

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

FINANCIAL STATEMENTS AND
REPORT OF INDEPENDENT AUDITOR

JUNE 30, 2020

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Report of Independent Auditor

To the Commissioners
Newport News Redevelopment and Housing Authority

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities, the discretely presented component unit and the aggregate remaining fund information of the Newport News Redevelopment and Housing Authority (the "Authority"), as of and for the year ended June 30, 2020, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the discretely presented component unit, which comprises 100% of the total assets, total revenue, and total net position of the discretely presented component unit. That statement was audited by another auditor whose report has been furnished to us, and our opinion, insofar as it relates to the amount included for the discretely presented component unit, is based solely on the report of the other auditor. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *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 discretely presented component unit were not audited in accordance with *Government Auditing Standards* or the *Specifications for Audits of Authorities, Boards, and Commissions*. Those standards and specifications 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, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, discretely presented component unit, and aggregate remaining fund information of the Authority, as of June 30, 2020, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Required Supplementary Information, as listed in the table of contents, 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 Other Supplementary Information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and is also not a required part of the basic financial statements.

The Other Supplementary Information 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 by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the information is fairly stated, in all material respects, in relation to the 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 31, 2021 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting.

A handwritten signature in black ink that reads "Cheryl Bekaert LLP". The signature is written in a cursive, flowing style.

Virginia Beach, Virginia
March 31, 2021

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

Management's Discussion and Analysis

The Newport News Redevelopment and Housing Authority ("the Authority" or "NNRHA") management's discussion and analysis ("MD&A") 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 accounting principles generally accepted in the United States of America ("U.S. GAAP").

Financial Highlights

The net position (assets and deferred outflows of 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 \$93,358,907, which is an increase of \$2,908,112 during the year ended June 30, 2020. This increase is mostly attributable to increased tax credit proceeds earned over the prior year from tax credit equity investments for the conversion of properties to the Rental Assistance Demonstration ("RAD") program.

Overview of the Financial Statements

The following outline describes the integral parts of this 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**

Proprietary Fund Financial Statements

The Authority's proprietary fund financial statements account for its various programs (Public Housing, Rental Assistance, Central Office Cost Center, Community Development, HOME Investment Partnerships, Resident Self Sufficiency, Transition Center, State and Local Activities, Business Activities, Development properties for Lower Jefferson Avenue, Lofts on Jefferson, Orcutt Senior Housing, Orcutt Townhomes, Orcutt Townhomes III, Oyster Point-Brighton, Cypress Terrace Developments and Lassiter Courts Developments) and are presented on the full accrual basis of accounting. The proprietary fund financial statements include the following financial statements:

Statement of Net Position – Reports all financial and capital resources for the Authority similar to a balance sheet. Assets and liabilities are presented in order of liquidity, and are classified as "Current" (convertible into cash within one year), "Restricted", and "Noncurrent".

Net Position is reported in three broad categories:

Net Investment 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 Investments in Capital Assets" or "Restricted".

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

Management's Discussion and Analysis

The focus of the Statement of Net Position's, unrestricted net position, is designed to represent the net available liquid (non-capital) assets, net of liabilities, for the entire Authority.

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 Nonoperating Revenue and Expenses (such as 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 – Discloses net cash provided by or used for operating activities, non-capital financing activities, and from capital and related financing and investment activities.

Discretely Component Unit

During 2014, the Authority teamed with a developer and created the Lower Jefferson Avenue, LLC to construct 50 apartment units in the Jefferson Avenue Corridor. The Authority created a wholly-owned subsidiary to serve as the managing member of this entity. The Authority will eventually assume day-to-day management functions for these units.

Fiduciary Fund Financial Statements

In FY 2009, the Authority established the Other Postemployment 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

Analysis of the Authority's Statement of Net Position

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

	FY 2020 Proprietary Fund	FY 2019 Proprietary Fund	Increases (Decreases)
ASSETS:			
Current Assets	\$ 18,318,140	\$ 18,720,419	\$ (402,279)
Capital Assets	73,735,247	70,868,915	2,866,332
Other Assets	15,633,468	13,735,613	1,897,855
TOTAL ASSETS	107,686,855	103,324,947	4,361,908
DEFERRED OUTFLOWS OF RESOURCES	63,919	47,300	16,619
LIABILITIES:			
Current Liabilities	5,978,790	2,732,613	3,246,177
Noncurrent Liabilities	8,198,632	10,162,511	(1,963,879)
TOTAL LIABILITIES	14,177,422	12,895,124	1,282,298
DEFERRED INFLOWS OF RESOURCES	214,445	26,328	188,117
NET POSITION:			
Net Investment in Capital Assets	62,327,373	61,311,557	1,015,816
Restricted Net Position	15,684,126	13,550,936	2,133,190
Unrestricted Net Position	15,347,408	15,588,302	(240,894)
TOTAL NET POSITION	\$ 93,358,907	\$ 90,450,795	\$ 2,908,112

Net position (assets and deferred outflows of resources over liabilities and deferred inflows of resources) increased by \$2,908,112, which is mostly attributable to increased tax credit proceeds earned over prior year. The investment and renovation of Public Housing units under the RAD program allows the Authority to borrow money and to secure tax credit equity investments for the much needed renovation and improvements to the properties.

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

Management's Discussion and Analysis

Analysis of the Authority's Changes in Net Position

	FY2020	FY2019		
	Proprietary Funds	Proprietary Funds	Increase/ Decrease	Percent
OPERATING REVENUES:				
Rental and tenant income	\$ 3,830,009	\$ 4,079,796	\$ (249,787)	-6.12%
Intergovernmental	34,759,152	33,203,155	1,555,997	4.69%
Other income	603,563	572,969	30,594	5.34%
Total operating revenues	<u>39,192,724</u>	<u>37,855,920</u>	<u>1,336,804</u>	<u>3.53%</u>
OPERATING EXPENSES:				
Administration	5,893,490	5,432,006	461,484	8.50%
Tenant services	1,578,622	570,473	1,008,149	176.72%
Utilities	2,557,829	2,628,397	(70,568)	-2.68%
Ordinary maintenance and operations	3,335,116	3,597,138	(262,022)	-7.28%
Protective services	124,181	116,023	8,158	7.03%
Insurance expense	722,284	547,783	174,501	31.86%
General expense	1,266,870	2,364,374	(1,097,504)	-46.42%
Nonroutine maintenance	346,418	84,880	261,538	308.13%
Housing assistance payments	21,467,091	21,007,287	459,804	2.19%
Depreciation	3,479,896	3,686,301	(206,405)	-5.60%
Total operating expenses	<u>40,771,797</u>	<u>40,034,662</u>	<u>737,135</u>	<u>1.84%</u>
OPERATING LOSS	<u>(1,579,073)</u>	<u>(2,178,742)</u>	<u>599,669</u>	<u>-27.52%</u>
NONOPERATING REVENUES / (EXPENSES)				
Interest and investment revenues	133,940	135,908	(1,968)	-1.45%
Interest expense	(262,781)	(154,242)	(108,539)	70.37%
Developer fee earned	(583)	538,059	(538,642)	100.00%
Total nonoperating revenues, net	<u>(129,424)</u>	<u>519,725</u>	<u>(649,149)</u>	<u>-124.90%</u>
LOSS BEFORE CONTRIBUTIONS, TRANSFERS, AND SPECIAL ITEM:				
	(1,708,497)	(1,659,017)	(49,480)	2.98%
HUD capital contributions	544,609	1,394,087	(849,478)	-60.93%
Tax credit proceeds	4,072,000	898,059	3,173,941	353.42%
Special item - capital assets soft development costs related to RAD conversion	-	(1,509,470)	1,509,470	100.00%
CHANGE IN NET POSITION	<u>2,908,112</u>	<u>(876,341)</u>	<u>3,784,453</u>	<u>-431.85%</u>
TOTAL NET POSITION - beginning	<u>90,450,795</u>	<u>91,327,136</u>	<u>(876,341)</u>	<u>-0.96%</u>
TOTAL NET POSITION - ending	<u>\$ 93,358,907</u>	<u>\$ 90,450,795</u>	<u>\$ 2,908,112</u>	<u>3.22%</u>

Revenue and Expense Activities

Operating Revenues – The Authority's revenues increased by 3.53% or \$1,336,804 in FYE June 30, 2020 as compared to FYE June 30, 2019. Income (rent, excess utilities, and maintenance charges) decreased by \$249,787. The net intergovernmental revenues, operating grants and housing assistance payments incurred a significant net increase of \$1,555,997. The Housing Choice Voucher program experienced a slight increase in housing assistance payments of \$.5 million due to Department of Housing and Urban Development's ("HUD") push to maximize vouchers leased. The Low-Rent Public Housing Program had decreases in the operating subsidies and in the capital fund program. These decreases were offset with an increase of \$1.2 million in grant revenue from our Choice Neighborhood Implementation ("CNI") Grant.

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

Management’s Discussion and Analysis

Operating Expenses – The Authority’s expenses increased by 1.84% or \$737,135 in FYE June 30, 2020 as compared to FYE June 30, 2019. Most of the change is attributable to an increase of \$1,008,149 in tenant services relocation expenses for the CNI grant, housing assistance payments, administration, preparing and responding to the COVID-19 pandemic, insurance, and nonroutine maintenance expenditures. These were offset with a decrease in general expense, depreciation, maintenance and operations, and utilities.

CAPITAL ASSETS

At the end of fiscal year June 30, 2020, the Authority had \$140,343,955 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 an increase in construction in progress. The Authority has continued the Phase VI work at Marshall Courts, and has made significant progress in the renovation. Additionally, A&E and construction costs have been incurred due to the planned renovation and conversion of the Lassiter Courts public housing property under the RAD program.

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

	<u>FY 2020</u>	<u>FY 2019</u>	<u>Increase/ Decrease</u>
Land and improvements	\$ 6,877,821	\$ 6,877,821	\$ -
Building	118,511,458	118,433,742	77,716
Equipment	3,380,180	3,207,579	172,601
Construction in progress	11,574,496	5,494,323	6,080,173
Total	<u>140,343,955</u>	<u>134,013,465</u>	<u>6,330,490</u>
 Accumulated depreciation	 <u>(66,608,708)</u>	 <u>(63,144,550)</u>	 <u>(3,464,158)</u>
 TOTAL	 <u>\$ 73,735,247</u>	 <u>\$ 70,868,915</u>	 <u>\$ 2,866,332</u>

LONG-TERM DEBT

At the end of fiscal year June 30, 2020, the Authority owed \$11,407,874 in long-term debt to external parties. The debt consists of a note payable due to VHDA Tax Credit Assistance Program and Tax Credit Exchange Program debt for the Orcutt Townhomes III property, a note payable to VHDA for the Lofts on Jefferson/ROAM Building, notes payable to VHDA and deferred notes payable to Department of Community and Housing Development (DHCD) for both the Oyster Point-Brighton and Cypress Terrace properties. Additional information on the Authority’s long-term debt can be found in Note 4 to the financial statements.

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

Management's Discussion and Analysis

ECONOMIC FACTORS

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

- In March 2020, the Center for Disease Control and Prevention (CDC) responded to a pandemic of respiratory disease spreading from person-to-person caused by a novel (new) coronavirus. The disease has been named "coronavirus disease 2019" (abbreviated "COVID-19"). This situation has posed a serious public health risk; over 500,000 Americans have died from the pandemic. The federal government has been working closely with state, local, tribal, and territorial partners, as well as public health partners, to respond to this situation. Last year, the President signed the COVID-19 Relief Bill to provide emergency assistance and response to the coronavirus pandemic. In addition to relief provided to families and businesses, the bill provides supplemental appropriations for various governmental activities including the Department of Housing and Urban Development's housing, homelessness, and community development programs. The relief bill includes additional funds for HUD's Public and Indian Housing (PIH), Community Planning and Development (CPD), and Office of Housing programs. The Community Development Block Grant (CDBG) funding is \$5 billion. All the funding in the bill is in addition to the previously appropriated FY2020 funding. It is now apparent that COVID-19 is very unlike other sorts of emergencies. COVID-19 is affecting not only our region or state but the entire world. Recently, vaccines have been developed and are currently being distributed throughout the world.
- HUD 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 increasing costs of health benefits, providing an increase in funding for administering properties that are older, not using an inflation factor for items such as asset management fee, and the continued unwillingness of HUD to acknowledge the operating and regulatory differences that exist between public housing and the properties that were used to establish the benchmark. In February 2015, under the RAD program, the Authority was awarded a Commitment to Enter into a Housing Assistance Payment (CHAP) for 278 units at three separate properties. The purpose is to convert these public housing units to a form of project-based assistance under the Section 8 program. The conversion has allowed the Authority to borrow money for much needed renovation and improvements to the properties. In late May 2018, the Housing Authority closed on the permanent financing for the conversion of these properties and construction was completed. We were also able to convert 30 additional public housing units to RAD in November 2016. This conversion did not require extensive renovation, only minor improvements to the property. In October 2018, we began renovation of 100 units at Lassiter Courts under the RAD program. These public housing units were also converted to a form of project-based rental assistance, we closed on the permanent financing December 2020. In January 2019, HUD approved a CHAP for Spratley House, a 50-unit senior property and in July 2019, VHDA awarded Low-Income Housing Tax Credits for the necessary funds to renovate the property to allow for a RAD conversion.
- The Authority's federal revenues have increased over the past year due to the award of the CNI grant. The Housing Choice Voucher (Section 8) program was subject to a renewal funding of 99% last year; funding proration in CY 2021 is projected to remain the same, therefore, we will be able to continue to maximize leasing. The Authority has been awarded 46 Veterans Affairs Supportive Housing (VASH) vouchers to administer in partnership with the Department of Veteran Affairs (VA) facility, Hampton VA Medical Center. These vouchers are intended to serve Veterans in Newport News. We also received a 141 Mainstream Vouchers to help low-income households that include persons with disabilities. However, the administrative fee funding continues to remain low at 80% of eligibility.

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

Management's Discussion and Analysis

- The Authority is being funded at a rate of 96% of public housing subsidy eligibility for the first six months of FY 2021. The Authority is expecting to receive funding of 95% for full 2021 calendar year.
- 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 future health care reform will affect Authority expenses.
- An increase of approximately 3% in utility costs is expected.
- Post-retirement benefits other than pensions are estimated to be \$81,000 for FY 2021. The liability has been funded through a trust.

FINANCIAL CONTACT

Questions concerning any of the information provided in this MD&A should be addressed to:

Ms. Karen R. Wilds
Executive Director
Newport News Redevelopment and Housing Authority
P. O. Box 797
Newport News, Virginia 23607-0797
(757) 928-2663
kwilds@nnrha.org

BASIC FINANCIAL STATEMENTS

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

STATEMENT OF NET POSITION

PROPRIETARY FUND AND DISCRETELY PRESENTED COMPONENT UNIT

JUNE 30, 2020

	Proprietary Fund - Primary Government	Lower Jefferson Avenue, LLC
<u>ASSETS</u>		
Current assets:		
Cash and equivalents - unrestricted	\$ 12,246,547	\$ 6,448
Accounts receivable (net of allowance)	1,631,879	9,004
Investments	4,270,556	-
Prepaid expenses	140,975	19,345
Materials inventory (net of allowance)	28,183	-
Total current assets	18,318,140	34,797
Restricted assets:		
Cash and equivalents - restricted	4,806,317	200,169
Investments - restricted	279,299	41,051
Notes receivable (noncurrent)	7,427,763	-
Total restricted assets	12,513,379	241,220
Noncurrent assets:		
Notes and mortgages receivable	1,704,733	-
Nondepreciable capital assets	18,452,317	252,300
Capital assets (net)	55,282,930	6,489,593
Other noncurrent assets	1,415,356	-
Total noncurrent assets	76,855,336	6,741,893
TOTAL ASSETS	107,686,855	7,017,910
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Deferred outflows related to OPEB plan	63,919	-

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 AND DISCRETELY PRESENTED COMPONENT UNIT

JUNE 30, 2020

	Proprietary Fund - Primary Government	Lower Jefferson Avenue, LLC
<u>LIABILITIES</u>		
Current liabilities:		
Accounts payable and accrued expenses	1,342,043	80,546
Accrued salaries	113,681	39,686
Accrued interest payable	11,247	14,703
Unearned revenues	439,210	7,936
Security deposit liabilities	188,864	27,545
Compensated absences	1,572	-
Current portion of notes payable	3,745,283	-
Current portion of long-term liabilities	136,890	67,000
Total current liabilities	5,978,790	237,416
Long-term liabilities:		
Compensated absences	455,128	-
Net OPEB liability	2,827	-
Notes and mortgages payable	7,525,701	1,273,697
Developer fee payable	-	19,190
Trust, deposit, and escrow liabilities	214,976	-
Total long-term liabilities	8,198,632	1,292,887
TOTAL LIABILITIES	14,177,422	1,530,303
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred inflows related to OPEB plan and grant income	214,445	-
Total deferred inflows	214,445	-
<u>NET POSITION</u>		
Net investment in capital assets	62,327,373	5,401,196
Restricted for:		
Reserves and escrows	2,196,896	213,695
HAP reserves	735,785	-
Loan programs	7,427,763	-
Other	5,323,682	-
Unrestricted	15,347,408	(127,284)
TOTAL NET POSITION	\$ 93,358,907	\$ 5,487,607

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 AND DISCRETELY PRESENTED COMPONENT UNIT

YEAR ENDED JUNE 30, 2020

	Proprietary Fund - Primary Government	Lower Jefferson Avenue, LLC
OPERATING REVENUES:		
Rental and tenant income	\$ 3,830,009	\$ 379,327
Intergovernmental - operating grants	34,759,152	-
Fee revenue	64,660	-
Other income	538,903	-
Total operating revenues	39,192,724	379,327
OPERATING EXPENSES:		
Administration	5,893,490	77,429
Tenant services	1,578,622	128
Utilities	2,557,829	101,833
Ordinary maintenance	3,335,116	106,755
Protective services	124,181	-
Insurance expense	722,284	19,845
General expenses	1,266,870	43,523
Non-routine maintenance	346,418	-
Housing assistance payments	21,467,091	-
Depreciation	3,479,896	222,564
Total operating expenses	40,771,797	572,077
OPERATING LOSS	(1,579,073)	(192,750)
NONOPERATING REVENUES/EXPENSES:		
Interest and investment revenue	133,940	650
Interest expense	(262,781)	(36,925)
Loss on disposition of capital assets	(583)	-
Total nonoperating expenses, net	(129,424)	(36,275)
LOSS BEFORE CONTRIBUTIONS AND PROCEEDS	(1,708,497)	(229,025)
HUD capital contributions	544,609	-
Tax credit and other proceeds	4,072,000	-
CHANGE IN NET POSITION	2,908,112	(229,025)
TOTAL NET POSITION - July 1, 2019	90,450,795	5,716,632
TOTAL NET POSITION - June 30, 2020	\$ 93,358,907	\$ 5,487,607

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

YEAR ENDED JUNE 30, 2020

	Proprietary Fund - Primary Government	Lower Jefferson Avenue, LLC
Cash flows from operating activities:		
Cash received from tenants/others	\$ 4,160,096	\$ 374,711
Cash received for fees/services/donations	285,239	-
Cash operating grants received (net)	35,177,670	-
Cash payments for goods, services, rental subsidies	(30,836,267)	(221,436)
Cash payments for employees and benefits	(6,110,669)	(51,145)
Cash payments in lieu of property taxes	(299,543)	(34,386)
Net cash provided by operating activities	2,376,526	67,744
Cash flows from capital and related financing activities:		
Purchase of equipment/capital assets	(7,226,825)	-
Proceeds from issuing notes and other debt	4,333,443	-
Proceeds from sale of tax credits	4,012,000	-
Contributions received for capital outlays	554,737	-
Loan principal payments	(2,422,928)	(65,055)
Interest payments	(262,985)	(35,285)
Net cash used in capital and related financing activities	(1,012,558)	(100,340)
Cash flows from noncapital financing activities:		
Loans made to borrowers	(668,586)	-
Receipt of interest on notes and loans	35,293	-
Loan payments received	449,320	-
Net cash used in noncapital and financing activities	(183,973)	-
Cash flows from investing activities:		
Receipts of interest and dividends	19,465	-
Deposits to reserve accounts	(89,232)	(8,178)
Net cash used in investing activities	(69,767)	(8,178)
Net increase (decrease) in cash	1,110,228	(40,774)
Cash and equivalents at July 1, 2019	16,062,885	247,391
Cash and equivalents at June 30, 2020	\$ 17,173,113	\$ 206,617

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

YEAR ENDED JUNE 30, 2020

	Proprietary Fund - Primary Government	Lower Jefferson Avenue, LLC
Reconciliation to statement of net position:		
Cash and equivalents - unrestricted	\$ 12,246,547	\$ 6,448
Cash and equivalents - restricted	4,806,317	200,169
	\$ 17,052,864	\$ 206,617
	Proprietary Fund - Primary Government	Lower Jefferson Avenue, LLC
Reconciliation of operating loss to net cash provided by operating activities:		
Operating loss	\$ (1,579,073)	\$ (192,750)
Adjustments to reconcile operating loss to net cash provided by operating activities		
Depreciation	3,479,896	222,564
Other adjustments	9,953	-
Change in assets and liabilities:		
Change in assets and liabilities:		
Increase (decrease) in accounts receivable	(226,291)	1,189
Decrease in notes and mortgages receivable	58,350	-
Decrease (increase) in prepaid expenses and materials inventory	25,039	(819)
Increase in deferred outflows of resources	(16,619)	-
Decrease in accounts payable	(66,050)	(2,648)
Increase in accrued expenses	44,221	36,987
Increase in compensated absences	50,036	-
Increase in trust, deposit, and escrow liabilities	11,600	1,157
Increase in unearned revenues	389,592	2,064
Decrease in net OPEB liabilities	(112,494)	-
Increase in deferred inflows of resources	188,117	-
Net cash provided by operating activities	\$ 2,256,277	\$ 67,744

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, 2020

	<u>OPEB Trust Fund</u>
<u>ASSETS</u>	
Investments, at fair value	\$ 1,457,150
TOTAL ASSETS	<u>1,457,150</u>
 <u>NET POSITION</u>	
Net position restricted for other postemployment benefits	<u>1,457,150</u>
 TOTAL NET POSITION	<u><u>\$ 1,457,150</u></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

YEAR ENDED JUNE 30, 2020

	<u>OPEB Trust Fund</u>
ADDITIONS	
Contributions:	
Employer	\$ 93,962
Total contributions	<u>93,962</u>
Investment income:	
Net appreciation in fair value of investments	42,392
Dividends	886
Net investment income	<u>43,278</u>
Total additions	<u>137,240</u>
DEDUCTIONS	
Benefits paid	93,963
Administrative expenses	2,073
Total deductions	<u>96,036</u>
Changes in fiduciary net position	<u>41,204</u>
Net position restricted for other postemployment benefits - July 1, 2019	<u>1,415,946</u>
Net position restricted for other postemployment benefits - June 30, 2020	<u>\$ 1,457,150</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, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of the Newport News Redevelopment and Housing Authority (“Authority” or “NNRHA”) have been prepared in conformity with accounting principles generally accepted in the United States of America (“U.S.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 Authority is a public body and a body corporate and politic created under the Authority of the General Statutes of the Commonwealth of Virginia. The Authority was created for the purpose of providing safe and sanitary housing for the citizens of Newport News, Virginia (“City”). The seven member Board of Commissioners of the Authority is appointed to four-year terms by the City Council of the City 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 appoints the governing board of the Authority, no other criteria established within U.S. GAAP for inclusion of the Authority in the financial reports of the City 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 Department of Housing and Urban Development (“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.
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.
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 Virginia Housing Development Authority (“VHDA”) funded Transition Center housing program.

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

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

A. Reporting Entity (Continued)

Business Activities Program	This program includes all of the non-federal and non-governmental activities that generate non-federal revenues.
Choice Neighborhood Grant Program	This program is used to account for the activities and expenditures related to redevelopment activities funded by an award under HUD's Choice Neighborhoods Implementation Grant program.
State and Local Activities Program	This program includes locally funded redevelopment activities and grants.
Lower Jefferson Avenue	This program is used to account for the costs of subsidiary that serves as the general partner/managing member of an entity created to develop the Jefferson Brookville Apartments.
Orcutt Senior Development Corporation (including Orcutt Senior Housing, L.P.)	This program includes the activity of an Authority subsidiary that owns Public Housing redeveloped as a mixed finance, tax credit property.
Orcutt Townhomes Development Corporation (including Orcutt Townhomes, L.P.)	This program includes the activity of an Authority subsidiary that owns Public Housing redeveloped as a mixed finance, tax credit property.
Orcutt Townhomes III Development Corporation (including Orcutt Townhomes III, L.P.)	This program includes the activity of an Authority subsidiary that owns former Public Housing redeveloped as a mixed finance, tax credit property. During the current period, this property converted to Project-based Rental Assistance under HUD's HUD's Rental Assistance Determination ("RAD") Program.
2713 Lofts Development Corporation and 2713 Lofts, LLC	This program includes the activity of an Authority subsidiary that serves as the ownership entity that is developing and operating the Lofts on Jefferson development.
Oyster Point-Brighton Development Corporation and Oyster Point-Brighton, LLC	This program includes the activity of an Authority subsidiary that serves as the ownership entity that is converting and renovating the former public housing developments to Project-based Rental Assistance under HUD's RAD Program.
Lassiter Courts Development Corporation and Lassiter Courts, LLC	This program includes the activity of an Authority subsidiary that serves as the ownership entity that has converted and is renovating the former public housing developments to Project-based Rental Assistance under HUD's RAD Program.

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

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

A. Reporting Entity (Continued)

Cypress Terrace Development Corporation and Cypress Terrace, LLC

This program includes the activity of an Authority subsidiary that serves as the ownership entity that has converted and is renovating the former public housing developments to Project-based Rental Assistance under HUD's RAD Program.

In evaluating the Authority's reporting entity in accordance with U.S. GAAP, management determined that the following entities or organizations met the criteria for inclusion in the Authority's financial statements:

<u>Entity</u>	<u>Method of Inclusion/Reporting</u>
Orcutt Senior Housing Development Corporation (including Orcutt Senior Housing, L.P.)	Blended
Orcutt Townhomes Development Corporation (including Orcutt Townhomes, L.P.)	Blended
Orcutt Townhomes Development Corporation (including Orcutt Townhomes III, L.P.)	Blended
2713 Lofts Development Corporation and 2713 Lofts, LLC	Blended
Lower Jefferson Avenue Development Corporation	Blended
Lassiter Courts Development Corporation and Lassiter Courts, LLC	Blended
Oyster Point-Brighton Development Corporation and Oyster Point-Brighton, LLC	Blended
Cypress Terrace Development Corporation and Cypress Terrace, LLC	Blended
Lower Jefferson Avenue, LLC	Discretely

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.

As the discretely presented component unit has a different fiscal year-end, the information presented for Lower Jefferson Avenue, LLC is as of and for the year ended December 31, 2019. Separate financial statements for Lower Jefferson Avenue, LLC can be obtained from the Authority.

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

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

B. Description of a Public Housing Authority

Funding for the Authority is from 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 U.S. GAAP, 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.

An other postemployment 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 tenants, participants, or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessment.

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.

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

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

D. Revenue Recognition, Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

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 nonoperating 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 proprietary 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 nonoperating revenues and expenses.

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

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 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.

OPEB Trust Fund – This fund accounts for resources held in trust for employee, retirees, and their beneficiaries based on the postemployment benefits plan.

F. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurements focus. The proprietary fund and trust fund 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.

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

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

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.

H. Cash and Equivalents 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 amortized cost or at fair value.

I. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2020 are recorded as prepaid items.

J. Inventories

Inventories are valued at cost using the average-cost method. Inventory is accounted for under the consumption 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 capital assets are valued at their acquisition value as of the date of the donation.

The cost 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

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

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

L. 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, 2020 is \$456,700 and is reported as a current or noncurrent liability. The maximum accrual is 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.

M. Estimates

Preparing the Authority's financial statements in conformity with U.S. GAAP 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, depreciation, and other postemployment benefits. These estimates may be adjusted as more current information becomes available and any adjustment could be significant.

N. Imputation of Interest

The Authority makes loans to homeowners, program participants, and affiliates and obtains 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 in accordance with accounting standards.

O. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Authority recognized deferred inflows and outflows related to the OPEB plan for contributions made subsequent to the measurement date, changes of assumptions, the net difference between the projected and actual earnings on OPEB plan investments, differences between expected and actual experience, and for grant funds received before time requirements have been met. Amounts reported as deferred outflows resulting from contributions made subsequent to the measurement date will be recognized as a reduction of the liability in the following year. Other amounts reported as deferred inflows and outflows will be amortized according to the actuarial amortization calculation.

P. Postemployment Benefits Other than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred flows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the NNRHA's OPEB Plan and additions to/deductions from the NNRHA's OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by the NNRHA OPEB Plan. For this purpose, the NNRHA OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at amortized cost.

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

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

Bank deposits include amounts held in accounts that qualify for federal depository insurance and include demand deposits such as checking accounts, saving accounts, and negotiable order of withdrawal (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.

As of June 30, 2020, the Authority's deposits consist of the following:

	Proprietary Fund	Lower Jefferson Avenue, LLC
Demand deposit accounts (checking, savings, and money market accounts)	\$ 15,185,812	\$ 206,617
Time deposits - certificates of deposit	244,240	-
Total deposits	\$ 15,430,052	\$ 206,617

Deposits are required to be either covered by federal depository insurance or be collateralized with securities held by third-party custodians in the Authority's name. At June 30, 2020, the Authority's deposits with financial institutions for all fund types, including fiduciary funds and blended component units, had a carrying amount of \$15,430,052 and a bank balance of \$15,604,413. For the discretely presented component unit, the carrying amount of such deposits as of December 31, 2019 amount to \$206,617 and bank balances of \$206,617. The bank balance is categorized as follows:

	Proprietary Fund	Lower Jefferson Avenue, LLC
Amounts insured by the FDIC or collateralized with securities held by third-party custodians in the Authority's name	\$ 1,840,596	\$ 206,617
Collateralized under the Commonwealth's public depository fund in accordance with the laws of the Commonwealth of Virginia	13,763,817	-
Total bank balance	\$ 15,604,413	\$ 206,617

As of June 30, 2020, the Authority's deposits are classified in the financial statements as follows:

	Proprietary Fund	Lower Jefferson Avenue, LLC
Cash and cash equivalents	\$ 15,430,052	\$ 206,617

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 2 – DEPOSITS AND INVESTMENTS: (Continued)

Investments:

As of June 30, 2020, the Authority held the following investments:

Investment Type	Maturity	Issuer Credit Rating	Proprietary Fund	Fiduciary Fund
			Fair Value or Cost	Fair Value
Repurchase Agreements	Daily	N/A	\$ 1,619,062	\$ -
Virginia Investment Pool High Quality Bond Fund	661 days	AA+f/S1	330,609	-
Virginia Investment Pool Stable NAV Liquidity Pool	51 days	AAAm	3,939,947	-
VML/VACo Pooled OPEB Trust	N/A	N/A	-	1,457,150
Total			\$ 5,889,618	\$ 1,457,150

As of June 30, 2020, the Authority's investments are classified in the financial statements as follows:

	Proprietary Fund	Fiduciary Fund
Cash and cash equivalents	\$ 1,619,062	\$ -
Investments	4,270,556	1,457,150
Total investments	\$ 5,889,618	\$ 1,457,150

Classification in Financial Statements

In summary, as of June 30, 2020, the Authority's cash and cash equivalents consist of the following:

	Proprietary Fund	Fiduciary Fund	Lower Jefferson Avenue, LLC
Deposits with financial institutions	\$ 15,430,052	\$ -	\$ 206,617
Investments - short-term	1,619,062	-	-
Petty cash and change funds	3,750	-	-
Total cash and cash equivalents	\$ 17,052,864	\$ -	\$ 206,617
Restricted for:			
Capital improvements replacement reserve	\$ 6,459		\$ -
Security deposits	188,864		27,525
Housing Choice Voucher HAP Reserve	735,785		-
Rental Assistance Unearned Revenue	369,530		-
Program income and revolving construction loans	1,389,191		-
Family Self Sufficiency (FSS) program escrow	205,350		-
Replacement reserve and other reserve accounts	1,911,138		172,644
	4,806,317		200,169
Unrestricted	\$ 12,246,547		\$ 6,448

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 2 – DEPOSITS AND INVESTMENTS: (Continued)

In summary, as of June 30, 2020, the Authority’s investments consist of the following:

	Proprietary Fund	Fiduciary Fund	Lower Jefferson Avenue, LLC
Investments	\$ 4,270,556	\$ 1,457,150	\$ -
Unrestricted	4,270,556	1,457,150	-
Reserves held by VHDA	279,299	-	41,051
Restricted	279,299	-	41,051
Total investments	<u>\$ 4,549,855</u>	<u>\$ 1,457,150</u>	<u>\$ 41,051</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.

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 \$1,619,062 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.

Fair value – The Authority categorizes its fair value measurements within the fair value hierarchy established by the generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The Virginia Investment Pool is in compliance with the requirements of U.S. GAAP and elects to measure its investments at amortized cost for financial reporting. Therefore, participants (the Authority) in the Virginia Investment Pool also measure their investments in the Virginia Investment Pool at amortized cost for financial reporting.

Investments measured at fair value using net asset value per share (VML/VACO Pooled OPEB Trust) or amortized cost (Virginia Investment Pool) are not classified in the fair value hierarchy.

The VML/VACo Pooled OPEB Trust categorizes their investments within the fair value hierarchy established by U.S. GAAP. A government is permitted, in certain circumstances, to establish the fair value of an investment that does not have a readily determinable fair value by using the Net Asset Value (“NAV”) per share (or its equivalent) of the investment. Investments in the VML/VACo Pooled OPEB Trust are valued using the NAV per share, which is determined by dividing the total value of the Trust by the number of outstanding shares. The NAV per share changes with the value of the underlying investments in the Trust. Generally, VML/VACo Pooled OPEB Trust participants may redeem their investment at the end of a calendar quarter upon 90 days’ written notice.

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 3 – ACCOUNTS RECEIVABLE:

Receivables at June 30, 2020 consist of the following:

	Proprietary Fund	Lower Jefferson Avenue, LLC
Tenants/program participants	\$ 415,045	\$ 7,333
Less: Allowance	(283,535)	-
	131,510	7,333
HUD - unrequisioned costs	608,712	-
HUD - housing assistance payments	15,924	1,671
HUD - administrative fees	19,086	-
Loan program participants	52,174	-
Other governments	412,208	-
Due from landlords/owners	179,491	-
Interest	12,150	-
Affiliated property owners:		
Jefferson Brookville	195,095	-
Miscellaneous	5,529	-
Total	\$ 1,631,879	\$ 9,004

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, 2020

NOTE 3 – ACCOUNTS RECEIVABLES: (Continued)

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 Program	Transition Center Program	State and Local Activities Program	Choice Neighborhoods Grant Program
Tenants/program participants	\$ 52,555	\$ 246,719	\$ -	\$ -	\$ -	\$ -	\$ 439	\$ -	\$ -
Less: Allowance	(12,223)	(246,719)	-	-	-	-	(115)	-	-
	<u>40,332</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>324</u>	<u>-</u>	<u>-</u>
HUD - unrequisioned costs	10,451	39,294	-	-	-	243,400	-	-	315,567
HUD - housing assistance payments	-	-	-	-	-	-	-	-	-
HUD - administrative fees	-	19,086	-	-	-	-	-	-	-
Loan program participants	-	-	-	1,164	51,010	-	-	-	-
Other governments	154,283	-	52,000	-	100,000	-	-	45,105	23,188
Due from landlords/owners	-	179,491	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-
Affiliated property owners:									
Jefferson Brookville	-	-	195,095	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-
Total	<u>\$ 205,066</u>	<u>\$ 237,871</u>	<u>\$ 247,095</u>	<u>\$ 1,164</u>	<u>\$ 151,010</u>	<u>\$ 243,400</u>	<u>\$ 324</u>	<u>\$ 45,105</u>	<u>\$ 338,755</u>

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 3 – ACCOUNTS RECEIVABLES: (Continued)

	Business Activities Program	Orcutt Senior Housing/ Ashe Manor	Orcutt Townhomes	Orcutt Townhomes III	Lofts on Jefferson	Oyster Point - Brighton	Cypress Terrace	Lassiter Courts	Total
Tenants/program participants	\$ -	\$ 14,960	\$ 7,328	\$ 19,395	\$ 6,556	\$ 26,463	\$ 7,397	\$ 33,233	\$ 415,045
Less: Allowance	-	(3,375)	(733)	(6,180)	(656)	(6,266)	(2,173)	(5,095)	(283,535)
	<u>-</u>	<u>11,585</u>	<u>6,595</u>	<u>13,215</u>	<u>5,900</u>	<u>20,197</u>	<u>5,224</u>	<u>28,138</u>	<u>131,510</u>
HUD - unrequisioned costs	-	-	-	-	-	-	-	-	608,712
HUD - housing assistance payments	-	-	-	7,102	103	4,826	1,435	2,458	15,924
HUD - administrative fees	-	-	-	-	-	-	-	-	19,086
Loan program participants	-	-	-	-	-	-	-	-	52,174
Other governments	6,782	-	-	-	-	-	6,853	23,997	412,208
Due from landlords/owners	-	-	-	-	-	-	-	-	179,491
Interest	12,150	-	-	-	-	-	-	-	12,150
Affiliated property owners:									
Jefferson Brookville	-	-	-	-	-	-	-	-	195,095
Miscellaneous	5,529	-	-	-	-	-	-	-	5,529
Total	<u>\$ 24,461</u>	<u>\$ 11,585</u>	<u>\$ 6,595</u>	<u>\$ 20,317</u>	<u>\$ 6,003</u>	<u>\$ 25,023</u>	<u>\$ 13,512</u>	<u>\$ 54,593</u>	<u>\$ 1,631,879</u>

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 4 – MORTGAGES AND INTERFUND NOTES PAYABLES:

Orcutt Townhomes III

Orcutt Townhomes III was partially financed with tax credit assistance program (TCAP) funds from the VHDA. A Deferred Payment Note in the amount of \$1,004,231 was executed on December 23, 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.

	Principal	Interest	Total Payments
For the years ending June 30, 2043 and thereafter	\$ 1,004,231	\$ -	\$ 1,004,231

Orcutt Townhomes III was partially financed with funds received from the VHDA under the TCAP. 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, 2020, \$360,000 was deferred or outstanding under this agreement.

	Principal	Interest	Total Payments
Forgiven for the year ending June 30, 2021	60,000	-	60,000
Forgiven for the year ending June 30, 2022	60,000	-	60,000
Forgiven for the year ending June 30, 2023	60,000	-	60,000
Forgiven for the year ending June 30, 2024	60,000	-	60,000
Forgiven for the year ending June 30, 2025	60,000	-	60,000
Forgiven for the year ending June 30, 2026	60,000	-	60,000
	\$ 360,000	\$ -	\$ 360,000

Lofts on Jefferson

The cost of the Lofts on Jefferson/ROAM Building were financed in part by a permanent first mortgage loan from the VHDA. On March 10, 2015, a permanent first mortgage loan of \$600,000 payable in equal monthly installments of \$2,847.22 for 30 years with an interest rate of 3.95% per annum was executed. This note matures on April 1, 2045. Future maturities are as follows:

	Principal	Interest	Total Payments
For the year ending June 30, 2021	\$ 13,067	\$ 21,100	\$ 34,167
For the year ending June 30, 2022	13,593	20,574	34,167
For the year ending June 30, 2023	14,139	20,028	34,167
For the year ending June 30, 2024	14,708	19,459	34,167
For the year ending June 30, 2025	15,300	18,867	34,167
For the years ending June 30, 2026-2030	86,238	84,595	170,833
For the years ending June 30, 2031-2035	105,036	65,797	170,833
For the years ending June 30, 2036-2040	127,929	42,904	170,833
For the years ending June 30, 2041-2045	150,108	15,031	165,139
	\$ 540,118	\$ 308,355	\$ 848,473

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 4 – MORTGAGES AND INTERFUND NOTES PAYABLES: (Continued)

Oyster Point-Brighton

The final cost of the Oyster Point-Brighton Apartments were financed in part by a permanent first mortgage loan from the VHDA. On May 23, 2018, a permanent first mortgage loan of \$2,950,000 was executed, payable in equal monthly installments of \$10,903.77 for 30 years with an interest rate of 2% per annum. This note matures on June 1, 2048. Future maturities are as follows:

	Principal	Interest	Total Payments
For the year ending June 30, 2021	\$ 75,464	\$ 55,381	\$ 130,845
For the year ending June 30, 2022	76,987	53,858	130,845
For the year ending June 30, 2023	78,541	52,304	130,845
For the year ending June 30, 2024	80,126	50,719	130,845
For the year ending June 30, 2025	81,744	49,101	130,845
For the years ending June 30, 2026-2030	434,145	220,081	654,226
For the years ending June 30, 2031-2035	479,763	174,463	654,226
For the years ending June 30, 2036-2040	530,177	124,049	654,226
For the years ending June 30, 2041-2045	585,888	68,338	654,226
For the years ending June 30, 2046-2048	380,686	11,834	392,520
	<u>\$ 2,803,521</u>	<u>\$ 860,128</u>	<u>\$ 3,663,649</u>

The final cost of the Oyster Point-Brighton Apartments was partially financed by a permanent deferred payment note from the Department of Housing and Community Development (“DHCD”). On May 23, 2018, a permanent loan of \$700,000 was executed requiring monthly payments of interest-only for 15 years with an interest rate of 3% per annum. Monthly payments of interest shall be payable commencing on the first day of July 2018 and continuing on the first day of each month thereafter until the day which 15 years after the first day of the month immediately following the month in which this note is dated or until such later date as may be established by noteholder, at which time the balance of principal, plus accrued interest thereon, shall be due and payable. In the sole discretion of noteholder, the balance of principal and interest may be forgiven by 1/15th for each year during which the property securing the underlying loan remains in compliance with HOME Program requirements.

	Principal	Interest	Total Payments
For the year ending June 30, 2021	\$ -	\$ 21,000	\$ 21,000
For the year ending June 30, 2022	-	21,000	21,000
For the year ending June 30, 2023	-	21,000	21,000
For the year ending June 30, 2024	-	21,000	21,000
For the year ending June 30, 2025	-	21,000	21,000
For the years ending June 30, 2026-2030	-	105,000	105,000
For the years ending June 30, 2031-2033	700,000	63,000	763,000
	<u>\$ 700,000</u>	<u>\$ 273,000</u>	<u>\$ 973,000</u>

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 4 – MORTGAGES AND INTERFUND NOTES PAYABLES: (Continued)

Cypress Terrace

The final cost of the Cypress Terrace Apartments were financed in part by a permanent first mortgage loan from the VHDA. On May 23, 2018, a permanent first mortgage loan of \$1,650,000 was executed, payable in equal monthly installments of \$5,307.05 for 30 years with an interest rate of 1% per annum. This note matures on June 1, 2048. Future maturities are as follows:

	Principal	Interest	Total Payments
For the year ending June 30, 2021	\$ 48,359	\$ 15,326	\$ 63,685
For the year ending June 30, 2022	48,844	14,841	63,685
For the year ending June 30, 2023	49,335	14,350	63,685
For the year ending June 30, 2024	49,831	13,854	63,685
For the year ending June 30, 2025	50,331	13,354	63,685
For the years ending June 30, 2026-2030	259,345	59,078	318,423
For the years ending June 30, 2031-2035	272,634	45,789	318,423
For the years ending June 30, 2036-2040	286,607	31,816	318,423
For the years ending June 30, 2041-2045	301,295	17,128	318,423
For the years ending June 30, 2046-2048	188,140	2,915	191,055
	<u>\$ 1,554,721</u>	<u>\$ 228,451</u>	<u>\$ 1,783,172</u>

The final cost of the Cypress Terrace Apartments was partially financed by a permanent deferred payment note from the DHCD. On May 23, 2018, a permanent loan of \$700,000 was executed requiring monthly payments of interest only for 15 years with an interest rate of 3% per annum. Monthly payments of interest shall be payable commencing on the first day of July 2018 and continuing on the first day of each month thereafter until the day which 15 years after the first day of the month immediately following the month in which this note is dated or until such later date as may be established by noteholder, at which time the balance of principal, plus accrued interest thereon, shall be due and payable. In the sole discretion of noteholder, the balance of principal and interest may be forgiven by 1/15th for each year during which the property securing the Underlying Loan remains in compliance with HOME Program requirements. Future maturities are as follows:

	Principal	Interest	Total Payments
For the year ending June 30, 2021	\$ -	\$ 21,000	\$ 21,000
For the year ending June 30, 2022	-	21,000	21,000
For the year ending June 30, 2023	-	21,000	21,000
For the year ending June 30, 2024	-	21,000	21,000
For the year ending June 30, 2025	-	21,000	21,000
For the years ending June 30, 2026-2030	-	105,000	105,000
For the years ending June 30, 2031-2033	700,000	63,000	763,000
	<u>\$ 700,000</u>	<u>\$ 273,000</u>	<u>\$ 973,000</u>

Lassiter Courts

As part of the renovation of the Lassiter Courts apartments, a temporary construction loan in the amount of \$5,000,000 dated October 26, 2018 was executed by Lassiter Courts Development Corporation and Access National Bank. Under this note, funds are advanced as needed to pay construction and related costs. This note bears interest at a rate of 4.65% per annum. This note initially matured on November 1, 2020, but on October 29, 2020 was extended to May 1, 2021. As of June 30, 2020, \$3,745,283 has been advanced under this loan. The loan has a maximum of \$5,000,000 available to draw and is due and payable in full on maturity date, May 1, 2021.

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 4 – MORTGAGES AND INTERFUND NOTES PAYABLES: (Continued)

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 basic 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 of 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.

Principal loaned through June 30, 2020	\$	714,000
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		39,175
Accrued interest for the year ended June 30, 2014		40,759
Accrued interest for the year ended June 30, 2015		42,405
Accrued interest for the year ended June 30, 2016		44,240
Accrued interest for the year ended June 30, 2017		45,906
Accrued interest for the year ended June 30, 2018		47,760
Accrued interest for the year ended June 30, 2019		49,689
Accrued interest for the year ended June 30, 2020		51,841
Total accrued interest due as of June 30, 2020	\$	617,472

In the REAC FDS presented as supplemental information, the accrued interest payable of \$617,472 is reported on line 353, Noncurrent Liabilities – Other, and the interest receivable of \$617,472 is reported on line 171, Notes, Loans, and Mortgages Receivable – Noncurrent along with the related principal.

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 4 – MORTGAGES AND INTERFUND NOTES PAYABLES: (Continued)

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. \$ 2,475,000

Inter-program note payable – Oyster Point-Brighton RAD Conversion Loans

During 2016, the Authority closed on a transaction to convert 196 units of a public housing development to project-based rental assistance under HUD’s RAD Program. This conversion involves substantial renovation costs, and the Authority provided a portion of the funding for these renovations in the form of HOME funds, Capital Fund Replacement Housing Factor (“RHF”) funds, and Public Housing Operating Reserves. This funding is provided in the form of loans executed between the Authority and the ownership entity created to own and operate these rental units. Further, the Authority conveyed the real property and existing structures and improvements to this ownership entity in the form of a 99-year ground lease in exchange for a seller loan.

These loans are described as follows:

On January 29, 2016, a promissory note for \$1,372,000 was executed between the Authority and Oyster Point-Brighton, LLC (Maker) for City HOME funds provided for this development. This note bears interest at a rate of 0.0% per annum and is due and payable on February 1, 2046 or upon either (1) the conveyance of the property or (2) if the property ceases to be maintained as affordable housing. This note is secured by a Leasehold Deed of Trust. As of June 30, 2020, the Authority had advanced \$1,372,000 to the Maker. \$ 1,372,000

On January 29, 2016, a promissory note for \$1,035,903 was executed between the Authority and Oyster Point-Brighton, LLC (Maker) for Capital Fund RHF provided for this development. This note bears interest at a rate of 0.0% per annum and is due and payable on February 1, 2046 or upon the conveyance of the property. This note is secured by a Leasehold Deed of Trust. Annual principal payments on the outstanding balance of principal shall be made from Maker to noteholder from Maker’s Net Cash Flow, as defined in and in accordance with Section 11.03 of Maker’s Amended and Restated Operating Agreement. Any remaining balance shall be due and payable in full on February 1, 2046. 1,035,903

On January 29, 2016, a promissory note for \$400,000 was executed between the Authority and Oyster Point-Brighton, LLC (Maker) for Public Housing Operating Reserve funds provided for this development. This note bears interest at a rate of 0.0% per annum and is due and payable on February 1, 2046 or upon the conveyance of the property. This note is secured by a Leasehold Deed of Trust. Annual principal payments on the outstanding balance of principal shall be made from Maker to noteholder from Maker’s Net Cash Flow, as defined in and in accordance with Section 11.03 of Maker’s Amended and Restated Operating Agreement. Any remaining balance shall be due and payable in full on February 1, 2046. 400,000

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 4 – MORTGAGES AND INTERFUND NOTES PAYABLES: (Continued)

Inter-program note payable – Oyster Point-Brighton RAD Conversion Loans (Continued)

On January 29, 2016, a promissory note for \$4,377,000 was executed between the Authority and Oyster Point-Brighton, LLC (Maker) to convey long-term leasehold interests from the Authority to the Maker. This note bears interest at a rate of 2.61% per annum and is due and payable on February 1, 2046 or upon the conveyance of the property. This note is secured by a Leasehold Deed of Trust. Annual principal payments on the outstanding balance of principal shall be made from Maker to noteholder from Maker's Net Cash Flow, as defined in and in accordance with Section 11.03 of Maker's Amended and Restated Operating Agreement. Any remaining balance and any accrued interest shall be due and payable in full on February 1, 2046.

4,377,000

\$ 7,184,903

Inter-Program note payable – Cypress Terrace RAD Conversion Loans

During 2016, the Authority closed on a transaction to convert 82 units of a public housing development to project-based rental assistance under HUD's RAD program. This conversion involves substantial renovation costs and the Authority provided a portion of the funding for these renovations in the form of HOME funds, Capital Fund RHF funds, and Public Housing Operating Reserves. This funding is provided in the form of loans executed between the Authority and the ownership entity created to own and operate these rental units. Further, the Authority conveyed the real property and existing structures and improvements to this ownership entity in the form of a 99-year ground lease in exchange for a seller loan.

These loans are described as follows:

On January 29, 2016, a promissory note for \$574,000 was executed between the Authority and Cypress Terrace, LLC (Maker) for City HOME funds provided for this development. This note bears interest at a rate of 0.0% per annum and is due and payable on February 1, 2046 or upon either (1) the conveyance of the property or (2) if the property ceases to be maintained as affordable housing. This note is secured by a Leasehold Deed of Trust. As of June 30, 2020, the Authority had advanced \$574,000 to the Maker.

\$ 574,000

On January 29, 2016, a promissory note for \$480,000 was executed between the Authority and Cypress Terrace, LLC (Maker) for Capital Fund RHF provided for this development. This note bears interest at a rate of 0.0% per annum and is due and payable on February 1, 2046 or upon the conveyance of the property. This note is secured by a Leasehold Deed of Trust. Annual principal payments on the outstanding balance of principal shall be made from Maker to noteholder from Maker's Net Cash Flow, as defined in and in accordance with Section 11.03 of Maker's Amended and Restated Operating Agreement. Any remaining balance shall be due and payable in full on February 1, 2046.

480,000

On January 29, 2016, a promissory note for \$400,000 was executed between the Authority and Cypress Terrace, LLC (Maker) for Public Housing Operating Reserve funds provided for this development. This note bears interest at a rate of 0.0% per annum and is due and payable on February 1, 2046 or upon the conveyance of the property. This note is secured by a Leasehold Deed of Trust. Annual principal payments on the outstanding balance of principal shall be made from Maker to noteholder from Maker's Net Cash Flow, as defined in and in accordance with Section 11.03 of Maker's Amended and Restated Operating Agreement. Any remaining balance shall be due and payable in full on February 1, 2046.

600,000

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 4 – MORTGAGES AND INTERFUND NOTES PAYABLES: (Continued)

Inter-Program note payable – Cypress Terrace RAD Conversion Loans (Continued)

On January 29, 2016, a promissory note for \$1,945,250 was executed between the Authority and Cypress Terrace, LLC (Maker) to convey long-term leasehold interests from the Authority to the Maker. This note bears interest at a rate of 2.61% per annum and is due and payable on February 1, 2046 or upon the conveyance of the property. This note is secured by a Leasehold Deed of Trust. Annual principal payments on the outstanding balance of principal shall be made from Maker to noteholder from Maker's Net Cash Flow, as defined in and in accordance with Section 11.03 of Maker's Amended and Restated Operating Agreement. Any remaining balance and any accrued interest shall be due and payable in full on February 1, 2046.

1,945,250

\$ 3,599,250

Inter-program note payable – Lassiter Courts RAD Conversion Loans

During 2018, the Authority closed on a transaction to convert 100 units of a public housing development to project-based rental assistance under HUD's RAD program. This conversion involves substantial renovation costs and the Authority provided apportion of the funding for these renovations in the form of HOME funds, Capital Fund RHF funds, and Public Housing Operating Reserves. This funding is provided in the form of loans executed between the Authority and the ownership entity created to own and operate these rental units. Further, the Authority conveyed the real property and existing structures and improvements to this ownership entity in the form of ninety-nine (99) year ground lease in exchange for a seller loan.

Note payable to Newport News Redevelopment and Housing Authority

On October 26, 2018, a Promissory Note for \$600,000 was executed between the Authority and Lassiter Courts LLC (Maker) for City HOME funds provided for this development. This note bears interest at a rate of 0.0% per annum and is due and payable on October 1, 2048 or upon either (1) the conveyance of the property or (2) if the property ceases to be maintained as affordable housing. This note is secured by a Leasehold Deed of Trust. As of June 30, 2020, the Authority had advanced \$590,000 to the Maker.

\$ 590,000

On October 26, 2018, a Promissory Note for \$1,112,704 was executed between the Authority and Lassiter Courts LLC (Maker) for Capital Fund RHF funds provided for this development. This note bears interest at a rate of 0.0% per annum and is due and payable on October 1, 2048 or upon the conveyance of the property. This note is secured by a Leasehold Deed of Trust. Annual principal payments on the outstanding balance of principal shall be made from Maker to Noteholder from Maker's Net Cash Flow, as defined in and in accordance with Section 11.03 of Maker's Amended and Restated Operating Agreement. Any remaining balance shall be due and payable in full on October 1, 2048.

