21,852	1,584	23,436
For the year ended June 30, 2018	<u>5,686</u>	<u>84</u>	<u>5,770</u>
	<u>\$ 82,526</u>	<u>\$ 16,988</u>	<u>\$ 99,514</u>

Public Housing Fund

Orcutt Townhomes III was partially financed with tax credit assistance program (TCAP) funds from the Virginia Housing Development Authority. A Deferred Payment Note in the amount of \$1,004,231 was executed on December 31, 2009. This note bears no interest and payments are deferred through December 31, 2041. Beginning on December 31, 2042, one-twentieth (1/20th) of the principal balance of this note outstanding on December 31, 2041 shall be due and payable on December 31st of each year until December 31, 2061, at which time the balance of principal remaining unpaid shall be due and payable.

	<u>Principal</u>	<u>Interest</u>	<u>Total Payments</u>
For the years ended June 30, 2043 and thereafter	<u>\$ 1,004,231</u>	<u>\$ -</u>	<u>\$ 1,004,231</u>

Orcutt Townhomes III was partially financed with funds received from the Virginia Housing Development Authority under the Tax Credit Exchange Program. Under this agreement, funding of \$900,000 was provided in the form of a “cash grant” in exchange for the low-income housing tax credits. This “revenue” will be recognized over the 15 year tax credit compliance period. This is in substance a loan that is being amortized over 15 years so it is reported as such with one fifteenth (1/15th) being forgiven each year. This agreement is secured by a credit line deed of trust and VHDA has a security interest in the real property until the end of the 15 year compliance period. As of June 30, 2013, \$780,000 was deferred or outstanding under this agreement.

Newport News Redevelopment and Housing Authority
Newport News, Virginia

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 4 – MORTGAGES PAYABLE, INTERFUND NOTES PAYABLE: (Continued)

	Principal	Interest	Total Payments
Forgiven for the year ended June 30, 2014	\$ 60,000	\$ -	\$ 60,000
Forgiven for the year ended June 30, 2015	60,000	-	60,000
Forgiven for the year ended June 30, 2016	60,000	-	60,000
Forgiven for the year ended June 30, 2017	60,000	-	60,000
Forgiven for the year ended June 30, 2018	60,000	-	60,000
Forgiven for the year ended June 30, 2019	60,000	-	60,000
Forgiven for the year ended June 30, 2020	60,000	-	60,000
Forgiven for the year ended June 30, 2021	60,000	-	60,000
Forgiven for the year ended June 30, 2022	60,000	-	60,000
Forgiven for the year ended June 30, 2023	60,000	-	60,000
Forgiven for the year ended June 30, 2024	60,000	-	60,000
Forgiven for the year ended June 30, 2025	60,000	-	60,000
Forgiven for the year ended June 30, 2026	60,000	-	60,000
	<u>\$ 780,000</u>	<u>\$ -</u>	<u>\$ 780,000</u>

INTER-PROGRAM NOTES PAYABLE:

Certain inter-program notes payables are recorded on the accounting records for programs that are combined in the single Proprietary Fund. These inter-program balances are not reflected in the fund financial statements, however, they are reflected in the Financial Data Schedule (FDS) presented as supplemental information. HUD requires that the FDS reflect the balance sheet for each public housing project/development. These loans are eliminated in the "Elimination" column of the FDS presented as supplemental information.

Inter-program note payable – Orcutt Senior Housing – Non Public Housing Funds Notes

The Authority developed 50 units of senior housing using a combination of tax credit proceeds, non-federal Authority resources, and public funds. A portion of this funding was derived from non-public funds, specifically excess administrative fees earned by the Authority. A note in the amount of \$762,676 was executed on December 24, 2003 however, only \$714,000 was actually utilized for this project. The note bears interest at a rate of 4% per year and matures on December 24, 2033. Payment of this note and the accrued interest thereon is deferred until this date or upon the sale of conveyance or the property. This note is secured by a deed of trust. This note is recorded on the accounting records of the Excess Earned Administrative Fee Fund which is part of the Business Activities Program as a receivable and on the Public Housing Program as a liability.

Newport News Redevelopment and Housing Authority
Newport News, Virginia

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 4 – MORTGAGES/NOTES PAYABLE: (Continued)

Principal loaned through June 30, 2005	<u>\$ 714,000</u>
Accrued interest for the year ended June 30, 2005	\$ 21,678
Accrued interest for the year ended June 30, 2006	29,427
Accrued interest for the year ended June 30, 2007	30,604
Accrued interest for the year ended June 30, 2008	31,829
Accrued interest for the year ended June 30, 2009	33,432
Accrued interest for the year ended June 30, 2010	34,784
Accrued interest for the year ended June 30, 2011	36,188
Accrued interest for the year ended June 30, 2012	37,755
Accrued interest for the year ended June 30, 2013	<u>39,175</u>
Total accrued interest due as of June 30, 2013	<u>\$ 294,872</u>

In the REAC Financial Data Schedule (FDS) presented as supplemental information. The accrued interest payable of \$294,872 is reported on FDS line 353, Non-Current Liabilities – Other. The interest receivable of \$294,872 is reported on FDS line 171, Notes, Loans, and Mortgages Receivable – Non-Current along with the related principal.

Interfund note payable – Orcutt Senior Housing – Capital Funds Loan

The Authority developed 50 units of senior housing using a combination of tax credit proceeds, non-federal Authority resources, and public funds. A portion of this funding was derived from public housing capital funds grants. A note in the amount of \$2,556,800 was executed on December 24, 2003, however, only \$2,475,000 in capital funds were actually utilized for this project. The note is non-interest bearing and matures on December 24, 2043. Payment of this note is deferred until this date or upon the sale or conveyance of the property. This note is recorded is secured by a deed of trust. This note is recorded on the accounting records of the Low-rent Public Housing Program as a receivable and on the Orcutt Senior Housing Development Corporation as a liability.

Newport News Redevelopment and Housing Authority
Newport News, Virginia

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 4 – MORTGAGES/NOTES PAYABLE: (Continued)

Interfund note payable – Orcutt Townhomes

The Authority developed 40 units of family housing using a combination of tax credit proceeds, non-federal Authority resources, and public funds. A portion of this funding was derived from public housing capital funds grants. A note in the amount of \$2,527,755 was executed on December 29, 2005. The note bears interest at a rate of 5.03% and matures on December 29, 2035. Payment of this note is deferred until this date or upon the sale or conveyance of the property. This note is secured by a deed of trust. This note is recorded on the accounting records of the Low-Rent Public Housing Program as a receivable and on the Orcutt Townhomes I as a liability. During the interim period before the note was executed, no interest is due. A total of \$1,570,861 was advanced under this agreement. 1,570,861

Interfund note payable – Orcutt Townhomes III

The Authority developed 30 units of family housing using a combination of tax credit proceeds, non-federal Authority resources, and public funds. A portion of this funding was derived from public housing capital funds grants. A note in the amount of \$1,749,892 was executed on May 7, 2010. The note is non-interest bearing and matures on May 7, 2050. Payment of this note is deferred until this date or upon the sale or conveyance of the property. This note is secured by a deed of trust. This note is recorded on the accounting records of the Low-Rent Public Housing Program as a receivable and on the Orcutt Townhomes III as a liability. As of June 30, 2013, \$1,749,842 had been advanced under this agreement. 1,749,842

Total interfund within the Public Housing Fund \$ 5,795,703

Changes in long-term liabilities:

Long-term liabilities activity for the year ended June 30, 2013, was as follows:

	Balance at June 30, 2012	Additions	Reductions	Balance at June 30, 2013	Due Within One Year
<u>Business-type activities:</u>					
Transition Center					
Mortgage Payable	\$ 97,819	\$ -	\$ 15,293	\$ 82,526	\$ 16,720
VHDA TCAP Note Payable	1,004,231	-	-	1,004,231	-
VHDA Exchange Note Payable	840,000	-	60,000	780,000	-
Escrow liabilities	307,272	196,848	201,486	302,634	-
OPEB liability	55,861	180,415	236,276	-	-
Compensated absences	481,507	314,302	314,814	480,995	16,708
Business-type activities					
long-term liabilities	<u>\$ 2,786,690</u>	<u>\$ 691,565</u>	<u>\$ 827,869</u>	<u>\$ 2,650,386</u>	<u>\$ 33,428</u>

Newport News Redevelopment and Housing Authority
Newport News, Virginia

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 5 – CAPITAL ASSETS:

Capital asset activity for the year ended June 30, 2013 was as follows:

	Balance at June 30, 2012	Additions	Transfers/ Reductions	Balance at June 30, 2013
<u>Business-type activities:</u>				
Land and improvements	\$ 3,765,977	\$ -	\$ -	\$ 3,765,977
Construction in progress	5,396,313	1,408,171	(5,435,267)	1,369,217
Total capital assets, not being depreciated	<u>9,162,290</u>	<u>1,408,171</u>	<u>(5,435,267)</u>	<u>5,135,194</u>
Buildings and improvements	100,334,664	1,328,627	(2,308,632)	99,354,659
Furniture, equipment, vehicles and fixtures	3,475,945	28,952	(243,660)	3,261,237
Total capital assets, being depreciated	<u>103,810,609</u>	<u>1,357,579</u>	<u>(2,552,292)</u>	<u>102,615,896</u>
Accumulated depreciation	<u>(67,898,359)</u>	<u>(3,254,174)</u>	<u>7,860,684</u>	<u>(63,291,849)</u>
Total capital assets, being depreciated (net)	<u>35,912,250</u>	<u>(1,896,595)</u>	<u>5,308,392</u>	<u>39,324,047</u>
	<u>\$ 45,074,540</u>	<u>\$ (488,424)</u>	<u>\$ (126,875)</u>	<u>\$ 44,459,241</u>

Business-type activities:

Public Housing Program	\$ 3,102,774
Rental Assistance Program	26,621
Central Office Cost Center Program	58,540
Community Development Program	15,483
HOME Investment Partnerships Program	795
Transition Center Program	11,846
State & Local Activities Program	2,076
Business Activities Program	<u>36,039</u>

Total depreciation expense - business-type activities

\$ 3,254,174

Newport News Redevelopment and Housing Authority
Newport News, Virginia

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 6 EMPLOYEE RETIREMENT PLAN:

The Authority contributes to the Pension Plan for the Employees of the Newport News Redevelopment and Housing Authority, which is a defined contribution plan. This plan is administered by John Hancock Life Insurance Company.

A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individuals' account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account, the returns earned on investments of those contributions, and the forfeitures of other participants' benefits that may be allocated to such participant's account. As established by the Authority's personnel policy, all full-time employees of the Authority with six months employment as of the enrollment date of July 1st or January 1st each year are eligible for enrollment into the Plan. Contributions made by an employee vest immediately and contributions made by the Authority vest after five years of full-time employment. An employee who leaves the employment of the Authority is entitled to his or her contributions and the Authority's contributions to the extent vested and the earnings on these amounts. As determined by the plan provisions, employees are not required to contribute to the pension plan. The Authority is required to contribute an amount equal to 12% of the employee's annual salary as of July 1st of each year.

During the year ended June 30, 2013, the Authority's required and actual contributions amounted to \$520,329 which was 12% of its covered payroll.

No pension plan provision changes occurred during the year which affected the required contributions to be made by the Authority or its employees.

NOTE 7 – RISK MANAGEMENT:

The Authority is exposed to various risks of losses related to torts; theft of, or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority has mitigated this risk by participating and obtaining insurance coverage from commercial insurance companies. Premiums paid for insurance coverage are recorded as expenses of the fund where the coverage is required. Insurance coverage provided includes property and casualty, general liability, fidelity bond, workers compensation. During the current or subsequent period there were no claims made or paid that were not covered by the Authority's insurance providers. There were no significant coverage decreases in the current or subsequent audit period.

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS:

Plan Description:

The Newport News Redevelopment and Housing Authority provides postemployment health care benefits to its employees and retirees. This plan is a single-employer defined benefit plan that covers full and part-time (30 hours per week or more) employees and current retirees. There are approximately 176 plan members, including 138 active employees and 38 retirees.

Newport News Redevelopment and Housing Authority
Newport News, Virginia

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS: (Continued)

A Newport News Redevelopment and Housing Authority retiree, eligible for postretirement medical coverage, is defined as a full-time employee who retires directly from the Authority and is at least 55 years of age with 10 years of service, if hired after July 1, 2008. Retirees pay the full active contribution plus a portion of the Authority's contribution towards medical and dental coverage for retirees based on a system of vesting points, calculated by adding together the employee's age plus years of service. The percentage of employer contribution towards coverage is shown below.

Retiree Medical and Dental Insurance Vesting Schedule:

80 Vesting Points – 100% employer contribution
75 Vesting Points – 90% employer contribution
70 Vesting Points – 80% employer contribution
65 Vesting Points – 70% employer contribution
60 Vesting Points – 60% employer contribution

For the Optima POS Plan, after a \$100 deductible, prescription drug copayments are \$10 for generic, \$30 for preferred brand, and \$50 for non-preferred brand. There is a \$20 co-pay for primary care and a \$40 co-pay for all other specialties in-network. Out-of-network, there is a \$3,000 deductible with 70% coinsurance and a \$7,500 out-of-pocket limit. Post-Medicare retirees and their spouses receive \$93.91 towards their Medicare Part B premium rate.

Benefits provisions have been established by the Authority's personnel handbook and policies, which can be amended by the Authority's Board of Commissioners at any time.

The Newport News Redevelopment and Housing Authority has established a trust to accumulate and invest assets to fund other postemployment benefit (OPEB) liabilities by joining the VACo/VML Pooled OPEB Trust. This plan does not issue stand-alone financial report, instead, the plan assets and activities are reported as a Fiduciary Fund in the Fund Financial Statements.

Funding Policy:

The Board of Commissioners established the contribution requirements of plan members and may be amended by the Board. Retirees pay the full active contribution plus a portion of the Authority's contribution towards the active employee based on the vesting schedule described above. The Authority contributes a percentage of its normal active contribution towards medical and dental coverage for retirees based on the vesting schedule described above.

The current annual required contribution (ARC) is 3.72% of the annual covered payroll.

Newport News Redevelopment and Housing Authority
Newport News, Virginia

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS: (Continued)

Summary of Significant Accounting Policies:

The Plan's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value assets, consistent with the long-term perspective of the calculations. Short-term money market debt instruments, deposits, and repurchase agreements, are reported at cost or amortized cost, which approximates fair value. Certain longer term United States Government and United States Agency securities are valued at the last reported sales price. Administration costs of the Plan are financed through investment earnings.

