

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

FINANCIAL STATEMENTS AND
REPORT OF INDEPENDENT AUDITOR

JUNE 30, 2019

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Report of Independent Auditor

The Commissioners of the Newport News
Redevelopment and Housing Authority

Report on the Financial Statements

We have audited the accompanying financial statements of the 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, 2019, 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 Authority'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 Authority'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, 2019, and the respective changes in financial position and 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 GASB, 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 April 20, 2020 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.

Cheryl Bekant LLP

Virginia Beach, Virginia
April 20, 2020

**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 (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 \$90,450,795, which is a decrease of \$876,341 during the year ended June 30, 2019. This decrease is mostly attributable to decreased developer fees 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 Non-Operating 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. In FY 2018, the Authority was required to implement new GAAP requiring reporting a liability on the face of the financial statements regarding the net OPEB liability.

**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 2019 Proprietary Fund	FY 2018 Proprietary Fund	Increases (Decreases)
ASSETS:			
Current Assets	\$ 18,720,419	\$ 17,997,533	\$ 722,886
Capital Assets	70,868,915	69,238,056	1,630,859
Other Assets	13,735,613	14,189,709	(454,096)
TOTAL ASSETS	103,324,947	101,425,298	1,899,649
DEFERRED OUTFLOWS OF RESOURCES	47,300	139,914	(92,614)
LIABILITIES:			
Current Liabilities	2,732,613	1,495,039	1,237,574
Noncurrent Liabilities	10,162,511	8,743,037	1,419,474
TOTAL LIABILITIES	12,895,124	10,238,076	2,657,048
DEFERRED INFLOWS OF RESOURCES	26,328	-	26,328
NET POSITION:			
Net Investment in Capital Assets	61,311,557	61,189,070	122,487
Restricted Net Position	13,550,936	13,522,889	28,047
Unrestricted Net Position	15,588,302	16,615,177	(1,026,875)
TOTAL NET POSITION	\$ 90,450,795	\$ 91,327,136	\$ (876,341)

Net position (assets and deferred outflows of resources over liabilities and deferred inflows of resources) decreased by \$876,341, which is mostly attributable to decreased developer fees earned over prior year. The investment and renovation of Public Housing units under the Rental Assistance Demonstration ("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

	FY2019	FY2018		
	Proprietary Funds	Proprietary Funds	Increase/ Decrease	Percent
OPERATING REVENUES:				
Rental and tenant income	\$ 4,079,796	\$ 4,067,180	\$ 12,616	0.31%
Intergovernmental	33,203,155	30,274,058	2,929,097	9.68%
Other income	572,969	1,120,377	(547,408)	-48.86%
Total operating revenues	<u>37,855,920</u>	<u>35,461,615</u>	<u>2,394,305</u>	<u>6.75%</u>
OPERATING EXPENSES:				
Administration	5,432,006	5,333,869	98,137	1.84%
Tenant services	570,473	579,261	(8,788)	-1.52%
Utilities	2,628,397	2,223,295	405,102	18.22%
Ordinary maintenance and operations	3,597,138	3,276,180	320,958	9.80%
Protective services	116,023	174,171	(58,148)	-33.39%
Insurance expense	547,783	675,933	(128,150)	-18.96%
General expense	2,364,374	1,986,434	377,940	19.03%
Nonroutine maintenance (net of insurance)	84,880	98,449	(13,569)	-13.78%
Housing assistance payments	21,007,287	20,484,918	522,369	2.55%
Depreciation	3,686,301	3,371,871	314,430	9.33%
Total operating expenses	<u>40,034,662</u>	<u>38,204,381</u>	<u>1,830,281</u>	<u>4.79%</u>
OPERATING LOSS	<u>(2,178,742)</u>	<u>(2,742,766)</u>	<u>564,024</u>	<u>-20.56%</u>
NONOPERATING REVENUES / (EXPENSES)				
Interest and investment revenues	135,908	114,375	21,533	18.83%
Interest expense	(154,242)	(34,965)	(119,277)	341.13%
Developer fee earned	538,059	993,908	(455,849)	100.00%
Total nonoperating revenues, net	<u>519,725</u>	<u>1,073,318</u>	<u>(553,593)</u>	<u>-51.58%</u>
LOSS BEFORE CONTRIBUTIONS, TRANSFERS, AND SPECIAL ITEM:				
HUD capital contributions	(1,659,017)	(1,669,448)	10,431	-0.62%
Tax credit proceeds	1,394,087	2,254,606	(860,519)	-38.17%
Special item - capital assets soft development costs related to RAD conversion	(1,509,470)	(2,082,105)	572,635	100.00%
CHANGE IN NET POSITION	<u>(876,341)</u>	<u>9,490,577</u>	<u>(10,366,918)</u>	<u>-109.23%</u>
TOTAL NET POSITION - beginning	<u>91,327,136</u>	<u>81,836,559</u>	<u>9,490,577</u>	<u>11.60%</u>
TOTAL NET POSITION - ending	<u>\$ 90,450,795</u>	<u>\$ 91,327,136</u>	<u>\$ (876,341)</u>	<u>-0.96%</u>