1,112,704

On October 26, 2018, a Promissory Note for \$400,000 was executed between the Authority and Cypress Terrace LLC (Maker) for Public Housing Operating Reserve funds provided for this development. This note bears interest at a rate of 0.0% per annum and is due and payable on October 1, 2048 or upon the conveyance of the property. This note is secured by a Leasehold Deed of Trust. Annual principal payments on the outstanding balance of principal shall be made from Maker to Noteholder from Maker's Net Cash Flows, as defined in and in accordance with Section 11.03 of Maker's Amended and Restated Operating Agreement. Any remaining balance shall be due and payable in full on October 1, 2048.

400,000

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 4 – MORTGAGES AND INTERFUND NOTES PAYABLES: (Continued)

Inter-program note payable – Lassiter Courts RAD Conversion Loans (Continued)

On October 26, 2018, a Promissory Note for \$117,147 was executed between the Authority and Lassiter Courts, LLC (Maker) to convey long-term leasehold interest from the Authority to the Maker. This note bears interest at rate of 0.00% per annum and is due and payable on October 1, 2048 or upon the conveyance of the property. This note is secured by a Leasehold Deed of Trust. Annual principal payments on the outstanding balance of principal shall be made from Maker to Noteholder from Maker's Net Cash Flow, as defined in and in accordance with Section 11.03 of Maker's Amended and Restated Operating Agreement. Any remaining balance and any accrued interest shall be due and payable in full on October 1, 2048. 117,147

On October 26, 2018, a Promissory Note for \$300,00 was executed between the Authority and Lassiter Courts, LLC (Maker) to convey long-term leasehold interest from the Authority to the Maker. This note bears interest at rate of 2.99% per annum and is due and payable on October 1, 2048 or upon the conveyance of the property. This note is secured by a Leasehold Deed of Trust. Annual principal payments on the outstanding balance of principal shall be made from Maker to Noteholder from Maker's Net Cash Flow, as defined in and in accordance with Section 11.03 of Maker's Amended and Restated Operating Agreement. Any remaining balance and any accrued interest shall be due and payable in full on October 1, 2048. 300,000

On December 3, 2019 a Deed of Trust Note for \$536,913 was executed between the Authority and Lassiter Courts LLC (Maker) to convey long-term leasehold interest from the Authority to the Maker. This note bears interest at rate of 0.00% per annum and is due and payable on December 1, 2019 or upon the conveyance of the property. This note is secured by a Leasehold Deed of Trust. Annual principal payments on the outstanding balance of principal shall be made from Maker to Noteholder from Maker's Net Cash Flow, as defined in and in accordance with Section 11.03 of Maker's Amended and Restated Operating Agreement. Any remaining balance and any accrued interest shall be due and payable in full on October 1, 2048. 536,913

\$ 3,056,764

Interfund note payable – Orcutt Townhomes I – Capital Funds Loan

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

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 4 – MORTGAGES AND INTERFUND NOTES PAYABLES: (Continued)

Interfund note payable – Orcutt Townhomes III – Capital Funds Loan

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. A total of \$1,749,842 was advanced under this agreement. \$ 1,749,842

During 2016, the Authority closed on a transaction to convert this development to project-based rental assistance under HUD's RAD program. This conversion involves some renovation costs and the Authority provided a portion of the funding for these renovations in the form of Capital Fund RHF funds. This funding is provided in the form of loans executed between the Authority and the ownership entity of these rental units.

On November 17, 2016, a Promissory Note for \$110,000 was executed between the Authority and Orcutt Townhomes III (Maker) for Capital Fund RHF funds provided for this development. This note bears interest at a rate of 0.0% per annum and is due and payable on May 7, 2050 or upon conveyance of the property. This note is secured by a Deed of Trust. Annual principal payments, if any, on the outstanding balance of principal shall be made from Maker to Noteholder from Maker's Net Cash Flow, as defined in and in accordance with Section 11.03 of Maker's Amended and restated Agreement of Limited Partnership, as amended by that Amendment to Amended and Restated agreement of Limited Partnership. Any remaining balance shall be due and payable in full on May 7, 2050. As of June 30, 2020, the Authority had advanced \$110,000 to the Maker. 110,000

	<u>1,859,842</u>
Total inter-program loans/receivable/payable eliminated in the single Proprietary Fund	<u>\$ 20,460,620</u>

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 4 – MORTGAGES AND INTERFUND NOTES PAYABLES: (Continued)

Change in long-term liabilities

Long-term liabilities activity for the year ended June 30, 2020 was as follows:

	Balance at June 30, 2019	Additions	Reductions	Balance at June 30, 2020	Due Within One Year
<u>Proprietary Fund:</u>					
VHDA TCAP Note Payable	\$ 1,004,231	\$ -	\$ -	\$ 1,004,231	\$ -
VHDA Exchange Note Payable	420,000	-	60,000	360,000	-
VHDA Mortgage - 2713 Lofts	552,680	-	12,562	540,118	13,067
VHDA Mortgage - Oyster Point-Brighton LLC	2,877,491	-	73,970	2,803,521	75,464
DHCD Deferred Note - Oyster Point-Brighton LLC	700,000	-	-	700,000	-
VHDA Mortgage - Cypress Terrace LLC	1,602,599	-	47,878	1,554,721	48,359
DHCD Deferred Note - Cypress Terrace LLC	700,000	-	-	700,000	-
Access National Bank - Lassiter Courts, LLC	1,700,357	4,333,443	2,288,517	3,745,283	3,745,283
Escrow liabilities	217,578	65,318	67,920	214,976	-
Compensated absences	406,664	285,569	235,533	456,700	1,572
Net OPEB Liability	115,321	161,810	274,304	2,827	-
	<u>\$ 10,296,921</u>	<u>\$ 4,846,140</u>	<u>\$ 3,060,684</u>	<u>\$ 12,082,377</u>	<u>\$ 3,883,745</u>

Discretely Presented Component Units – Lower Jefferson Avenue, LLC

Note payable to Newport News Redevelopment and Housing Authority

The Lower Jefferson Avenue, LLC executed a promissory note with the Authority on June 13, 2013 and loaned \$180,000 to partially fund development costs for the Jefferson Brookville Apartments in September 2013. This note bears interest at a rate of 1% per annum. The entire balance of this note, principal and interest, is due on June 1, 2028 or upon the sale, conveyance, or refinancing of this project.

\$ 180,000

VHDA Permanent Financing

The Lower Jefferson Avenue, LLC executed a promissory note with VHDA on January 26, 2016 in the amount of \$1,400,000 to finance the ownership and operation of the Jefferson Brookville Apartments. This note bears interest at a rate of 2.95% per annum. Monthly payments of principal and interest shall be payable in the amount of \$8,361.68 commencing on the first day of March 2016, and continuing thereafter on the first day of each succeeding month until the first day of February 2034 (the "Final Maturity Date"), at which time the balance of principal remaining unpaid, plus accrued interest thereon, shall be due and payable. As of December 31, 2019, the balance of this loan was \$1,160,697 and interest expense of \$35,125 has been incurred and reported as expense.

1,160,697

\$ 1,340,697

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 4 – MORTGAGES AND INTERFUND NOTES PAYABLES: (Continued)

Future maturities are as follows:

	Principal	Interest	Total Payments
For the year ending December 31, 2020	\$ 67,000	\$ 33,340	\$ 100,340
For the year ending December 31, 2021	69,004	31,336	100,340
For the year ending December 31, 2022	71,067	29,273	100,340
For the year ending December 31, 2023	73,193	27,147	100,340
For the year ending December 31, 2024	75,381	24,959	100,340
For the years ending December 31, 2025-2029	412,096	89,604	501,700
For the years ending December 31, 2030-2033	392,956	25,126	418,082
	<u>\$ 1,160,697</u>	<u>\$ 260,785</u>	<u>\$ 1,421,482</u>

Long-term liability activity for the year ended December 31, 2019 was as follows:

	Balance at December 31, 2018	Additions	Reductions	Balance at December 31, 2019	Due Within One Year
<u>Lower Jefferson Avenue, LLC:</u>					
Loan payable to NNRHA	\$ 180,000	\$ -	\$ -	\$ 180,000	\$ -
VHDA Mortgage - Jefferson Brookville Apartments	1,225,752	-	65,055	1,160,697	67,000
	<u>\$ 1,405,752</u>	<u>\$ -</u>	<u>\$ 65,055</u>	<u>\$ 1,340,697</u>	<u>\$ 67,000</u>

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 5 – CAPITAL ASSETS:

Capital asset activity for the year ended June 30, 2020 was as follows:

	Balance at June 30, 2019	Additions	Transfers/ Reductions	Balance at June 30, 2020
<u>Proprietary Fund:</u>				
Land and improvements	\$ 6,877,821	\$ -	\$ -	\$ 6,877,821
Construction in progress	5,494,323	6,100,336	(20,163)	11,574,496
Total capital assets, not being depreciated	<u>12,372,144</u>	<u>6,100,336</u>	<u>(20,163)</u>	<u>18,452,317</u>
Buildings and improvements	118,433,742	57,553	20,163	118,511,458
Furniture, equipment, vehicles, and fixtures	3,207,579	188,919	(16,318)	3,380,180
Total capital assets, being depreciated	<u>121,641,321</u>	<u>246,472</u>	<u>3,845</u>	<u>121,891,638</u>
Accumulated depreciation				
Buildings and improvements	(60,770,397)	(3,287,632)	1	(64,058,028)
Furniture, equipment, vehicles, and fixtures	(2,374,153)	(192,264)	15,737	(2,550,680)
Total accumulated depreciation	<u>(63,144,550)</u>	<u>(3,479,896)</u>	<u>15,738</u>	<u>(66,608,708)</u>
Total capital assets, being depreciated (net)	<u>58,496,771</u>	<u>(3,233,424)</u>	<u>19,583</u>	<u>55,282,930</u>
Total	<u>\$ 70,868,915</u>	<u>\$ 2,866,912</u>	<u>\$ (580)</u>	<u>\$ 73,735,247</u>

Depreciation expense was charged to functions/programs of the Authority as follows:

<u>Proprietary Fund:</u>	
Public Housing Program	\$ 1,785,075
Rental Assistance Program	26,344
Central Office Cost Center Program	54,255
Community Development Program	2,867
HOME Investment Partnerships Program	1,863
Transition Center Program	6,701
State & Local Activities Program	1,723
Business Activities Program	50,978
Orcutt Senior Housing/Ashe Manor	208,055
Orcutt Townhomes	192,203
Orcutt Townhomes III	183,860
Lofts on Jefferson	57,012
Oyster Point-Brighton	599,096
Cypress Terrace	308,251
Lassiter Courts	1,613
Total depreciation expense - Proprietary Fund	<u>\$ 3,479,896</u>

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 5 – CAPITAL ASSETS: (Continued)

Discretely Presented Component Unit – Lower Jefferson Avenue, LLC:

Capital asset activity for the year ended December 31, 2019 was as follows:

	Balance at December 31, 2018	Additions	Transfers/ Reductions	Balance at December 31, 2019
<u>Lower Jefferson Avenue, LLC:</u>				
Land and improvements	\$ 252,300	\$ -	\$ -	\$ 252,300
Total capital assets, not being depreciated	<u>252,300</u>	<u>-</u>	<u>-</u>	<u>252,300</u>
Buildings and improvements	7,471,233	-	-	7,471,233
Furniture, equipment, vehicles, and fixtures	199,656	-	-	199,656
Total capital assets, being depreciated	<u>7,670,889</u>	<u>-</u>	<u>-</u>	<u>7,670,889</u>
Accumulated depreciation				
Buildings and improvements	(872,727)	(202,599)	-	(1,075,326)
Furniture, equipment, vehicles, and fixtures	(86,005)	(19,965)	-	(105,970)
Total accumulated depreciation	<u>(958,732)</u>	<u>(222,564)</u>	<u>-</u>	<u>(1,181,296)</u>
Total capital assets, being depreciated (net)	<u>6,712,157</u>	<u>(222,564)</u>	<u>-</u>	<u>6,489,593</u>
Total	<u>\$ 6,964,457</u>	<u>\$ (222,564)</u>	<u>\$ -</u>	<u>\$ 6,741,893</u>

Depreciation expense of \$222,564 was charged to Lower Jefferson Avenue, LLC.

NOTE 6 – EMPLOYEE RETIREMENT PLAN:

The Authority contributes to the pension plan for the employees of the Authority, which is a defined contribution plan. This plan is administered by Charles Schwab as the custodian and Professional Capital Services as the record keeper.

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 individual's 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 on the 1st day of the month following attaining the six months' eligibility requirements 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, 2020, the Authority's required and actual contributions and pension expense amounted to \$505,623, which was 12% of its covered payroll. No contribution forfeitures were recognized for the year ended June 30, 2020 and there was no liability for unpaid contributions as of June 30, 2020.

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 6 – EMPLOYEE RETIREMENT PLAN: (Continued)

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 and subsequent fiscal 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 fiscal period.

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS:

Plan Description:

The Authority provides postemployment healthcare 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 153 plan members, including 102 active employees and 51 retirees.

An 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.

Benefit 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 Authority has established a trust to accumulate and invest assets to fund 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 basic financial statements.

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

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.

Contributions:

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 Authority contributes to the plan through employer contributions made in the form of premiums paid to insurers for retiree insurance coverage and in the form of stipends. From time to time contributions are made directly to the trust related to this plan. Contributions for the year ended June 30, 2020 are as follows:

Employer contributions to the Trust	\$	-
Employer stipends paid to retirees		24,604
Employer payments for insurance coverage for retirees		41,334
Less: retiree payments for coverage		<u>(9,810)</u>
Total	\$	<u><u>56,128</u></u>

The components of the net OPEB liability of the Authority at June 30, 2020 calculated in accordance with U.S. GAAP were as follows:

Total OPEB liability	\$	1,477,128
Plan fiduciary net position		<u>1,457,150</u>
Net OPEB liability	\$	<u><u>19,978</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability		<u><u>98.65%</u></u>

Plan Investments:

Investment Policy - The Authority participates in the VML/VACo Pooled OPEB Trust Fund to manage invested funds. This trust fund is governed by a Board of Trustees. The Board of Trustees, as its primary responsibility under this Agreement, shall develop a written Investment Policy establishing guidelines applicable to the investment of the assets of the Trust Fund, and from time to time shall modify such Investment Policy, in light of the short- and long-term financial needs of the Plan. The investment objective of the Fund is to maximize total long-term rate of return with reasonable risk by seeking capital appreciation and, secondarily, principal protection. The Fund is segregated and managed as two distinct portfolios that are referred to as Portfolio I and Portfolio II. Portfolio I will be structured to achieve a compound annualized total expected rate of return over a market cycle, including current income and capital appreciation of 7.5%. Portfolio II will be structured to achieve an expected rate of return of 6.5%. The investment performance of each Portfolio will be reviewed quarterly and compared on a rolling three year basis and over other relevant time periods to the following: (a) a composite benchmark comprised of each asset classes' market Index benchmarks, weighted by each Portfolio's long-term policy allocations, and (b) a peer group of other similar size fund sponsors.

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS: (Continued)

Asset Class	Portfolio I Target Allocation	Portfolio II Target Allocation
Large Cap Equity	26%	16%
Small Cap Equity	10%	7%
International Developed Equity	13%	9%
Emerging Market Equity	5%	4%
Private Equity	5%	0%
Long/Short Equity	6%	4%
Total Equity	65%	40%
Core	7%	12%
Core Plus	14%	38%
Liquid Absolute Return	4%	5%
Total Fixed Income	25%	55%
Real Estate	10%	5%
Commodities	0%	0%
	10%	5%
Cash	0%	0%
Total	100%	100%

For the year ended June 30, 2020, the annual money-weighted rate of return on investments, net of investment expense, was 3.06%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Liability:

The components of the net OPEB liability of the Authority at June 30, 2019 calculated in accordance with U.S. GAAP, were as follows:

Total OPEB liability	\$ 1,418,773
Plan fiduciary net position	1,415,946
Net OPEB liability	\$ 2,827
Plan fiduciary net position as a percentage of the total OPEB liability	99.80%

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS: (Continued)

Actuarial Methods and Assumptions:

The total OPEB liability was determined by an actuarial valuation as of July 1, 2018, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary Increase	2.00%
Investment rate of return	6.50%
Healthcare cost trend rates	5.00% for 2019, 7.10% for 2020, 5.30% for 2021, then grading to an ultimate rate of 4.20% for fiscal 2092

Mortality Rates:

Pre-Retirement: RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020; males setback 1 year, 52% of rates; females setback 1 year. 25% of deaths are summed to be service related.

Post-Retirement: RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year; females setback 1 year with 1.5% increase compounded from ages 70 to 85.

Post-Disablement: RP-2014 Disabled Mortality Rates projected with Scale BB to 2020; males 115% of rates; females 130% of rates.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of actuarial experience study for the period ending June 30, 2016.

Long-Term Expected Rate of Return:

The best estimate range for the long-term expected rate of return is determined by taking the annual average long-term future inflation and real return components, with each component being reasonable in our professional opinions, including the anticipated effects of return volatility and correlation amount various asset classes. The data used in the assessment of reasonability were the 2017 Horizon Survey of Capital Market Assumptions (consensus 10-year real returns) and the 2018 Social Security Trustees Report (inflation).

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS: (Continued)

Asset Class	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return	Long-Term Expected Geometric Real Rate of Return
Core Fixed Income	21.00%	1.56%	1.47%
Large Cap US Equities	26.00%	4.33%	3.23%
Small Cap US Equities	10.00%	5.64%	3.82%
Global Equities	5.00%	5.27%	4.01%
Developed Foreign Equities	13.00%	5.94%	4.45%
Emerging Market Equities	5.00%	8.03%	5.28%
Hedge Funds/Absolute Return	10.00%	2.88%	2.40%
Real Estate (REITS)	7.00%	3.84%	3.13%
Commodities	3.00%	2.83%	1.27%
Assumed Inflation		2.60%	2.60%
Portfolio Real Mean Return		4.10%	3.53%
Portfolio Nominal Mean Return		6.70%	6.22%
Portfolio Standard Deviation			10.53%
Long-Term Expected Rate of Return			6.50%

Discount Rate:

The discount rate used to measure the total OPEB liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that Authority contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

The Authority's net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as July 1, 2016.

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS: (Continued)

Change in the Net OPEB Liability:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance as of June 30, 2018	\$ 1,470,933	\$ 1,355,612	\$ 115,321
Charges for the year:			
Service cost	62,057	-	62,057
Interest on total OPEB liability	95,866	-	95,866
Effect of economic/demographic gains or losses	(116,555)	-	(116,555)
Effect of assumption changes or inputs	1,914	-	1,914
Benefit payments	(95,442)	(95,442)	-
Employer contributions	-	95,442	(95,442)
Net investment income	-	62,307	(62,307)
Administrative expenses	-	(1,973)	1,973
Balance as of June 30, 2019	<u>\$ 1,418,773</u>	<u>\$ 1,415,946</u>	<u>\$ 2,827</u>

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate:

The following presents the net OPEB liability of the Authority, as well as what the Authority's OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current discount rate:

	1% Decrease (5.5%)	Discount Rate (6.5%)	1% Increase (7.5%)
Net OPEB liability	\$ 121,132	\$ 2,827	\$ (100,692)

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates:

The following presents the net OPEB liability of the Authority, as well as what the Authority's OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage point lower or 1-percentage point higher than the calculated healthcare cost trend rate:

	1% Decrease (5.0%)	Discount Rate (6.0%)	1% Increase (7.0%)
Net OPEB liability	\$ (74,080)	\$ 2,827	\$ 92,180

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
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JUNE 30, 2020

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS: (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB:

For the year ended June 30, 2020, the Authority recognized OPEB expense of \$41,597. At June 30, 2020, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	92,768
Changes of assumptions	1,523	-
Net difference between projected and actual earnings on OPEB plan investments	6,268	-
Contributions to OPEB plan between July 1, 2019 and June 30, 2020	56,128	-
Total Equity	\$ 63,919	\$ 92,768

\$56,128 reported as deferred outflows of resources related to OPEB resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021.

Amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending June 30, 2021	\$ (23,474)
Year ending June 30, 2022	(23,474)
Year ending June 30, 2023	(23,474)
Year ending June 30, 2024	(14,555)
	\$ (84,977)

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, 2020, there were six series of Tax Exempt Mortgage Revenue Bonds outstanding with an aggregate principal amount payable of \$64,835,081.

NOTE 10 – 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 20 to 30 years at minimal interest rates. Through the CDBG and HOME programs administered through the City, 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.

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 10 – NOTES AND MORTGAGES RECEIVABLE: (Continued)

Notes and mortgages receivable at June 30, 2020 consist of the following:

	Community Development Program	HOME Investment Partnerships Program	Central Office Cost Center Program	Business Activities Program	Proprietary Fund Total
<u>Restricted assets:</u>					
Program loans due from participants	\$ 2,136,884	\$ 5,290,879	\$ -	\$ -	\$ 7,427,763
	<u>2,136,884</u>	<u>5,290,879</u>	<u>-</u>	<u>-</u>	<u>7,427,763</u>
<u>Noncurrent assets:</u>					
Due from Great Oaks Apartments, LLC, due June 11, 2047	-	-	1,473,746	-	1,473,746
Due from Lower Jefferson Avenue, LLC, due June 1, 2028	-	-	-	180,000	180,000
Program loans due from participants	-	-	-	24,907	24,907
Down payment assistance loans due from homebuyers	-	-	-	26,080	26,080
	<u>-</u>	<u>-</u>	<u>1,473,746</u>	<u>230,987</u>	<u>1,704,733</u>
	<u>\$ 2,136,884</u>	<u>\$ 5,290,879</u>	<u>\$ 1,473,746</u>	<u>\$ 230,987</u>	<u>\$ 9,132,496</u>

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
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NOTES TO FINANCIAL STATEMENTS

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NOTE 11 – 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, 2020 is as follows:

Receivable Fund	Payable Fund								
	Public Housing Fund	Rental Assistance Program	Central Office Cost Center Program	Community Development Program	HOME Program	Resident Self Sufficiency Program	Transition Center Program	State & Local Activities Program	Choice Neighborhoods Grant Program
Central Office Cost Center Program	\$ 611,745	\$ 22,117	\$ -	\$ 3,099	\$ 115,672	\$ 237,947	\$ 1,436	\$ 48,800	\$ 112,254
Choice Neighborhood Grant Program	-	-	-	-	-	-	-	-	-
Business Activities Program	-	-	541,677	-	900	-	-	-	-
	<u>\$ 611,745</u>	<u>\$ 22,117</u>	<u>\$ 541,677</u>	<u>\$ 3,099</u>	<u>\$ 116,572</u>	<u>\$ 237,947</u>	<u>\$ 1,436</u>	<u>\$ 48,800</u>	<u>\$ 112,254</u>

Receivable Fund	Payable Fund								
	Business Activities Program	Orcutt Senior Housing/ Ashe Manor	Orcutt Townhomes	Orcutt Townhomes III	Lofts on Jefferson	Oyster Point - Brighton	Cypress Terrace	Lassiter Courts	Total
Central Office Cost Center Program	\$ 47,139	\$ 280,466	\$ 30,084	\$ 14,400	\$ 142,718	\$ 65,884	\$ 34,652	\$ 367,064	\$ 2,135,477
Choice Neighborhood Grant Program	509	-	-	-	-	-	-	-	509
Business Activities Program	-	-	-	-	-	-	-	518,137	1,060,714
	<u>\$ 47,648</u>	<u>\$ 280,466</u>	<u>\$ 30,084</u>	<u>\$ 14,400</u>	<u>\$ 142,718</u>	<u>\$ 65,884</u>	<u>\$ 34,652</u>	<u>\$ 885,201</u>	<u>\$ 3,196,700</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.

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 11 – INTER-PROGRAM RECEIVABLES: (Continued)

Though fully eliminated in the financial statements, the composition of transfers to and from other programs as of June 30, 2020 are as follows:

Paying Program	Receiving Program				Total
	Resident Self Sufficiency Program	Choice Neighborhoods Grant Programs	Orcutt Senior Housing/ Ashe Manor	Orcutt Townhomes	
Business Activities - transfer to subsidize program operations	\$ 20,565	\$ 50,000	\$ -	\$ -	\$ 70,565
Public Housing Program - transfer of operating funds earned and received by Public Housing AMP to RAD conversion ownership entities	-	-	241,781	141,841	383,622
Total	<u>\$ 20,565</u>	<u>\$ 50,000</u>	<u>\$ 241,781</u>	<u>\$ 141,841</u>	<u>\$ 454,187</u>

NOTE 12 – ACCOUNTS PAYABLE:

Payables at June 30, 2020 consist of the following:

	Proprietary Fund	Lower Jefferson Avenue, LLC
Vendors and Contractors	\$ 870,923	\$ 80,546
Accrued utilities	211,019	-
Other payroll withholdings	58,881	-
HUD - SRO settlement - FY 2020	39,289	-
US Treasury - interest on NRA/HAP	1,832	-
Other governments	150,635	-
Due to affiliates	3,825	-
Contract retention	5,639	-
	<u>\$ 1,342,043</u>	<u>\$ 80,546</u>

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NEWPORT NEWS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 12 – ACCOUNTS PAYABLE: (Continued)

Detailed information by program at June 30, 2020 consists 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	Choice Neighborhoods Grant Program	
Vendors and contractors	\$ 61,145	\$ 75,107	\$ 21,683	\$ 14,056	\$ 3,804	\$ 574	\$ 5,163	\$ 218,706	
Accrued utilities	171,145	454	3,492	(6)	-	1,575	-	-	
Other payroll withholdings	-	-	58,881	-	-	-	-	-	
HUD - SRO settlement - FY 2020	-	39,289	-	-	-	-	-	-	
US Treasury - interest on NRA/HAP	-	1,832	-	-	-	-	-	-	
Other governments	47,591	19,426	-	-	-	-	-	-	
Due to affiliates	-	-	3,201	-	-	-	-	-	
Contract retention	-	-	-	-	-	-	-	-	
	<u>\$ 279,881</u>	<u>\$ 136,108</u>	<u>\$ 87,257</u>	<u>\$ 14,050</u>	<u>\$ 3,804</u>	<u>\$ 2,149</u>	<u>\$ 5,163</u>	<u>\$ 218,706</u>	
	Business Activities Program	Orcutt Senior Housing/ Ashe Manor	Orcutt Townhomes	Orcutt Townhomes III	Lofts on Jefferson	Oyster Point - Brighton	Cypress Terrace	Lassiter Courts	Total
Vendors and contractors	\$ 20,188	\$ 82,440	\$ 3,843	\$ 6,677	\$ 28,720	\$ 7,123	\$ 8,224	\$ 313,470	\$ 870,923
Accrued utilities	1,818	4,535	-	201	761	16,319	6,624	4,101	211,019
Other payroll withholdings	-	-	-	-	-	-	-	-	58,881
HUD - SRO settlement - FY 2020	-	-	-	-	-	-	-	-	39,289
US Treasury - interest on NRA/HAP	-	-	-	-	-	-	-	-	1,832
Other governments	-	227	23,062	19,216	-	41,113	-	-	150,635
Due to affiliates	-	-	-	-	-	-	-	624	3,825
Contract retention	-	-	-	-	-	-	-	5,639	5,639
	<u>\$ 22,006</u>	<u>\$ 87,202</u>	<u>\$ 26,905</u>	<u>\$ 26,094</u>	<u>\$ 29,481</u>	<u>\$ 64,555</u>	<u>\$ 14,848</u>	<u>\$ 323,834</u>	<u>\$ 1,342,043</u>

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NOTES TO FINANCIAL STATEMENTS

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NOTE 13 – ACCRUED SALARIES AND EXPENSES:

Accrued salaries and expenses at June 30, 2020 consist of the following:

	Proprietary Fund	Lower Jefferson Avenue, LLC
Salaries and wages	\$ 113,681	\$ 39,686
	\$ 113,681	\$ 39,686

Accrued salaries and expenses at June 30, 2020 consist of the following:

	Public Housing Program	Rental Assistance Program	Central Office Cost Center Program	Community Development	HOME Investment Partnerships	Resident Self Sufficiency Program	Transition Center Program	State & Local Activities Program	Business Activities Program
Salaries and wages	\$ 32,522	\$ 14,296	\$ 40,608	\$ 3,663	\$ 924	\$ 5,603	\$ 336	\$ 907	\$ 1,765
	\$ 32,522	\$ 14,296	\$ 40,608	\$ 3,663	\$ 924	\$ 5,603	\$ 336	\$ 907	\$ 1,765
	Choice Neighborhoods Grant Program	Orcutt Senior Housing/ Ashe Manor	Orcutt Townhomes	Orcutt Townhomes III	Lofts on Jefferson	Oyster Point - Brighton	Cypress Terrace	Lassiter Courts	Total
Salaries and wages	\$ 2,766	\$ 1,289	\$ 1,088	\$ 685	\$ 342	\$ 3,335	\$ 1,390	\$ 2,162	\$ 113,681
	\$ 2,766	\$ 1,289	\$ 1,088	\$ 685	\$ 342	\$ 3,335	\$ 1,390	\$ 2,162	\$ 113,681

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 14 – OTHER ASSETS:

Other assets at June 30, 2020 consist of the following:

	Business Activities Program	Lower Jefferson Avenue Development Corporation	Total
<u>Other noncurrent assets:</u>			
Investment in Lower Jefferson Avenue, LLC - general partner capital contributions	\$ -	\$ 375,858	\$ 375,858
Investment in Joint Venture	990,198	-	990,198
Redevelopment costs for City funded redevelopment programs	49,300	-	49,300
	\$ 1,039,498	\$ 375,858	\$ 1,415,356

During a prior period, the Authority entered into an arrangement with the City in order to acquire and renovate a community grocery store using New Market Tax Credits. The Authority created and is the sole member of Brooks Crossing Grocery Store, LLC and received \$990,198 from the City, which was contributed to this entity as an equity investment. Brooks Crossing Grocery Store, LLC is governed by a Board of Managers consisting of 2 members from the Newport News Redevelopment and Housing Authority and 3 members from other boards or department of the City. Separate financial statement of Brooks Crossing Grocery Store, LLC are available from the City of Newport News Finance Department.