Annual OPEB Cost and Net OPEB Obligations:

The Authority's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Authority's annual OPEB cost for the current year, the amount actually contributed to the plan, and changes in the Authority's net OPEB obligation for the postemployment healthcare benefits:

Annual required contribution (ARC)	\$ 179,748
Interest on net OPEB obligation	3,910
Adjustment to annual required contribution	<u>(3,243)</u>
Annual OPEB cost (expense)	180,415
Contributions made	<u>(270,314)</u>
Increase (decrease) in net OPEB obligation	(89,899)
Net OPEB obligation (prepayment) July 1, 2012	55,861
Net OPEB obligation (prepayment) June 30, 2013	<u><u>\$ (34,038)</u></u>

The Authority's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for 2013, 2012, 2011, 2010, and 2009 were as follows:

For the year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2009	\$ 210,326	99.49%	\$ 1,072
2010	194,610	97.85%	5,256
2011	194,660	104.78%	(4,049)
2012	179,708	66.66%	55,861
2013	180,415	149.83%	(34,038)

Newport News Redevelopment and Housing Authority
Newport News, Virginia

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS: (Continued)

Funded Status and Funding Progress:

As of July 1, 2011, the most recent actuarial valuation date, the plan was 30.26% funded. The actuarial accrued liability for benefits was \$2,209,243 and the actuarial value of assets was \$668,601, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,540,642. The covered payroll (annual payroll of active employees covered by the plan) was \$4,831,376, and the ratio of UAAL to the covered payroll was 31.89%.

Actuarial Methods and Assumptions:

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend, amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents information about the actuarial value of plan assets and the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value assets, consistent with the long-term perspective of the calculations.

In the July 2011, actuarial valuation, the projected-until-credited method was used. The actuarial assumptions included a 7 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date. The medical cost trend rate varied between 10.00 and 5.00 percent. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five year period. The UAAL is being amortized as a level percentage of projected until credit on a level percent of pay, closed basis. The remaining amortization period at July 1, 2011 was 30 years.

NOTE 9 – CONDUIT DEBT:

From time to time, the Authority has issued Tax Exempt Mortgage Revenue Bonds and Limited Obligation Notes to provide financial assistance to private-sector entities for the acquisition and construction of affordable multi-family rental housing deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from rents received from the developments. The Authority is not obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2013, there were two series of Tax Exempt Mortgage Revenue Bonds outstanding, with an aggregate principal amount payable of \$16,733,000.

NOTE 10 – AFFILIATED ENTITY:

During a prior year the Authority became a minority owner in Newport News Medical Arts, LLC, a limited liability corporation that was formerly operated as Medical Arts Senior Apartments, LP. At the end of the compliance period for this development the Authority will obtain title for \$1.

Newport News Redevelopment and Housing Authority
Newport News, Virginia

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 11 – NOTES AND MORTGAGES RECEIVABLE:

These balances represent amounts due from homebuyers, program participants, and affiliated entities for various program purposes. Loan terms vary but generally require repayment in from 20-30 years at minimal interest rates. Through the CDBG and HOME programs administered through the City of Newport News, the Authority administers several loan programs for the purposes authorized under these programs. These loans are secured by promissory notes and deeds to secure debt, and represent legal assets of the Authority.

Notes and mortgages receivable at June 30, 2013 consist of the following:

	Community Development Program	HOME Investment Partnerships Program	Central Office Cost Center Program	Business Activities Program	Proprietary Fund Total
<u>Noncurrent assets:</u>					
Due from Great Oaks Apartments, LLC due June 12, 2013	\$ -	\$ -	\$ -	\$ 500,000	\$ 500,000
	-	-	-	500,000	500,000
<u>Restricted assets:</u>					
Program loans due from program participants	3,127,865	5,827,726	-	-	8,955,591
	3,127,865	5,827,726	-	-	8,955,591
<u>Noncurrent assets:</u>					
Due from Great Oaks Apartments, LLC, due June 11, 2047	-	-	1,473,746	-	1,473,746
Program loans due from program participants	-	-	-	50,164	50,164
Downpayment assistance loans due from homebuyers	-	-	-	28,981	28,981
	-	-	1,473,746	79,145	1,552,891
	<u>\$ 3,127,865</u>	<u>\$ 5,827,726</u>	<u>\$ 1,473,746</u>	<u>\$ 579,145</u>	<u>\$ 11,008,482</u>

Newport News Redevelopment and Housing Authority
Newport News, Virginia

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 12 – INTER-PROGRAM RECEIVABLES

The inter-program balances and transfers are eliminated in the fund financial statements; however, they are displayed in the combining schedules presented as supplemental information. The amounts in this note relate entirely to the supplemental information.

The composition of amounts due to and from other programs as of June 30, 2013 is as follows:

Receivable Fund	Payable Fund										Total
	Public Housing Program	Rental Assistance Program	Central Office Cost Center Program	Community Development Program	HOME Program	Resident Self Sufficiency Program	Transition Center Program	State and Local Activities Program	Neighborhood Stabilization Program	Business Activities Program	
Central Office Cost Center Program	\$ 1,183,206	\$ 147,716	\$ -	\$ 5,930	\$ 25,931	\$ 9,603	\$ 17,809	\$ 107,000	\$ 48,189	\$ 61,365	\$ 1,606,749
HOME Program	-	-	-	-	-	-	-	-	-	215	215
State & Local Activities Program	-	-	6,435	-	-	-	-	-	-	-	6,435
Business Activities Program	-	-	410,146	-	-	-	-	-	-	-	410,146
	<u>\$ 1,183,206</u>	<u>\$ 147,716</u>	<u>\$ 416,581</u>	<u>\$ 5,930</u>	<u>\$ 25,931</u>	<u>\$ 9,603</u>	<u>\$ 17,809</u>	<u>\$ 107,000</u>	<u>\$ 48,189</u>	<u>\$ 61,580</u>	<u>\$ 2,023,545</u>

Amounts payable between programs generally arise from the practice of utilizing the Central Office Cost Center's Revolving Fund as a central bill paying entity and from the use of the Revolving Fund checking account and the Public Housing General Fund checking account as central depositories. The Authority's accounting software system automatically generates interfund entries when transactions occur between funds.

Newport News Redevelopment and Housing Authority
Newport News, Virginia

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 13 – ACCOUNTS PAYABLE

Payables at June 30, 2013 consist of the following:

	<u>Total</u>
Vendors and contractors	\$ 718,185
Accrued utilities	88,920
Other payroll withholdings	103,789
Tenant security deposits	145,563
HUD	112,251
Other governments	65,478
Contract retention	66,516
Other	<u>1,981</u>
	<u><u>\$ 1,302,683</u></u>

Newport News Redevelopment and Housing Authority
Newport News, Virginia

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 13 – ACCOUNTS PAYABLE (Continued)

Detailed information by program at June 30, 2013 consist of the following:

	Public Housing Program	Rental Assistance Program	Central Office Cost Center Program	Community Development Program	HOME Program	Transition Center Program	State and Local Activities Program	Neighborhood Stabilization Program	Business Activities Program
Vendors and Contractors	\$ 362,633	\$ 24,156	\$ 28,567	\$ 8,940	\$ 177,934	\$ 163	\$ 113,972	\$ -	\$ 1,820
Accrued utilities	87,462	-	237	-	-	1,218	-	-	3
Other payroll withholdings	-	-	103,789	-	-	-	-	-	-
Tenant security deposits	142,248	-	-	-	-	3,315	-	-	-
HUD	-	112,251	-	-	-	-	-	-	-
Other governments	65,478	-	-	-	-	-	-	-	-
Contract retention	53,657	-	-	-	12,859	-	-	-	-
Other	-	-	-	-	-	-	-	1,981	-
	<u>\$ 711,478</u>	<u>\$ 136,407</u>	<u>\$ 132,593</u>	<u>\$ 8,940</u>	<u>\$ 190,793</u>	<u>\$ 4,696</u>	<u>\$ 113,972</u>	<u>\$ 1,981</u>	<u>\$ 1,823</u>

Newport News Redevelopment and Housing Authority
Newport News, Virginia

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 14 – ACCRUED SALARIES AND EXPENSES

Accrued salaries and expenses at June 30, 2013 consist:

	Proprietary Fund
Salaries and wages	<u>\$ 196,665</u>
	<u><u>\$ 196,665</u></u>

Newport News Redevelopment and Housing Authority
Newport News, Virginia

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 14 – ACCRUED SALARIES AND EXPENSES:

Accrued salaries and expenses at June 30, 2013 consist of the following:

	Public Housing Program	Rental Assistance Program	Central Office Cost Center Program	Community Development	HOME Investment Partnerships	Resident Self Sufficiency Program	State & Local Activities Program	Business Activities Program
Salaries and wages	<u>\$ 81,000</u>	<u>\$ 24,371</u>	<u>\$ 75,265</u>	<u>\$ 5,453</u>	<u>\$ 1,288</u>	<u>\$ 4,100</u>	<u>\$ 4,554</u>	<u>\$ 534</u>
	<u><u>\$ 81,000</u></u>	<u><u>\$ 24,371</u></u>	<u><u>\$ 75,265</u></u>	<u><u>\$ 5,453</u></u>	<u><u>\$ 1,288</u></u>	<u><u>\$ 4,100</u></u>	<u><u>\$ 4,554</u></u>	<u><u>\$ 534</u></u>

Newport News Redevelopment and Housing Authority
Newport News, Virginia

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 15 – OTHER ASSETS:

Other assets at June 30, 2013 consist of the following:

	Central Office Cost Center Program	HOME Investment Partnerships Program	State & Local Activities Program	Business Activities Program	Total
<u>Other current assets:</u>					
HOMEBuilder costs - construction costs for homes being built for resale to program participants	\$ -	\$ 91,241	\$ -	\$ -	\$ 91,241
	<u>-</u>	<u>91,241</u>	<u>-</u>	<u>-</u>	<u>91,241</u>
<u>Other noncurrent assets:</u>					
Due from the City of Newport News for long-term compensated absences	-	557	15,694	-	16,251
Prepayments of OPEB contributions (also see note 8)	34,816	-	-	-	34,816
Developer fees earned and receivable to be collected from future project cash flows	-	-	-	84,251	84,251
Cost of architectural plans developed for use in future neighborhood redevelopment activities. Costs to be amortized a recovered in the form of plan fees.	-	-	-	57,985	57,985
Redevelopment costs for city funded redevelopment programs	-	-	-	49,300	49,300
	<u>34,816</u>	<u>557</u>	<u>15,694</u>	<u>191,536</u>	<u>242,603</u>
	<u>\$ 34,816</u>	<u>\$ 91,798</u>	<u>\$ 15,694</u>	<u>\$ 191,536</u>	<u>\$ 333,844</u>

Newport News Redevelopment and Housing Authority
Newport News, Virginia

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 16 – CONSTRUCTION COMMITMENTS:

The Authority has active construction projects as of June 30, 2013. The projects include various modernization and capital improvement programs. At year end the Authority's commitments with contractors are as follows:

Project	Spent or accrued to date	Remaining Commitment
Marshall Courts Renovations - rebid	\$ 5,372,255	\$ -
Harbor Homes demolition	742,577	302,008
Adqueduct Window and Door Replacement	488,200	56,800
HOMEBuilder program home construction	86,566	94,370
2713 Lofts LLC Development	170,625	1,126,255
	\$ 6,860,223	\$ 1,579,433

These projects are funded with Capital Fund Program grants received from the Department of Housing and Urban Development or the revolving home construction program funded by the HOME program.

NOTE 17 – DEFICIT NET POSITION:

At June 30, 2013 the following programs reflect a deficit in net position. A deficit in net position indicates that the liabilities of the program exceed the cumulative assets of the fund:

State & Local Activities

This deficit stems from the practice of recording the expense associated with compensated absences and other expenses when incurred but deferring the revenue associated with this future payment until such time as the funds are eligible for requisition. Further, costs are incurred which are not immediately requisitioned or recognized as revenue. Should it be necessary, this deficit will be funded by the Central Office Cost Center Program.

Newport News Redevelopment and Housing Authority
Newport News, Virginia

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 18 – RESTRICTED NET POSITION:

A portion of the Authority's programs generate net position that are restricted by HUD or via external legal requirements. As of June 30, 2013 restricted net position was as follows:

Reserves and escrows:

Public Housing CFP reserves	\$	1,252,985
Public Housing Tax credit operating and replacement reserves		1,127,106
Public Housing Unexpended insurance proceeds		519,222
Transition Center escrow, operating and replacement reserves		347,974
		<u>3,247,287</u>

Housing Choice Voucher HAP reserves (RNA) 852,549

Loan programs

CDBG net assets associated with loan balances		3,127,865
HOME program net position associated with loan balances		5,827,726
		<u>8,955,591</u>

Accumulated CD and HOME funds

CDBG accumulated net position		689,187
HOME accumulated net position		1,091,334
		<u>1,780,521</u>

\$ 14,835,948

Newport News Redevelopment and Housing Authority
Newport News, Virginia

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 18 – RESTRICTED NET ASSETS: (Continued)

Specific details by program are as follows:

Public Housing Program:

Restricted for Capital Activities:

The Authority has received funds from the Department of Housing and Urban Development under the Capital Fund Program under the replacement reserve budget line items. These funds are accumulated to meet future capital improvement needs and must be used for these purposes. The following is a summary of the changes in the net position restricted for capital activities for the year ended June 30, 2013:

Balance at July 1, 2012	\$ 2,854,228
Interest earned	1,295
Expenditures of reserves	(1,602,538)
Balance at June 30, 2013	<u>\$ 1,252,985</u>

These restricted assets are held in short-term US Government securities (\$903,895) and in the general fund checking account (\$349,090).

Restricted Reserves for Tax Credit Developments:

The Authority has developed three public housing communities using tax credits. The terms of various contracts and operating agreements related to these properties require that certain reserves be established and maintained. Generally, such reserves are controlled by the investor partner and access to these funds is limited to specific purposes. Accordingly, these net assets are reported as restricted. The following is a summary of the changes in the net position restricted for these purposes for the year ended June 30, 2013:

	Orcutt Senior Housing - Operating Reserve	Orcutt Senior Housing - Replacement Reserve	Orcutt Townhomes - Operating Reserve	Orcutt Townhomes - Replacement Reserve	Orcutt Townhomes III- Operating Reserve	Orcutt Townhomes III - Replacement Reserve
Balance at July 1, 2012	\$ 281,788	\$ 108,933	\$ 297,140	\$ 192,794	\$ 200,011	\$ 9,000
Interest earned	423	41	445	100	206	5
Deposits	-	15,776	-	11,474	-	9,000
Withdrawals	(15)	-	(15)	-	-	-
Balance at June 30, 2013	<u>\$ 282,196</u>	<u>\$ 124,750</u>	<u>\$ 297,570</u>	<u>\$ 204,368</u>	<u>\$ 200,217</u>	<u>\$ 18,005</u>

These funds are held in checking accounts.

Newport News Redevelopment and Housing Authority
Newport News, Virginia

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 18 – RESTRICTED NET ASSETS: (Continued)

Restricted Reserves for unexpended insurance proceeds:

The Authority experienced a casualty loss in a prior period in a building within a development that was slated for demolition. Accordingly, the insurance proceeds were not used to repair or reconstruct these units and remain invested by the Authority. Though the HUD Annual Contributions Contract specifies that unexpended insurance proceeds not used to reduce project indebtedness be placed in the Authority’s unreserved operating reserve, HUD has recently asserted that these funds should be reported as restricted cash and restricted net position. These unspent proceeds totaling \$519,222 held in short-term US Government securities.