Revenue and Expense Activities

Operating Revenues – The Authority's revenues increased by 6.75% or \$2,394,305 in FYE June 30, 2019 as compared to FYE June 30, 2018. Income (rent, excess utilities, and maintenance charges) increased by \$12,616. The net intergovernmental revenues, operating grants and housing assistance payments incurred a significant net increase of \$2,929,097. The Housing Choice Voucher program experienced a significant increase of \$1.5 million due to HUD's push to maximize vouchers leased. The Low-Rent Public Housing Program had modest increases in the operating subsidies and capital fund program. These increases were slightly offset with a decrease of \$547,408 in earned developer fees.

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

Management's Discussion and Analysis

Operating Expenses – The Authority's expenses increased by 4.79% or \$1,830,281 in FYE June 30, 2019 as compared to FYE June 30, 2018. Most of the change is attributable to an increase of \$2,038,936 in housing assistance payments, utilities, general expenditures, maintenance, depreciation, and administration. These were offset with a decrease in insurance, protective services, and nonroutine maintenance expenditures.

CAPITAL ASSETS

At the end of fiscal year June 30, 2019, the Authority had \$134,013,465 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 the Department of Housing and Urban Development (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, with an offsetting decrease in buildings. The Authority has continued the Phase V 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.

	FY 2019	FY 2018	Increase / Decrease
Land and improvements	\$ 6,877,821	\$ 6,924,741	\$ (46,920)
Building	118,433,742	123,933,449	(5,499,707)
Equipment	3,207,579	3,179,524	28,055
Construction in progress	5,494,323	1,077,672	4,416,651
Total	<u>134,013,465</u>	<u>135,115,386</u>	<u>(1,101,921)</u>
 Accumulated depreciation	 <u>(63,144,550)</u>	 <u>(65,877,330)</u>	 <u>2,732,780</u>
 TOTAL	 <u>\$ 70,868,915</u>	 <u>\$ 69,238,056</u>	 <u>\$ 1,630,859</u>

LONG-TERM DEBT

At the end of fiscal year June 30, 2019, the Authority owed \$9,557,358 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. During 2019, there were no modifications to the Lofts on Jefferson mortgage note and principal payments of \$12,075 were made. 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:

- The Center for Disease Control and Prevention (CDC) is responding 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 poses a serious public health risk. The federal government is working closely with state, local, tribal, and territorial partners, as well as public health partners, to respond to this situation. COVID-19 can cause mild to severe illness; most severe illness occurs in older adults. On March 13, 2020, President Trump declared a National State of Emergency concerning COVID-19. In an effort to mitigate the spread of the virus, Governor Northam declared a State of Emergency and ordered all Virginia K-12 schools closed for the remainder of the school year. On March 27, 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 and we still can't yet predict how long it or its impact will linger.
- 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 will also be converted to a form of project-based rental assistance. In Jan 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 had been cut in many programs. The Housing Choice Voucher (Section 8) program was subject to a renewal funding of 99% last year; funding proration in CY 2020 is projected to remain the same, therefore we will be able to continue to maximize leasing. The Authority was recently awarded an additional 5 Veterans Affairs Supportive Housing (VASH) vouchers to administer. As a result, we will now administer 41 VASH vouchers to be administered 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 an additional forty-five 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 97% of public housing subsidy eligibility for the first six months of FY 2020. The Authority is expecting to receive funding of 95% for full 2020 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 2020. 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:

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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, 2019

	Proprietary Fund - Primary Government	Lower Jefferson Avenue, LLC
<u>ASSETS</u>		
Current assets:		
Cash and equivalents - unrestricted	\$ 12,918,742	\$ 14,466
Accounts receivable (net of allowance)	1,413,913	10,192
Investments	4,193,567	-
Prepaid expenses	166,014	18,526
Materials inventory (net of allowance)	28,183	-
Total current assets	18,720,419	43,184
Restricted assets:		
Cash and equivalents - restricted	3,144,143	232,925
Investments - restricted	188,090	32,224
Notes receivable (noncurrent)	7,279,482	-
Total restricted assets	10,611,715	265,149
Noncurrent assets:		
Notes and mortgages receivable	1,708,542	-
Nondepreciable capital assets	12,372,144	252,300
Capital assets (net)	58,496,771	6,712,157
Other noncurrent assets	1,415,356	-
Total noncurrent assets	73,992,813	6,964,457
 TOTAL ASSETS	 103,324,947	 7,272,790
 <u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Deferred outflows related to OPEB plan	47,300	-

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, 2019

	Proprietary Fund - Primary Government	Lower Jefferson Avenue, LLC
<u>LIABILITIES</u>		
Current liabilities:		
Accounts payable and accrued expenses	2,293,012	83,194
Accrued salaries	69,460	2,699
Accrued interest payable	11,451	13,063
Unearned revenues	49,618	5,872
Security deposit liabilities	174,662	26,388
Current portion of long-term liabilities	134,410	65,055
Total current liabilities	2,732,613	196,271
Long-term liabilities:		
Compensated absences	406,664	-
Net OPEB liability	115,321	-
Notes and mortgages payable	9,422,948	1,340,697
Developer fee payable	-	19,190
Trust, deposit, and escrow liabilities	217,578	-
Total long-term liabilities	10,162,511	1,359,887
 TOTAL LIABILITIES	 12,895,124	 1,556,158
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred inflows related to OPEB plan	26,328	-
<u>NET POSITION</u>		
Net investment in capital assets	61,311,557	5,558,705
Restricted for:		
Reserves and escrows	1,562,395	238,760
HAP Reserves	46,670	
Loan programs	7,279,482	-
Other	4,662,389	-
Unrestricted	15,588,302	(80,833)
TOTAL NET POSITION	\$ 90,450,795	\$ 5,716,632

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, 2019

	Proprietary Fund - Primary Government	Lower Jefferson Avenue, LLC
OPERATING REVENUES:		
Rental and tenant income	\$ 4,079,796	\$ 374,122
Intergovernmental - operating grants	33,203,155	-
Fee revenues	52,200	-
Other income	520,769	13,251
Total operating revenues	37,855,920	387,373
OPERATING EXPENSES:		
Administration	5,432,006	99,024
Tenant services	570,473	163
Utilities	2,628,397	63,290
Ordinary maintenance	3,597,138	88,648
Protective services	116,023	-
Insurance expense	547,783	14,438
General expenses	2,364,374	41,817
Non-routine maintenance	84,880	-
Housing assistance payments	21,007,287	-
Depreciation	3,686,301	222,564
Total operating expenses	40,034,662	529,944
OPERATING LOSS	(2,178,742)	(142,571)
NONOPERATING REVENUES/EXPENSES:		
Interest and investment revenue	135,908	421
Interest expense	(154,242)	(38,818)
Developer fees earned	538,059	-
Total nonoperating revenues/(expenses), net	519,725	(38,397)
LOSS BEFORE CONTRIBUTIONS, TRANSFERS, AND SPECIAL ITEM	(1,659,017)	(180,968)
HUD capital contributions	1,394,087	-
Tax credit and other proceeds	898,059	-
Special item - capital assets soft development costs related to RAD conversion	(1,509,470)	-
CHANGE IN NET POSITION	(876,341)	(180,968)
TOTAL NET POSITION - July 1, 2018	91,327,136	5,897,600
TOTAL NET POSITION - June 30, 2019	\$ 90,450,795	\$ 5,716,632