NOTE 15 – CONSTRUCTION COMMITMENTS:

Proprietary Fund:

The Authority has active construction projects as of June 30, 2020. The projects include various modernization and capital improvement programs. At year end, the Authority's commitments with contractors are as follows:

	Spent or Accrued to Date	Remaining Commitment
Lassiter Courts renovation	\$ 9,610,456	\$ 56,389
	\$ 9,610,456	\$ 56,389

These projects are funded with various sources, including Capital Fund Program grants received from HUD.

NOTE 16 – DEFICIT NET POSITION:

At June 30, 2020, the following programs reflect a deficit in net position, which indicates that the liabilities of the program exceed the cumulative assets of the fund:

State & Local Activities Program

The State & Local Activities program has a deficit in net position of \$12,544. This deficit stems from the practice of recording the expenses 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.

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 16 – DEFICIT NET POSITION: (Continued)

Orcutt Senior Housing/Ashe Manor

This program has a deficit in net position of \$767,498. This deficit stems from the cumulative depreciation of capital assets associated with the development of this project, while the debt associated with the costs requires no debt service and is ultimately forgivable at maturity.

NOTE 17 – 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, 2020, restricted net position was as follows:

Reserves and escrows:	
Public Housing CFP reserves	\$ 6,459
Tax credit operating and replacement	1,109,069
2713 Lofts escrow, operating and replacement reserves	28,740
Oyster Point-Brighton escrow reserves	747,348
Cypress Terrace escrow reserves	305,280
	2,196,896
Housing Choice Voucher and Maintstream HAP reserves (RNA)	735,785
Loan programs:	
CDBG net position associated with loan balances	2,136,884
HOME program net position associated with loan balances	5,290,879
	7,427,763
Accumulated CD and HOME funds:	
CDBG accumulated net position	1,282,440
HOME City construction funds	1,139,732
HOME unexpended program income	275,064
HOME accumulated net position	2,626,446
	5,323,682
	\$ 15,684,126

Specific details by program are as follows:

Public Housing Program:

Restricted for Capital Activities:

The Authority has received funds from HUD 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, 2020:

Balance at July 1, 2019	\$ 6,459
Interest earned	-
Expenditures of reserves	-
Balance at June 30, 2020	\$ 6,459

These restricted assets are held in the main operating checking account.

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 17 – RESTRICTED NET POSITION: (Continued)

Rental Assistance Program:

Housing Choice Voucher Program:

HUD regulations require that Section 8 HAP funds provided in excess or the use of these funds to pay rental assistance be accumulated in a HAP restricted net position (RNP) account. Any such funds accumulated are normally “recaptured” by HUD via a reduction of HAP funds provided in future periods.

	Housing Choice Voucher	Mainstream Program	Total
Balance at July 1, 2019	\$ 46,670	\$ -	\$ 46,670
Prior period adjustments	-	165,725	165,725
Balance at July 1, 2019	46,670	165,725	212,395
Current period excess/(deficiency) of funding	574,781	(117,113)	457,668
FSS forfeitures	58,602	-	58,602
Fraud recoveries	7,120	-	7,120
Balance at June 30, 2020	<u>\$ 687,173</u>	<u>\$ 48,612</u>	<u>\$ 735,785</u>

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

Community Development Program and HOME Investment Partnerships Program:

Through its CDBG and HOME programs administered through the City, 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 generated from these programs is restricted for the specific CDBG and HOME purposes allowable by the program regulations and City determinations.

As of June 30, 2020, the restricted balances due are as follows:

	Loans	Accumulated Net Position	Total
CDBG Program	\$ 2,136,884	\$ 1,282,440	\$ 3,419,324
HOME Program	5,290,879	4,041,242	9,332,121
	<u>\$ 7,427,763</u>	<u>\$ 5,323,682</u>	<u>\$ 12,751,445</u>

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NOTES TO FINANCIAL STATEMENTS

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NOTE 17 – RESTRICTED NET POSITION: (Continued)

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 positions 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, 2020:

	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, 2019	\$ 283,176	\$ 233,917	\$ 298,611	\$ 283,988	\$ 200,288	\$ 67,866
Interest earned	47	71	114	88	37	21
Deposits	-	-	-	14,950	-	9,360
Withdrawals/fees	(283,223)	-	(50)	-	(192)	-
Balance at June 30, 2020	<u>\$ -</u>	<u>\$ 233,988</u>	<u>\$ 298,675</u>	<u>\$ 299,026</u>	<u>\$ 200,133</u>	<u>\$ 77,247</u>

These funds are held in checking accounts.

2713 Lofts Restricted Reserves:

The Authority owns and operates housing under the terms of a mortgage and regulatory agreement with the VHDA, which requires that certain reserves and escrow accounts be maintained and VHDA retains possession and control of such funds. Accordingly, these net position are reported as restricted. The following is a summary of the changes in net position restricted for these purposes for the year ended June 30, 2020:

	Insurance Escrow	Replacement Reserve	Real Estate Tax Reserves	Total
Balance at July 1, 2019	\$ 1,504	\$ 18,015	\$ 806	\$ 20,325
Interest earned	-	290	-	290
Deposits	5,404	4,200	10,644	20,248
Withdrawals	(1,554)	-	(10,569)	(12,123)
Balance at June 30, 2020	<u>\$ 5,354</u>	<u>\$ 22,505</u>	<u>\$ 881</u>	<u>\$ 28,740</u>

Oyster Point-Brighton Restricted Reserves:

The Authority owns and operates housing under the terms of a mortgage and regulatory agreement with the VHDA. VHDA requires that certain reserves and escrow accounts be maintained and VHDA retains possession and control of such funds. Accordingly, these net position 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, 2020:

	Insurance Escrow	Real Estate Tax Reserves	Replacement Reserve	Operating Reserve	Total
Balance at July 1, 2019	\$ 42,808	\$ 8,199	\$ 59,389	\$ -	\$ 110,396
Interest earned	-	-	1,169	70	1,239
Deposits	79,405	103,278	58,800	562,000	803,483
Withdrawals	(72,942)	(94,813)	-	(15)	(167,770)
Balance at June 30, 2020	<u>\$ 49,271</u>	<u>\$ 16,664</u>	<u>\$ 119,358</u>	<u>\$ 562,055</u>	<u>\$ 747,348</u>

These funds are held by VHDA in various accounts.

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 17 – RESTRICTED NET POSITION: (Continued)

Cypress Terrace Restricted Reserves:

The Authority owns and operates housing under the terms of a mortgage and regulatory agreement with the VHDA. VHDA requires that certain reserves escrow accounts be maintained and VHDA retains possession and control of such funds. Accordingly, these net position 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, 2020:

	Insurance Escrow	Real Estate Tax Reserves	Replacement Reserve	Operating Reserve	Total
Balance at July 1, 2019	\$ 28,370	\$ 4,152	\$ 24,847	\$ -	\$ 57,369
Interest earned	-	-	489	29	518
Deposits	44,914	50,099	24,600	240,000	359,613
Withdrawals	(68,171)	(44,034)	-	(15)	(112,220)
Balance at June 30, 2020	<u>\$ 5,113</u>	<u>\$ 10,217</u>	<u>\$ 49,936</u>	<u>\$ 240,014</u>	<u>\$ 305,280</u>

These funds are held by VHDA in various accounts.

Lower Jefferson Avenue, LLC:

Lower Jefferson Avenue, LLC owns and operates housing under terms of a mortgage and regulatory agreement with the VHDA and an Operating Agreement with its investor limited partners. These agreements require that certain reserves and escrow accounts be maintained. VHDA retains possession and control of tax and insurance escrow fund, while the remaining required reserves are held in bank accounts controlled by Lower Jefferson Avenue, LLC. Accordingly, these net positions are reported as restricted. The following is a summary of the changes in the net position restricted for these purposes for the year ended December 31, 2019:

	VHDA Tax & Insurance Escrow	Replacement Reserve	Operating Reserve	Priority Return Escrow	Total
Balance as of December 31, 2018	\$ 1,916	\$ 30,308	\$ 172,644	\$ 33,892	\$ 238,760
Interest earned	-	650	-	2	652
Deposits	55,061	15,914	-	-	70,975
Withdrawals	(53,731)	(9,067)	-	(33,894)	(96,692)
Balance as of December 31, 2019	<u>\$ 3,246</u>	<u>\$ 37,805</u>	<u>\$ 172,644</u>	<u>\$ -</u>	<u>\$ 213,695</u>

NOTE 18 – 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, paid, 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 its general ledger accounting system and 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.

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 18 – DEVELOPMENT COSTS FOR TAX CREDIT DEVELOPMENTS: (Continued)

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
Development Costs Recorded in General Ledger	<u>\$ 6,315,977</u>	<u>\$ 5,588,777</u>
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 19 – CONTINGENT LIABILITIES:

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

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NOTE 20 – CONDENSED COMBINING INFORMATION FOR BLENDED COMPONENT UNITS

	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 III, L.P.)	2713 Lofts Development Corporation and 2713 Lofts, LLC	Lower Jefferson Avenue Development Corporation	Lassiter Courts Development Corporation and Lassiter Courts, LLC	Oyster Point-Brighton Development Corporation and Oyster Point-Brighton, LLC	Cypress Terrace Development Corporation and Cypress Terrace, LLC	Total Blended Component Unit	NNRHA	Eliminations	Primary Government
Assets:												
Current assets	\$ 118,977	\$ 161,008	\$ 270,799	\$ 104,359	\$ -	\$ 203,275	\$ 619,860	\$ 89,568	\$ 1,567,846	\$ 16,750,294	\$ -	\$ 18,318,140
Due from other programs	-	-	-	-	-	-	-	-	-	3,198,919	(3,198,919)	-
Capital assets	3,064,117	2,982,464	3,881,322	1,348,055	-	10,637,330	18,085,266	9,152,125	49,150,679	24,584,568	-	73,735,247
Other assets	238,340	601,716	281,664	37,462	375,858	21,777	787,858	319,633	2,664,308	34,928,669	(21,959,509)	15,633,468
Total Assets	\$ 3,421,434	\$ 3,745,188	\$ 4,433,785	\$ 1,489,876	\$ 375,858	\$ 10,862,382	\$ 19,492,984	\$ 9,561,326	\$ 53,382,833	\$ 79,462,450	\$ (25,158,428)	\$ 107,686,855
Deferred Outflows of Resources	-	-	-	-	-	-	-	-	-	63,919	-	63,919
Liabilities:												
Current liabilities	\$ 98,701	\$ 41,865	\$ 31,014	\$ 54,187	\$ -	\$ 4,096,288	\$ 202,474	\$ 84,930	\$ 4,609,459	\$ 1,369,331	-	5,978,790
Due to other programs	280,466	30,084	14,400	142,718	-	885,201	65,884	34,652	1,453,405	1,745,514	(3,198,919)	-
Long-term liabilities	3,809,765	1,573,546	3,225,642	527,835	-	3,075,670	11,160,343	6,044,361	29,417,162	640,979	(21,859,509)	8,198,632
Total Liabilities	4,188,932	1,645,495	3,271,056	724,740	-	8,057,159	11,428,701	6,163,943	35,480,026	3,755,824	(25,058,428)	14,177,422
Deferred Inflows of Resources	-	-	-	-	-	-	-	-	-	214,445	-	214,445
Net Position:												
Net investment in capital assets	(124,883)	1,411,603	657,249	807,937	-	3,835,283	7,396,842	3,298,154	17,282,185	24,584,568	20,460,620	62,327,373
Restricted	233,988	597,701	277,380	28,740	-	-	747,348	305,280	2,190,437	13,493,689	-	15,684,126
Unrestricted	(876,603)	90,389	228,100	(71,541)	375,858	(1,030,060)	(79,907)	(206,051)	(1,569,815)	37,477,843	(20,560,620)	15,347,408
Total Net Position	\$ (767,498)	\$ 2,099,693	\$ 1,162,729	\$ 765,136	\$ 375,858	\$ 2,805,223	\$ 8,064,283	\$ 3,397,383	\$ 17,902,807	\$ 75,556,100	\$ (100,000)	\$ 93,358,907

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 20 – CONDENSED COMBINING INFORMATION FOR BLENDED COMPONENT UNITS (CONTINUED)

	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 III, L.P.)	2713 Lofts Development Corporation and 2713 Lofts, LLC	Lower Jefferson Avenue Development Corporation	Lassiter Courts Development Corporation and Lassiter Courts, LLC	Oyster Point-Brighton Development Corporation and Oyster Point-Brighton, LLC	Cypress Terrace Development Corporation and Cypress Terrace, LLC	Total Blended Component Unit	NNRHA	Eliminations	Primary Government
Operating Revenues												
Rental and tenant income	\$ 171,596	\$ 113,063	\$ 101,649	\$ 101,797	\$ -	\$ 126,499	\$ 526,075	\$ 171,638	\$ 1,312,317	\$ 2,517,692	\$ -	\$ 3,830,009
Intergovernmental - operating grants	3	2	95,313	90	-	268,717	815,205	414,554	1,593,884	33,165,268	-	34,759,152
Fee revenue	-	-	-	-	-	-	-	-	-	2,905,175	(2,840,515)	64,660
Other income	158	1,035	-	-	-	116	86	36	1,431	537,472	-	538,903
Total Operating Revenue	171,757	114,100	196,962	101,887	-	395,332	1,341,366	586,228	2,907,632	39,125,607	(2,840,515)	39,192,724
Operating Expenses												
Other operating expenses	895,366	221,233	170,150	75,728	-	663,031	1,119,303	494,246	3,639,057	36,493,359	(2,840,515)	37,291,901
Depreciation	208,055	192,203	183,860	57,012	-	1,613	599,096	308,251	1,550,090	1,929,806	-	3,479,896
Total Operating Expenses	1,103,421	413,436	354,010	132,740	-	664,644	1,718,399	802,497	5,189,147	38,423,165	(2,840,515)	40,771,797
Operating Income (Loss)	(931,664)	(299,336)	(157,048)	(30,853)	-	(269,312)	(377,033)	(216,269)	(2,281,515)	702,442	-	(1,579,073)
Nonoperating Revenues (Expenses)	(51,481)	337	291	(21,249)	-	(132,432)	(201,289)	(91,785)	(497,608)	368,184	-	(129,424)
Transfers from other programs	241,781	141,841	-	-	-	-	-	-	383,622	70,565	(454,187)	-
Transfers to other programs	-	-	-	-	-	-	-	-	-	(454,187)	454,187	-
HUD capital contributions	-	-	-	-	-	-	-	-	-	544,609	-	544,609
Tax credit and other proceeds	-	-	60,000	-	-	3,200,000	562,000	250,000	4,072,000	-	-	4,072,000
Change in Net Position	(741,364)	(157,158)	(96,757)	(52,102)	-	2,798,256	(16,322)	(58,054)	1,676,499	1,231,613	-	2,908,112
Net position (deficit), beginning of year	(26,134)	2,256,851	1,259,486	817,238	375,858	6,967	8,080,605	3,455,437	16,226,308	74,324,487	(100,000)	90,450,795
Net position (deficit), end of year	\$ (767,498)	\$ 2,099,693	\$ 1,162,729	\$ 765,136	\$ 375,858	\$ 2,805,223	\$ 8,064,283	\$ 3,397,383	\$ 17,902,807	\$ 75,556,100	\$ (100,000)	\$ 93,358,907

	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 III, L.P.)	2713 Lofts Development Corporation and 2713 Lofts, LLC	Lower Jefferson Avenue Development Corporation	Lassiter Courts Development Corporation and Lassiter Courts, LLC	Oyster Point-Brighton Development Corporation and Oyster Point-Brighton, LLC	Cypress Terrace Development Corporation and Cypress Terrace, LLC	Total Blended Component Unit	NNRHA	Eliminations	Primary Government
Net Cash Provided (Used) by:												
Operating activities	\$ (259,643)	\$ 88,159	\$ 34,316	\$ 124,019	\$ -	\$ 363,527	\$ 231,159	\$ 13,354	\$ 594,891	\$ 1,781,635	\$ -	\$ 2,376,526
Capital and related financing activities	(20,163)	-	-	(75,084)	-	(459,717)	406,205	165,315	16,556	(508,641)	(520,473)	(1,012,558)
Noncapital financing activities	-	-	-	-	-	-	-	-	-	(704,446)	520,473	(183,973)
Investing activities	360	336	290	(8,100)	-	426	(72,760)	(7,062)	(86,510)	16,743	-	(69,767)
Net Increase (Decrease) in Cash	(279,446)	88,495	34,606	40,835	-	(95,764)	564,604	171,607	524,937	585,291	-	1,110,228
Cash, beginning of year	622,631	655,797	490,087	62,951	-	258,751	589,659	132,967	2,812,843	13,250,042	-	16,062,885
Cash, end of year	\$ 343,185	\$ 744,292	\$ 524,693	\$ 103,786	\$ -	\$ 162,987	\$ 1,154,263	\$ 304,574	\$ 3,337,780	\$ 13,835,333	\$ -	\$ 17,173,113

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 21 – DEFERRED INFLOWS OF RESOURCES

The Authority receives grant funds from HUD. U.S. GAAP 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 Opportunity Fund grant, which is awarded on a calendar year basis by HUD based on their funding formula. HUD makes available a portion of this award periodically throughout the year based on appropriations available to fund this award. Early in 2020, HUD made funds available at a higher level than it is currently projecting. Accordingly, for the first half of calendar year 2020, the Authority received grant funds in excess of the amount allocable to the period from January 2020 to June 2020 based on current projected funding levels. It is estimated that \$121,677 has been received that will benefit the remainder of 2020. This amount has been recorded as a deferred inflow of resources at June 30, 2020.

Further, as described in Note 8, the Authority recorded deferred inflows of resources of \$92,768 related to its OPEB plan.

Deferred inflows from grants before time requirements are met	\$ 121,677
Deferred inflows for OPEB	92,768
	<hr/>
	\$ 214,445
	<hr/>

NOTE 22 – CORONAVIRUS PANDEMIC

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19), originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S. have declared a state of emergency. It is anticipated that these impacts will continue for some time. The immediate impact to the Authority's operations have included disruptions or restrictions on our employees' ability to work, increased costs for equipment and information technology to facilitate remote working and remote engagement with our clients and vendors; costs associated with personal protective equipment and cleaning needs to respond to the coronavirus; an impact on our tenants' ability to pay the required monthly rent. Further, for the Low-Rent Public Housing program, any decreases in tenant rent charges due to lower tenant income will eventually result in higher HUD operating subsidies via the funding formula that HUD uses to calculate annual operating subsidy. Operating functions that have been affected include intake, recertifications and maintenance. Changes to the operating environment have and will continue to increase operating costs.

NOTE 23 – SUBSEQUENT EVENT

Redevelopment of Sprately House:

As of June 30, 2020, the Authority continues to be in the planning process for converting one of its public housing developments, Sprately House, under HUD's RAD program. As part of this process, the Authority has applied for low-income housing tax credits. In July 2019, the Authority was awarded a reservation of tax credit that is expected to generate significant investor capital contributions to fund this redevelopment. The conversion of this property will involve executing a temporary loan to fund construction until the final closing of the tax credit investment. The transactions related to this redevelopment have not yet closed.

REQUIRED SUPPLEMENTARY INFORMATION

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Changes in Net OPEB Liability and Related Ratios

JUNE 30, 2020

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Total OPEB liability				
Service cost	\$ 66,407	\$ 62,057	\$ 55,038	\$ 51,437
Interest	93,531	95,866	100,734	98,774
Effects of economic/demographic gains or (losses)	-	(116,555)	-	-
Changes of assumptions	(7,621)	1,914	-	-
Benefit payments	<u>(93,962)</u>	<u>(95,442)</u>	<u>(135,423)</u>	<u>(116,524)</u>
Net change in OPEB liability	58,355	(52,160)	20,349	33,687
Total OPEB liability - beginning	<u>1,418,773</u>	<u>1,470,933</u>	<u>1,450,584</u>	<u>1,416,897</u>
Total OPEB liability - ending (a)	<u><u>\$ 1,477,128</u></u>	<u><u>\$ 1,418,773</u></u>	<u><u>\$ 1,470,933</u></u>	<u><u>\$ 1,450,584</u></u>
Plan fiduciary net position				
Contributions - employer	\$ 93,962	\$ 95,442	\$ 195,423	\$ 116,524
Net investment income	43,277	62,307	117,508	134,772
Benefit payments	(93,962)	(95,442)	(135,423)	(116,524)
Administrative expenses	<u>(2,073)</u>	<u>(1,973)</u>	<u>(1,865)</u>	<u>(1,751)</u>
Net change in fiduciary net position	41,204	60,334	175,643	133,021
Plan fiduciary net position - beginning	<u>1,415,946</u>	<u>1,355,612</u>	<u>1,179,969</u>	<u>1,046,948</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 1,457,150</u></u>	<u><u>\$ 1,415,946</u></u>	<u><u>\$ 1,355,612</u></u>	<u><u>\$ 1,179,969</u></u>
Net OPEB liability - ending (a) - (b)	<u><u>\$ 19,978</u></u>	<u><u>\$ 2,827</u></u>	<u><u>\$ 115,321</u></u>	<u><u>\$ 270,615</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	98.65%	99.80%	92.16%	81.34%
Covered employee payroll	4,160,028	4,160,028	3,776,000	3,776,000
Net OPEB liability as a percentage of covered employee payroll	0.48%	0.07%	3.05%	7.17%

This schedule is presented to illustrate the requirement to show 10 years of information. However, recalculations of prior years are not required. If prior years are not reported in accordance with U.S. GAAP, they should not be included. Since 2017 was the first year of this presentation, no other data is available. Additional years will be included as they become available.

The net OPEB liability reported by the Authority has a measurement date one year prior to the reporting date.

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
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REQUIRED SUPPLEMENTARY INFORMATION

OPEB Schedule of Contributions

JUNE 30, 2020

	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Actuarially determined contribution	\$ 68,277	\$ 63,970	\$ 85,600	\$ 81,100
Contributions in relation to the actuarially determined contribution	(56,128)	(47,300)	(139,914)	(76,958)
Contribution deficiency	<u>\$ 12,149</u>	<u>\$ 16,670</u>	<u>\$ (54,314)</u>	<u>\$ 4,142</u>
Covered employee payroll	\$ 4,160,028	\$ 4,160,028	\$ 3,776,000	\$ 3,776,000
Contributions as a percentage of covered employee payroll	1.35%	1.14%	3.71%	2.04%

Notes to Schedule

Valuation date 7/1/2018

Actuarial valuations for OPEB funding purposes are performed biennially as of July 1. The most recent valuation was performed as of July 1, 2018.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Projected Unit Credit
Amortization method	Level percentage of payroll, closed
Amortization period	26 years
Asset valuation method	Market value
Inflation	2.50%
Healthcare cost trend rates	5.00% for 2019, 7.10% for 2020, 5.30% for 2021, then grading to an ultimate rate of 4.20% for fiscal 2092
Salary increases	2.00%
Investment rate of return	6.50%
Mortality:	
Pre-Retirement	RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at age 81 and older projected with Scale BB to 2020: males setback 1 year, 85% of rates; females setback 1 year. 25% of deaths are assumed to be service related.
Post-Retirement	RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year; females setback 1 year with 1.5% increase compounded from ages 70 to 85.
Post-Disablement	RP-2014 Disabled Mortality Rates projected with Scale BB to 2020; males 115% of rates; females 130% of rates.

This schedule is presented to illustrate the requirement to show 10 years of information. However, recalculations of prior years are not required. If prior years are not reported in accordance with U.S. GAAP, they should not be included. Since 2017 was the first year of this presentation, no other data is available. Additional years will be included as they become available.

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of OPEB Investment Returns

JUNE 30, 2020

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Annual money-weighted rate of return, net of investment expense	3.06%	4.60%	9.52%	12.88%

This schedule is presented to illustrate the requirement to show 10 years of information. However, recalculations of prior years are not required. If prior years are not reported in accordance with U.S. GAAP, they should not be included. Since 2017 was the first year of this presentation, no other data is available. Additional years will be included as they become available.