Summary for Public Housing Program:

CFP reserves	\$	1,252,985
Tax credit operating and replacement reserves		1,127,106
Unexpended insurance proceeds		519,222
	<u>\$</u>	<u>2,899,313</u>

Rental Assistance Program:

Housing Choice Voucher Program:

The Authority’s annual contribution contract with HUD and HUD regulations require that the undesignated fund balance (net position) reflect the balance of any excess housing assistance funding and excess administrative fee funding. This requirement results from HUD’s issuance of PIH Notice 2006-03. Previously, the HUD annual contribution was based on a settlement process that reimbursed the Authority directly for certain costs and required the computation of the fee earned. With the issuance of this new guidance, the HUD funding is based on the annual budget authority. Due to restrictions imposed by HUD on the use of the “excess HAP equity”, this amount is reported as restricted net position.

	<u>HAP Equity</u>	<u>Administrative Fee Equity</u>	<u>Total</u>
Balance at July 1, 2012	\$ 1,703,781	\$ 1,526,466	\$ 3,230,247
Current period excess/(deficiency) of funding	<u>(851,232)</u>	<u>(180,029)</u>	<u>(1,031,261)</u>
Balance at June 30, 2013	<u>\$ 852,549</u>	<u>\$ 1,346,437</u>	<u>\$ 2,198,986</u>

These restricted assets are held in the Section 8 checking account.

Newport News Redevelopment and Housing Authority
Newport News, Virginia

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 18 – RESTRICTED NET ASSETS: (Continued)

Community Development Program and HOME Investment Partnerships Program:

Through its CDBG and HOME programs administered through the City of Newport News, the Authority administers several loan programs for purposes authorized under these programs. These loans are secured by promissory notes and deeds to secure debt and represent legal assets of the Authority. The principal and interest received from these loans is considered program income under these programs and must be utilized for specific CDBG and HOME program purposes.

Further, any other accumulated income in excess of expenses/expenditures generated from these programs is restricted for the specific CDBG and HOME purposes allowable by the program regulations and City of Newport News determinations.

As of June 30, 2013 the restricted balances due are as follows:

	Loans	Accumulated Net Position	Total
CDBG Program	\$ 3,127,865	\$ 689,187	\$ 3,817,052
HOME Program	5,827,726	1,091,334	6,919,060
	<u>\$ 8,955,591</u>	<u>\$ 1,780,521</u>	<u>\$ 10,736,112</u>

Transition Center Restricted Reserves:

The Authority owns and operates housing under the terms of a mortgage and regulatory agreement with the Virginia Housing Development Authority (VHDA). VHDA requires that certain reserves and escrow accounts be maintained and VHDA retains possession and control such funds. Accordingly, these assets are reported as restricted. The following is a summary of the changes in the net position restricted for these purposes for the year ended June 30, 2013:

	Insurance Escrow	Replacement Reserve	Operating Reserve	Total
Balance at July 1, 2012	\$ (91)	\$ 162,484	\$ 160,060	\$ 322,453
Interest earned	-	397	398	795
Deposits	2,645	3,588	26,537	32,770
Withdrawals	-	-	(8,044)	(8,044)
Balance at June 30, 2013	<u>\$ 2,554</u>	<u>\$ 166,469</u>	<u>\$ 178,951</u>	<u>\$ 347,974</u>

These funds are held by VHDA in various accounts.

Newport News Redevelopment and Housing Authority
Newport News, Virginia

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 19 – DEVELOPMENT COSTS FOR TAX CREDIT DEVELOPMENTS:

In recent years the Authority has developed two properties utilizing mixed-finance resources, including HUD capital funds and tax-credit financing. Though ownership entities were created for these entities, the Authority contracted for, paid for, and accounted for all of the development and construction costs. These ownership entities are presented in the Authority’s financial statements as component units of the Authority.

During the development phase of these projects, the Authority recorded all development costs in their general ledger accounting system. In addition, the Authority entered development cost information in its capital asset and depreciation software system for each project. Finally, as required by the terms of the financing arrangements, development cost certifications were performed for each development.

The Authority has not fully reconciled the development costs recorded in its accounting records and the costs certified to for each development. The amounts recorded or certified differ as follows:

	Orcutt Senior Housing Development Corporation	Orcutt Townhomes I
	<u> </u>	<u> </u>
Development Costs Recorded in General Ledger	\$ 6,315,977	\$ 5,588,777
Development Costs Captured in Capital Asset/ Depreciation Software	<u>\$ 6,315,977</u>	<u>\$ 5,588,777</u>
Development Costs Certified in Cost Certification	<u>\$ 7,027,423</u>	<u>\$ 5,883,423</u>

The development cost certification appears to include adjustment made by the auditing firm that prepared the cost certification and that were never provided or explained to the management of the Authority.

NOTE 20 – CONTINGENT LIABILITIES:

The Authority receives grant funds, principally from the Federal Government, to carry out its operations. Expenditures from these grants are subject to audit by the grantor, and the Authority is contingently liable to refund amounts received in excess of allowable expenditures. In the opinion of the management of the Authority, any refunds that may be required as a result of expenditures disallowed by the grantors will not be material to the financial statement.

Newport News Redevelopment and Housing Authority
Newport News, Virginia

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 21 – PRIOR PERIOD ADJUSTMENTS:

In prior periods accumulated program income in excess of program expenses was reported in the financial statements as a payable due back to the City of Newport News. As any such liability would only be settled upon the termination of these programs, these amounts were reclassified as restricted net position in 2011. Inadvertently, a portion of these excess funds were not included in this reclassification at that time. This omission was discovered in 2013.

Prior to the current fiscal period, early stage development costs for the Roam Building were expensed as HOME program expenses until the 2713 Lofts, LLC development was closed in late 2012.

Excess CDBG funding reclassified from a payable to the City of Newport News to restricted net position	\$	111,936
Prior period hard costs from Roam Building conversion to 2713 Lofts, LLC development		228,398
	\$	<u>340,334</u>

NOTE 22 – POLLUTION REMEDIATION OBLIGATION:

During 2012, the Authority undertook the demolition of the remaining buildings at Harbor Homes Apartments. Part of this demolition involves the removal and disposal of material containing asbestos. The contract awarded for the demolition of these buildings includes \$249,479 in costs associated with the asbestos removal. The total liability for pollution remediation is based on the contracted work items related to asbestos removal and amount to a total of \$249,479. These costs were expensed in the financial statements as a component of non-routine maintenance. During 2013, \$62,594 was paid or accrued leaving a balance of \$186,885 payable as of June 30, 2013. This amount is reported as a current liability as a component of accounts payable to vendors and contractors. The Authority does not expect to recover any of these costs from insurers or other external third parties.

NOTE 23 – DEFERRED INFLOWS OF RESOURCES:

During 2013 the Authority implemented the requirements of Statement No. 63 of the Governmental Accounting Standards Board, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position and Statement No. 65 of the Governmental Accounting Standards Board, Items Previously Reported as Assets and Liabilities. Among other changes, these standards introduce a new financial statement element, a deferred inflow of resources. A deferred inflow of resources is an acquisition of net assets that is applicable to a future reporting period.

Newport News Redevelopment and Housing Authority
Newport News, Virginia

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 23 – DEFERRED INFLOWS OF RESOURCES: (continued)

The Authority receives grant funds from the Department of Housing and Urban Development (HUD). GASB 65 specifically requires that resources received before time requirements are met, but after all other eligibility requirements have been met, be reported as a deferred inflow of resources. One of the grants the Authority receives is the Public Housing Operating Fund grant which is awarded on a calendar year basis by HUD based on their funding formulae. HUD makes available a portion of this award periodically throughout the year based on appropriations available to fund this award. Early in 2013, HUD made funds available at a higher level than it is currently projecting. Accordingly, for the first half of calendar year 2013, the Authority received grant funds in excess of the amount allocable to the period from January 2013 to June 2013 based on current projected funding levels. It is estimated that \$64,946 has been received that will benefit the remainder of 2013.

NOTE 24 – SUBSEQUENT EVENTS:

In preparing financial statements, management evaluated subsequent events through March 26, 2014 the date the financial statements were issued (or the date the financial statements were available to be issued).

SUPPLEMENTAL INFORMATION

Newport News Redevelopment and Housing Authority
Newport News, Virginia

REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2013

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/2007	\$ -	\$ 1,659,348	\$ 1,659,348	0.00%	\$ 5,779,362	28.71%
7/1/2009	\$ 158,045	\$ 1,797,306	\$ 1,639,261	8.79%	\$ 5,953,807	27.53%
7/1/2011	\$ 668,601	\$ 2,209,243	\$ 1,540,642	30.26%	\$ 5,075,666	30.35%

Schedule of Employer Contributions

Year Ending 30-Jun	Annual Required Contribution	Percentage Contributed
2009	\$ 210,326	99.49%
2010	\$ 194,597	97.86%
2011	\$ 194,597	104.81%
2012	\$ 179,748	66.65%
2013	\$ 179,748	150.38%

Newport News Redevelopment and Housing Authority
Newport News, Virginia

COMBINING STATEMENT OF NET POSITION

PROPRIETARY FUND PROGRAMS

JUNE 30, 2013

	Public Housing Program	Rental Assistance Program	Central Office Cost Center Program	Community Development Program	HOME Investment Partnerships Program	Resident Self Sufficiency Program	Transition Center Program
<u>ASSETS:</u>							
Current assets:							
Cash and equivalents - restricted	\$ 9,633,690	\$ 1,542,477	\$ 993,178	\$ 722,433	\$ 1,018,227	\$ -	\$ 8,030
Accounts receivable (net of allowance)	513,518	23,543	182,397	748	226,652	13,703	8,543
Due from other funds	-	-	1,606,749	-	215	-	-
Investments	-	-	-	-	-	-	-
Notes receivable	-	-	-	-	-	-	-
Prepaid expenses	33,467	2,754	29,087	800	498	-	3
Materials inventory (net of allowance)	-	-	8,693	-	-	-	-
Other assets	-	-	-	-	91,241	-	-
Total Current assets	<u>10,180,675</u>	<u>1,568,774</u>	<u>2,820,104</u>	<u>723,981</u>	<u>1,336,833</u>	<u>13,703</u>	<u>16,576</u>
Restricted assets:							
Cash and equivalents - restricted	3,146,101	1,029,781	-	-	-	-	3,315
Investments - restricted	-	-	-	-	-	-	347,974
Notes receivable (non-current)	-	-	-	3,127,865	5,827,726	-	-
Total restricted assets	<u>3,146,101</u>	<u>1,029,781</u>	<u>-</u>	<u>3,127,865</u>	<u>5,827,726</u>	<u>-</u>	<u>351,289</u>
Noncurrent assets:							
Notes and mortgages receivable	-	-	1,473,746	-	-	-	-
Nondepreciable capital assets	4,499,780	32,000	-	-	432,113	-	17,201
Capital assets (net)	37,982,697	202,213	292,557	47,864	1,805	-	142,025
Interfund notes receivable	-	-	-	-	-	-	-
Accrued interest receivable	-	-	-	-	-	-	-
Other noncurrent assets	-	-	34,816	-	557	-	-
Total noncurrent assets	<u>42,482,477</u>	<u>234,213</u>	<u>1,801,119</u>	<u>47,864</u>	<u>434,475</u>	<u>-</u>	<u>159,226</u>
TOTAL ASSETS	<u>55,809,253</u>	<u>2,832,768</u>	<u>4,621,223</u>	<u>3,899,710</u>	<u>7,599,034</u>	<u>13,703</u>	<u>527,091</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>							
None	-	-	-	-	-	-	-

Newport News Redevelopment and Housing Authority
Newport News, Virginia

COMBINING STATEMENT OF NET POSITION

PROPRIETARY FUND PROGRAMS

JUNE 30, 2013

	Public Housing Program	Rental Assistance Program	Central Office Cost Center Program	Community Development Program	HOME Investment Partnerships Program	Resident Self Sufficiency Program	Transition Center Program
<u>LIABILITIES:</u>							
Current liabilities:							
Accounts payable and accrued expenses	711,478	136,407	132,593	8,940	190,793	-	4,696
Due to other funds	1,183,206	147,716	416,581	5,930	25,931	9,603	17,809
Accrued salaries	81,100	24,371	75,265	5,453	1,288	4,100	-
Accrued interest payable	-	-	-	-	-	-	616
Unearned revenues	5,672	28,912	-	-	1	-	-
Compensated absences	2,374	-	14,334	-	-	-	-
Current portion of long-term liabilities	-	-	-	-	-	-	16,720
Total current liabilities	1,983,830	337,406	638,773	20,323	218,013	13,703	39,841
Long-term liabilities:							
Compensated absences	164,860	50,256	217,531	14,471	1,475	-	-
Notes and mortgages payable	1,784,231	-	-	-	-	-	65,806
Interfund notes payable	714,000	-	-	-	-	-	-
Developer fee payable	84,251	-	-	-	-	-	-
Accrued interest payable	294,872	-	-	-	-	-	-
Unearned revenues	-	-	-	-	-	-	-
Trust, deposit and escrow liabilities	104,540	171,526	-	-	26,568	-	-
Total long-term liabilities	3,146,754	221,782	217,531	14,471	28,043	-	65,806
TOTAL LIABILITIES	5,130,584	559,188	856,304	34,794	246,056	13,703	105,647
<u>DEFERRED INFLOWS OF RESOURCES</u>							
Receipts of grant funds before time requirements have been met	64,946	-	-	-	-	-	-
<u>NET POSITION</u>							
Net investment in capital assets	39,984,246	234,213	292,557	47,864	433,918	-	76,700
Restricted for:							
Reserves and escrows	2,899,313	-	-	-	-	-	347,974
HAP reserves	-	852,549	-	-	-	-	-
Loan programs	-	-	-	3,127,865	5,827,726	-	-
Other	-	-	-	689,187	1,091,334	-	-
Unrestricted (deficit)	7,730,164	1,186,818	3,472,362	-	-	-	(3,230)
TOTAL NET POSITION	\$ 50,613,723	\$ 2,273,580	\$ 3,764,919	\$ 3,864,916	\$ 7,352,978	\$ -	\$ 421,444