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, 2019

	Proprietary Fund - Primary Government	Lower Jefferson Avenue, LLC
Cash flows from operating activities:		
Cash received from tenants/others	\$ 4,113,785	\$ 386,066
Cash received for fees/services/donations	685,682	-
Cash operating grants received (net)	32,867,373	-
Cash transfers to other funds and entities	(439)	-
Cash payments for goods, services, rental subsidies	(29,550,991)	(262,988)
Cash payments for employees and benefits	(5,936,116)	(18,891)
Cash payments in lieu of property taxes	(281,222)	-
Net cash provided by operating activities	1,898,072	104,187
Cash flows from capital and related financing activities:		
Purchase of equipment/capital assets	(6,501,500)	-
Proceeds from sale of capital assets	538,235	-
Proceeds from issuing notes and other debt	3,920,208	-
Proceeds from sale of tax credits	838,059	-
Contributions received for capital outlays	1,704,383	-
Loan principal payments	(131,984)	(63,167)
Interest payments	(157,051)	(37,174)
Net cash provided by (used in) capital and related financing activities	210,350	(100,341)
Cash flows from noncapital financing activities:		
Developer fees received	538,059	-
Loans made to borrowers	(2,433,833)	-
Receipt of interest on notes and loans	39,114	-
Loan payments received	341,151	-
Net cash used in noncapital financing activities	(1,515,509)	-
Cash flows from investing activities:		
Proceeds from sale of/investments made	(3,875,727)	-
Receipts of interest and dividends	87,054	914
Deposits to reserve accounts	(57,215)	-
Net cash provided by (used in) investing activities	(3,845,888)	914
Net (decrease) increase in cash	(3,252,975)	4,760
Cash and equivalents at July 1, 2018	19,315,860	242,631
Cash and equivalents at June 30, 2019	\$ 16,062,885	\$ 247,391

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, 2019

	Proprietary Fund - Primary Government	Lower Jefferson Avenue, LLC
Reconciliation to statement of net position:		
Cash and equivalents - unrestricted	\$ 12,918,742	\$ 14,466
Cash and equivalents - restricted	3,144,143	232,925
	\$ 16,062,885	\$ 247,391
	Proprietary Fund - Primary Government	Lower Jefferson Avenue, LLC
Reconciliation of operating loss to net cash provided by operating activities:		
Operating loss	\$ (2,178,742)	\$ (142,571)
Adjustments to reconcile operating loss to net cash provided by operating activities		
Depreciation	3,686,301	222,564
Change in assets and liabilities:		
Decrease in accounts receivable	(502,245)	(3,685)
Decrease in notes and mortgages receivable	425,576	-
Decrease (Increase) in prepaid expenses and materials inventory	60,129	(4,251)
Decrease in deferred outflows of resources	88,292	-
Increase in accounts payable	366,757	34,154
Decrease in accrued expenses	(2,994)	(3,367)
Increase in compensated absences	9,584	-
Decrease (Increase) in trust, deposit, and escrow liabilities	68,229	(1,037)
Increase in unearned revenues	1,829	2,380
Decrease in net OPEB liabilities	(150,972)	-
Increase in deferred inflows of resources	26,328	-
Net cash provided by operating activities	\$ 1,898,072	\$ 104,187

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, 2019

	<u>OPEB Trust Fund</u>
<u>ASSETS</u>	
Investments, at fair value	\$ 1,415,946
TOTAL ASSETS	<u>1,415,946</u>
 <u>NET POSITION</u>	
Net position restricted for other postemployment benefits	<u>1,415,946</u>
 TOTAL NET POSITION	<u><u>\$ 1,415,946</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, 2019