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

COMBINING STATEMENT OF NET POSITION

PROPRIETARY FUND PROGRAMS

JUNE 30, 2020

	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 - unrestricted	\$ 2,803,553	\$ 2,141,084	\$ 2,163,250	\$ 771,593	\$ 102,767	\$ 150	\$ 263,664
Accounts receivable (net of allowance)	205,066	237,871	247,095	1,164	151,010	243,400	324
Due from other programs	-	2,219	2,135,477	-	-	-	-
Investments	3,459,253	-	110,203	-	-	-	200,188
Prepaid expenses	12,793	6,174	19,125	-	131	-	403
Materials inventory (net of allowance)	-	-	28,183	-	-	-	-
Total current assets	<u>6,480,665</u>	<u>2,387,348</u>	<u>4,703,333</u>	<u>772,757</u>	<u>253,908</u>	<u>243,550</u>	<u>464,579</u>
Restricted assets:							
Cash and equivalents - restricted	191,480	1,213,180	-	-	1,389,191	-	3,315
Investments - restricted	-	-	-	-	-	-	-
Notes receivable (noncurrent)	-	-	-	2,136,884	5,290,879	-	-
Total restricted assets	<u>191,480</u>	<u>1,213,180</u>	<u>-</u>	<u>2,136,884</u>	<u>6,680,070</u>	<u>-</u>	<u>3,315</u>
Noncurrent assets:							
Notes and mortgages receivable	-	-	1,473,746	-	-	-	-
Nondepreciable capital assets	2,545,610	32,000	-	-	-	-	17,201
Capital assets (net)	20,100,989	47,305	115,712	8,574	-	-	84,838
Interprogram notes receivable	16,556,559	-	-	536,913	2,536,000	-	-
Accrued interest receivable	781,417	-	-	-	-	-	-
Other noncurrent assets	-	-	-	-	-	-	-
Total noncurrent assets	<u>39,984,575</u>	<u>79,305</u>	<u>1,589,458</u>	<u>545,487</u>	<u>2,536,000</u>	<u>-</u>	<u>102,039</u>
TOTAL ASSETS	<u>46,656,720</u>	<u>3,679,833</u>	<u>6,292,791</u>	<u>3,455,128</u>	<u>9,469,978</u>	<u>243,550</u>	<u>569,933</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>							
Deferred outflows related to OPEB plan	-	-	63,919	-	-	-	-

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

COMBINING STATEMENT OF NET POSITION

PROPRIETARY FUND PROGRAMS

JUNE 30, 2020

	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
LIABILITIES							
Current liabilities:							
Accounts payable and accrued expenses	279,881	136,108	87,257	14,050	3,804	-	2,149
Due to other programs	611,745	24,336	541,677	3,099	116,572	237,947	1,436
Accrued salaries	32,522	14,296	40,608	3,663	924	5,603	336
Accrued interest payable	-	-	-	-	-	-	-
Unearned revenues	34,299	369,530	-	-	-	-	154
Security deposit liabilities	87,000	1,250	-	-	-	-	3,315
Compensated absences	1,269	-	-	-	-	-	-
Current portion of notes payable	-	-	-	-	-	-	-
Current portion of long-term liabilities	-	-	-	-	-	-	-
Total current liabilities	1,046,716	545,520	669,542	20,812	121,300	243,550	7,390
Long-term liabilities:							
Compensated absences	101,150	74,053	214,988	6,418	6,931	-	2,260
Net OPEB liability	-	-	2,827	-	-	-	-
Notes and mortgages payable	-	-	-	-	-	-	-
Interprogram notes payable	-	-	-	-	-	-	-
Accrued interest payable	-	-	-	-	-	-	-
Trust, deposit and escrow liabilities	98,021	106,615	-	-	9,626	-	-
Total long-term liabilities	199,171	180,668	217,815	6,418	16,557	-	2,260
TOTAL LIABILITIES	1,245,887	726,188	887,357	27,230	137,857	243,550	9,650
DEFERRED INFLOWS OF RESOURCES							
Deferred outflows related to OPEB plan and grant income							
	121,677	-	92,768	-	-	-	-
Total deferred outflows	121,677	-	92,768	-	-	-	-
NET POSITION							
Net investment in capital assets	22,646,599	79,305	115,712	8,574	-	-	102,039
Restricted for:							
Reserves and escrows	6,459	-	-	-	-	-	-
HAP reserves	-	735,785	-	-	-	-	-
Loan programs	-	-	-	2,136,884	7,826,879	-	-
Other	-	-	-	1,282,440	1,505,242	-	-
Unrestricted (deficit)	22,636,098	2,138,555	5,260,873	-	-	-	458,244
TOTAL NET POSITION	\$ 45,289,156	\$ 2,953,645	\$ 5,376,585	\$ 3,427,898	\$ 9,332,121	\$ -	\$ 560,283

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

COMBINING STATEMENT OF NET POSITION

PROPRIETARY FUND PROGRAMS

JUNE 30, 2020

	State & Local Activities Program	Choice Neighborhoods Program	Business Activities Program	Lower Jefferson Avenue Development Program	Orcutt Senior Housing/ Ashe Manor	Orcutt Townhomes	Orcutt Townhomes III
<u>ASSETS</u>							
Current assets:							
Cash and equivalents - unrestricted	\$ -	\$ -	\$ 2,671,857	\$ -	\$ 104,845	\$ 142,576	\$ 243,029
Accounts receivable (net of allowance)	45,105	338,755	24,461	-	11,585	6,595	20,317
Due from other programs	-	509	1,060,714	-	-	-	-
Investments	-	-	500,912	-	-	-	-
Prepaid expenses	294	-	466	-	2,547	11,837	7,453
Materials inventory (net of allowance)	-	-	-	-	-	-	-
Total current assets	<u>45,399</u>	<u>339,264</u>	<u>4,258,410</u>	<u>-</u>	<u>118,977</u>	<u>161,008</u>	<u>270,799</u>
Restricted assets:							
Cash and equivalents - restricted	-	-	-	-	238,340	601,716	281,664
Investments - restricted	-	-	-	-	-	-	-
Notes receivable (noncurrent)	-	-	-	-	-	-	-
Total restricted assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>238,340</u>	<u>601,716</u>	<u>281,664</u>
Noncurrent assets:							
Notes and mortgages receivable	-	-	230,987	-	-	-	-
Nondepreciable capital assets	-	550,000	512,404	-	58,963	100,014	37,800
Capital assets (net)	2,584	-	567,351	-	3,005,154	2,882,450	3,843,522
Interprogram notes receivable	-	-	831,148	-	-	-	-
Accrued interest receivable	-	-	617,472	-	-	-	-
Other noncurrent assets	-	-	1,139,498	375,858	-	-	-
Total noncurrent assets	<u>2,584</u>	<u>550,000</u>	<u>3,898,860</u>	<u>375,858</u>	<u>3,064,117</u>	<u>2,982,464</u>	<u>3,881,322</u>
TOTAL ASSETS	<u>47,983</u>	<u>889,264</u>	<u>8,157,270</u>	<u>375,858</u>	<u>3,421,434</u>	<u>3,745,188</u>	<u>4,433,785</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>							
Deferred outflows related to OPEB plan	-	-	-	-	-	-	-

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

COMBINING STATEMENT OF NET POSITION

PROPRIETARY FUND PROGRAMS

JUNE 30, 2020

	State & Local Activities Program	Choice Neighborhoods Program	Business Activities Program	Lower Jefferson Avenue Development Program	Orcutt Senior Housing/ Ashe Manor	Orcutt Townhomes	Orcutt Townhomes III
LIABILITIES							
Current liabilities:							
Accounts payable and accrued expenses	\$ 5,163	\$ 218,706	\$ 22,006	\$ -	\$ 87,202	\$ 26,905	\$ 26,094
Due to other programs	48,800	112,254	47,648	-	280,466	30,084	14,400
Accrued salaries	907	2,766	1,765	-	1,289	1,088	685
Accrued interest payable	-	-	-	-	-	-	-
Unearned revenues	-	-	-	-	5,785	9,797	(92)
Security deposit liabilities	-	-	-	-	4,352	4,015	4,284
Compensated absences	-	-	-	-	73	60	43
Current portion of notes payable	-	-	-	-	-	-	-
Current portion of long-term liabilities	-	-	-	-	-	-	-
Total current liabilities	<u>54,870</u>	<u>333,726</u>	<u>71,419</u>	<u>-</u>	<u>379,167</u>	<u>71,949</u>	<u>45,414</u>
Long-term liabilities:							
Compensated absences	5,657	5,538	6,895	-	3,293	2,685	1,569
Net OPEB liability	-	-	-	-	-	-	-
Notes and mortgages payable	-	-	-	-	-	-	1,364,231
Interprogram notes payable	-	-	-	-	3,189,000	1,570,861	1,859,842
Accrued interest payable	-	-	-	-	617,472	-	-
Trust, deposit and escrow liabilities	-	-	-	-	-	-	-
Total long-term liabilities	<u>5,657</u>	<u>5,538</u>	<u>6,895</u>	<u>-</u>	<u>3,809,765</u>	<u>1,573,546</u>	<u>3,225,642</u>
TOTAL LIABILITIES	<u>60,527</u>	<u>339,264</u>	<u>78,314</u>	<u>-</u>	<u>4,188,932</u>	<u>1,645,495</u>	<u>3,271,056</u>
DEFERRED INFLOWS OF RESOURCES							
Deferred outflows related to OPEB plan and grant income							
	-	-	-	-	-	-	-
Total deferred outflows	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION							
Net investment in capital assets	2,584	550,000	1,079,755	-	(124,883)	1,411,603	657,249
Restricted for:							
Reserves and escrows	-	-	-	-	233,988	597,701	277,380
HAP reserves	-	-	-	-	-	-	-
Loan programs	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Unrestricted (deficit)	<u>(15,128)</u>	<u>-</u>	<u>6,999,201</u>	<u>375,858</u>	<u>(876,603)</u>	<u>90,389</u>	<u>228,100</u>
TOTAL NET POSITION	<u>\$ (12,544)</u>	<u>\$ 550,000</u>	<u>\$ 8,078,956</u>	<u>\$ 375,858</u>	<u>\$ (767,498)</u>	<u>\$ 2,099,693</u>	<u>\$ 1,162,729</u>

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

COMBINING STATEMENT OF NET POSITION

PROPRIETARY FUND PROGRAMS

JUNE 30, 2020

	Lofts on Jefferson	Oyster Point- Brighton	Cypress Terrace	Lassiter Courts	Total	Eliminations	Proprietary Fund
<u>ASSETS</u>							
Current assets:							
Cash and equivalents - unrestricted	\$ 95,064	\$ 551,698	\$ 50,207	\$ 141,210	\$ 12,246,547	\$ -	\$ 12,246,547
Accounts receivable (net of allowance)	6,003	25,023	13,512	54,593	1,631,879	-	1,631,879
Due from other programs	-	-	-	-	3,198,919	(3,198,919)	-
Investments	-	-	-	-	4,270,556	-	4,270,556
Prepaid expenses	3,292	43,139	25,849	7,472	140,975	-	140,975
Materials inventory (net of allowance)	-	-	-	-	28,183	-	28,183
Total current assets	<u>104,359</u>	<u>619,860</u>	<u>89,568</u>	<u>203,275</u>	<u>21,517,059</u>	<u>(3,198,919)</u>	<u>18,318,140</u>
Restricted assets:							
Cash and equivalents - restricted	8,722	602,565	254,367	21,777	4,806,317	-	4,806,317
Investments - restricted	28,740	185,293	65,266	-	279,299	-	279,299
Notes receivable (noncurrent)	-	-	-	-	7,427,763	-	7,427,763
Total restricted assets	<u>37,462</u>	<u>787,858</u>	<u>319,633</u>	<u>21,777</u>	<u>12,513,379</u>	<u>-</u>	<u>12,513,379</u>
Noncurrent assets:							
Notes and mortgages receivable	-	-	-	-	1,704,733	-	1,704,733
Nondepreciable capital assets	-	2,800,000	1,190,000	10,608,325	18,452,317	-	18,452,317
Capital assets (net)	1,348,055	15,285,266	7,962,125	29,005	55,282,930	-	55,282,930
Interprogram notes receivable	-	-	-	-	20,460,620	(20,460,620)	-
Accrued interest receivable	-	-	-	-	1,398,889	(1,398,889)	-
Other noncurrent assets	-	-	-	-	1,515,356	(100,000)	1,415,356
Total noncurrent assets	<u>1,348,055</u>	<u>18,085,266</u>	<u>9,152,125</u>	<u>10,637,330</u>	<u>98,814,845</u>	<u>(21,959,509)</u>	<u>76,855,336</u>
TOTAL ASSETS	<u>1,489,876</u>	<u>19,492,984</u>	<u>9,561,326</u>	<u>10,862,382</u>	<u>132,845,283</u>	<u>(25,158,428)</u>	<u>107,686,855</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>							
Deferred outflows related to OPEB plan	-	-	-	-	63,919	-	63,919

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

COMBINING STATEMENT OF NET POSITION

PROPRIETARY FUND PROGRAMS

JUNE 30, 2020

	Lofts on Jefferson	Oyster Point- Brighton	Cypress Terrace	Lassiter Courts	Total	Eliminations	Proprietary Fund
<u>LIABILITIES</u>							
Current liabilities:							
Accounts payable and accrued expenses	\$ 29,481	\$ 64,555	\$ 14,848	\$ 323,834	\$ 1,342,043	\$ -	\$ 1,342,043
Due to other programs	142,718	65,884	34,652	885,201	3,198,919	(3,198,919)	-
Accrued salaries	342	3,335	1,390	2,162	113,681	-	113,681
Accrued interest payable	1,778	6,423	3,046	-	11,247	-	11,247
Unearned revenues	775	12,112	3,618	3,232	439,210	-	439,210
Security deposit liabilities	8,722	40,510	13,639	21,777	188,864	-	188,864
Compensated absences	22	75	30	-	1,572	-	1,572
Current portion of notes payable	-	-	-	3,745,283	3,745,283	-	3,745,283
Current portion of long-term liabilities	13,067	75,464	48,359	-	136,890	-	136,890
Total current liabilities	<u>196,905</u>	<u>268,358</u>	<u>119,582</u>	<u>4,981,489</u>	<u>9,177,709</u>	<u>(3,198,919)</u>	<u>5,978,790</u>
Long-term liabilities:							
Compensated absences	784	14,799	1,341	6,767	455,128	-	455,128
Net OPEB liability	-	-	-	-	2,827	-	2,827
Notes and mortgages payable	527,051	3,428,057	2,206,362	-	7,525,701	-	7,525,701
Interprogram notes payable	-	7,184,903	3,599,250	3,056,764	20,460,620	(20,460,620)	-
Accrued interest payable	-	532,584	236,694	12,139	1,398,889	(1,398,889)	-
Trust, deposit and escrow liabilities	-	-	714	-	214,976	-	214,976
Total long-term liabilities	<u>527,835</u>	<u>11,160,343</u>	<u>6,044,361</u>	<u>3,075,670</u>	<u>30,058,141</u>	<u>(21,859,509)</u>	<u>8,198,632</u>
TOTAL LIABILITIES	<u>724,740</u>	<u>11,428,701</u>	<u>6,163,943</u>	<u>8,057,159</u>	<u>39,235,850</u>	<u>(25,058,428)</u>	<u>14,177,422</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>							
Deferred outflows related to OPEB plan and grant income	-	-	-	-	214,445	-	214,445
Total deferred outflows	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>214,445</u>	<u>-</u>	<u>214,445</u>
<u>NET POSITION</u>							
Net investment in capital assets	807,937	7,396,842	3,298,154	3,835,283	41,866,753	20,460,620	62,327,373
Restricted for:							
Reserves and escrows	28,740	747,348	305,280	-	2,196,896	-	2,196,896
HAP reserves	-	-	-	-	735,785	-	735,785
Loan programs	-	-	-	-	9,963,763	(2,536,000)	7,427,763
Other	-	-	-	-	2,787,682	2,536,000	5,323,682
Unrestricted (deficit)	<u>(71,541)</u>	<u>(79,907)</u>	<u>(206,051)</u>	<u>(1,030,060)</u>	<u>35,908,028</u>	<u>(20,560,620)</u>	<u>15,347,408</u>
TOTAL NET POSITION	<u>\$ 765,136</u>	<u>\$ 8,064,283</u>	<u>\$ 3,397,383</u>	<u>\$ 2,805,223</u>	<u>\$ 93,458,907</u>	<u>\$ (100,000)</u>	<u>\$ 93,358,907</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, 2020

	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	\$ 2,486,418	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 31,274
Intergovernmental - operating grants	5,744,950	23,905,334	58,269	1,365,234	647,408	263,077	53,196
Fee revenue	-	-	2,905,175	-	-	-	-
Other income	91,513	230,104	2	3,608	2,579	-	-
Total operating revenues	<u>8,322,881</u>	<u>24,135,438</u>	<u>2,963,446</u>	<u>1,368,842</u>	<u>649,987</u>	<u>263,077</u>	<u>84,470</u>
OPERATING EXPENSES:							
Administration	2,733,465	1,721,271	2,341,621	359,154	87,171	-	14,310
Tenant services	235,791	13,462	29,626	-	-	283,642	-
Utilities	1,985,271	5,258	35,789	-	71	-	21,477
Ordinary maintenance	1,937,338	15,753	78,264	-	-	-	22,540
Protective services	75,549	-	11,866	-	-	-	-
Insurance expense	293,139	27,459	74,830	-	860	-	3,586
General expenses	104,901	10,566	-	632,707	158,803	-	143
Nonroutine maintenance	346,293	-	-	-	-	-	-
Housing assistance payments	-	21,467,091	-	-	-	-	-
Depreciation	1,785,075	26,344	54,255	2,867	1,863	-	6,701
Total operating expenses	<u>9,496,822</u>	<u>23,287,204</u>	<u>2,626,251</u>	<u>994,728</u>	<u>248,768</u>	<u>283,642</u>	<u>68,757</u>
OPERATING INCOME (LOSS)	<u>(1,173,941)</u>	<u>848,234</u>	<u>337,195</u>	<u>374,114</u>	<u>401,219</u>	<u>(20,565)</u>	<u>15,713</u>
NONOPERATING REVENUES (EXPENSES):							
Interest and investment revenue	255,083	7,217	4,375	23,560	12,438	-	957
Gain (loss) on disposition of capital assets	-	-	(583)	-	-	-	-
Total nonoperating revenues (expenses), net	<u>255,083</u>	<u>7,217</u>	<u>3,792</u>	<u>23,560</u>	<u>12,438</u>	<u>-</u>	<u>957</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS, TRANSFERS AND PROCEEDS							
	(918,858)	855,451	340,987	397,674	413,657	(20,565)	16,670
Transfers from other programs	-	-	-	-	-	20,565	-
Transfers to other programs	(383,622)	-	-	-	-	-	-
HUD capital contributions	44,609	-	-	-	-	-	-
CHANGE IN NET POSITION	<u>(1,257,871)</u>	<u>855,451</u>	<u>340,987</u>	<u>397,674</u>	<u>413,657</u>	<u>-</u>	<u>16,670</u>
TOTAL NET POSITION - July 1, 2019	46,547,027	2,098,194	5,035,598	3,030,224	8,918,464	-	543,613
TOTAL NET POSITION - June 30, 2020	<u>\$ 45,289,156</u>	<u>\$ 2,953,645</u>	<u>\$ 5,376,585</u>	<u>\$ 3,427,898</u>	<u>\$ 9,332,121</u>	<u>\$ -</u>	<u>\$ 560,283</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, 2020

	State & Local Activities Program	Choice Neighborhood Program	Business Activities Program	Lower Jefferson Avenue Development Program	Orcutt Senior Housing/ Ashe Manor	Orcutt Townhomes	Orcutt Townhomes III
OPERATING REVENUES:							
Rental and tenant income	\$ -	\$ -	\$ -	\$ -	\$ 171,596	\$ 113,063	\$ 101,649
Intergovernmental - operating grants	385,627	727,934	14,239	-	3	2	95,313
Other income	-	-	209,666	-	158	1,035	-
Total operating revenues	<u>385,627</u>	<u>727,934</u>	<u>223,905</u>	<u>-</u>	<u>171,757</u>	<u>114,100</u>	<u>196,962</u>
OPERATING EXPENSES:							
Administration	115,405	159,444	179,882	-	130,967	84,061	47,750
Tenant services	-	561,024	10,000	-	374,811	5,564	172
Utilities	1,149	-	15,537	-	87,158	6,383	8,339
Ordinary maintenance	250,416	95	33,825	-	277,715	76,546	69,532
Protective services	-	59	-	-	1,866	1,943	-
Insurance expense	16,263	1,701	10,357	-	9,703	22,293	15,917
General expenses	736	5,611	2,788	-	13,146	24,443	28,440
Depreciation	1,723	-	50,978	-	208,055	192,203	183,860
Total operating expenses	<u>385,692</u>	<u>727,934</u>	<u>303,367</u>	<u>-</u>	<u>1,103,421</u>	<u>413,436</u>	<u>354,010</u>
OPERATING INCOME (LOSS)	<u>(65)</u>	<u>-</u>	<u>(79,462)</u>	<u>-</u>	<u>(931,664)</u>	<u>(299,336)</u>	<u>(157,048)</u>
NONOPERATING REVENUES (EXPENSES):							
Interest and investment revenue	-	-	65,137	-	359	337	291
Interest expense	-	-	-	-	(51,840)	-	-
Total nonoperating revenues (expenses), net	<u>-</u>	<u>-</u>	<u>65,137</u>	<u>-</u>	<u>(51,481)</u>	<u>337</u>	<u>291</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS, TRANSFERS AND PROCEEDS							
	(65)	-	(14,325)	-	(983,145)	(298,999)	(156,757)
Transfers from other programs	-	50,000	-	-	241,781	141,841	-
Transfers to other programs	-	-	(70,565)	-	-	-	-
HUD capital contributions	-	500,000	-	-	-	-	-
Tax credit and other proceeds	-	-	-	-	-	-	60,000
CHANGE IN NET POSITION	<u>(65)</u>	<u>550,000</u>	<u>(84,890)</u>	<u>-</u>	<u>(741,364)</u>	<u>(157,158)</u>	<u>(96,757)</u>
TOTAL NET POSITION - July 1, 2019	<u>(12,479)</u>	<u>-</u>	<u>8,163,846</u>	<u>375,858</u>	<u>(26,134)</u>	<u>2,256,851</u>	<u>1,259,486</u>
TOTAL NET POSITION - June 30, 2020	<u>\$ (12,544)</u>	<u>\$ 550,000</u>	<u>\$ 8,078,956</u>	<u>\$ 375,858</u>	<u>\$ (767,498)</u>	<u>\$ 2,099,693</u>	<u>\$ 1,162,729</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, 2020

	Lofts on Jefferson	Oyster Point- Brighton	Cypress Terrace	Lassiter Courts	Total	Eliminations	Proprietary Fund
OPERATING REVENUES:							
Rental and tenant income	\$ 101,797	\$ 526,075	\$ 171,638	\$ 126,499	\$ 3,830,009	\$ -	\$ 3,830,009
Intergovernmental - operating grants	90	815,205	414,554	268,717	34,759,152	-	34,759,152
Fee revenue	-	-	-	-	2,905,175	(2,840,515)	64,660
Other income	-	86	36	116	538,903	-	538,903
Total operating revenues	<u>101,887</u>	<u>1,341,366</u>	<u>586,228</u>	<u>395,332</u>	<u>42,033,239</u>	<u>(2,840,515)</u>	<u>39,192,724</u>
OPERATING EXPENSES:							
Administration	20,409	304,558	132,888	268,867	8,701,223	(2,807,733)	5,893,490
Tenant services	80	11,474	2,137	50,839	1,578,622	-	1,578,622
Utilities	15,676	191,478	110,511	73,732	2,557,829	-	2,557,829
Ordinary maintenance	23,696	339,235	119,025	123,918	3,367,898	(32,782)	3,335,116
Protective services	-	12,444	11,586	8,868	124,181	-	124,181
Insurance expense	5,751	111,012	61,915	67,498	722,284	-	722,284
General expenses	10,116	149,102	56,059	69,309	1,266,870	-	1,266,870
Nonroutine maintenance	-	-	125	-	346,418	-	346,418
Housing assistance payments	-	-	-	-	21,467,091	-	21,467,091
Depreciation	57,012	599,096	308,251	1,613	3,479,896	-	3,479,896
Total operating expenses	<u>132,740</u>	<u>1,718,399</u>	<u>802,497</u>	<u>664,644</u>	<u>43,612,312</u>	<u>(2,840,515)</u>	<u>40,771,797</u>
OPERATING INCOME (LOSS)	<u>(30,853)</u>	<u>(377,033)</u>	<u>(216,269)</u>	<u>(269,312)</u>	<u>(1,579,073)</u>	<u>-</u>	<u>(1,579,073)</u>
NONOPERATING REVENUES EXPENSES:							
Interest and investment revenue	315	2,137	835	426	373,467	(239,527)	133,940
Interest expense	(21,564)	(203,426)	(92,620)	(132,858)	(502,308)	239,527	(262,781)
Gain (loss) on disposition of capital assets	-	-	-	-	(583)	-	(583)
Total nonoperating revenues (expenses), net	<u>(21,249)</u>	<u>(201,289)</u>	<u>(91,785)</u>	<u>(132,432)</u>	<u>(129,424)</u>	<u>-</u>	<u>(129,424)</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS, TRANSFERS AND PROCEEDS							
Transfers from other programs	(52,102)	(578,322)	(308,054)	(401,744)	(1,708,497)	-	(1,708,497)
Transfers to other programs	-	-	-	-	454,187	(454,187)	-
HUD capital contributions	-	-	-	-	544,609	-	544,609
Tax credit and other proceeds	-	562,000	250,000	3,200,000	4,072,000	-	4,072,000
CHANGE IN NET POSITION	<u>(52,102)</u>	<u>(16,322)</u>	<u>(58,054)</u>	<u>2,798,256</u>	<u>2,908,112</u>	<u>-</u>	<u>2,908,112</u>
TOTAL NET POSITION - July 1, 2019	817,238	8,080,605	3,455,437	6,967	90,550,795	(100,000)	90,450,795
TOTAL NET POSITION - June 30, 2020	<u>\$ 765,136</u>	<u>\$ 8,064,283</u>	<u>\$ 3,397,383</u>	<u>\$ 2,805,223</u>	<u>\$ 93,458,907</u>	<u>\$ (100,000)</u>	<u>\$ 93,358,907</u>

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

COMBINING STATEMENT OF CASH FLOWS

PROPRIETARY FUND PROGRAMS

FOR THE YEAR ENDED JUNE 30, 2020

	Public Housing Program	Rental Assistance Program	Central Office Cost Center Program	Community Development Program	HOME Investment Partnerships Program
Cash flows from operating activities:					
Cash received from tenants/others	\$ 2,604,724	\$ 234,669	\$ -	\$ -	\$ -
Cash received for fees/services/donations	-	-	65,431	3,608	3,650
Cash operating grants received (net)	6,292,093	24,142,043	58,269	1,358,747	597,408
Cash transfers from (to) other funds and entities	(2,756,268)	(836,111)	3,610,061	(272,448)	16,371
Cash payments for goods, services, rental subsidies	(4,296,871)	(22,094,991)	(746,524)	(663,660)	(117,467)
Cash payments to/for employees and benefits	(1,851,395)	(765,086)	(2,014,278)	(96,848)	(47,748)
Cash payments in lieu of property taxes	(116,933)	-	-	-	-
Net cash provided by (used in) operating activities	<u>(124,650)</u>	<u>680,524</u>	<u>972,959</u>	<u>329,399</u>	<u>452,214</u>
Cash flows from capital and related financing activities:					
Purchase of equipment/capital assets	(188,810)	-	(29,500)	-	-
Proceeds from issuing notes and other debt	-	-	-	-	-
Transfers from/to other funds for capital activities	(29,177)	-	29,177	-	-
Contributions received for capital outlays	104,441	-	-	-	-
Net cash provided by (used in) capital and related financing activities	<u>(113,546)</u>	<u>-</u>	<u>(323)</u>	<u>-</u>	<u>-</u>
Cash flows from noncapital financing activities:					
Loans made to borrowers	-	-	-	(575,616)	(613,443)
Receipt of interest on notes and loans	-	-	-	23,560	11,733
Loans payments received	-	-	-	227,142	220,678
Net cash provided by (used in) noncapital financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(324,914)</u>	<u>(381,032)</u>
Cash flows from investing activities:					
Proceeds from sale of investment made	480,000	-	-	-	-
Receipts of interest and dividends	3,869	8,803	118	-	705
Net cash provided by (used in) investing activities	<u>483,869</u>	<u>8,803</u>	<u>118</u>	<u>-</u>	<u>705</u>
Net increase (decrease) in cash	245,673	689,327	972,754	4,485	71,887
Cash and equivalents at July 1, 2019	2,749,360	2,664,937	1,190,496	767,108	1,420,071
Cash and equivalents at June 30, 2020	<u>\$ 2,995,033</u>	<u>\$ 3,354,264</u>	<u>\$ 2,163,250</u>	<u>\$ 771,593</u>	<u>\$ 1,491,958</u>
Reconciliation to statement of net position:					
Cash and cash equivalents - unrestricted	2,803,553	2,141,084	2,163,250	771,593	102,767
Cash and cash equivalents - restricted	191,480	1,213,180	-	-	1,389,191
	<u>\$ 2,995,033</u>	<u>\$ 3,354,264</u>	<u>\$ 2,163,250</u>	<u>\$ 771,593</u>	<u>\$ 1,491,958</u>