Newport News Redevelopment and Housing Authority
Newport News, Virginia

COMBINING STATEMENT OF NET POSITION

PROPRIETARY FUND PROGRAMS

JUNE 30, 2013

	State & Local Activities Program	Neighborhood Stabilization Program	Business Activities Program	Total	Eliminations	Proprietary Fund
<u>ASSETS:</u>						
Current assets:						
Cash and equivalents - restricted	\$ -	\$ -	\$ 2,712,592	\$ 16,630,627	\$ -	\$ 16,630,627
Accounts receivable (net of allowance)	218,071	65,868	5,537	1,258,580	-	1,258,580
Due from other funds	6,435	-	410,146	2,023,545	(2,023,545)	-
Investments	-	-	40,164	40,164	-	40,164
Notes receivable	-	-	500,000	500,000	-	500,000
Prepaid expenses	59	-	174	66,842	-	66,842
Materials inventory (net of allowance)	-	-	-	8,693	-	8,693
Other assets	-	-	-	91,241	-	91,241
Total Current assets	<u>224,565</u>	<u>65,868</u>	<u>3,668,613</u>	<u>20,619,692</u>	<u>(2,023,545)</u>	<u>18,596,147</u>
Restricted assets:						
Cash and equivalents - restricted	-	-	-	4,179,197	-	4,179,197
Investments - restricted	-	-	-	347,974	-	347,974
Notes receivable (non-current)	-	-	-	8,955,591	-	8,955,591
Total restricted assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,482,762</u>	<u>-</u>	<u>13,482,762</u>
Noncurrent assets:						
Notes and mortgages receivable	-	-	79,145	1,552,891	-	1,552,891
Nondepreciable capital assets	-	-	154,100	5,135,194	-	5,135,194
Capital assets (net)	15,527	-	639,359	39,324,047	-	39,324,047
Interfund notes receivable	-	-	714,000	714,000	(714,000)	-
Accrued interest receivable	-	-	294,872	294,872	(294,872)	-
Other noncurrent assets	15,694	-	191,536	242,603	(84,251)	158,352
Total noncurrent assets	<u>31,221</u>	<u>-</u>	<u>2,073,012</u>	<u>47,263,607</u>	<u>(1,093,123)</u>	<u>46,170,484</u>
TOTAL ASSETS	<u>255,786</u>	<u>65,868</u>	<u>5,741,625</u>	<u>81,366,061</u>	<u>(3,116,668)</u>	<u>78,249,393</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>						
None	-	-	-	-	-	-

Newport News Redevelopment and Housing Authority
Newport News, Virginia

COMBINING STATEMENT OF NET POSITION

PROPRIETARY FUND PROGRAMS

JUNE 30, 2013

	State & Local Activities Program	Neighborhood Stabilization Program	Business Activities Program	Total	Eliminations	Proprietary Fund
<u>LIABILITIES:</u>						
Current liabilities:						
Accounts payable and accrued expenses	113,972	1,981	1,823	1,302,683	-	1,302,683
Due to other funds	107,000	48,189	61,580	2,023,545	(2,023,545)	-
Accrued salaries	4,554	-	534	196,665	-	196,665
Accrued interest payable	-	-	-	616	-	616
Unearned revenues	-	-	-	34,585	-	34,585
Compensated absences	-	-	-	16,708	-	16,708
Current portion of long-term liabilities	-	-	-	16,720	-	16,720
Total current liabilities	<u>225,526</u>	<u>50,170</u>	<u>63,937</u>	<u>3,591,522</u>	<u>(2,023,545)</u>	<u>1,567,977</u>
Long-term liabilities:						
Compensated absences	15,694	-	-	464,287	-	464,287
Notes and mortgages payable	-	-	-	1,850,037	-	1,850,037
Interfund notes payable	-	-	-	714,000	(714,000)	-
Developer fee payable	-	-	-	84,251	(84,251)	-
Accrued interest payable	-	-	-	294,872	(294,872)	-
Unearned revenues	15,694	-	-	15,694	-	15,694
Trust, deposit and escrow liabilities	-	-	-	302,634	-	302,634
Total long-term liabilities	<u>31,388</u>	<u>-</u>	<u>-</u>	<u>3,725,775</u>	<u>(1,093,123)</u>	<u>2,632,652</u>
 TOTAL LIABILITIES	 <u>256,914</u>	 <u>50,170</u>	 <u>63,937</u>	 <u>7,317,297</u>	 <u>(3,116,668)</u>	 <u>4,200,629</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Receipts of grant funds before time requirements have been met	-	-	-	64,946	-	64,946
<u>NET POSITION</u>						
Net investment in capital assets	15,527	-	793,459	41,878,484	714,000	42,592,484
Restricted for:						
Reserves and escrows	-	-	-	3,247,287	-	3,247,287
HAP reserves	-	-	-	852,549	-	852,549
Loan programs	-	-	-	8,955,591	-	8,955,591
Other	-	-	-	1,780,521	-	1,780,521
Unrestricted (deficit)	<u>(16,655)</u>	<u>15,698</u>	<u>4,884,229</u>	<u>17,269,386</u>	<u>(714,000)</u>	<u>16,555,386</u>
 TOTAL NET POSITION	 <u>\$ (1,128)</u>	 <u>\$ 15,698</u>	 <u>\$ 5,677,688</u>	 <u>\$ 73,983,818</u>	 <u>\$ -</u>	 <u>\$ 73,983,818</u>

Newport News Redevelopment and Housing Authority
Newport News, Virginia

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

PROPRIETARY FUND PROGRAMS

FOR THE YEAR ENDED JUNE 30, 2013

	Public Housing Program	Rental Assistance Program	Central Office Cost Center Program	Community Development Program	HOME Investment Partnerships Program	Resident Self Sufficiency Program	Transition Center Program
OPERATING REVENUES:							
Rental and tenant income	\$ 3,580,355	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 37,513
Intergovernmental - operating grants	6,065,641	18,611,858	-	1,698,202	1,195,855	101,137	33,496
Fee revenue	-	-	2,938,335	-	-	-	-
Other income	123,502	302,548	99,575	151,325	1,077,504	-	-
Total operating revenues	<u>9,769,498</u>	<u>18,914,406</u>	<u>3,037,910</u>	<u>1,849,527</u>	<u>2,273,359</u>	<u>101,137</u>	<u>71,009</u>
OPERATING EXPENSES:							
Administration	3,447,809	1,618,259	2,390,601	483,778	96,611	-	8,870
Tenant services	455,365	227	-	-	-	101,137	-
Utilities	1,937,883	5,083	38,847	-	-	-	17,249
Ordinary maintenance	2,799,155	23,019	230,090	7,199	-	-	17,096
Protective services	137,665	784	17,897	3	15	-	1,694
Insurance expense	328,498	15,606	58,599	5,441	685	-	2,132
General expenses	242,302	3,875	13,672	1,399,546	2,407,784	-	4
Nonroutine maintenance	862,330	-	752	2,420	-	-	-
Housing assistance payments	-	18,246,459	-	-	-	-	-
Interest	39,176	-	-	-	-	-	8,029
Depreciation	3,102,774	26,621	58,540	15,483	795	-	11,846
Total operating expenses	<u>13,352,957</u>	<u>19,939,933</u>	<u>2,808,998</u>	<u>1,913,870</u>	<u>2,505,890</u>	<u>101,137</u>	<u>66,920</u>
OPERATING INCOME/(LOSS)	<u>(3,583,459)</u>	<u>(1,025,527)</u>	<u>228,912</u>	<u>(64,343)</u>	<u>(232,531)</u>	<u>-</u>	<u>4,089</u>
NONOPERATING REVENUES/EXPENSES:							
Interest and investment revenue	5,678	1,492	-	53,723	28,424	-	796
Gain or loss on sale or disposition fixed assets	(116,169)	(867)	990	(319)	-	-	-
Total nonoperating revenues/(expenses)	<u>(110,491)</u>	<u>625</u>	<u>990</u>	<u>53,404</u>	<u>28,424</u>	<u>-</u>	<u>796</u>
INCOME/(LOSS) BEFORE CONTRIBUTIONS, TRANSFERS AND ADJUSTMENTS							
HUD capital contributions	(3,693,950)	(1,024,902)	229,902	(10,939)	(204,107)	-	4,885
Tax credit and other proceeds	685,944	-	-	-	-	-	-
CHANGE IN NET POSITION	<u>(2,948,006)</u>	<u>(1,024,902)</u>	<u>229,902</u>	<u>(10,939)</u>	<u>(204,107)</u>	<u>-</u>	<u>4,885</u>
TOTAL NET POSITION - July 1, 2012	53,561,729	3,298,482	3,535,017	3,763,919	7,328,687	-	416,559
Prior period adjustments (Note 21)	-	-	-	111,936	228,398	-	-
TOTAL NET POSITION - June 30, 2013	<u>\$ 50,613,723</u>	<u>\$ 2,273,580</u>	<u>\$ 3,764,919</u>	<u>\$ 3,864,916</u>	<u>\$ 7,352,978</u>	<u>\$ -</u>	<u>\$ 421,444</u>

Newport News Redevelopment and Housing Authority
Newport News, Virginia

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

PROPRIETARY FUND PROGRAMS

FOR THE YEAR ENDED JUNE 30, 2013

	State & Local Activities Program	Neighborhood Stabilization Program	Business Activities Program	Total	Eliminations	Proprietary Fund
OPERATING REVENUES:						
Rental and tenant income	\$ 1	\$ -	\$ -	\$ 3,617,869	\$ -	\$ 3,617,869
Intergovernmental - operating grants	479,438	122,469	-	28,308,096	-	28,308,096
Fee revenue	-	-	-	2,938,335	(2,877,226)	61,109
Other income	3,857	117,107	147,192	2,022,610	-	2,022,610
Total operating revenues	<u>483,296</u>	<u>239,576</u>	<u>147,192</u>	<u>36,886,910</u>	<u>(2,877,226)</u>	<u>34,009,684</u>
OPERATING EXPENSES:						
Administration	217,152	36,100	106,806	8,405,986	(2,699,348)	5,706,638
Tenant services	-	-	45,670	602,399	-	602,399
Utilities	5,793	1,540	15,967	2,022,362	-	2,022,362
Ordinary maintenance	32,615	52,548	46,235	3,207,957	(177,878)	3,030,079
Protective services	198	730	2,274	161,260	-	161,260
Insurance expense	20,805	999	8,416	441,181	-	441,181
General expenses	188,151	131,961	17,473	4,404,768	-	4,404,768
Nonroutine maintenance	-	-	-	865,502	-	865,502
Housing assistance payments	13,353	-	-	18,259,812	-	18,259,812
Interest	-	-	-	47,205	-	47,205
Depreciation	2,076	-	36,039	3,254,174	-	3,254,174
Total operating expenses	<u>480,143</u>	<u>223,878</u>	<u>278,880</u>	<u>41,672,606</u>	<u>(2,877,226)</u>	<u>38,795,380</u>
OPERATING INCOME/(LOSS)	<u>3,153</u>	<u>15,698</u>	<u>(131,688)</u>	<u>(4,785,696)</u>	<u>-</u>	<u>(4,785,696)</u>
NONOPERATING REVENUES/EXPENSES:						
Interest and investment revenue	-	-	40,731	130,844	-	130,844
Gain or loss on sale or disposition fixed assets	-	-	-	(116,365)	-	(116,365)
Total nonoperating revenues/(expenses)	<u>-</u>	<u>-</u>	<u>40,731</u>	<u>14,479</u>	<u>-</u>	<u>14,479</u>
INCOME/(LOSS) BEFORE CONTRIBUTIONS, TRANSFERS AND ADJUSTMENTS	3,153	15,698	(90,957)	(4,771,217)	-	(4,771,217)
HUD capital contributions	-	-	-	685,944	-	685,944
Tax credit and other proceeds	-	-	-	60,000	-	60,000
CHANGE IN NET POSITION	<u>3,153</u>	<u>15,698</u>	<u>(90,957)</u>	<u>(4,025,273)</u>	<u>-</u>	<u>(4,025,273)</u>
TOTAL NET POSITION - July 1, 2012	(4,281)	-	5,768,645	77,668,757	-	77,668,757
Prior period adjustments (Note 21)	-	-	-	340,334	-	340,334
TOTAL NET POSITION - June 30, 2013	<u>\$ (1,128)</u>	<u>\$ 15,698</u>	<u>\$ 5,677,688</u>	<u>\$ 73,983,818</u>	<u>\$ -</u>	<u>\$ 73,983,818</u>

Newport News Redevelopment and Housing Authority
Newport News, Virginia

COMBINING STATEMENT OF CASH FLOWS

PROPRIETARY FUND PROGRAMS

FOR THE YEAR ENDED JUNE 30, 2013

	Public Housing Program	Rental Assistance Program	Central Office Cost Center Program	Community Development Program	HOME Investment Partnerships Program	Resident Self Sufficiency Program	Transition Center Program
Cash flows from operating activities:							
Cash received from tenants/others	\$ 3,691,835	\$ 318,190	\$ 99,576	\$ -	\$ -	\$ -	\$ 31,290
Cash received for fees/services/donations	-	-	2,938,335	151,326	156,630	-	-
Cash operating grants received (net)	5,869,192	18,745,906	-	1,706,463	1,062,089	96,259	33,496
Cash transfers from(to) other funds and entities	(954,321)	(400,759)	(1,154,257)	(225,430)	(21,114)	2,042	14,146
Cash payments for goods, services, rental subsidies	(5,255,580)	(18,543,432)	(395,427)	(1,290,115)	(1,183,282)	(490)	(44,405)
Cash payments to/for employees and benefits	(2,860,389)	(827,387)	(2,325,065)	(230,700)	(36,526)	(97,811)	-
Cash payments in lieu of property taxes	(173,689)	-	-	-	-	-	-
Cash paid for homes sold (net of sales)	-	-	-	-	(29,730)	-	-
Net cash provided/(used) by operating activities	<u>317,048</u>	<u>(707,482)</u>	<u>(836,838)</u>	<u>111,544</u>	<u>(51,933)</u>	<u>-</u>	<u>34,527</u>
Cash flows from capital and related financing activities:							
Purchase of equipment/capital assets	(3,102,813)	-	(21,046)	(7,905)	(21,930)	-	-
Contributions received for capital outlays	914,547	-	-	-	-	-	-
Proceeds from sale of capital assets	-	-	990	-	-	-	-
Loan principal payments	-	-	-	-	-	-	(15,293)
Interest payments	-	-	-	-	-	-	(8,143)
Net cash provided/(used) by capital and related financing activities	<u>(2,188,266)</u>	<u>-</u>	<u>(20,056)</u>	<u>(7,905)</u>	<u>(21,930)</u>	<u>-</u>	<u>(23,436)</u>
Cash flows from noncapital financing activities:							
Loans made to borrowers	-	-	-	(469,503)	(127,732)	-	-
Receipt of interest on notes and loans	-	-	-	53,391	28,068	-	-
Loans payments received	-	-	-	321,083	163,852	-	-
Net cash provided/(used) by noncapital financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(95,029)</u>	<u>64,188</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities:							
Proceeds from sale of/investments made	-	-	-	-	-	-	8,044
Receipts of interest and dividends	5,675	7,198	-	331	356	-	797
Deposits to reserve accounts	-	-	-	-	-	-	(33,565)
Net cash provided/(used) by investing activities	<u>5,675</u>	<u>7,198</u>	<u>-</u>	<u>331</u>	<u>356</u>	<u>-</u>	<u>(24,724)</u>
Net increase/(decrease) in cash	(1,865,543)	(700,284)	(856,894)	8,941	(9,319)	-	(13,633)
Cash at July 1, 2012	<u>14,645,334</u>	<u>3,272,542</u>	<u>1,850,072</u>	<u>713,492</u>	<u>1,027,546</u>	<u>-</u>	<u>24,978</u>
Cash at June 30, 2013	<u>\$ 12,779,791</u>	<u>\$ 2,572,258</u>	<u>\$ 993,178</u>	<u>\$ 722,433</u>	<u>\$ 1,018,227</u>	<u>\$ -</u>	<u>\$ 11,345</u>

Newport News Redevelopment and Housing Authority
Newport News, Virginia

COMBINING STATEMENT OF CASH FLOWS

PROPRIETARY FUND PROGRAMS

FOR THE YEAR ENDED JUNE 30, 2013

	Public Housing Program	Rental Assistance Program	Central Office Cost Center Program	Community Development Program	HOME Investment Partnerships Program	Resident Self Sufficiency Program	Transition Center Program
Reconciliation of operating income to net cash provided by operating activities:							
Operating income (loss)	\$ (3,583,459)	\$ (1,025,527)	\$ 228,912	\$ (64,343)	\$ (232,531)	\$ -	\$ 4,089
Adjustments to reconcile operating income to net cash provided by operating activities							
Depreciation	3,102,774	26,621	58,540	15,483	795	-	11,846
Interest expense	39,176	-	-	-	-	-	8,029
Other adjustments	(2)	1	-	-	1	-	(1)
Change in assets and liabilities:							
Decrease/(Increase) in accounts receivable	(204,524)	34,620	(1,032,588)	7,514	(144,856)	(4,878)	(8,543)
Decrease/(Increase) in notes and mortgages receivable	-	-	-	249,344	11,867	-	-
Decrease/(Increase) in prepaid expenses and materials inventories	(10,710)	(499)	(6,431)	257	(125)	-	2,381
Decrease/(Increase) in other assets	-	-	(34,816)	-	317,441	-	-
Increase/(Decrease) in accounts payable	882,876	243,342	589	(87,228)	7,991	2,042	16,726
Increase/(Decrease) in accrued liabilities	(1,513)	65	(51,044)	(9,483)	914	2,836	-
Increase/(Decrease) in trust, deposit, and escrow liabilities	23,809	(15,017)	-	-	(13,430)	-	-
Increase/(Decrease) in unearned revenues	3,675	28,912	-	-	-	-	-
Increase/(Decrease) in deferred inflows of resources	64,946	-	-	-	-	-	-
	<u>\$ 317,048</u>	<u>\$ (707,482)</u>	<u>\$ (836,838)</u>	<u>\$ 111,544</u>	<u>\$ (51,933)</u>	<u>\$ -</u>	<u>\$ 34,527</u>

Newport News Redevelopment and Housing Authority
Newport News, Virginia

COMBINING STATEMENT OF CASH FLOWS

PROPRIETARY FUND PROGRAMS

FOR THE YEAR ENDED JUNE 30, 2013

	State & Local Activities Program	Neighborhood Stabilization Program	Business Activities Program	Total	Eliminations	Proprietary Fund
Cash flows from operating activities:						
Cash received from tenants/others	\$ 1	\$ -	\$ -	\$ 4,140,892	\$ -	\$ 4,140,892
Cash received for fees/services/donations	3,857	117,107	147,192	3,514,447	(2,877,226)	637,221
Cash operating grants received (net)	304,923	144,093	-	27,962,421	-	27,962,421
Cash transfers from(to) other funds and entities	(1,991)	(74,342)	606,573	(2,209,453)	-	(2,209,453)
Cash payments for goods, services, rental subsidies	(157,326)	(186,858)	(160,699)	(27,217,614)	2,877,226	(24,340,388)
Cash payments to/for employees and benefits	(149,464)	-	(49,336)	(6,576,678)	-	(6,576,678)
Cash payments in lieu of property taxes	-	-	-	(173,689)	-	(173,689)
Cash paid for homes sold (net of sales)	-	-	-	(29,730)	-	(29,730)
Net cash provided/(used) by operating activities	-	-	543,730	(589,404)	-	(589,404)
Cash flows from capital and related financings activities:						
Purchase of equipment/capital assets	-	-	(2,000)	(3,155,694)	-	(3,155,694)
Contributions received for capital outlays	-	-	-	914,547	-	914,547
Proceeds from sale of capital assets	-	-	-	990	-	990
Loan principal payments	-	-	-	(15,293)	-	(15,293)
Interest payments	-	-	-	(8,143)	-	(8,143)
Net cash provided/(used) by capital and related financing activities	-	-	(2,000)	(2,263,593)	-	(2,263,593)
Cash flows from noncapital financing activities:						
Loans made to borrowers	-	-	(500,000)	(1,097,235)	-	(1,097,235)
Receipt of interest on notes and loans	-	-	-	81,459	-	81,459
Loans payments received	-	-	-	484,935	-	484,935
Net cash provided/(used) by noncapital financing activities	-	-	(500,000)	(530,841)	-	(530,841)
Cash flows from investing activities:						
Proceeds from sale of/investments made	-	-	114	8,158	-	8,158
Receipts of interest and dividends	-	-	1,556	15,913	-	15,913
Deposits to reserve accounts	-	-	-	(33,565)	-	(33,565)
Net cash provided/(used) by investing activities	-	-	1,670	(9,494)	-	(9,494)
Net increase/(decrease) in cash	-	-	43,400	(3,393,332)	-	(3,393,332)
Cash at July 1, 2012	-	-	2,669,192	24,203,156	-	24,203,156
Cash at June 30, 2013	\$ -	\$ -	\$ 2,712,592	\$ 20,809,824	\$ -	\$ 20,809,824

Newport News Redevelopment and Housing Authority
Newport News, Virginia

COMBINING STATEMENT OF CASH FLOWS

PROPRIETARY FUND PROGRAMS

FOR THE YEAR ENDED JUNE 30, 2013

	State & Local Activities Program	Neighborhood Stabilization Program	Business Activities Program	Total	Eliminations	Proprietary Fund
Reconciliation of operating income to net cash provided by operating activities:						
Operating income (loss)	\$ 3,153	\$ 15,698	\$ (131,688)	\$ (4,785,696)	\$ -	\$ (4,785,696)
Adjustments to reconcile operating income to net cash provided by operating activities						
Depreciation	2,076	-	36,039	3,254,174	-	3,254,174
Interest expense	-	-	-	47,205	-	47,205
Other adjustments	-	-	-	(1)	-	(1)
Change in assets and liabilities:						
Decrease/(Increase) in accounts receivable	(174,361)	21,624	(15,263)	(1,521,255)	1,204,238	(317,017)
Decrease/(Increase) in notes and mortgages receivable	-	-	3,573	264,784	-	264,784
Decrease/(Increase) in prepaid expenses and materials inventories	(59)	-	(130)	(15,316)	-	(15,316)
Decrease/(Increase) in other assets	477	-	590,750	873,852	-	873,852
Increase/(Decrease) in accounts payable	169,317	(37,322)	60,604	1,258,937	(1,204,238)	54,699
Increase/(Decrease) in accrued liabilities	(126)	-	(155)	(58,506)	-	(58,506)
Increase/(Decrease) in trust, deposit, and escrow liabilities	-	-	-	(4,638)	-	(4,638)
Increase/(Decrease) in unearned revenues	(477)	-	-	32,110	-	32,110
Increase/(Decrease) in deferred inflows of resources	-	-	-	64,946	-	64,946
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 543,730</u>	<u>\$ (589,404)</u>	<u>\$ -</u>	<u>\$ (589,404)</u>

Newport News Redevelopment and Housing Authority
Newport News, Virginia

STATEMENT OF CAPITAL FUND PROGRAM COSTS - UNCOMPLETED

JUNE 30, 2013

CFP 501-09

Annual Contributions Contract P-5545

1. The Capital Fund Program costs for Program Year 501-09 are as follows:

<u>Account</u>	<u>Budget</u>	<u>Amount</u>
Operations	\$ 345,800.00	\$ 345,800.00
Management improvements	50,000.00	49,820.49
Administration	345,800.00	345,800.00
Fees & Costs	122,643.16	136,511.52
Site improvements	-	7,175.00
Dwelling structures	792,939.23	771,968.51
Dwelling equipment	46,592.00	46,592.00
Non-dwelling structures	6,135.00	6,135.00
Demolition	373,625.48	373,625.48
Relocation expenses	60,000.00	60,000.00
Development activity/replacement housing	<u>1,324,502.13</u>	<u>1,324,502.13</u>
Total Cost	<u>\$ 3,468,037.00</u>	<u>\$ 3,467,930.13</u>

2. Costs examined during the current period totaled \$194,885.37

3. A reconciliation of development advances and costs are as follows:

Funds advanced:	
Grants - HUD	\$ 3,396,075.57
Funds expended	<u>3,457,930.13</u>
Excess (deficiency) of funds advanced	<u>\$ (61,854.56)</u>

Newport News Redevelopment and Housing Authority
Newport News, Virginia

STATEMENT OF CAPITAL FUND PROGRAM COSTS - UNCOMPLETED

JUNE 30, 2013

CFP 501-10

Annual Contributions Contract P-5545

1. The Capital Fund Program costs for Program Year 501-10 are as follows:

<u>Account</u>	<u>Budget</u>	<u>Amount</u>
Operations	\$ 340,680.00	\$ 340,680.00
Management improvements	65,000.00	32,743.16
Administration	340,680.00	340,680.00
Fees & Costs	142,439.00	153,244.45
Dwelling structures	2,138,037.00	1,500,038.43
Demolition	300,000.00	300,000.00
Relocation expenses	80,000.00	68,961.12
Total Cost	<u>\$ 3,406,836.00</u>	<u>\$ 2,736,347.16</u>

2. Costs examined during the current period totaled \$816,326.16

3. A reconciliation of development advances and costs are as follows:

Funds advanced:	
Grants - HUD	\$ 2,651,655.23
Funds expended	<u>2,736,347.16</u>
Excess (deficiency) of funds advanced	<u>\$ (84,691.93)</u>

Newport News Redevelopment and Housing Authority
 Newport News, Virginia

STATEMENT OF CAPITAL FUND PROGRAM COSTS - UNCOMPLETED

JUNE 30, 2013

CFP 501-11

Annual Contributions Contract P-5545

1. The Capital Fund Program costs for Program Year 501-11 are as follows:

<u>Account</u>	<u>Budget</u>	<u>Amount</u>
Operations	\$ 279,044.00	\$ 279,044.00
Management improvements	50,000.00	-
Administration	279,044.00	279,044.00
Fees & costs	200,000.00	103,287.50
Dwelling structures	1,282,355.00	-
Demolition	700,000.00	576,455.33
Total Cost	<u>\$ 2,790,443.00</u>	<u>\$ 1,237,830.83</u>

2. Costs examined during the current period totaled \$958,786.83

3. A reconciliation of development advances and costs are as follows:

Funds advanced:	
Grants - HUD	\$ 945,800.18
Funds expended	<u>1,237,830.83</u>
Excess (deficiency) of funds advanced	<u>\$ (292,030.65)</u>

Newport News Redevelopment and Housing Authority
 Newport News, Virginia

STATEMENT OF CAPITAL FUND PROGRAM COSTS - UNCOMPLETED

JUNE 30, 2013

CFP 501-12

Annual Contributions Contract P-5545

1. The Capital Fund Program costs for Program Year 501-12 are as follows:

<u>Account</u>	<u>Budget</u>	<u>Amount</u>
Operations	\$ 232,735.00	\$ -
Management improvements	50,000.00	-
Administration	232,735.00	232,735.00
Fees and Costs	200,000.00	-
Dwelling structures	1,611,886.00	-
Total Cost	<u>\$ 2,327,356.00</u>	<u>\$ 232,735.00</u>

2. Costs examined during the current period totaled \$232,735.00

3. A reconciliation of development advances and costs are as follows:

Funds advanced:	
Grants - HUD	\$ 232,735.00
Funds expended	<u>232,735.00</u>
Excess (deficiency) of funds advanced	<u>\$ -</u>

Newport News Redevelopment and Housing Authority
 Newport News, Virginia

FEDERAL FINANCIAL REPORT

JUNE 30, 2013

VA003FRS208A010

Federal Cash:

a. Cumulative federal cash received	\$ 48,410
b. Cumulative federal cash disbursements	48,410
c. Cash on Hand	<u>\$ -</u>

Federal Expenditures and Unobligated Balance:

d. Total federal funds authorized	\$ 48,410
e. Federal share of expenditures	48,410
f. Federal share of unliquidated obligations	-
g. Total federal share	<u>48,410</u>
h. Unobligated balance of federal funds	<u>\$ -</u>

Recipient Share:

i. Total recipient share required	\$ -
j. Recipient share of expenditures	-
k. Remaining recipient share to be provided	<u>\$ -</u>

Program Income:

l. Total federal program income earned	\$ -
m. Program income expended in accordance with the deduction alternative	-
n. Program income expended in accordance with the addition alternative	-
o. Unexpended program income	<u>\$ -</u>

Newport News Redevelopment and Housing Authority
Newport News, Virginia

FEDERAL FINANCIAL REPORT

JUNE 30, 2013

VA003FRS208A011

Federal Cash:

a. Cumulative federal cash received	\$	16,594.35
b. Cumulative federal cash disbursements		<u>20,773.32</u>
c. Cash on Hand	\$	<u><u>(4,178.97)</u></u>

Federal Expenditures and Unobligated Balance:

d. Total federal funds authorized	\$	48,410.00
e. Federal share of expenditures		20,773.32
f. Federal share of unliquidated obligations		-
g. Total federal share		<u>20,773.32</u>
h. Unobligated balance of federal funds	\$	<u><u>27,636.68</u></u>

Recipient Share:

i. Total recipient share required	\$	-
j. Recipient share of expenditures		-
k. Remaining recipient share to be provided	\$	<u><u>-</u></u>

Program Income:

l. Total federal program income earned	\$	-
m. Program income expended in accordance with the deduction alternative		-
n. Program income expended in accordance with the addition alternative		-
o. Unexpended program income	\$	<u><u>-</u></u>

Newport News Redevelopment and Housing Authority
Newport News, Virginia

FEDERAL FINANCIAL REPORT

JUNE 30, 2013

VA003FRS208A012

Federal Cash:

a. Cumulative federal cash received	\$	49,601.24
b. Cumulative federal cash disbursements		59,125.43
c. Cash on Hand	\$	<u>(9,524.19)</u>

Federal Expenditures and Unobligated Balance:

d. Total federal funds authorized	\$	296,272.00
e. Federal share of expenditures		59,125.43
f. Federal share of unliquidated obligations		-
g. Total federal share		<u>59,125.43</u>
h. Unobligated balance of federal funds	\$	<u>237,146.57</u>

Recipient Share:

i. Total recipient share required	\$	-
j. Recipient share of expenditures		-
k. Remaining recipient share to be provided	\$	<u>-</u>

Program Income:

l. Total federal program income earned	\$	-
m. Program income expended in accordance with the deduction alternative		-
n. Program income expended in accordance with the addition alternative		-
o. Unexpended program income	\$	<u>-</u>