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

COMBINING STATEMENT OF CASH FLOWS

PROPRIETARY FUND PROGRAMS

FOR THE YEAR ENDED JUNE 30, 2020

	Public Housing Program	Rental Assistance Program	Central Office Cost Center Program	Community Development Program	HOME Investment Partnerships Program
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ (1,173,941)	\$ 848,234	\$ 337,195	\$ 374,114	\$ 401,219
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Depreciation	1,785,075	26,344	54,255	2,867	1,863
Operating transfers	(383,622)	-	-	-	-
Other adjustments	-	-	-	(6,487)	-
Change in assets and liabilities:					
Decrease (increase) in accounts receivable	369,390	(134,012)	(44,875)	100	(57,623)
Decrease (increase) in due from other funds/programs	-	-	736,965	-	-
Decrease (increase) in notes and mortgages receivable	-	-	-	2,807	53,236
Decrease (increase) in prepaid expenses and materials inventory	(3,392)	50	(10,472)	66	169
Decrease (increase) in deferred outflows of resources	-	-	(16,619)	-	-
Increase (decrease) in accounts payable	(26,958)	(201,361)	(122,987)	(32,695)	(570)
Increase (decrease) in due to other funds/programs	(871,438)	(209,625)	33,348	(12,962)	52,371
Increase (decrease) in accrued liabilities	11,384	5,252	17,446	2,116	272
Increase (decrease) in compensated absences	12,817	4,036	34,757	(527)	1,276
Increase (decrease) in trust, deposit, and escrow liabilities	35,429	(27,924)	-	-	1
Increase (decrease) in unearned revenues	(1,071)	369,530	-	-	-
Increase (decrease) in OPEB liabilities	-	-	(112,494)	-	-
Increase (decrease) in deferred inflows of resources	121,677	-	66,440	-	-
Net cash provided by (used in) operating activities	<u>\$ (124,650)</u>	<u>\$ 680,524</u>	<u>\$ 972,959</u>	<u>\$ 329,399</u>	<u>\$ 452,214</u>

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

COMBINING STATEMENT OF CASH FLOWS

PROPRIETARY FUND PROGRAMS

FOR THE YEAR ENDED JUNE 30, 2020

	Resident Self Sufficiency Programs	Transition Center Program	State & Local Activities Program	Choice Neighborhood Program	Business Activities Program
Cash flows from operating activities:					
Cash received from tenants/others	\$ -	\$ 31,383	\$ -	\$ -	\$ -
Cash received for fees/services/donations	-	-	-	-	209,666
Cash operating grants received (net)	116,929	58,612	369,638	438,884	14,239
Cash transfers from (to) other funds and entities	164,455	(27,145)	(17,050)	116,779	(709,591)
Cash payments for goods, services, rental subsidies	(1,857)	(41,349)	(274,066)	(406,145)	(97,571)
Cash payments to/for employees and benefits	(279,377)	(17,205)	(78,522)	(99,518)	-
Net cash provided by (used in) operating activities	<u>150</u>	<u>4,296</u>	<u>-</u>	<u>50,000</u>	<u>(583,257)</u>
Cash flows from capital and related financing activities:					
Purchase of equipment/capital assets	-	(11,975)	-	(500,296)	(332,797)
Contributions received for capital outlays	-	-	-	450,296	-
Net cash provided by (used in) capital and related financing activities	<u>-</u>	<u>(11,975)</u>	<u>-</u>	<u>(50,000)</u>	<u>(332,797)</u>
Cash flows from noncapital financing activities:					
Loans payments received	-	-	-	-	1,500
Net cash provided by (used in) noncapital financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,500</u>
Cash flows from investing activities:					
Proceeds from sale of investment made	-	(200,000)	-	-	(280,000)
Receipts of interest and dividends	-	770	-	-	2,478
Net cash provided by (used in) investing activities	<u>-</u>	<u>(199,230)</u>	<u>-</u>	<u>-</u>	<u>(277,522)</u>
Net increase (decrease) in cash	150	(206,909)	-	-	(1,312,325)
Cash and equivalents at July 1, 2019	-	473,888	-	-	3,984,182
Cash and equivalents at June 30, 2020	<u>\$ 150</u>	<u>\$ 266,979</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,671,857</u>
Reconciliation to statement of net position:					
Cash and cash equivalents - unrestricted	150	263,664	-	-	2,671,857
Cash and cash equivalents - restricted	-	3,315	-	-	-
	<u>\$ 150</u>	<u>\$ 266,979</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,671,857</u>

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

COMBINING STATEMENT OF CASH FLOWS

PROPRIETARY FUND PROGRAMS

FOR THE YEAR ENDED JUNE 30, 2020

	Resident Self Sufficiency Programs	Transition Center Program	State & Local Activities Program	Choice Neighborhood Program	Business Activities Program
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income (loss)	\$ (20,565)	\$ 15,713	\$ (65)	\$ -	\$ (79,462)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Depreciation	-	6,701	1,723	-	50,978
Operating transfers	20,565	-	-	50,000	(70,565)
Other adjustments	-	-	-	-	-
Change in assets and liabilities:					
Decrease (increase) in accounts receivable	(146,148)	5,469	(15,990)	(289,051)	(6,192)
Decrease (increase) in due from other funds/programs	-	-	-	-	(483,669)
Decrease (increase) in notes and mortgages receivable	-	-	-	-	2,307
Decrease (increase) in prepaid expenses and materials inventory	-	(387)	(65)	-	(154)
Decrease (increase) in deferred outflows of resources	(10)	(49)	2,249	168,967	15,563
Increase (decrease) in accounts payable	143,890	(23,482)	11,950	111,780	(134,033)
Increase (decrease) in due to other funds/programs	2,418	132	(236)	2,766	373
Increase (decrease) in accrued liabilities	-	69	434	5,538	1,348
Increase (decrease) in trust, deposit, and escrow liabilities	-	130	-	-	-
Increase (decrease) in deferred inflows of resources	\$ 150	\$ 4,296	\$ -	\$ 50,000	\$ (703,506)

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

COMBINING STATEMENT OF CASH FLOWS

PROPRIETARY FUND PROGRAMS

FOR THE YEAR ENDED JUNE 30, 2020

	Lower Jefferson Avenue Development Program	Orcutt Senior Housing/ Ashe Manor	Orcutt Townhomes	Orcutt Townhomes III	Lofts on Jefferson
Cash flows from operating activities:					
Cash received from tenants/others	\$ -	\$ 161,614	\$ 117,655	\$ 90,359	\$ 101,728
Cash received for fees/services/donations	-	1,611	1,035	-	-
Cash operating grants received (net)	-	3	2	96,013	90
Cash transfers from (to) other funds and entities	-	342,735	131,563	(30,446)	60,113
Cash payments for goods, services, rental subsidies	-	(660,570)	(101,785)	(81,657)	(8,289)
Cash payments to/for employees and benefits	-	(95,356)	(60,311)	(39,953)	(19,466)
Cash payments in lieu of property taxes	-	(9,680)	-	-	(10,157)
Net cash provided by (used in) operating activities	<u>-</u>	<u>(259,643)</u>	<u>88,159</u>	<u>34,316</u>	<u>124,019</u>
Cash flows from capital and related financing activities:					
Purchase of equipment/capital assets	-	(20,163)	-	-	(40,917)
Loan principal payments	-	-	-	-	(12,562)
Interest payments	-	-	-	-	(21,605)
Net cash provided by (used in) capital and related financing activities	<u>-</u>	<u>(20,163)</u>	<u>-</u>	<u>-</u>	<u>(75,084)</u>
Cash flows from investing activities:					
Receipts of interest and dividends	-	360	336	290	25
Deposits (withdrawals) to/from reserve accounts	-	-	-	-	(8,125)
Net cash provided by (used in) investing activities	<u>-</u>	<u>360</u>	<u>336</u>	<u>290</u>	<u>(8,100)</u>
Net increase (decrease) in cash	-	(279,446)	88,495	34,606	40,835
Cash and equivalents at July 1, 2019	-	622,631	655,797	490,087	62,951
Cash and equivalents at June 30, 2020	<u>\$ -</u>	<u>\$ 343,185</u>	<u>\$ 744,292</u>	<u>\$ 524,693</u>	<u>\$ 103,786</u>
Reconciliation to statement of net position:					
Cash and cash equivalents - unrestricted	-	104,845	142,576	243,029	95,064
Cash and cash equivalents - restricted	-	238,340	601,716	281,664	8,722
	<u>\$ -</u>	<u>\$ 343,185</u>	<u>\$ 744,292</u>	<u>\$ 524,693</u>	<u>\$ 103,786</u>

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

COMBINING STATEMENT OF CASH FLOWS

PROPRIETARY FUND PROGRAMS

FOR THE YEAR ENDED JUNE 30, 2020

	Lower Jefferson Avenue Development Program	Orcutt Senior Housing/ Ashe Manor	Orcutt Townhomes	Orcutt Townhomes III	Lofts on Jefferson
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ -	\$ (931,664)	\$ (299,336)	\$ (157,048)	\$ (30,853)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Depreciation	-	208,055	192,203	183,860	57,012
Operating transfers	-	241,781	141,841	-	-
Change in assets and liabilities:					
Decrease (increase) in accounts receivable	-	(8,866)	(818)	(4,206)	(1,259)
Decrease (increase) in due from other funds/programs	-	32,890	30,771	1	-
Decrease (increase) in prepaid expenses and materials inventory	-	(920)	3,689	8,168	1,388
Decrease (increase) in deferred outflows of resources	-	69,397	13,054	13,411	28,440
Increase (decrease) in accounts payable	-	124,206	498	(9,536)	68,143
Increase (decrease) in due to other funds/programs	-	459	417	230	125
Increase (decrease) in accrued liabilities	-	991	764	501	250
Increase (decrease) in compensated absences	-	(200)	(2,498)	756	-
Increase (decrease) in trust, deposit, and escrow liabilities	-	4,228	7,574	(1,821)	773
Increase (decrease) in deferred inflows of resources	\$ -	\$ (259,643)	\$ 88,159	\$ 34,316	\$ 124,019

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

COMBINING STATEMENT OF CASH FLOWS

PROPRIETARY FUND PROGRAMS

FOR THE YEAR ENDED JUNE 30, 2020

	Oyster Point- Brighton	Cypress Terrace Eliminations	Lassiter Courts	Total	Eliminations	Proprietary Fund
Cash flows from operating activities:						
Cash received from tenants/others	\$ 528,249	\$ 177,654	\$ 112,061	\$ 4,160,096	\$ -	\$ 4,160,096
Cash received for fees/services/donations	86	36	116	285,239	-	285,239
Cash operating grants received (net)	872,924	444,157	317,619	35,177,670	-	35,177,670
Cash transfers from (to) other funds and entities	(184,859)	(157,056)	548,897	-	-	-
Cash payments for goods, services, rental subsidies	(622,702)	(290,501)	(330,262)	(30,836,267)	-	(30,836,267)
Cash payments to/for employees and benefits	(266,401)	(112,206)	(266,999)	(6,110,669)	-	(6,110,669)
Cash payments in lieu of property taxes	(96,138)	(48,730)	(17,905)	(299,543)	-	(299,543)
Net cash provided by (used in) operating activities	<u>231,159</u>	<u>13,354</u>	<u>363,527</u>	<u>2,376,526</u>	<u>-</u>	<u>2,376,526</u>
Cash flows from capital and related financing activities:						
Purchase of equipment/capital assets	(3,950)	-	(6,098,417)	(7,226,825)	-	(7,226,825)
Proceeds from issuing notes and other debt	-	-	4,853,916	4,853,916	(520,473)	4,333,443
Proceeds from sale of tax credits	562,000	250,000	3,200,000	4,012,000	-	4,012,000
Contributions received for capital outlays	-	-	-	554,737	-	554,737
Loan principal payments	(73,971)	(47,878)	(2,288,517)	(2,422,928)	-	(2,422,928)
Interest payments	(77,874)	(36,807)	(126,699)	(262,985)	-	(262,985)
Net cash provided by (used in) capital and related financing activities	<u>406,205</u>	<u>165,315</u>	<u>(459,717)</u>	<u>(492,085)</u>	<u>(520,473)</u>	<u>(1,012,558)</u>
Cash flows from noncapital financing activities:						
Loans made to borrowers	-	-	-	(1,189,059)	520,473	(668,586)
Receipt of interest on notes and loans	-	-	-	35,293	-	35,293
Loans payments received	-	-	-	449,320	-	449,320
Net cash provided by (used in) noncapital financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(704,446)</u>	<u>520,473</u>	<u>(183,973)</u>
Cash flows from investing activities:						
Receipts of interest and dividends	968	317	426	19,465	-	19,465
Deposits (withdrawals) to reserve accounts	(73,728)	(7,379)	-	(89,232)	-	(89,232)
Net cash provided by (used in) investing activities	<u>(72,760)</u>	<u>(7,062)</u>	<u>426</u>	<u>(69,767)</u>	<u>-</u>	<u>(69,767)</u>
Net increase (decrease) in cash	564,604	171,607	(95,764)	989,979	-	1,110,228
Cash and equivalents at July 1, 2019	589,659	132,967	258,751	16,062,885	-	16,062,885
Cash and equivalents at June 30, 2020	<u>\$ 1,154,263</u>	<u>\$ 304,574</u>	<u>\$ 162,987</u>	<u>\$ 17,052,864</u>	<u>\$ -</u>	<u>\$ 17,173,113</u>
Reconciliation to statement of net position:						
Cash and cash equivalents - unrestricted	551,698	50,207	141,210	12,246,547	-	12,246,547
Cash and cash equivalents - restricted	602,565	254,367	21,777	4,806,317	-	4,806,317
	<u>\$ 1,154,263</u>	<u>\$ 304,574</u>	<u>\$ 162,987</u>	<u>\$ 17,052,864</u>	<u>\$ -</u>	<u>\$ 17,052,864</u>

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

COMBINING STATEMENT OF CASH FLOWS

PROPRIETARY FUND PROGRAMS

FOR THE YEAR ENDED JUNE 30, 2020

	Oyster Point- Brighton	Cypress Terrace Eliminations	Lassiter Courts	Total	Eliminations	Proprietary Fund
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:						
Operating income (loss)	\$ (377,033)	\$ (216,269)	\$ (269,312)	\$ (1,579,073)	\$ -	\$ (1,579,073)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				-		
Depreciation	599,096	308,251	1,613	3,479,896	-	3,479,896
Other adjustments	-	-	16,440	9,953	-	9,953
Change in assets and liabilities:						
Decrease (increase) in accounts receivable	68,908	26,387	12,495	(226,291)	-	(226,291)
Decrease (increase) in due from other funds/programs	-	-	-	316,958	(316,958)	-
Decrease (increase) in notes and mortgages receivable	-	-	-	58,350	-	58,350
Decrease (increase) in prepaid expenses and materials inventory	21,348	10,853	(5,302)	25,039	-	25,039
Decrease (increase) in other assets	-	-	-	(16,619)	-	(16,619)
Decrease (increase) in deferred outflows of resources	4,161	(1,602)	4,940	(66,050)	-	(66,050)
Increase (decrease) in accounts payable	(76,982)	(110,434)	585,348	(316,958)	316,958	-
Increase (decrease) in due to other funds/programs	369	273	425	44,221	-	44,221
Increase (decrease) in accrued liabilities	(3,940)	(9,103)	825	50,036	-	50,036
Increase (decrease) in compensated absences	(8,138)	1,023	13,151	11,600	-	11,600
Increase (decrease) in trust, deposit, and escrow liabilities	3,370	3,975	2,904	389,592	-	389,592
Increase (decrease) in unearned revenues	-	-	-	(112,494)	-	(112,494)
Increase (decrease) in OPEB liabilities	-	-	-	188,117	-	188,117
Increase (decrease) in deferred inflows of resources	<u>\$ 231,159</u>	<u>\$ 13,354</u>	<u>\$ 363,527</u>	<u>\$ 2,256,277</u>	<u>\$ -</u>	<u>\$ 2,256,277</u>

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

SCHEDULE AND CERTIFICATION OF ACTUAL CAPITAL FUND PROGRAM COSTS

JUNE 30, 2020

CFP 501-16

Annual Contributions Contract P-5545

1. The Actual Capital Fund Program costs for Program Year 501-16 are as follows:

<u>Account</u>	<u>Budget</u>	<u>Amount</u>
Operations	\$ 263,517.00	\$ 263,517.00
Administration	263,517.00	263,517.00
Fees and costs	198,510.11	198,510.11
Dwelling structures	1,909,630.89	1,909,630.89
Total Cost	\$ 2,635,175.00	\$ 2,635,175.00

2. The distribution of costs by budget line as shown on the final Progress and Evaluation Report dated January 7, 2021 is in agreement with the Authority's records. The Actual Modernization Cost Certificate was submitted by the Authority on January 7, 2021.

3. All related costs have been paid and all related liabilities have been discharged through payment.

4. Costs incurred during the current period totaled \$356,969.35.

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

Funds advanced:	
Grants - HUD	\$ 2,635,175.00
Funds expended	2,635,175.00
Excess (deficiency) of funds advanced	\$ -

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

SCHEDULE OF CAPITAL FUND PROGRAM COSTS – UNCOMPLETED

JUNE 30, 2020

CFP 501-17

Annual Contributions Contract P-5545

1. The Actual Capital Fund Program costs for Program Year 501-17 are as follows:

<u>Account</u>	<u>Budget</u>	<u>Amount</u>
Operations	\$ 245,533.00	\$ 245,533.00
Management improvements	50,000.00	-
Administration	245,533.00	245,533.00
Fees and costs	-	76,241.20
General capital activity	1,914,266.00	143,124.36
Total Cost	\$ 2,455,332.00	\$ 710,431.56

2. Costs incurred during the current period totaled \$145,353.06.

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

Funds advanced:	
Grants - HUD	\$ 704,580.66
Funds expended	710,431.56
Excess (deficiency) of funds advanced	\$ (5,850.90)

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

STATEMENT AND CAPITAL FUND PROGRAM COSTS – UNCOMPLETED

JUNE 30, 2020

CFP 501-18

Annual Contributions Contract P-5545

1. The Actual Capital Fund Program costs for Program Year 501-18 are as follows:

<u>Account</u>	<u>Budget</u>	<u>Amount</u>
Operations	\$ 405,835.00	\$ 405,835.00
Management improvements	50,000.00	-
Administration	405,835.00	405,835.00
General capital activity	3,196,682.00	-
Total Cost	\$ 4,058,352.00	\$ 811,670.00

2. Costs incurred during the current period totaled \$405,835.00.

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

Funds advanced:	
Grants - HUD	\$ 811,670.00
Funds expended	811,670.00
Excess (deficiency) of funds advanced	\$ -

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

STATEMENT AND CAPITAL FUND PROGRAM COSTS – UNCOMPLETED

JUNE 30, 2020

CFP 501-19

Annual Contributions Contract P-5545

1. The Actual Capital Fund Program costs for Program Year 501-19 are as follows:

<u>Account</u>	<u>Budget</u>	<u>Amount</u>
Operations	\$ 407,413.00	\$ -
Management improvements	50,000.00	-
Administration	407,413.00	407,413.00
General capital activity	3,209,307.00	-
Total Cost	<u>\$ 4,074,133.00</u>	<u>\$ 407,413.00</u>

2. Costs incurred during the current period totaled \$407,413.00.

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

Funds advanced:	
Grants - HUD	\$ 407,413.00
Funds expended	407,413.00
Excess (deficiency) of funds advanced	<u>\$ -</u>

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

STATEMENT AND CAPITAL FUND PROGRAM COSTS – UNCOMPLETED

JUNE 30, 2020

CFP R501-17

Annual Contributions Contract P-5545

1. The Actual Capital Fund Program costs for Program Year R501-17 are as follows:

<u>Account</u>	<u>Budget</u>	<u>Amount</u>
Development activity	\$ 100,000.00	\$ 6,000.00
RAD investment activity	57,907.00	57,907.00
Total Cost	\$ 157,907.00	\$ 63,907.00

2. No costs were examined during the current period.

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

Funds advanced:	
Grants - HUD	\$ 59,307.00
Funds expended	63,907.00
Excess (deficiency) of funds advanced	\$ (4,600.00)

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

FEDERAL FINANCIAL REPORT

JUNE 30, 2020

VA003RPS077A015

Federal Cash:

a. Cumulative federal cash received	\$	365,367.48
b. Cumulative federal cash disbursements		365,367.48
		<hr/>
c. Cash on hand	\$	-
		<hr/> <hr/>

Federal Expenditures and Unobligated Balance:

d. Total federal funds authorized	\$	385,932.00
		<hr/>
e. Federal share of expenditures		365,367.48
f. Federal share of unliquidated obligations		-
		<hr/>
g. Total federal share		365,367.48
		<hr/>
h. Unobligated balance of federal funds	\$	20,564.52
		<hr/> <hr/>

Recipient Share:

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

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		-
		<hr/>
o. Unexpended program income	\$	-
		<hr/> <hr/>

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

FEDERAL FINANCIAL REPORT

JUNE 30, 2020

ROSS191251

Federal Cash:

a. Cumulative federal cash received	\$	-
b. Cumulative federal cash disbursements		162,366.97
c. Cash on hand	\$	<u>(162,366.97)</u>

Federal Expenditures and Unobligated Balance:

d. Total federal funds authorized	\$	<u>382,944.00</u>
e. Federal share of expenditures		162,366.97
f. Federal share of unliquidated obligations		<u>-</u>
g. Total federal share		<u>162,366.97</u>
h. Unobligated balance of federal funds	\$	<u>220,577.03</u>

Recipient Share:

i. Total recipient share required	\$	-
j. Recipient share of expenditures		<u>-</u>
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		<u>-</u>
o. Unexpended program income	\$	<u>-</u>

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

FEDERAL FINANCIAL REPORT

JUNE 30, 2020

FSS18VA2152

Federal Cash:

a. Cumulative federal cash received	\$	116,928.86
b. Cumulative federal cash disbursements		140,373.16
c. Cash on hand	\$	(23,444.30)

Federal Expenditures and Unobligated Balance:

d. Total federal funds authorized	\$	148,068.00
e. Federal share of expenditures		140,373.16
f. Federal share of unliquidated obligations		-
g. Total federal share		140,373.16
h. Unobligated balance of federal funds	\$	7,694.84

Recipient Share:

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

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	\$	-

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

FEDERAL FINANCIAL REPORT

JUNE 30, 2020

FSS20VA2874

Federal Cash:

a. Cumulative federal cash received	\$	-
b. Cumulative federal cash disbursements		57,588.70
c. Cash on hand	\$	<u>(57,588.70)</u>

Federal Expenditures and Unobligated Balance:

d. Total federal funds authorized	\$	<u>168,047.00</u>
e. Federal share of expenditures		57,588.70
f. Federal share of unliquidated obligations		<u>-</u>
g. Total federal share		<u>57,588.70</u>
h. Unobligated balance of federal funds	\$	<u>110,458.30</u>

Recipient Share:

i. Total recipient share required	\$	-
j. Recipient share of expenditures		<u>-</u>
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		<u>-</u>
o. Unexpended program income	\$	<u>-</u>

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY (VA003)
NEWPORT NEWS, VIRGINIA

ENTITY-WIDE BALANCE SHEET SUMMARY

SUBMISSION TYPE: AUDITED/SINGLE AUDIT FISCAL YEAR ENDED: JUNE 30, 2020

	Project Total	14.218 Community Development Block Grants/Entitlement Grants	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	14.896 PIH Family Self-Sufficiency Program	14.182 N/C S/R Section 8 Programs	1 Business Activities	2 State/Local	14.267 Continuum of Care Program	14.879 Mainstream Vouchers
111 Cash - Unrestricted	\$ 2,803,553	\$ 771,593	\$ 6,448	\$ 1,328,629		\$ 263,664	\$ 2,671,857			\$ 472
112 Cash - Restricted - Modernization and Development	\$ 6,459									
113 Cash - Other Restricted	\$ 98,020		\$ 172,644	\$ 1,911,853						\$ 48,612
114 Cash - Tenant Security Deposits	\$ 87,000		\$ 27,525	\$ 97,299		\$ 3,315				
115 Cash - Restricted for Payment of Current Liabilities										
100 Total Cash	\$ 2,995,032	\$ 771,593	\$ 206,617	\$ 3,337,781	\$ -	\$ 266,979	\$ 2,671,857	\$ -	\$ -	\$ 49,084
121 Accounts Receivable - PHA Projects										
122 Accounts Receivable - HUD Other Projects	\$ 10,450			\$ 15,924	\$ 81,033				\$ 39,294	\$ 18,062
124 Accounts Receivable - Other Government	\$ 154,283			\$ 30,850			\$ 6,782	\$ 45,104		
125 Accounts Receivable - Miscellaneous		\$ 1,164	\$ 1,671				\$ 5,530			\$ 2,772
126 Accounts Receivable - Tenants	\$ 52,554		\$ 7,333	\$ 115,333		\$ 439				
126.1 Allowance for Doubtful Accounts - Tenants	\$ (12,222)		\$ -	\$ (24,478)		\$ (115)				
126.2 Allowance for Doubtful Accounts - Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
127 Notes, Loans, & Mortgages Receivable - Current										
128 Fraud Recovery										
128.1 Allowance for Doubtful Accounts - Fraud										
129 Accrued Interest Receivable							\$ 12,150			
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$ 205,065	\$ 1,164	\$ 9,004	\$ 137,629	\$ 81,033	\$ 324	\$ 24,462	\$ 45,104	\$ 39,294	\$ 20,834
131 Investments - Unrestricted	\$ 3,459,253					\$ 200,188	\$ 500,912			
132 Investments - Restricted			\$ 41,051	\$ 279,299						
135 Investments - Restricted for Payment of Current Liability										
142 Prepaid Expenses and Other Assets	\$ 12,793		\$ 19,345	\$ 101,588		\$ 403	\$ 466	\$ 295		
143 Inventories										
143.1 Allowance for Obsolete Inventories										
144 Inter Program Due From							\$ 1,060,714			
145 Assets Held for Sale										
150 Total Current Assets	\$ 6,672,143	\$ 772,757	\$ 276,017	\$ 3,856,297	\$ 81,033	\$ 467,894	\$ 4,258,411	\$ 45,399	\$ 39,294	\$ 69,918
161 Land	\$ 2,487,127		\$ 252,300	\$ 4,202,394		\$ 17,201	\$ 139,100			
162 Buildings	\$ 66,486,487		\$ 6,838,539	\$ 39,644,198		\$ 332,094	\$ 1,118,624			
163 Furniture, Equipment & Machinery - Dwellings	\$ 106,934			\$ 484,601		\$ 11,975				
164 Furniture, Equipment & Machinery - Administration	\$ 937,569	\$ 100,722	\$ 199,656	\$ 343,999			\$ 12,036	\$ 17,227		
165 Leasehold Improvements	\$ 5,839,782		\$ 632,694	\$ 4,193,181		\$ 57,657	\$ 196,992			
166 Accumulated Depreciation	\$ (53,269,784)	\$ (92,148)	\$ (1,181,296)	\$ (10,310,403)		\$ (316,889)	\$ (760,301)	\$ (14,643)		
167 Construction in Progress	\$ 58,483			\$ 10,592,709			\$ 373,304			
168 Infrastructure										
160 Total Capital Assets, Net of Accumulated Depreciation	\$ 22,646,598	\$ 8,574	\$ 6,741,893	\$ 49,150,679	\$ -	\$ 102,038	\$ 1,079,755	\$ 2,584	\$ -	\$ -
171 Notes, Loans and Mortgages Receivable - Noncurrent	\$ 17,337,977	\$ 2,673,797					\$ 1,679,607			
172 Notes, Loans, & Mortgages Receivable - Noncurrent - Past Due										
173 Grants Receivable - Noncurrent										
174 Other Assets				\$ 375,858			\$ 1,139,498			
176 Investments in Joint Ventures							\$ -			
180 Total Noncurrent Assets	\$ 39,984,575	\$ 2,682,371	\$ 6,741,893	\$ 49,526,537	\$ -	\$ 102,038	\$ 3,898,860	\$ 2,584	\$ -	\$ -
200 Deferred Outflow of Resources										
290 Total Assets and Deferred Outflow of Resources	\$ 46,656,718	\$ 3,455,128	\$ 7,017,910	\$ 53,382,834	\$ 81,033	\$ 569,932	\$ 8,157,271	\$ 47,983	\$ 39,294	\$ 69,918