Newport News Redevelopment and Housing Authority (VA003)
Newport News, Virginia

ENTITY-WIDE BALANCE SHEET SUMMARY

SUBMISSION TYPE: AUDITED/A-133 FISCAL YEAR ENDED: JUNE 30, 2013

	Project Total	14.228 Community Development Block Grants/State's Program	14.253 Community Development Block Grant	14.218 Community Development Block Grants/Entitlement Grants	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	14.877 Public Housing Family Self-Sufficiency under ROSS	14.182 N/C S/R Section 8 Programs
111 Cash - Unrestricted	\$9,633,690			\$722,433		\$1,321,557	\$178,419		\$8,030
112 Cash - Restricted - Modernization and Development	\$1,252,985								
113 Cash - Other Restricted	\$1,750,866					\$1,024,075			
114 Cash - Tenant Security Deposits	\$142,251								\$3,315
115 Cash - Restricted for Payment of Current Liabilities						\$5,706			
100 Total Cash	\$12,779,792	\$0	\$0	\$722,433	\$0	\$2,351,338	\$178,419	\$0	\$11,345
121 Accounts Receivable - PHA Projects						\$5,335			
122 Accounts Receivable - HUD Other Projects	\$438,577				\$9,524			\$4,179	
124 Accounts Receivable - Other Government	\$41,196	\$65,868							
125 Accounts Receivable - Miscellaneous	\$5,921			\$748					\$2,321
126 Accounts Receivable - Tenants	\$35,456								\$6,222
126.1 Allowance for Doubtful Accounts - Tenants	-\$7,631								\$0
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0		\$0	\$0	\$0		\$0	\$0
127 Notes, Loans, & Mortgages Receivable - Current									
128 Fraud Recovery						\$241,322			
128.1 Allowance for Doubtful Accounts - Fraud						-\$241,322			
129 Accrued Interest Receivable									
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$513,519	\$65,868	\$0	\$748	\$9,524	\$5,335	\$0	\$4,179	\$8,543
131 Investments - Unrestricted									
132 Investments - Restricted									\$347,974
135 Investments - Restricted for Payment of Current Liability									
142 Prepaid Expenses and Other Assets	\$33,465			\$800		\$2,754			\$2
143 Inventories									
143.1 Allowance for Obsolete Inventories									
144 Inter Program Due From									
145 Assets Held for Sale									
150 Total Current Assets	\$13,326,776	\$65,868	\$0	\$723,981	\$9,524	\$2,359,427	\$178,419	\$4,179	\$367,864
161 Land	\$3,562,676					\$32,000			\$17,201
162 Buildings	\$86,841,197					\$584,108			\$314,499
163 Furniture, Equipment & Machinery - Dwellings	\$54,935								
164 Furniture, Equipment & Machinery - Administration	\$1,285,776			\$127,779		\$413,872			
165 Leasehold Improvements	\$10,422,088								\$75,253
166 Accumulated Depreciation	-\$60,621,300			-\$79,915		-\$795,767			-\$247,727
167 Construction in Progress	\$937,104								
168 Infrastructure									
160 Total Capital Assets, Net of Accumulated Depreciation	\$42,482,476	\$0	\$0	\$47,864	\$0	\$234,213	\$0	\$0	\$159,226
171 Notes, Loans and Mortgages Receivable - Non-Current	\$5,795,703			\$3,127,865					
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due									
173 Grants Receivable - Non Current									
174 Other Assets									
176 Investments in Joint Ventures									
180 Total Non-Current Assets	\$48,278,179	\$0	\$0	\$3,175,729	\$0	\$234,213	\$0	\$0	\$159,226
190 Total Assets	\$61,604,955	\$65,868	\$0	\$3,899,710	\$9,524	\$2,593,640	\$178,419	\$4,179	\$527,090

Newport News Redevelopment and Housing Authority (VA003)
Newport News, Virginia

ENTITY-WIDE BALANCE SHEET SUMMARY

SUBMISSION TYPE: AUDITED/A-133 FISCAL YEAR ENDED: JUNE 30, 2013

			14.238 Shelter Plus Care	14.239 HOME Investment Partnerships Program	2 State/Local	1 Business Activities	8 Other Federal Program 1	COCC	Subtotal	ELIM	Total
111	Cash - Unrestricted		\$42,120	\$1,018,227		\$2,712,592	\$381	\$993,178	\$16,630,627		\$16,630,627.00
112	Cash - Restricted - Modernization and Development								\$1,252,985		\$1,252,985
113	Cash - Other Restricted								\$2,774,941		\$2,774,941
114	Cash - Tenant Security Deposits								\$145,566		\$145,566
115	Cash - Restricted for Payment of Current Liabilities								\$5,706		\$5,706.00
100	Total Cash		\$42,120	\$1,018,227	\$0	\$2,712,592	\$381	\$993,178	\$20,809,825	\$0	\$20,809,825
121	Accounts Receivable - PHA Projects								\$5,335		\$5,335
122	Accounts Receivable - HUD Other Projects						\$18,208		\$470,488		\$470,488
124	Accounts Receivable - Other Government			\$181,013	\$218,071	\$2,261			\$508,409		\$508,409
125	Accounts Receivable - Miscellaneous			\$45,639		\$3,276		\$182,397	\$240,302		\$240,302
126	Accounts Receivable - Tenants								\$41,678		\$41,678
126.1	Allowance for Doubtful Accounts - Tenants								-\$7,631		-\$7,631
126.2	Allowance for Doubtful Accounts - Other			\$0	\$0	\$0	\$0	\$0	\$0		\$0
127	Notes, Loans, & Mortgages Receivable - Current					\$500,000			\$500,000		\$500,000
128	Fraud Recovery								\$241,322		\$241,322
128.1	Allowance for Doubtful Accounts - Fraud								-\$241,322		-\$241,322
129	Accrued Interest Receivable										
120	Total Receivables, Net of Allowances for Doubtful Accounts		\$0	\$226,652	\$218,071	\$505,537	\$18,208	\$182,397	\$1,758,581	\$0	\$1,758,581
131	Investments - Unrestricted					\$40,164			\$40,164		\$40,164
132	Investments - Restricted								\$347,974		\$347,974
135	Investments - Restricted for Payment of Current Liability										
142	Prepaid Expenses and Other Assets		\$498	\$59	\$174		\$29,087		\$66,839		\$66,839
143	Inventories						\$8,693		\$8,693		\$8,693
143.1	Allowance for Obsolete Inventories						\$0		\$0		\$0
144	Inter Program Due From		\$215	\$6,435	\$410,146		\$1,606,749		\$2,023,545	-\$2,023,545	\$0
145	Assets Held for Sale		\$91,241						\$91,241		\$91,241
150	Total Current Assets		\$42,120	\$1,336,833	\$224,565	\$3,668,613	\$18,589	\$2,820,104	\$25,146,862	-\$2,023,545	\$23,123,317
161	Land					\$154,100			\$3,765,977		\$3,765,977
162	Buildings					\$920,522			\$88,660,326		\$88,660,326
163	Furniture, Equipment & Machinery - Dwellings								\$54,935		\$54,935
164	Furniture, Equipment & Machinery - Administration		\$20,508	\$19,702	\$16,506		\$1,322,159		\$3,206,302		\$3,206,302
165	Leasehold Improvements					\$196,992			\$10,694,333		\$10,694,333
166	Accumulated Depreciation			-\$18,703	-\$4,175	-\$494,661		-\$1,029,602	-\$63,291,850		-\$63,291,850
167	Construction in Progress			\$432,113					\$1,369,217		\$1,369,217
168	Infrastructure										
160	Total Capital Assets, Net of Accumulated Depreciation		\$0	\$433,918	\$15,527	\$793,459	\$0	\$292,557	\$44,459,240	\$0	\$44,459,240
171	Notes, Loans and Mortgages Receivable - Non-Current			\$5,827,726		\$1,088,017		\$1,473,746	\$17,313,057	-\$6,804,575	\$10,508,482
172	Notes, Loans, & Mortgages Receivable - Non Current - Past Due										
173	Grants Receivable - Non Current			\$557	\$15,694				\$16,251		\$16,251
174	Other Assets					\$191,536		\$34,816	\$226,352	-\$84,251	\$142,101
176	Investments in Joint Ventures										
180	Total Non-Current Assets		\$0	\$6,262,201	\$31,221	\$2,073,012	\$0	\$1,801,119	\$62,014,900	-\$6,888,826	\$55,126,074
190	Total Assets		\$42,120	\$7,599,034	\$255,786	\$5,741,625	\$18,589	\$4,621,223	\$87,161,762	-\$8,912,371	\$78,249,391

Newport News Redevelopment and Housing Authority (VA003)
Newport News, Virginia

ENTITY-WIDE BALANCE SHEET SUMMARY

SUBMISSION TYPE: AUDITED/A-133 FISCAL YEAR ENDED: JUNE 30, 2013

	Project Total	14.228 Community Development Block Grants/State's Program	14.253 Community Development Block Grant	14.218 Community Development Block Grants/Entitlement Grants	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	14.877 Public Housing Family Self-Sufficiency under ROSS	14.182 N/C S/R Section 8 Programs
311 Bank Overdraft									
312 Accounts Payable <= 90 Days	\$170,168			\$8,940		\$6,040			\$163
313 Accounts Payable >90 Days Past Due									
321 Accrued Wage/Payroll Taxes Payable	\$81,099			\$5,454	\$2,823	\$24,371		\$1,277	
322 Accrued Compensated Absences - Current Portion	\$2,375								
324 Accrued Contingency Liability									
325 Accrued Interest Payable									\$616
331 Accounts Payable - HUD PHA Programs						\$7,997	\$103,825		
332 Account Payable - PHA Projects									
333 Accounts Payable - Other Government	\$65,477								
341 Tenant Security Deposits	\$142,250								\$3,315
342 Deferred Revenues	\$70,617					\$28,912			
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue									\$16,720
344 Current Portion of Long-term Debt - Operating Borrowings									
345 Other Current Liabilities	\$246,123	\$1,981							
346 Accrued Liabilities - Other	\$87,461								\$1,218
347 Inter Program - Due To	\$1,183,206	\$48,189		\$5,930	\$6,701	\$105,552		\$2,902	\$17,809
348 Loan Liability - Current									
310 Total Current Liabilities	\$2,048,776	\$50,170	\$0	\$20,324	\$9,524	\$172,872	\$103,825	\$4,179	\$39,841
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$8,293,934								\$65,806
352 Long-term Debt, Net of Current - Operating Borrowings									
353 Non-current Liabilities - Other	\$483,663					\$171,526			
354 Accrued Compensated Absences - Non Current	\$164,860			\$14,471		\$50,256			
355 Loan Liability - Non Current									
356 FASB 5 Liabilities									
357 Accrued Pension and OPEB Liabilities									
350 Total Non-Current Liabilities	\$8,942,457	\$0	\$0	\$14,471	\$0	\$221,782	\$0	\$0	\$65,806
300 Total Liabilities	\$10,991,233	\$50,170	\$0	\$34,795	\$9,524	\$394,654	\$103,825	\$4,179	\$105,647
508.1 Net Investment in Capital Assets	\$34,188,542			\$47,864		\$234,213			\$76,700
509.2 Fund Balance Reserved									
511.2 Unreserved, Designated Fund Balance									
511.1 Restricted Net Position	\$2,899,313			\$3,817,051		\$852,549			\$347,974
512.1 Unrestricted Net Position	\$13,525,867	\$15,698	\$0	\$0	\$0	\$1,112,224	\$74,594	\$0	-\$3,231
512.2 Unreserved, Undesignated Fund Balance									
513 Total Equity/Net Position	\$50,613,722	\$15,698	\$0	\$3,864,915	\$0	\$2,198,986	\$74,594	\$0	\$421,443
600 Total Liabilities and Equity/Net Position	\$61,604,955	\$65,868	\$0	\$3,899,710	\$9,524	\$2,593,640	\$178,419	\$4,179	\$527,090

Newport News Redevelopment and Housing Authority (VA003)
Newport News, Virginia

ENTITY-WIDE BALANCE SHEET SUMMARY

SUBMISSION TYPE: AUDITED/A-133 FISCAL YEAR ENDED: JUNE 30, 2013

			14.238 Shelter Plus Care	14.239 HOME Investment Partnerships Program	2 State/Local	1 Business Activities	8 Other Federal Program 1	COCC	Subtotal	ELIM	Total
311	Bank Overdraft										
312	Accounts Payable <= 90 Days			\$177,933	\$113,972	\$1,820	\$18,116	\$28,568	\$525,720		\$525,720
313	Accounts Payable >90 Days Past Due										
321	Accrued Wage/Payroll Taxes Payable			\$1,288	\$4,554	\$534		\$75,264	\$196,664		\$196,664
322	Accrued Compensated Absences - Current Portion							\$14,334	\$16,709		\$16,709
324	Accrued Contingency Liability										
325	Accrued Interest Payable								\$616		\$616
331	Accounts Payable - HUD PHA Programs								\$111,822		\$111,822
332	Account Payable - PHA Projects										
333	Accounts Payable - Other Government						\$429		\$65,906		\$65,906
341	Tenant Security Deposits								\$145,565		\$145,565
342	Deferred Revenues			\$1					\$99,530		\$99,530
343	Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue								\$16,720		\$16,720
344	Current Portion of Long-term Debt - Operating Borrowings										
345	Other Current Liabilities			\$12,860		\$3			\$260,967		\$260,967
346	Accrued Liabilities - Other							\$104,026	\$192,705		\$192,705
347	Inter Program - Due To	\$42,120	\$25,931	\$107,000	\$61,580	\$44	\$416,581	\$2,023,545	\$2,023,545	-\$2,023,545	\$0
348	Loan Liability - Current										
310	Total Current Liabilities	\$42,120	\$218,013	\$225,526	\$63,937	\$18,589	\$638,773	\$3,656,469	\$3,656,469	-\$2,023,545	\$1,632,924
351	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue								\$8,359,740	-\$6,509,703	\$1,850,037
352	Long-term Debt, Net of Current - Operating Borrowings										
353	Non-current Liabilities - Other			\$26,568	\$15,694				\$697,451	-\$379,123	\$318,328
354	Accrued Compensated Absences - Non Current			\$1,475	\$15,694			\$217,531	\$464,287		\$464,287
355	Loan Liability - Non Current										
356	FASB 5 Liabilities										
357	Accrued Pension and OPEB Liabilities										
350	Total Non-Current Liabilities	\$0	\$28,043	\$31,388	\$0	\$0	\$217,531	\$9,521,478	\$9,521,478	-\$6,888,826	\$2,632,652
300	Total Liabilities	\$42,120	\$246,056	\$256,914	\$63,937	\$18,589	\$856,304	\$13,177,947	\$13,177,947	-\$8,912,371	\$4,265,576
508.1	Net Investment in Capital Assets			\$433,918	\$15,527	\$793,459		\$292,557	\$36,082,780	\$6,509,703	\$42,592,483
509.2	Fund Balance Reserved										
511.2	Unreserved, Designated Fund Balance										
511.1	Restricted Net Position			\$6,919,060					\$14,835,947		\$14,835,947
512.1	Unrestricted Net Position	\$0	\$0	-\$16,655	\$4,884,229	\$0	\$3,472,362	\$23,065,088	\$23,065,088	-\$6,509,703	\$16,555,385
512.2	Unreserved, Undesignated Fund Balance										
513	Total Equity/Net Position	\$0	\$7,352,978	-\$1,128	\$5,677,688	\$0	\$3,764,919	\$73,983,815	\$73,983,815	\$0	\$73,983,815
600	Total Liabilities and Equity/Net Position	\$42,120	\$7,599,034	\$255,786	\$5,741,625	\$18,589	\$4,621,223	\$87,161,762	\$87,161,762	-\$8,912,371	\$78,249,391

Newport News Redevelopment and Housing Authority (VA003)
Newport News, Virginia

ENTITY-WIDE REVENUE AND EXPENSE SUMMARY

SUBMISSION TYPE: AUDITED/A-133 FISCAL YEAR ENDED: JUNE 30, 2013

	Project Total	14.228 Community Development Block Grants/State's Program	14.253 Community Development Block Grant	14.218 Community Development Block Grants/Entitlement Grants	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	14.877 Public Housing Family Self-Sufficiency under ROSS	14.182 N/C S/R Section 8 Programs
70300 Net Tenant Rental Revenue	\$3,264,133								\$37,512
70400 Tenant Revenue - Other	\$316,224								
70500 Total Tenant Revenue	\$3,580,357	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$37,512
70600 HUD PHA Operating Grants	\$6,015,640				\$59,125	\$18,204,238	\$333,685	\$42,012	\$33,496
70610 Capital Grants	\$685,945								
70710 Management Fee									
70720 Asset Management Fee									
70730 Book Keeping Fee									
70740 Front Line Service Fee									
70750 Other Fees									
70700 Total Fee Revenue									
70800 Other Government Grants	\$50,000	\$122,469	\$155,179	\$1,543,023					
71100 Investment Income - Unrestricted	\$3,161			\$331		\$3,751	\$273		\$1
71200 Mortgage Interest Income				\$53,391					
71300 Proceeds from Disposition of Assets Held for Sale									
71310 Cost of Sale of Assets									
71400 Fraud Recovery						\$35,641			
71500 Other Revenue	\$183,502	\$117,107		\$151,326		\$266,907			
71600 Gain or Loss on Sale of Capital Assets	-\$116,169			-\$319		-\$867			
72000 Investment Income - Restricted	\$2,514								\$796
70000 Total Revenue	\$10,404,950	\$239,576	\$155,179	\$1,747,752	\$59,125	\$18,509,670	\$333,958	\$42,012	\$71,805
91100 Administrative Salaries	\$957,251			\$164,517		\$587,757	\$23,281		
91200 Auditing Fees	\$37,670			\$11,192		\$37,192	\$1,473		\$4,884
91300 Management Fee	\$1,446,348	\$35,899	\$18,593	\$186,000		\$522,795	\$17,784		\$3,663
91310 Book-keeping Fee	\$158,505								
91400 Advertising and Marketing	\$5,721			\$2,899		\$1,160	\$46		
91500 Employee Benefit contributions - Administrative	\$338,258			\$56,701		\$207,253	\$8,209		
91600 Office Expenses	\$186,280	\$84		\$22,304		\$97,563	\$3,864		\$28
91700 Legal Expense	\$15,753			\$9,262		\$12,222	\$484		
91800 Travel	\$30,421			\$4,327		\$13,110	\$519		
91810 Allocated Overhead									
91900 Other	\$83,801	\$117		\$7,984		\$74,655	\$708		\$295
91000 Total Operating - Administrative	\$3,260,008	\$36,100	\$18,593	\$465,186	\$0	\$1,553,707	\$56,368	\$0	\$8,870
92000 Asset Management Fee	\$187,800								
92100 Tenant Services - Salaries	\$306,798				\$44,493			\$34,223	
92200 Relocation Costs	\$1,221								
92300 Employee Benefit Contributions - Tenant Services	\$107,658				\$14,142			\$7,789	
92400 Tenant Services - Other	\$39,689				\$490	\$227			
92500 Total Tenant Services	\$455,366	\$0	\$0	\$0	\$59,125	\$227	\$0	\$42,012	\$0

Newport News Redevelopment and Housing Authority (VA003)
Newport News, Virginia

ENTITY-WIDE REVENUE AND EXPENSE SUMMARY

SUBMISSION TYPE: AUDITED/A-133 FISCAL YEAR ENDED: JUNE 30, 2013

	14.238 Shelter Plus Care	14.239 HOME Investment Partnerships Program	2 State/Local	1 Business Activities	8 Other Federal Program 1	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue			\$1				\$3,301,646		\$3,301,646
70400 Tenant Revenue - Other							\$316,224		\$316,224
70500 Total Tenant Revenue	\$0	\$0	\$1	\$0	\$0	\$0	\$3,617,870	\$0	\$3,617,870
70600 HUD PHA Operating Grants	\$55,434				\$18,208		\$24,761,838		\$24,761,838
70610 Capital Grants							\$685,945		\$685,945
70710 Management Fee						\$2,353,043	\$2,353,043	-\$2,353,043	\$0
70720 Asset Management Fee						\$187,800	\$187,800	-\$187,800	\$0
70730 Book Keeping Fee						\$158,505	\$158,505	-\$158,505	\$0
70740 Front Line Service Fee						\$177,878	\$177,878	-\$177,878	\$0
70750 Other Fees						\$61,109	\$61,109		\$61,109
70700 Total Fee Revenue						\$2,938,335	\$2,938,335	-\$2,877,226	\$61,109
70800 Other Government Grants		\$1,195,855	\$479,438				\$3,545,964		\$3,545,964
71100 Investment Income - Unrestricted		\$356		\$1,555			\$9,428		\$9,428
71200 Mortgage Interest Income		\$28,068		\$39,176			\$120,635		\$120,635
71300 Proceeds from Disposition of Assets Held for Sale									
71310 Cost of Sale of Assets									
71400 Fraud Recovery							\$35,641		\$35,641
71500 Other Revenue		\$1,077,504	\$3,857	\$147,192		\$99,576	\$2,046,971		\$2,046,971
71600 Gain or Loss on Sale of Capital Assets						\$990	-\$116,365		-\$116,365
72000 Investment Income - Restricted							\$3,310		\$3,310
70000 Total Revenue	\$55,434	\$2,301,783	\$483,296	\$187,923	\$18,208	\$3,038,901	\$37,649,572	-\$2,877,226	\$34,772,346
91100 Administrative Salaries		\$28,490	\$114,888	\$43,950		\$1,574,629	\$3,494,763		\$3,494,763
91200 Auditing Fees				\$1,018		\$8,648	\$102,077		\$102,077
91300 Management Fee		\$40,480	\$60,830	\$20,649			\$2,353,041	-\$2,353,043	-\$2
91310 Book-keeping Fee							\$158,505	-\$158,505	\$0
91400 Advertising and Marketing		\$1,560		\$150		\$3,830	\$15,366		\$15,366
91500 Employee Benefit contributions - Administrative		\$8,950	\$34,450	\$3,898		\$521,185	\$1,178,904		\$1,178,904
91600 Office Expenses		\$8,037	\$5,668	\$553	\$23	\$243,778	\$568,182		\$568,182
91700 Legal Expense		\$4,376	\$1,028	\$2,195		\$11,235	\$56,555		\$56,555
91800 Travel			\$288			\$27,295	\$75,960		\$75,960
91810 Allocated Overhead									
91900 Other	\$8,068	\$4,717		\$34,393	\$93		\$214,831		\$214,831
91000 Total Operating - Administrative	\$8,068	\$96,610	\$217,152	\$106,806	\$116	\$2,390,600	\$8,218,184	-\$2,511,548	\$5,706,636
92000 Asset Management Fee							\$187,800	-\$187,800	\$0
92100 Tenant Services - Salaries							\$385,514		\$385,514
92200 Relocation Costs							\$1,221		\$1,221
92300 Employee Benefit Contributions - Tenant Services							\$129,589		\$129,589
92400 Tenant Services - Other				\$45,670			\$86,076		\$86,076
92500 Total Tenant Services	\$0	\$0	\$0	\$45,670	\$0	\$0	\$602,400	\$0	\$602,400

Newport News Redevelopment and Housing Authority (VA003)
Newport News, Virginia

ENTITY-WIDE REVENUE AND EXPENSE SUMMARY

SUBMISSION TYPE: AUDITED/A-133 FISCAL YEAR ENDED: JUNE 30, 2013

	Project Total	14.228 Community Development Block Grants/State's Program	14.253 Community Development Block Grant	14.218 Community Development Block Grants/Entitlement Grants	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	14.877 Public Housing Family Self-Sufficiency under ROSS	14.182 N/C S/R Section 8 Programs
93100 Water	\$395,476	\$783				\$264	\$10		\$1,800
93200 Electricity	\$633,748	\$331				\$3,321	\$132		\$12,192
93300 Gas	\$162,981	\$425				\$835	\$33		
93400 Fuel									
93500 Labor									
93600 Sewer	\$745,680					\$469	\$19		\$3,257
93700 Employee Benefit Contributions - Utilities									
93800 Other Utilities Expense									
93000 Total Utilities	\$1,937,885	\$1,539	\$0	\$0	\$0	\$4,889	\$194	\$0	\$17,249
94100 Ordinary Maintenance and Operations - Labor	\$806,154					\$916	\$36		
94200 Ordinary Maintenance and Operations - Materials and Other	\$758,155	\$2,148		\$5,866		\$9,029	\$358		\$3,137
94300 Ordinary Maintenance and Operations Contracts	\$951,886	\$50,400		\$1,333		\$12,197	\$483		\$13,959
94500 Employee Benefit Contributions - Ordinary Maintenance	\$282,959								
94000 Total Maintenance	\$2,799,154	\$52,548	\$0	\$7,199	\$0	\$22,142	\$877	\$0	\$17,096
95100 Protective Services - Labor	\$41,938								
95200 Protective Services - Other Contract Costs	\$80,926	\$730		\$3		\$754	\$30		\$1,694
95300 Protective Services - Other	\$81								
95500 Employee Benefit Contributions - Protective Services	\$14,721								
95000 Total Protective Services	\$137,666	\$730	\$0	\$3	\$0	\$754	\$30	\$0	\$1,694
96110 Property Insurance	\$263,379	\$951		\$758		\$2,070	\$82		\$1,821
96120 Liability Insurance	\$16,910	\$48				\$79	\$3		\$312
96130 Workmen's Compensation	\$34,025			\$3,029		\$10,356	\$410		
96140 All Other Insurance	\$14,186			\$1,654		\$2,507	\$99		
96100 Total insurance Premiums	\$328,500	\$999	\$0	\$5,441	\$0	\$15,012	\$594	\$0	\$2,133
96200 Other General Expenses	\$41,640	\$131,962	\$136,586	\$1,013,616		\$3,731	\$144		\$4
96210 Compensated Absences	\$3,139								
96300 Payments in Lieu of Taxes	\$165,762								
96400 Bad debt - Tenant Rents	\$31,764								
96500 Bad debt - Mortgages				\$249,344					
96600 Bad debt - Other									
96800 Severance Expense									
96000 Total Other General Expenses	\$242,305	\$131,962	\$136,586	\$1,262,960	\$0	\$3,731	\$144	\$0	\$4
96710 Interest of Mortgage (or Bonds) Payable									\$8,029
96720 Interest on Notes Payable (Short and Long Term)	\$39,175								
96730 Amortization of Bond Issue Costs									
96700 Total Interest Expense and Amortization Cost	\$39,175	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$8,029
96900 Total Operating Expenses	\$9,387,859	\$223,878	\$155,179	\$1,740,789	\$59,125	\$1,600,462	\$58,207	\$42,012	\$55,075
97000 Excess of Operating Revenue over Operating Expenses	\$1,017,091	\$15,698	\$0	\$6,963	\$0	\$16,909,208	\$275,751	\$0	\$16,730

Newport News Redevelopment and Housing Authority (VA003)
Newport News, Virginia

ENTITY-WIDE REVENUE AND EXPENSE SUMMARY

SUBMISSION TYPE: AUDITED/A-133 FISCAL YEAR ENDED: JUNE 30, 2013

	14.238 Shelter Plus Care	14.239 HOME Investment Partnerships Program	2 State/Local	1 Business Activities	8 Other Federal Program 1	COCC	Subtotal	ELIM	Total
93100 Water			\$305	\$567		\$1,008	\$400,213		\$400,213
93200 Electricity			\$2,048	\$12,450		\$28,010	\$692,232		\$692,232
93300 Gas			\$393	\$1,189		\$8,110	\$173,966		\$173,966
93400 Fuel									
93500 Labor									
93600 Sewer			\$3,047	\$1,761		\$1,719	\$755,952		\$755,952
93700 Employee Benefit Contributions - Utilities									
93800 Other Utilities Expense									
93000 Total Utilities	\$0	\$0	\$5,793	\$15,967	\$0	\$38,847	\$2,022,363	\$0	\$2,022,363
94100 Ordinary Maintenance and Operations - Labor				\$1,111		\$118,739	\$926,956		\$926,956
94200 Ordinary Maintenance and Operations - Materials and Other			\$403	\$10,891		\$33,656	\$823,643		\$823,643
94300 Ordinary Maintenance and Operations Contracts			\$32,212	\$34,011		\$38,394	\$1,134,875	-\$177,878	\$956,997
94500 Employee Benefit Contributions - Ordinary Maintenance				\$222		\$39,301	\$322,482		\$322,482
94000 Total Maintenance	\$0	\$0	\$32,615	\$46,235	\$0	\$230,090	\$3,207,956	-\$177,878	\$3,030,078
95100 Protective Services - Labor						\$10,356	\$52,294		\$52,294
95200 Protective Services - Other Contract Costs		\$15	\$198	\$2,274		\$3,921	\$90,545		\$90,545
95300 Protective Services - Other						\$193	\$274		\$274
95500 Employee Benefit Contributions - Protective Services						\$3,428	\$18,149		\$18,149
95000 Total Protective Services	\$0	\$15	\$198	\$2,274	\$0	\$17,898	\$161,262	\$0	\$161,262
96110 Property Insurance			\$9,601	\$7,419		\$11,193	\$297,274		\$297,274
96120 Liability Insurance		\$208	\$8,646	\$156		\$9,485	\$35,847		\$35,847
96130 Workmen's Compensation		\$477	\$2,056	\$841		\$31,490	\$82,684		\$82,684
96140 All Other Insurance			\$502			\$6,432	\$25,380		\$25,380
96100 Total insurance Premiums	\$0	\$685	\$20,805	\$8,416	\$0	\$58,600	\$441,185	\$0	\$441,185
96200 Other General Expenses		\$2,407,785	\$188,151	\$13,900		\$7,290	\$3,944,809		\$3,944,809
96210 Compensated Absences						\$6,382	\$9,521		\$9,521
96300 Payments in Lieu of Taxes							\$165,762		\$165,762
96400 Bad debt - Tenant Rents							\$31,764		\$31,764
96500 Bad debt - Mortgages				\$3,573			\$252,917		\$252,917
96600 Bad debt - Other									
96800 Severance Expense									
96000 Total Other General Expenses	\$0	\$2,407,785	\$188,151	\$17,473	\$0	\$13,672	\$4,404,773	\$0	\$4,404,773
96710 Interest of Mortgage (or Bonds) Payable							\$8,029		\$8,029
96720 Interest on Notes Payable (Short and Long Term)							\$39,175		\$39,175
96730 Amortization of Bond Issue Costs									
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0	\$0	\$0	\$47,204	\$0	\$47,204
96900 Total Operating Expenses	\$8,068	\$2,505,095	\$464,714	\$242,841	\$116	\$2,749,707	\$19,293,127	-\$2,877,226	\$16,415,901
97000 Excess of Operating Revenue over Operating Expenses	\$47,366	-\$203,312	\$18,582	-\$54,918	\$18,092	\$289,194	\$18,356,445	\$0	\$18,356,445