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY (VA003)
NEWPORT NEWS, VIRGINIA

ENTITY-WIDE BALANCE SHEET SUMMARY

SUBMISSION TYPE: AUDITED/SINGLE AUDIT

FISCAL YEAR ENDED: JUNE 30, 2020

	14.239 HOME Investment Partnerships Program	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and Supportive Services	14.889 Choice Neighborhoods Implementation Grants	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	14.MSC Mainstream CARES Act Funding	14.HCC HCV CARES Act Funding	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$ 102,767	\$ 1,838,883	\$ 150		\$ 301,548			\$ 2,163,250	\$ 12,252,814		\$ 12,252,814
112 Cash - Restricted - Modernization and Development									\$ 6,459		\$ 6,459
113 Cash - Other Restricted	\$ 1,389,191	\$ 793,969				\$ 1,906	\$ 367,624		\$ 4,783,819		\$ 4,783,819
114 Cash - Tenant Security Deposits		\$ 1,250							\$ 216,389		\$ 216,389
115 Cash - Restricted for Payment of Current Liabilities		\$ -							\$ -		\$ -
100 Total Cash	\$ 1,491,958	\$ 2,634,102	\$ 150	\$ -	\$ 301,548	\$ 1,906	\$ 367,624	\$ 2,163,250	\$ 17,259,481	\$ -	\$ 17,259,481
121 Accounts Receivable - PHA Projects											
122 Accounts Receivable - HUD Other Projects		\$ 1,024	\$ 162,367	\$ 315,567					\$ 643,721		\$ 643,721
124 Accounts Receivable - Other Government	\$ 100,000			\$ 23,187				\$ 52,000	\$ 412,206		\$ 412,206
125 Accounts Receivable - Miscellaneous	\$ 51,010	\$ 176,718						\$ 195,095	\$ 433,960		\$ 433,960
126 Accounts Receivable - Tenants									\$ 175,659		\$ 175,659
126.1 Allowance for Doubtful Accounts - Tenants									\$ (36,815)		\$ (36,815)
126.2 Allowance for Doubtful Accounts - Other	\$ -	\$ -	\$ -	\$ -				\$ -	\$ -		\$ -
127 Notes, Loans, & Mortgages Receivable - Current											
128 Fraud Recovery		\$ 246,719							\$ 246,719		\$ 246,719
128.1 Allowance for Doubtful Accounts - Fraud		\$ (246,719)							\$ (246,719)		\$ (246,719)
129 Accrued Interest Receivable									\$ 12,150		\$ 12,150
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$ 151,010	\$ 177,742	\$ 162,367	\$ 338,754	\$ -	\$ -	\$ -	\$ 247,095	\$ 1,640,881	\$ -	\$ 1,640,881
131 Investments - Unrestricted								\$ 110,203	\$ 4,270,556		\$ 4,270,556
132 Investments - Restricted									\$ 320,350		\$ 320,350
135 Investments - Restricted for Payment of Current Liability											
142 Prepaid Expenses and Other Assets	\$ 131	\$ 6,174						\$ 19,126	\$ 160,321		\$ 160,321
143 Inventories								\$ 28,183	\$ 28,183		\$ 28,183
143.1 Allowance for Obsolete Inventories								\$ -	\$ -		\$ -
144 Inter Program Due From		\$ 2,219		\$ 510				\$ 2,135,476	\$ 3,198,919	\$ (3,198,919)	\$ -
145 Assets Held for Sale											
150 Total Current Assets	\$ 1,643,099	\$ 2,820,237	\$ 162,517	\$ 339,264	\$ 301,548	\$ 1,906	\$ 367,624	\$ 4,703,333	\$ 26,878,691	\$ (3,198,919)	\$ 23,679,772
161 Land		\$ 32,000							\$ 7,130,122		\$ 7,130,122
162 Buildings		\$ 634,667							\$ 115,054,609		\$ 115,054,609
163 Furniture, Equipment & Machinery - Dwellings									\$ 603,510		\$ 603,510
164 Furniture, Equipment & Machinery - Administration	\$ 25,190	\$ 186,963						\$ 1,152,963	\$ 2,976,325		\$ 2,976,325
165 Leasehold Improvements		\$ 7,775							\$ 10,928,081		\$ 10,928,081
166 Accumulated Depreciation	\$ (25,190)	\$ (782,100)						\$ (1,037,251)	\$ (67,790,005)		\$ (67,790,005)
167 Construction in Progress				\$ 550,000					\$ 11,574,496		\$ 11,574,496
168 Infrastructure											
160 Total Capital Assets, Net of Accumulated Depreciation	\$ -	\$ 79,305	\$ -	\$ 550,000	\$ -	\$ -	\$ -	\$ 115,712	\$ 80,477,138	\$ -	\$ 80,477,138
171 Notes, Loans and Mortgages Receivable - Noncurrent	\$ 7,826,879							\$ 1,473,746	\$ 30,992,006	\$ (21,859,508)	\$ 9,132,498
172 Notes, Loans, & Mortgages Receivable - Noncurrent - Past Due											
173 Grants Receivable - Noncurrent											
174 Other Assets									\$ 1,515,356	\$ (100,000)	\$ 1,415,356
176 Investments in Joint Ventures									\$ -		\$ -
180 Total Noncurrent Assets	\$ 7,826,879	\$ 79,305	\$ -	\$ 550,000	\$ -	\$ -	\$ -	\$ 1,589,458	\$ 112,984,500	\$ (21,959,508)	\$ 91,024,992
200 Deferred Outflow of Resources								\$ 63,919	\$ 63,919		\$ 63,919
290 Total Assets and Deferred Outflow of Resources	\$ 9,469,978	\$ 2,899,542	\$ 162,517	\$ 889,264	\$ 301,548	\$ 1,906	\$ 367,624	\$ 6,356,710	\$ 139,927,110	\$ (25,158,427)	\$ 114,768,683

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY (VA003)
NEWPORT NEWS, VIRGINIA

ENTITY-WIDE BALANCE SHEET SUMMARY

SUBMISSION TYPE: AUDITED/SINGLE AUDIT FISCAL YEAR ENDED: JUNE 30, 2020

	Project Total	14.218 Community Development Block Grants/Entitlement Grants	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	14.896 PIH Family Self-Sufficiency Program	14.182 N/C S/R Section 8 Programs	1 Business Activities	2 State/Local	14.267 Continuum of Care Program	14.879 Mainstream Vouchers
311 Bank Overdraft										
312 Accounts Payable <= 90 Days	\$ 61,144	\$ 14,050	\$ 42,008	\$ 450,497		\$ 573	\$ 20,189	\$ 5,163	\$ 39,294	\$ 8,323
313 Accounts Payable >90 Days Past Due										
321 Accrued Wage/Payroll Taxes Payable	\$ 32,522	\$ 3,663	\$ 39,685	\$ 10,291	\$ 2,373	\$ 336	\$ 1,765	\$ 907		
322 Accrued Compensated Absences - Current Portion	\$ 1,268			\$ 304			\$ 1,818			
324 Accrued Contingency Liability										
325 Accrued Interest Payable			\$ 14,703	\$ 11,246						
331 Accounts Payable - HUD PHA Programs										
332 Account Payable - PHA Projects										
333 Accounts Payable - Other Government	\$ 47,591			\$ 83,618						\$ 445
341 Tenant Security Deposits	\$ 87,000		\$ 27,545	\$ 97,299		\$ 3,315				
342 Unearned Revenue	\$ 34,299		\$ 7,936	\$ 35,227		\$ 154				
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue			\$ 67,001	\$ 3,882,172						
344 Current Portion of Long-term Debt - Operating Borrowings										
345 Other Current Liabilities			\$ 38,538	\$ 6,263						
346 Accrued Liabilities - Other	\$ 171,146			\$ 32,541		\$ 1,575				
347 Inter Program - Due To	\$ 611,745	\$ 3,099		\$ 1,453,405	\$ 78,660	\$ 1,436	\$ 47,648	\$ 48,800		\$ 2,219
348 Loan Liability - Current										
310 Total Current Liabilities	\$ 1,046,715	\$ 20,812	\$ 237,416	\$ 6,062,863	\$ 81,033	\$ 7,389	\$ 71,420	\$ 54,870	\$ 39,294	\$ 10,987
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue			\$ 1,273,697	\$ 27,986,321						
352 Long-term Debt, Net of Current - Operating Borrowings										
353 Noncurrent Liabilities - Other	\$ 98,020		\$ 19,189	\$ 1,399,603						
354 Accrued Compensated Absences - Noncurrent	\$ 101,150	\$ 6,418		\$ 31,240		\$ 2,260	\$ 6,895	\$ 5,657		
355 Loan Liability - Noncurrent										
356 FASB 5 Liabilities										
357 Accrued Pension and OPEB Liabilities										
350 Total Noncurrent Liabilities	\$ 199,170	\$ 6,418	\$ 1,292,886	\$ 29,417,164	\$ -	\$ 2,260	\$ 6,895	\$ 5,657	\$ -	\$ -
300 Total Liabilities	\$ 1,245,885	\$ 27,230	\$ 1,530,302	\$ 35,480,027	\$ 81,033	\$ 9,649	\$ 78,315	\$ 60,527	\$ 39,294	\$ 10,987
400 Deferred Inflow of Resources	\$ 121,678									
508.3 Nonspendable Fund Balance										
508.4 Net Investment in Capital Assets	\$ 22,646,598	\$ 8,574	\$ 5,401,196	\$ 17,282,186		\$ 102,039	\$ 1,079,755	\$ 2,584		
509.3 Restricted Fund Balance										
510.3 Committed Fund Balance										
511.3 Assigned Fund Balance										
511.4 Restricted Net Position	\$ 6,459	\$ 3,419,324	\$ 213,695	\$ 2,190,437						\$ 48,612
512.3 Unassigned Fund Balance										
512.4 Unrestricted Net Position	\$ 22,636,098	\$ -	\$ (127,283)	\$ (1,569,816)	\$ -	\$ 458,244	\$ 6,999,201	\$ (15,128)	\$ -	\$ 10,319
513 Total Equity - Net Assets / Position	\$ 45,289,155	\$ 3,427,898	\$ 5,487,608	\$ 17,902,807	\$ -	\$ 560,283	\$ 8,078,956	\$ (12,544)	\$ -	\$ 58,931
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$ 46,656,718	\$ 3,455,128	\$ 7,017,910	\$ 53,382,834	\$ 81,033	\$ 569,932	\$ 8,157,271	\$ 47,983	\$ 39,294	\$ 69,918

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY (VA003)
NEWPORT NEWS, VIRGINIA

ENTITY-WIDE BALANCE SHEET SUMMARY

SUBMISSION TYPE: AUDITED/SINGLE AUDIT FISCAL YEAR ENDED: JUNE 30, 2020

		14.239 HOME Investment Partnerships Program	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and Supportive Services	14.889 Choice Neighborhoods Implementation Grants	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	14.MSC Mainstream CARES Act Funding	14.HCC HCV CARES Act Funding	COCC	Subtotal	ELIM	Total		
311 Bank Overdraft														
312 Accounts Payable <= 90 Days		\$ 3,804	\$ 27,437		\$ 218,706	\$ 53				\$ 891,241		\$ 891,241		
313 Accounts Payable >90 Days Past Due									\$ 21,682	\$ 21,682		\$ 21,682		
321 Accrued Wage/Payroll Taxes Payable		\$ 924	\$ 14,296	\$ 3,230	\$ 2,766				\$ 40,608	\$ 153,366		\$ 153,366		
322 Accrued Compensated Absences - Current Portion										\$ 3,390		\$ 3,390		
324 Accrued Contingency Liability														
325 Accrued Interest Payable										\$ 25,949		\$ 25,949		
331 Accounts Payable - HUD PHA Programs						\$ 39,289				\$ 39,289		\$ 39,289		
332 Account Payable - PHA Projects			\$ 19,426							\$ 19,426		\$ 19,426		
333 Accounts Payable - Other Government			\$ 342			\$ 1,044				\$ 133,040		\$ 133,040		
341 Tenant Security Deposits			\$ 1,250							\$ 216,409		\$ 216,409		
342 Unearned Revenue							\$ 1,906	\$ 367,624		\$ 447,146		\$ 447,146		
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue										\$ 3,949,173		\$ 3,949,173		
344 Current Portion of Long-term Debt - Operating Borrowings														
345 Other Current Liabilities									\$ 3,201	\$ 48,002		\$ 48,002		
346 Accrued Liabilities - Other			\$ 454						\$ 62,374	\$ 268,090		\$ 268,090		
347 Inter Program - Due To		\$ 116,572	\$ 22,117	\$ 159,287	\$ 112,254				\$ 541,677	\$ 3,198,919	\$ (3,198,919)	\$ -		
348 Loan Liability - Current														
310 Total Current Liabilities		\$ 121,300	\$ 85,322	\$ 162,517	\$ 333,726	\$ 40,386	\$ 1,906	\$ 367,624	\$ 669,542	\$ 9,415,122	\$ (3,198,919)	\$ 6,216,203		
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue										\$ 29,260,018	\$ (20,460,620)	\$ 8,799,398		
352 Long-term Debt, Net of Current - Operating Borrowings														
353 Noncurrent Liabilities - Other		\$ 9,626	\$ 106,615							\$ 1,633,053	\$ (1,398,888)	\$ 234,165		
354 Accrued Compensated Absences - Noncurrent		\$ 6,931	\$ 74,053		\$ 5,538				\$ 214,988	\$ 455,130		\$ 455,130		
355 Loan Liability - Noncurrent														
356 FASB 5 Liabilities														
357 Accrued Pension and OPEB Liabilities									\$ 2,827	\$ 2,827		\$ 2,827		
350 Total Noncurrent Liabilities		\$ 16,557	\$ 180,668	\$ -	\$ 5,538	\$ -	\$ -	\$ -	\$ 217,815	\$ 31,351,028	\$ (21,859,508)	\$ 9,491,520		
300 Total Liabilities		\$ 137,857	\$ 265,990	\$ 162,517	\$ 339,264	\$ 40,386	\$ 1,906	\$ 367,624	\$ 887,357	\$ 40,766,150	\$ (25,058,427)	\$ 15,707,723		
400 Deferred Inflow of Resources									\$ 92,768	\$ 214,446		\$ 214,446		
508.3 Nonspendable Fund Balance														
508.4 Net Investment in Capital Assets			\$ 79,305		\$ 550,000				\$ 115,712	\$ 47,267,949	\$ 20,460,620	\$ 67,728,569		
509.3 Restricted Fund Balance														
510.3 Committed Fund Balance														
511.3 Assigned Fund Balance														
511.4 Restricted Net Position		\$ 9,332,121	\$ 687,173							\$ 15,897,821		\$ 15,897,821		
512.3 Unassigned Fund Balance														
512.4 Unrestricted Net Position		\$ -	\$ 1,867,074	\$ -	\$ -	\$ 261,162	\$ -	\$ -	\$ 5,260,873	\$ 35,780,744	\$ (20,560,620)	\$ 15,220,124		
513 Total Equity - Net Assets / Position		\$ 9,332,121	\$ 2,633,552	\$ -	\$ 550,000	\$ 261,162	\$ -	\$ -	\$ 5,376,585	\$ 98,946,514	\$ (100,000)	\$ 98,846,514		
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net		\$ 9,469,978	\$ 2,899,542	\$ 162,517	\$ 889,264	\$ 301,548	\$ 1,906	\$ 367,624	\$ 6,356,710	\$ 139,927,110	\$ (25,158,427)	\$ 114,768,683		

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY (VA003)
NEWPORT NEWS, VIRGINIA

ENTITY-WIDE REVENUE AND EXPENSE SUMMARY

SUBMISSION TYPE: AUDITED/SINGLE AUDIT FISCAL YEAR ENDED: JUNE 30, 2020

	Project Total	14.218 Community Development Block Grants/Entitlement Grants	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	14.896 PIH Family Self-Sufficiency Program	14.182 N/C S/R Section 8 Programs	1 Business Activities	2 State/Local	14.267 Continuum of Care Program	14.879 Mainstream Vouchers
70300 Net Tenant Rental Revenue	\$ 2,416,144		\$ 370,400	\$ 1,297,437		\$ 31,274				
70400 Tenant Revenue - Other	\$ 70,275		\$ 8,927	\$ 14,883						
70500 Total Tenant Revenue	\$ 2,486,419	\$ -	\$ 379,327	\$ 1,312,320	\$ -	\$ 31,274	\$ -	\$ -	\$ -	
70600 HUD PHA Operating Grants	\$ 5,693,840			\$ 1,507,497	\$ 160,270				\$ 112,287	\$ 448,901
70610 Capital Grants	\$ 44,609									
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	\$ 51,109	\$ 1,365,234		\$ 86,387		\$ 53,196	\$ 14,239	\$ 385,627		
71100 Investment Income - Unrestricted	\$ 67,395			\$ 2,274		\$ 958	\$ 11,497			\$ 26
71200 Mortgage Interest Income	\$ 187,687	\$ 23,560					\$ 53,640			
71300 Proceeds from Disposition of Assets Held for Sale										
71310 Cost of Sale of Assets										
71400 Fraud Recovery										
71500 Other Revenue	\$ 91,513	\$ 3,608		\$ 4,073,431			\$ 209,666			
71600 Gain or Loss on Sale of Capital Assets										
72000 Investment Income - Restricted			\$ 650	\$ 2,426						
70000 Total Revenue	\$ 8,622,572	\$ 1,392,402	\$ 379,977	\$ 6,984,335	\$ 160,270	\$ 85,428	\$ 289,042	\$ 385,627	\$ 112,287	\$ 448,927
91100 Administrative Salaries	\$ 700,059	\$ 57,963	\$ 19,154	\$ 384,355		\$ 6,840	\$ 110,159	\$ 65,401		\$ 11,638
91200 Auditing Fees	\$ 26,231		\$ 4,825	\$ 24,212		\$ 825	\$ 413			\$ 691
91300 Management Fee	\$ 1,257,108	\$ 259,486	\$ 25,260	\$ 255,577		\$ 3,663	\$ 20,649	\$ 29,000	\$ 3,543	\$ 4,848
91310 Book-keeping Fee	\$ 92,363		\$ 2,400	\$ 44,715						\$ 3,030
91400 Advertising and Marketing	\$ 4,511		\$ 1,068	\$ 2,729				\$ 335		\$ 34
91500 Employee Benefit contributions - Administrative	\$ 243,261	\$ 40,474	\$ 5,904	\$ 130,862		\$ 1,517	\$ 12,897	\$ 13,319		\$ 3,690
91600 Office Expenses	\$ 173,123		\$ 14,041	\$ 67,331		\$ 166	\$ 8,512	\$ 6,769		\$ 3,104
91700 Legal Expense	\$ 23,659			\$ 2,360						\$ 258
91800 Travel	\$ 8,576		\$ 1,638	\$ 6,939		\$ 83	\$ 9,537	\$ 351		\$ 14
91810 Allocated Overhead										
91900 Other	\$ 77,615	\$ 1,231	\$ 3,139	\$ 59,620		\$ 1,216	\$ 17,715	\$ 229	\$ 3,543	\$ 1,602
91000 Total Operating - Administrative	\$ 2,606,506	\$ 359,154	\$ 77,429	\$ 978,700	\$ -	\$ 14,310	\$ 179,882	\$ 115,404	\$ 7,086	\$ 28,909
92000 Asset Management Fee	\$ 126,960			\$ 10,800						
92100 Tenant Services - Salaries	\$ 155,115			\$ 8,468	\$ 128,221					
92200 Relocation Costs	\$ 12,120			\$ 429,779						
92300 Employee Benefit Contributions - Tenant Services	\$ 55,045			\$ 3,169	\$ 32,049					
92400 Tenant Services - Other	\$ 13,510		\$ 128	\$ 3,663			\$ 10,000		\$ 12,657	\$ 13
92500 Total Tenant Services	\$ 235,790	\$ -	\$ 128	\$ 445,079	\$ 160,270	\$ -	\$ 10,000	\$ -	\$ 12,657	\$ 13

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY (VA003)
NEWPORT NEWS, VIRGINIA

ENTITY-WIDE REVENUE AND EXPENSE SUMMARY

SUBMISSION TYPE: AUDITED/SINGLE AUDIT FISCAL YEAR ENDED: JUNE 30, 2020

	14.239 HOME Investment Partnerships Program	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and Supportive Services	14.889 Choice Neighborhoods Implementation Grants	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	14.MSC Mainstream CARES Act Funding	14.HCC HCV CARES Act Funding	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue									\$ 4,115,255		\$ 4,115,255
70400 Tenant Revenue - Other									\$ 94,085		\$ 94,085
70500 Total Tenant Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,209,340	\$ -	\$ 4,209,340
70600 HUD PHA Operating Grants		\$ 22,853,013	\$ 102,807	\$ 727,934	\$ 491,001				\$ 32,097,550		\$ 32,097,550
70610 Capital Grants				\$ 500,000					\$ 544,609		\$ 544,609
70710 Management Fee								\$ 2,293,330	\$ 2,293,330	\$ (2,293,330)	\$ -
70720 Asset Management Fee								\$ 137,760	\$ 137,760	\$ (137,760)	\$ -
70730 Book Keeping Fee								\$ 376,643	\$ 376,643	\$ (376,643)	\$ -
70740 Front Line Service Fee								\$ 32,782	\$ 32,782	\$ (32,013)	\$ 769
70750 Other Fees								\$ 64,661	\$ 64,661		\$ 64,661
70700 Total Fee Revenue								\$ 2,905,176	\$ 2,905,176	\$ (2,839,746)	\$ 65,430
70800 Other Government Grants	\$ 647,408	\$ 132						\$ 58,269	\$ 2,661,601		\$ 2,661,601
71100 Investment Income - Unrestricted	\$ 705	\$ 6,973			\$ 218			\$ 4,375	\$ 94,421		\$ 94,421
71200 Mortgage Interest Income	\$ 11,733								\$ 276,620	\$ (239,527)	\$ 37,093
71300 Proceeds from Disposition of Assets Held for Sale											
71310 Cost of Sale of Assets											
71400 Fraud Recovery		\$ 14,240							\$ 14,240		\$ 14,240
71500 Other Revenue	\$ 2,579	\$ 215,864							\$ 4,596,661		\$ 4,596,661
71600 Gain or Loss on Sale of Capital Assets								\$ (583)	\$ (583)		\$ (583)
72000 Investment Income - Restricted									\$ 3,076		\$ 3,076
70000 Total Revenue	\$ 662,425	\$ 23,090,222	\$ 102,807	\$ 1,227,934	\$ 491,219	\$ -	\$ -	\$ 2,967,237	\$ 47,402,711	\$ (3,079,273)	\$ 44,323,438
91100 Administrative Salaries	\$ 39,846	\$ 553,708		\$ 80,886	\$ 19,475			\$ 1,532,034	\$ 3,581,518		\$ 3,581,518
91200 Auditing Fees		\$ 32,807			\$ 1,154			\$ 8,250	\$ 99,408		\$ 99,408
91300 Management Fee	\$ 36,000	\$ 365,784		\$ 45,000	\$ 12,672				\$ 2,318,590	\$ (2,293,330)	\$ 25,260
91310 Book-keeping Fee		\$ 228,615			\$ 7,920				\$ 379,043	\$ (376,643)	\$ 2,400
91400 Advertising and Marketing		\$ 1,637		\$ 2,700	\$ 58			\$ 10,210	\$ 23,282		\$ 23,282
91500 Employee Benefit contributions - Administrative	\$ 8,173	\$ 175,566		\$ 21,398	\$ 6,175			\$ 432,683	\$ 1,095,919		\$ 1,095,919
91600 Office Expenses	\$ 2,751	\$ 146,127		\$ 5,250	\$ 5,195			\$ 249,155	\$ 681,524		\$ 681,524
91700 Legal Expense		\$ 12,294			\$ 432			\$ 14,498	\$ 53,501		\$ 53,501
91800 Travel		\$ 659		\$ 4,120	\$ 23			\$ 9,946	\$ 41,886		\$ 41,886
91810 Allocated Overhead											
91900 Other	\$ 400	\$ 112,294		\$ 90	\$ 2,682			\$ 84,845	\$ 366,221		\$ 366,221
91000 Total Operating - Administrative	\$ 87,170	\$ 1,629,491	\$ -	\$ 159,444	\$ 55,786	\$ -	\$ -	\$ 2,341,621	\$ 8,640,892	\$ (2,669,973)	\$ 5,970,919
92000 Asset Management Fee									\$ 137,760	\$ (137,760)	\$ -
92100 Tenant Services - Salaries			\$ 87,878						\$ 379,682		\$ 379,682
92200 Relocation Costs				\$ 28,309					\$ 470,208		\$ 470,208
92300 Employee Benefit Contributions - Tenant Services			\$ 33,647						\$ 123,910		\$ 123,910
92400 Tenant Services - Other		\$ 770	\$ 1,847	\$ 532,715	\$ 22			\$ 29,625	\$ 604,950		\$ 604,950
92500 Total Tenant Services	\$ -	\$ 770	\$ 123,372	\$ 561,024	\$ 22	\$ -	\$ -	\$ 29,625	\$ 1,578,750	\$ -	\$ 1,578,750

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY (VA003)
NEWPORT NEWS, VIRGINIA

ENTITY-WIDE REVENUE AND EXPENSE SUMMARY

SUBMISSION TYPE: AUDITED/SINGLE AUDIT

FISCAL YEAR ENDED: JUNE 30, 2020

	Project Total	14.218 Community Development Block Grants/Entitlement Grants	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	14.896 PIH Family Self-Sufficiency Program	14.182 N/C S/R Section 8 Programs	1 Business Activities	2 State/Local	14.267 Continuum of Care Program	14.879 Mainstream Vouchers
93100 Water	\$ 374,014		\$ 26,803	\$ 102,669		\$ 2,636	\$ 708	\$ 391		\$ 4
93200 Electricity	\$ 567,727		\$ 13,747	\$ 107,566		\$ 11,896	\$ 13,091	\$ 758		\$ 75
93300 Gas	\$ 106,555			\$ 19,221						\$ 15
93400 Fuel										
93500 Labor										
93600 Sewer	\$ 936,974		\$ 61,283	\$ 263,820		\$ 6,945	\$ 1,738			\$ 11
93700 Employee Benefit Contributions - Utilities										
93800 Other Utilities Expense										
93000 Total Utilities	\$ 1,985,270	\$ -	\$ 101,833	\$ 493,276	\$ -	\$ 21,477	\$ 15,537	\$ 1,149	\$ -	\$ 105
94100 Ordinary Maintenance and Operations - Labor	\$ 494,193		\$ 30,783	\$ 236,405		\$ 6,283	\$ 200			\$ 2
94200 Ordinary Maintenance and Operations - Materials and Other	\$ 385,718		\$ 13,755	\$ 176,281		\$ 2,123	\$ 460			\$ 66
94300 Ordinary Maintenance and Operations Contracts	\$ 885,445		\$ 62,217	\$ 533,108		\$ 11,436	\$ 33,114	\$ 250,416		\$ 212
94500 Employee Benefit Contributions - Ordinary Maintenance	\$ 171,982			\$ 83,873		\$ 2,698	\$ 50			
94000 Total Maintenance	\$ 1,937,338	\$ -	\$ 106,755	\$ 1,029,667	\$ -	\$ 22,540	\$ 33,824	\$ 250,416	\$ -	\$ 280
95100 Protective Services - Labor	\$ 34,062			\$ 2,764						
95200 Protective Services - Other Contract Costs	\$ 29,594			\$ 32,898						
95300 Protective Services - Other										
95500 Employee Benefit Contributions - Protective Services	\$ 11,892			\$ 1,045						
95000 Total Protective Services	\$ 75,548	\$ -	\$ -	\$ 36,707	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
96110 Property Insurance	\$ 193,989		\$ 18,688	\$ 225,314		\$ 2,699	\$ 7,430	\$ 2,922		\$ 81
96120 Liability Insurance	\$ 57,009			\$ 52,277		\$ 612	\$ 626	\$ 11,285		\$ 142
96130 Workmen's Compensation	\$ 26,435		\$ 1,086	\$ 10,992		\$ 276	\$ 2,301	\$ 1,366		\$ 251
96140 All Other Insurance	\$ 15,707		\$ 70	\$ 5,507				\$ 691		\$ 72
96100 Total insurance Premiums	\$ 293,140	\$ -	\$ 19,844	\$ 294,090	\$ -	\$ 3,587	\$ 10,357	\$ 16,264	\$ -	\$ 546
96200 Other General Expenses	\$ 2,360	\$ 629,900	\$ 1,750	\$ 121,589				\$ 736		
96210 Compensated Absences	\$ 9,987			\$ 2,340		\$ 69	\$ 482			\$ 80
96300 Payments in Lieu of Taxes	\$ 60,967		\$ 34,386	\$ 207,073						
96400 Bad debt - Tenant Rents	\$ 31,587		\$ 7,387	\$ 19,614		\$ 74				
96500 Bad debt - Mortgages		\$ 2,807					\$ 2,307			
96600 Bad debt - Other										
96800 Severance Expense										
96000 Total Other General Expenses	\$ 104,901	\$ 632,707	\$ 43,523	\$ 350,616	\$ -	\$ 143	\$ 2,789	\$ 736	\$ -	\$ 80
96710 Interest of Mortgage (or Bonds) Payable			\$ 36,925	\$ 450,468						
96720 Interest on Notes Payable (Short and Long Term)				\$ 51,840						
96730 Amortization of Bond Issue Costs										
96700 Total Interest Expense and Amortization Cost	\$ -	\$ -	\$ 36,925	\$ 502,308	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
96900 Total Operating Expenses	\$ 7,365,453	\$ 991,861	\$ 386,437	\$ 4,141,243	\$ 160,270	\$ 62,057	\$ 252,389	\$ 383,969	\$ 19,743	\$ 29,933
97000 Excess of Operating Revenue over Operating Expenses	\$ 1,257,119	\$ 400,541	\$ (6,460)	\$ 2,843,092	\$ -	\$ 23,371	\$ 36,653	\$ 1,658	\$ 92,544	\$ 418,994

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY (VA003)
NEWPORT NEWS, VIRGINIA

ENTITY-WIDE REVENUE AND EXPENSE SUMMARY

SUBMISSION TYPE: AUDITED/SINGLE AUDIT FISCAL YEAR ENDED: JUNE 30, 2020

			14.239 HOME Investment Partnerships Program	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and Supportive Services	14.889 Choice Neighborhoods Implementation Grants	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	14.MSC Mainstream CARES Act Funding	14.HCC HCV CARES Act Funding	COCC	Subtotal	ELIM	Total
93100 Water				\$ 181			\$ 6			\$ 1,770	\$ 509,182		\$ 509,182
93200 Electricity				\$ 3,546			\$ 125			\$ 24,450	\$ 742,981		\$ 742,981
93300 Gas				\$ 721			\$ 25			\$ 6,550	\$ 133,087		\$ 133,087
93400 Fuel													
93500 Labor													
93600 Sewer			\$ 71	\$ 531			\$ 19			\$ 3,019	\$ 1,274,411		\$ 1,274,411
93700 Employee Benefit Contributions - Utilities													
93800 Other Utilities Expense													
93000 Total Utilities			\$ 71	\$ 4,979	\$ -	\$ -	\$ 175	\$ -	\$ -	\$ 35,789	\$ 2,659,661	\$ -	\$ 2,659,661
94100 Ordinary Maintenance and Operations - Labor				\$ 81			\$ 3			\$ 30,327	\$ 798,277		\$ 798,277
94200 Ordinary Maintenance and Operations - Materials and Other				\$ 4,687		\$ 80	\$ 110			\$ 9,275	\$ 592,555		\$ 592,555
94300 Ordinary Maintenance and Operations Contracts				\$ 10,238		\$ 15	\$ 355			\$ 29,898	\$ 1,816,454	\$ (32,013)	\$ 1,784,441
94500 Employee Benefit Contributions - Ordinary Maintenance										\$ 8,764	\$ 267,367		\$ 267,367
94000 Total Maintenance			\$ -	\$ 15,006	\$ -	\$ 95	\$ 468	\$ -	\$ -	\$ 78,264	\$ 3,474,653	\$ (32,013)	\$ 3,442,640
95100 Protective Services - Labor										\$ 9,206	\$ 46,032		\$ 46,032
95200 Protective Services - Other Contract Costs						\$ 59					\$ 62,551		\$ 62,551
95300 Protective Services - Other													
95500 Employee Benefit Contributions - Protective Services										\$ 2,660	\$ 15,597		\$ 15,597
95000 Total Protective Services			\$ -	\$ -	\$ -	\$ 59	\$ -	\$ -	\$ -	\$ 11,866	\$ 124,180	\$ -	\$ 124,180
96110 Property Insurance				\$ 3,873			\$ 136				\$ 455,132		\$ 455,132
96120 Liability Insurance			\$ 22	\$ 6,776			\$ 238			\$ 29,210	\$ 158,197		\$ 158,197
96130 Workmen's Compensation			\$ 838	\$ 11,927		\$ 1,700	\$ 420			\$ 37,581	\$ 95,173		\$ 95,173
96140 All Other Insurance				\$ 3,422			\$ 120			\$ 8,039	\$ 33,628		\$ 33,628
96100 Total Insurance Premiums			\$ 860	\$ 25,998	\$ -	\$ 1,700	\$ 914	\$ -	\$ -	\$ 74,830	\$ 742,130	\$ -	\$ 742,130
96200 Other General Expenses			\$ (77,276)	\$ 6,529		\$ 74					\$ 685,662		\$ 685,662
96210 Compensated Absences			\$ 1,277	\$ 3,821		\$ 5,538	\$ 134				\$ 23,728		\$ 23,728
96300 Payments in Lieu of Taxes											\$ 302,426		\$ 302,426
96400 Bad debt - Tenant Rents											\$ 58,662		\$ 58,662
96500 Bad debt - Mortgages			\$ 234,803								\$ 239,917		\$ 239,917
96600 Bad debt - Other													
96800 Severance Expense													
96000 Total Other General Expenses			\$ 158,804	\$ 10,350	\$ -	\$ 5,612	\$ 134	\$ -	\$ -	\$ -	\$ 1,310,395	\$ -	\$ 1,310,395
96710 Interest of Mortgage (or Bonds) Payable											\$ 487,393	\$ (187,687)	\$ 299,706
96720 Interest on Notes Payable (Short and Long Term)											\$ 51,840	\$ (51,840)	\$ -
96730 Amortization of Bond Issue Costs													
96700 Total Interest Expense and Amortization Cost			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 539,233	\$ (239,527)	\$ 299,706
96900 Total Operating Expenses			\$ 246,905	\$ 1,686,594	\$ 123,372	\$ 727,934	\$ 57,499	\$ -	\$ -	\$ 2,571,995	\$ 19,207,654	\$ (3,079,273)	\$ 16,128,381
97000 Excess of Operating Revenue over Operating Expenses			\$ 415,520	\$ 21,403,628	\$ (20,565)	\$ 500,000	\$ 433,720	\$ -	\$ -	\$ 395,242	\$ 28,195,057	\$ -	\$ 28,195,057

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY (VA003)
NEWPORT NEWS, VIRGINIA

ENTITY-WIDE REVENUE AND EXPENSE SUMMARY

SUBMISSION TYPE: AUDITED/SINGLE AUDIT FISCAL YEAR ENDED: JUNE 30, 2020

	Project Total	14,218 Community Development Block Grants/Entitlement Grants	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	14,896 PIH Family Self-Sufficiency Program	14,182 N/C S/R Section 8 Programs	1 Business Activities	2 State/Local	14,267 Continuum of Care Program	14,879 Mainstream Vouchers
97100 Extraordinary Maintenance	\$ 346,293									
97200 Casualty Losses - Non-capitalized				\$ 125						
97300 Housing Assistance Payments									\$ 92,544	\$ 359,576
97350 HAP Portability-In										
97400 Depreciation Expense	\$ 1,785,076	\$ 2,867	\$ 222,564	\$ 1,550,090		\$ 6,701	\$ 50,978	\$ 1,723		
97500 Fraud Losses										
97600 Capital Outlays - Governmental Funds										
97700 Debt Principal Payment - Governmental Funds										
97800 Dwelling Units Rent Expense										
90000 Total Expenses	\$ 9,496,822	\$ 994,728	\$ 609,001	\$ 5,691,458	\$ 160,270	\$ 68,758	\$ 303,367	\$ 385,692	\$ 112,287	\$ 389,509
10010 Operating Transfer In	\$ 405,835									
10020 Operating transfer Out	\$ (405,835)									
10030 Operating Transfers from/to Primary Government				\$ 383,622						
10040 Operating Transfers from/to Component Unit	\$ (383,622)									
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	\$ 25,000									
10092 Inter Project Excess Cash Transfer Out	\$ (25,000)									
10093 Transfers between Program and Project - In										
10094 Transfers between Project and Program - Out							\$ (70,565)			
10100 Total Other financing Sources (Uses)	\$ (383,622)	\$ -	\$ -	\$ 383,622	\$ -	\$ -	\$ (70,565)	\$ -	\$ -	\$ -
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$ (1,257,872)	\$ 397,674	\$ (229,024)	\$ 1,676,499	\$ -	\$ 16,670	\$ (84,890)	\$ (65)	\$ -	\$ 59,418
11020 Required Annual Debt Principal Payments	\$ -	\$ -	\$ 65,055	\$ 2,482,927	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11030 Beginning Equity	\$ 46,547,027	\$ 3,030,224	\$ 5,716,632	\$ 16,226,308	\$ -	\$ 543,613	\$ 8,163,846	\$ (12,479)	\$ -	\$ (487)
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors										
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										
11180 Housing Assistance Payments Equity										
11190 Unit Months Available	\$ 13,716		\$ 600	\$ 5,647		\$ 144	\$ 156		\$ 96	\$ 648
11210 Number of Unit Months Leased	\$ 13,421		\$ 529	\$ 5,482		\$ 133	\$ 156		\$ 96	\$ 632
11270 Excess Cash	\$ 4,937,608									
11610 Land Purchases	\$ -									
11620 Building Purchases	\$ 44,609									
11630 Furniture & Equipment - Dwelling Purchases	\$ -									
11640 Furniture & Equipment - Administrative Purchases	\$ -									
11650 Leasehold Improvements Purchases	\$ -									
11660 Infrastructure Purchases	\$ -									
13510 CFFP Debt Service Payments	\$ -									
13901 Replacement Housing Factor Funds	\$ -									

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY (VA003)
NEWPORT NEWS, VIRGINIA

ENTITY-WIDE REVENUE AND EXPENSE SUMMARY

SUBMISSION TYPE: AUDITED/SINGLE AUDIT FISCAL YEAR ENDED: JUNE 30, 2020

	14.239 HOME Investment Partnerships Program	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and Supportive Services	14.889 Choice Neighborhoods Implementation Grants	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	14.MSC Mainstream CARES Act Funding	14.HCC HCV CARES Act Funding	COCC	Subtotal	ELIM	Total
97100 Extraordinary Maintenance									\$ 346,293		\$ 346,293
97200 Casualty Losses - Non-capitalized									125		125
97300 Housing Assistance Payments		\$ 20,470,485			\$ 408,678				\$ 21,331,283		\$ 21,331,283
97350 HAP Portability-In		\$ 135,808							\$ 135,808		\$ 135,808
97400 Depreciation Expense	\$ 1,863	\$ 26,344						\$ 54,255	\$ 3,702,461		\$ 3,702,461
97500 Fraud Losses											
97600 Capital Outlays - Governmental Funds											
97700 Debt Principal Payment - Governmental Funds											
97800 Dwelling Units Rent Expense											
90000 Total Expenses	\$ 248,768	\$ 22,319,231	\$ 123,372	\$ 727,934	\$ 466,177	\$ -	\$ -	\$ 2,626,250	\$ 44,723,624	\$ (3,079,273)	\$ 41,644,351
10010 Operating Transfer In									\$ 405,835	\$ (405,835)	\$ -
10020 Operating transfer Out									\$ (405,835)	\$ 405,835	\$ -
10030 Operating Transfers from/to Primary Government									\$ 383,622	\$ (383,622)	\$ -
10040 Operating Transfers from/to Component Unit									\$ (383,622)	\$ 383,622	\$ -
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									\$ 25,000	\$ (25,000)	\$ -
10092 Inter Project Excess Cash Transfer Out									\$ (25,000)	\$ 25,000	\$ -
10093 Transfers between Program and Project - In			\$ 20,565	\$ 50,000					\$ 70,565	\$ (70,565)	\$ -
10094 Transfers between Project and Program - Out									\$ (70,565)	\$ 70,565	\$ -
10100 Total Other financing Sources (Uses)	\$ -	\$ -	\$ 20,565	\$ 50,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$ 413,657	\$ 770,991	\$ -	\$ 550,000	\$ 25,042	\$ -	\$ -	\$ 340,987	\$ 2,679,087	\$ -	\$ 2,679,087
11020 Required Annual Debt Principal Payments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,547,982		\$ 2,547,982
11030 Beginning Equity	\$ 8,918,464	\$ 1,862,561	\$ -	\$ -	\$ 236,120	\$ -	\$ -	\$ 5,035,598	\$ 96,267,427		\$ 96,267,427
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors											\$ -
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		\$ 1,946,379							\$ 1,946,379		\$ 1,946,379
11180 Housing Assistance Payments Equity		\$ 687,173							\$ 687,173		\$ 687,173
11190 Unit Months Available		\$ 30,753			\$ 1,056				\$ 52,816		\$ 52,816
11210 Number of Unit Months Leased		\$ 29,828			\$ 1,056				\$ 51,333		\$ 51,333
11270 Excess Cash									\$ 4,937,608		\$ 4,937,608
11610 Land Purchases								\$ -	\$ -		\$ -
11620 Building Purchases								\$ -	\$ 44,609		\$ 44,609
11630 Furniture & Equipment - Dwelling Purchases								\$ -	\$ -		\$ -
11640 Furniture & Equipment - Administrative Purchases								\$ -	\$ -		\$ -
11650 Leasehold Improvements Purchases								\$ -	\$ -		\$ -
11660 Infrastructure Purchases								\$ -	\$ -		\$ -
13510 CFFP Debt Service Payments								\$ -	\$ -		\$ -
13901 Replacement Housing Factor Funds								\$ -	\$ -		\$ -

COMPLIANCE SECTION

Newport News Redevelopment and Housing Authority
Newport News, Virginia

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2020

	<u>Federal Award Number</u>	<u>Program or Award Amount</u>	<u>Disbursements or Expenditures</u>
FEDERAL GRANTOR			
U.S. Department of Housing and Urban Development			
Direct Programs:			
Low-Rent Public Housing Program			
Operating Subsidies	14.850	\$ 12,343,175	\$ 4,422,879
Capital Fund Program	14.872	\$ 13,380,899	1,315,570
Housing Assistance Payments Program:			
Housing Choice Voucher Program	14.871	\$ 22,853,013	22,853,013
Mainstream Housing Choice Voucher Program	14.879	\$ 448,901	448,901
TOTAL HOUSING CHOICE VOUCHER CLUSTER			<u>23,301,914</u>
Housing Assistance Payments Program:			
Section 8 Moderate Rehabilitation - Single Room Occupancy			
VA003SRO004 - 2019-2020 funding	14.249	\$ 491,001	491,001
Section 8 New Construction and Substantial Rehabilitation through the Virginia Housing Development Authority			
Transition Center, VA36H027032	14.182	\$ 53,196	53,196
Housing Assistance Payments Program:			
Substantial Rehabilitation	14.195	\$ 1,507,497	1,507,497
TOTAL SECTION 8 PROJECT BASED CLUSTER			<u>2,051,694</u>
Choice Neighborhoods Planning Grant			
VAF003CNG118	14.889	\$ 30,000,000	1,227,934
TOTAL HOPE VI CLUSTER			<u>1,227,934</u>
Family Self-Sufficiency Coordinator	14.896	\$ 316,115	160,270
Service Coordinators	14.870	\$ 768,876	102,807
Continuum of Care			
Special Needs Assistance	14.267	\$ 2,311,260	112,287
TOTAL HUD			<u>32,695,355</u>
TOTAL DIRECT			<u>32,695,355</u>

Newport News Redevelopment and Housing Authority
Newport News, Virginia

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(Continued)

FOR THE YEAR ENDED JUNE 30, 2020

	Federal Award Number	Program or Award Amount	Disbursements or Expenditures
U.S. Department of Housing and Urban Development Indirect Programs:			
Pass-through from the City of Newport News			
Community Development Block Grants/ Entitlement Grants			
B-18-MC-51-0015	14.218	\$ 1,484,514	1,358,747
HOME Investment Partnerships Program			
M-14-MC-51202	14.239	\$ 20,997	20,997
M-15-MC-51202	14.239	\$ 240,088	240,088
M-16-MC-51202	14.239	\$ 286,323	286,323
TOTAL HOME INVESTMENT PARTNERSHIPS PROGRAM			<u>547,408</u>
TOTAL INDIRECT			<u>1,906,155</u>
TOTAL			<u><u>\$ 34,601,510</u></u>

Note 1 – Basis of Presentation

The accompanying schedule of expenditure of federal awards (the "Schedule") includes the federal grant activity of the Authority under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Authority. 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.

Note 2 – Summary of Significant Account Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in Office of Management and Budget Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, or the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 3 – Indirect Cost Rate

The Authority is not reimbursed for indirect costs under any of its federal Awards and does not use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance or any other indirect cost rate.

**Report of Independent Auditor 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***

To the Commissioners
Newport News Redevelopment and Housing Authority

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the *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 business-type activities, the discretely presented component unit and the aggregate remaining fund information of Newport News Redevelopment and Housing Authority (the "Authority"), as of and for the year ended June 30, 2020, 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 31, 2021. Our report also includes a reference to another auditor who audited the financial statements of the discretely presented component unit, as described in our audit report on the Authority's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by that auditor.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

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 Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Cheryl Bekaert LLP". The signature is written in a cursive, flowing style.

Virginia Beach, Virginia
March 31, 2021

**Report of Independent Auditor on Compliance for Each Major
Federal Program and on Internal Control over Compliance
Required by the Uniform Guidance**

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 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, 2020. 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

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

We believe that our audit provides a reasonable basis for our qualified and unmodified opinions on compliance for major federal programs. However, our audit does not provide a legal determination of the Authority's compliance.

Basis for Qualified Opinion on Housing Choice Voucher Program Cluster

As described in the accompanying schedule of findings and questioned costs, the Authority did not comply with requirements regarding Housing Choice Voucher Program Cluster (CFDA 14.871-CL) as described in finding number 2020-001 for housing quality standards enforcement. Compliance with such requirements is necessary, in our opinion, for the Authority to comply with the requirements applicable to those programs.

Qualified Opinion on Housing Choice Voucher Program Cluster

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, 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 the Housing Choice Voucher Program Cluster for the year ended June 30, 2020.

Unmodified Opinion on Each of the Other 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 other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2020.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2020-002. Our opinion on each major federal program is not modified with respect to this matter.

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

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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph 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 have not been identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be a material weakness and a significant deficiency.

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. We consider the deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2020-001 to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2020-002 to be a significant deficiency.

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

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

Cheryl Bekaert LLP

Virginia Beach, Virginia
March 31, 2021

**Newport News Redevelopment and Housing Authority
Schedule of Findings and Questioned Costs
Year Ended June 30, 2020**

A. 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:
 Housing Choice Voucher Program Cluster: **Qualified**
 Capital Fund Program: **Unmodified**
 HOPE VI Cluster: **Unmodified**

Internal control over financial reporting:
 Material weaknesses identified: **Yes; Finding 2020-001**
 Significant deficiencies identified: **Yes; Finding 2020-002**

Any audit findings disclosed that are required to be reported in accordance with Section 200.516(a) of the Uniform Guidance? **Yes**

Identification of major federal programs:

<u>Name of Program</u>	<u>CFDA #</u>
Department of Housing and Urban Development: Housing Choice Voucher Program Cluster	14.871-CL
Capital Fund Program	14.872
HOPE VI Cluster	14.866-CL

Dollar threshold to distinguish between Types A and B Programs: **\$1,038,045**

The Authority was qualified as a low risk auditee in?
 Accordance with Section 200.520 of the Uniform Guidance? **Yes**

B. Findings Related to Financial Statements Reported in Accordance with *Government Auditing Standards*

None reported

C. Findings and Questioned Costs for Federal Awards

Finding: 2020-001

Program Name: Housing Choice Voucher Program Cluster (CFDA # 14.871-CL)

Federal Awarding Agency: Department of Housing and Urban Development (HUD)

Compliance Requirement: Housing Quality Standards (HQS) Enforcement

Type of Finding: Material Weakness; Material Noncompliance Qualification

Criteria:

Per Title 24 Section 982 of the Code of Federal Regulation (CFR), for units under Housing Assistance Payments (HAP) contract that fail to meet HQS, the Public Housing Authority (PHA) must require the owner to correct any life threatening HQS deficiencies within 24 hours after the inspections and all other HQS deficiencies within 30 calendar days or within a specified PHA-approved extension. If the owner does not correct the cited HQS deficiencies within the specified correction period, the PHA must stop (abate) HAPs beginning no later than the first month following the specified correction period or must terminate the HAP contract.

Condition:

Of the five (5) tested failed inspections, we noted five (5) instances where support for re-inspection of failed units could not be provided; therefore, we could not test to ensure that the deficiencies were corrected within the required time period.

Cause:

During fiscal year 2020, the Authority's Housing Operations department incurred employee turnover of their head inspector and also switched to a new system for documenting the inspection of units and the re-inspection of failed units. The remaining department employees were not properly trained on the new system and the requirements to document the timely reinspection, which resulted in the remaining department employees not properly documenting the timely reinspection of failed units.

Effect:

The Authority was not in compliance with the HQS enforcement compliance requirement for the year ended June 30, 2020. Additionally, failure to re-inspect failed inspections to ensure deficiencies are corrected on a timely basis could result in HAP payments being improperly paid.

Auditor Recommendation:

We recommend that the Authority maintain all documentation relating to inspections, re-inspections, and failed inspections. In addition, we recommend that the Authority review a report of all failed inspections on a monthly basis to determine that re-inspections are completed timely.

Questioned Costs:

None noted

Management Response:

The HQS Supervisor has developed a spreadsheet that tracks inspections to ensure failed inspections are not missed. The HQS Supervisor will require each inspector to submit their spreadsheet of all completed inspections for weekly review and follow up. In addition, upper management will increase the number of files for review under SEMAP Indicator 6 HQS Quality Control Enforcement to include a review of data entered in the tracking system.

Finding: 2020-002

Program Name: HOPE VI Cluster (CFDA # 14.866-CL)

Federal Awarding Agency: Department of Housing and Urban Development (HUD)

Compliance Requirement: Reporting

Type of Finding: Significant Deficiency; Nonmaterial Noncompliance

Criteria:

Per Title 24 Section 135 of the Code of Federal Regulation (CFR), each recipient that administers covered public housing assistance, regardless of the amount expended, and each recipient that administers covered housing and community development assistance in excess of \$200,000 in a program year, must submit HUD 60002 information. This report is due sixty (60) days after the end of an agency's fiscal cycle.

Condition:

The Authority submitted the HUD-60002 on January 12, 2021, which is after the required due date.

Cause:

The grant was new to the Authority during fiscal year 2020 and Authority personnel were not aware of the HUD requirement for submission of the report.

Effect:

The Authority was not in compliance with HUD-60002 reporting requirements as of June 30, 2020.

Auditor Recommendation:

We recommend that the Authority review all grant reporting requirements and deadlines when new grants are received and have a tracking process to ensure that all required reports are submitted timely.

Questioned Costs:

None noted

Management Response:

In May 2019, NNRHA and the City of Newport News were awarded a Choice Neighborhood Implementation grant. As this was a new grant, the HUD - 60002 was not submitted within 60 days of the reporting period. The Deputy Director and Director of Administrative Services have reviewed the grant expenditures for this reporting period and have since submitted the report. In the future, the Deputy Director and Director of Administrative Services will review all grant reporting requirements and deadlines when new grants are received to ensure that all required reports are submitted timely. Also, the Authority recently hired a Section 3 /Labor Compliance Coordinator who will be responsible for reviewing and submitting all required reports.

D. Findings and Questioned Costs related to Compliance with Virginia Specifications

None reported

E. Status of Prior Year's Findings

Finding: 2019-001 – Nonmaterial Noncompliance – Section 8 Project-Based Cluster

Status: Corrective action was taken. Finding not repeated in current year.