Newport News Redevelopment and Housing Authority (VA003)
Newport News, Virginia

ENTITY-WIDE REVENUE AND EXPENSE SUMMARY

SUBMISSION TYPE: AUDITED/A-133 FISCAL YEAR ENDED: JUNE 30, 2013

	Project Total	14.228 Community Development Block Grants/State's Program	14.253 Community Development Block Grant	14.218 Community Development Block Grants/Entitlement Grants	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	14.877 Public Housing Family Self-Sufficiency under ROSS	14.182 N/C S/R Section 8 Programs
97100 Extraordinary Maintenance	\$804,174								
97200 Casualty Losses - Non-capitalized	\$58,154			\$2,420					
97300 Housing Assistance Payments						\$17,766,515	\$269,450		
97350 HAP Portability-In						\$145,036			
97400 Depreciation Expense	\$3,102,771			\$15,483		\$26,621			\$11,846
97500 Fraud Losses									
97600 Capital Outlays - Governmental Funds									
97700 Debt Principal Payment - Governmental Funds									
97800 Dwelling Units Rent Expense									
90000 Total Expenses	\$13,352,958	\$223,878	\$155,179	\$1,758,692	\$59,125	\$19,538,634	\$327,657	\$42,012	\$66,921
10010 Operating Transfer In	\$1,939,288								
10020 Operating transfer Out	-\$1,939,288								
10030 Operating Transfers from/to Primary Government									
10040 Operating Transfers from/to Component Unit									
10050 Proceeds from Notes, Loans and Bonds									
10060 Proceeds from Property Sales									
10070 Extraordinary Items, Net Gain/Loss									
10080 Special Items (Net Gain/Loss)									
10091 Inter Project Excess Cash Transfer In	\$1,013,413								
10092 Inter Project Excess Cash Transfer Out	-\$1,013,413								
10093 Transfers between Program and Project - In									
10094 Transfers between Project and Program - Out									
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$2,948,008	\$15,698	\$0	-\$10,940	\$0	-\$1,028,964	\$6,301	\$0	\$4,884
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$15,293
11030 Beginning Equity	\$53,561,730	\$0	\$0	\$3,763,919	\$0	\$3,230,247	\$68,235	\$0	\$416,559
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0			\$111,936		-\$2,297	\$58		
11050 Changes in Compensated Absence Balance									
11060 Changes in Contingent Liability Balance									
11070 Changes in Unrecognized Pension Transition Liability									
11080 Changes in Special Term/Severance Benefits Liability									
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents									
11100 Changes in Allowance for Doubtful Accounts - Other									
11170 Administrative Fee Equity						\$1,346,437			
11180 Housing Assistance Payments Equity						\$852,549			
11190 Unit Months Available	18404	0	0		0	28644	912	0	144
11210 Number of Unit Months Leased	17683	0	0		0	26835	912	0	105
11270 Excess Cash	\$7,545,553								
11610 Land Purchases	\$0								
11620 Building Purchases	\$685,945								
11630 Furniture & Equipment - Dwelling Purchases	\$0								
11640 Furniture & Equipment - Administrative Purchases	\$0								
11650 Leasehold Improvements Purchases	\$0								
11660 Infrastructure Purchases	\$0								
13510 CFFP Debt Service Payments	\$0								
13901 Replacement Housing Factor Funds	\$0								

Newport News Redevelopment and Housing Authority (VA003)
Newport News, Virginia

ENTITY-WIDE REVENUE AND EXPENSE SUMMARY

SUBMISSION TYPE: AUDITED/A-133 FISCAL YEAR ENDED: JUNE 30, 2013

	14.238 Shelter Plus Care	14.239 HOME Investment Partnerships Program	2 State/Local	1 Business Activities	8 Other Federal Program 1	COCC	Subtotal	ELIM	Total
97100 Extraordinary Maintenance							\$804,174		\$804,174
97200 Casualty Losses - Non-capitalized						\$752	\$61,326		\$61,326
97300 Housing Assistance Payments	\$47,366		\$13,353		\$18,092		\$18,114,776		\$18,114,776
97350 HAP Portability-In							\$145,036		\$145,036
97400 Depreciation Expense		\$795	\$2,076	\$36,039		\$58,540	\$3,254,171		\$3,254,171
97500 Fraud Losses									
97600 Capital Outlays - Governmental Funds									
97700 Debt Principal Payment - Governmental Funds									
97800 Dwelling Units Rent Expense									
90000 Total Expenses	\$55,434	\$2,505,890	\$480,143	\$278,880	\$18,208	\$2,808,999	\$41,672,610	-\$2,877,226	\$38,795,384
10010 Operating Transfer In							\$1,939,288		\$1,939,288
10020 Operating transfer Out							-\$1,939,288		-\$1,939,288
10030 Operating Transfers from/to Primary Government									
10040 Operating Transfers from/to Component Unit									
10050 Proceeds from Notes, Loans and Bonds									
10060 Proceeds from Property Sales									
10070 Extraordinary Items, Net Gain/Loss									
10080 Special Items (Net Gain/Loss)									
10091 Inter Project Excess Cash Transfer In							\$1,013,413		\$1,013,413
10092 Inter Project Excess Cash Transfer Out							-\$1,013,413		-\$1,013,413
10093 Transfers between Program and Project - In									
10094 Transfers between Project and Program - Out									
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$0	-\$204,107	\$3,153	-\$90,957	\$0	\$229,902	-\$4,023,038	\$0	-\$4,023,038
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$0	\$0	\$15,293		\$15,293
11030 Beginning Equity	\$0	\$7,328,687	-\$4,281	\$5,768,645	\$0	\$3,535,017	\$77,668,758		\$77,668,758
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors		\$228,398					\$338,095		\$338,095
11050 Changes in Compensated Absence Balance									
11060 Changes in Contingent Liability Balance									
11070 Changes in Unrecognized Pension Transition Liability									
11080 Changes in Special Term/Severance Benefits Liability									
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents									
11100 Changes in Allowance for Doubtful Accounts - Other									
11170 Administrative Fee Equity							\$1,346,437		\$1,346,437
11180 Housing Assistance Payments Equity							\$852,549		\$852,549
11190 Unit Months Available	72		0	0	24	0	48200		\$48,200
11210 Number of Unit Months Leased	72		0	0	24	0	45631		\$45,631
11270 Excess Cash							\$7,545,553		\$7,545,553
11610 Land Purchases						\$0	\$0		\$0
11620 Building Purchases						\$0	\$685,945		\$685,945
11630 Furniture & Equipment - Dwelling Purchases						\$0	\$0		\$0
11640 Furniture & Equipment - Administrative Purchases						\$0	\$0		\$0
11650 Leasehold Improvements Purchases						\$0	\$0		\$0
11660 Infrastructure Purchases						\$0	\$0		\$0
13510 CFFP Debt Service Payments						\$0	\$0		\$0
13901 Replacement Housing Factor Funds						\$0	\$0		\$0

COMPLIANCE SECTION

Newport News Redevelopment and Housing Authority
Newport News, Virginia

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2013

	<u>Federal Award Number</u>	<u>Program or Award Amount</u>	<u>Disbursements or Expenditures</u>
FEDERAL GRANTOR			
U.S. Department of HUD			
Direct Programs:			
Low-Rent Public Housing Program			
Operating Subsidies			
VA00300XXX12D	14.850	\$ 4,203,105	\$ 2,101,205
VA00300XXX13D	14.850	\$ 3,596,469	2,397,647
			<u>4,498,852</u>
Capital Fund Program:			
VA36P003501-09	14.872	\$ 3,458,037	194,885
VA36P003501-10	14.872	\$ 3,406,836	816,326
VA36P003501-11	14.872	\$ 2,790,443	958,787
VA36P003501-12	14.872	\$ 2,327,356	232,735
			<u>2,202,733</u>
Housing Assistance Payments Program:			
Housing Choice Voucher Program			
	14.871	\$ 18,204,238	<u>18,204,238</u>
Housing Assistance Payments Program:			
Moderate Rehabilitation - Single Room Occupancy			
VA003SRO004 - 2013 funding	14.249	\$ 333,685	333,685
New Construction through the Virginia Housing Development Authority			
Transition Center, VA36H027032	14.182	\$ 33,496	33,496
			<u>367,181</u>
TOTAL SECTION 8 PROJECT BASED CLUSTER			
Resident Opportunities and Supportive Services			
VA003RFS208A011	14.877	\$ 48,410	\$ 20,773
VA003RFS208A010	14.877	\$ 48,410	21,239
			<u>42,012</u>
Service Coordinators			
VA003RPS084A012	14.870	\$ 296,272	59,125
Shelter Plus Care Program			
VA0055C3F051104	14.238	\$ 102,144	55,434
Continuum of Care			
Special Needs Assistance			
VA0055L3F051205	14.267	\$ 116,206	18,208
			<u>25,447,783</u>
		TOTAL HUD	<u>25,447,783</u>
		TOTAL DIRECT	<u>25,447,783</u>

Newport News Redevelopment and Housing Authority
Newport News, Virginia

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

	Federal Award Number	Program or Award Amount	Disbursements or Expenditures
U.S. Department of HUD Indirect Programs:			
Pass-through from the City of Newport News Community Development Block Grants/ Entitlement Grants	14.218	\$ 1,377,918	1,543,023
ARRA funded Community Development Block Grants/ Entitlement Grants	14.253	\$ 430,989	155,179
HOME Investment Partnerships Program M-XX-MC-510202	14.239		1,195,855
Pass-through from the Virginia Department of Community Affairs and the City of Newport News Housing and Economic Recovery Act (HERA) Neighborhood Stabilization Program Contract #08-NSP-05	14.228	\$ 700,000	<u>122,469</u>
		TOTAL INDIRECT	<u>3,016,526</u>
		TOTAL	<u><u>28,464,309</u></u>

NOTE:

The accompanying schedule of expenditure of federal awards includes the federal grant activity of the Authority and is presented on the full accrual basis of accounting (see Note 1 for a detailed description of this basis of accounting). The information in this schedule is presented in accordance with the requirement of OMB Circular A-133, *Audits of States, Local Government, and Non-Profit Organizations*. Since this schedule reports the expenditure of federal awards, including capital expenditures, some of the amounts appearing on this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

Certain HUD-funded rental assistance programs are subject to final settlement adjustments that may affect amounts recognized as HUD revenues and expenditures in prior periods. Unless material, such adjustments are reported in the financial statements as adjustments to the current period HUD grant revenue.

**Independent Auditor's Report on Internal Control over Financial Reporting and
on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

The Commissioners of the Newport News
Redevelopment and Housing Authority

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, and the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the proprietary fund and the fiduciary fund information of Newport News Redevelopment and Housing Authority (the "Authority"), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated March 26, 2014.

Internal Control over Financial Reporting

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

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

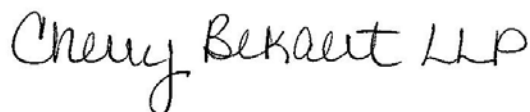
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in cursive script that reads "Cheryl Bekant LLP".

Virginia Beach, Virginia
March 26, 2014

**Independent Auditor's Report on Compliance for Each Major Federal
Program and on Internal Control Over Compliance Required by
OMB Circular A-133**

The Commissioners of the Newport News
Redevelopment and Housing Authority

Report on Compliance for Each Major Federal Program

We have audited the Newport News Redevelopment and Housing Authority's (the "Authority") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended June 30, 2013. The Authority's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item 2013-1. Our opinion on each major federal program is not modified with respect to these matters.

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

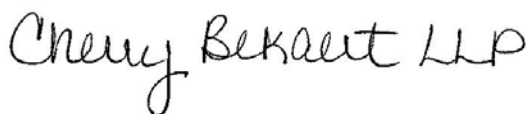
Report on Internal Control Over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

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

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

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



Virginia Beach, Virginia
March 26, 2014

**Newport News Redevelopment and Housing Authority
Schedule of Findings and Questioned Costs
Year Ended June 30, 2013**

(1) Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued on the financial statements:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified:	No
Significant deficiencies identified:	None reported
Noncompliance material to the financial statements noted?	No

Federal Awards:

Type of auditor's report issued on compliance for major programs:	Unmodified
Internal control over major programs:	
Material weaknesses identified:	No
Significant deficiencies identified:	None reported
Any audit findings disclosed that are required to be reported in Accordance with Section 510(a) of <i>OMB Circular A-133</i> ?	Yes

Identification of major federal programs:

<u>Name of Program</u>	<u>CFDA #</u>
Department of Housing and Urban Development:	
Community Development Block Grants	14.218
HOME Investment Partnerships Program	14.239
Low Rent Public Housing Program	14.850
Housing Choice Voucher Program	14.871

Dollar threshold to distinguish between Type A and B Programs:	\$853,929
The Newport News Redevelopment and Housing Authority was Qualified as a low risk auditee?	No

(2) Findings – Financial statement Audit

None

(3) Findings and Questioned Costs – Major Federal Awards Compliance

***U.S. Department of Housing and Urban Development
CFDA # 14.850 – Public and Indian Housing***

2013-1

Criteria: A citizenship declaration or eligible immigrant status should be obtained for all members of the household.

Condition: While performing our audit procedures to ensure compliance with eligibility, we noted three instances where the Declaration of Citizen Form did not include all family members in the household.

Questioned Costs: None

Perspective Information: Three of the forty eligibility files tested had instances of this noncompliance.

Cause & Effect: A child was born after the Declaration of Citizen Form was initially filled out and was not updated, which resulted in the form not including all members of the household.

Recommendation: We recommend the Authority review the Declaration of Citizen Form during the re-certification process to ensure that all current members of the household are included on the form.

Management Response: Within the next 60 days, the Authority will conduct Annual Recertification File Review Checklist training by the Compliance Analyst to ensure all current members of the household are included on the Declaration of Citizen Form each year.

(4) Resolution of Prior Year’s Findings

2012-1: Corrected

2012-2: Corrected