	<u>OPEB Trust Fund</u>
ADDITIONS	
Contributions:	
Employer	\$ 47,300
Plan members	17,593
Total contributions	<u>64,893</u>
Investment income:	
Net appreciation in fair value of investments	61,528
Dividends	779
Net investment income	<u>62,307</u>
Total additions	<u>127,200</u>
DEDUCTIONS	
Benefits paid	64,893
Administrative expenses	1,973
Total deductions	<u>66,866</u>
Changes in fiduciary net position	<u>60,334</u>
Net position restricted for other postemployment benefits - July 1, 2018	<u>1,355,612</u>
Net position restricted for other postemployment benefits - June 30, 2019	<u>\$ 1,415,946</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, 2019

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 (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 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, 2019

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.
Neighborhood Stabilization Program (NSP)	This program is used to account for the activities and expenditures related to the City of Newport News' allocation of NSP funds from the State's allocation of funds.
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, 2019

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 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 the year ended December 31, 2018. 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, 2019

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

B. Description of a Public Housing Authority

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

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

C. Fund Financial Statements

The Authority is a special-purpose government with no governmental activities. All of the Authority's funds are reported as one proprietary fund, which relies on a significant extent on fees and charges for support. In accordance with 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.

Another 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, 2019

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 non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues for the enterprise fund are rental and other charges to tenants or participants and the Section 8 administrative fee earned on the housing assistance program. Operating expenses for 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 non-operating 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 measurement 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, 2019

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, 2019 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, 2019

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

L. Capitalized Interest

The Authority implemented the requirements of GASB Statement 89, *Accounting for Interest Cost Incurred before the End of a Construction Period during the current period*. Under these requirements, interest cost incurred before the end of a construction period are recognized as an expense in the period in which the cost is incurred. This change is applied prospectively and previously capitalized interest costs remain capitalized. Prior to the adoption of this statement, interest expense on notes and bonds, net of interest income on related debt proceeds, was capitalized during the project development period through the date of full availability. Only the interest associated specifically with debt used to construct physical structures was capitalized.

M. Vacation and Sick Leave Compensation

Employees earn annual leave at varying rates based upon years of service up to a maximum of 24 days per year. At termination, employees are paid for any accumulated annual leave. The liability for accrued but unused annual leave at June 30, 2019 is \$406,664 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.

N. Estimates

Preparing the Authority's financial statements in conformity with 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.

O. 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.

P. 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. The Authority has an item that met this criterion, contributions that were made to the OPEB plan subsequent to the measurement date. 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 and net differences between the projected and actual earnings on plan investments amortized over 5 years.

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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

Q. 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.

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, 2019, the Authority's deposits consist of the following:

	Proprietary Fund	Lower Jefferson Avenue, LLC
Demand deposit accounts (checking, savings, and money market accounts)	\$ 13,218,424	\$ 247,191
Time deposits - certificates of deposit	244,240	-
Total deposits	\$ 13,462,664	\$ 247,191

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 2 – DEPOSITS AND INVESTMENTS: (Continued)

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, 2019, the Authority's deposits with financial institutions for all fund types, including fiduciary funds and blended component units, had a carrying amount of \$13,462,664 and a bank balance of \$13,509,967. For the discretely presented component unit, the carrying amount of such deposits as of December 31, 2018 amount to \$247,191 and bank balances of \$248,902. 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	\$ 1,932,707	\$ 248,902
Collateralized under the Commonwealth's public depository fund in accordance with the laws of the Commonwealth of Virginia	11,577,260	-
Total bank balance	\$ 13,509,967	\$ 248,902

As of June 30, 2019, the Authority's deposits are classified in the financial statements as follows:

	Proprietary Fund	Lower Jefferson Avenue, LLC
Cash and cash equivalents	\$ 13,462,664	\$ 247,191

Investments:

As of June 30, 2019, 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	\$ 2,596,621	\$ -
Virginia Investment Pool High Quality Bond Fund	704 days	AA+f/S1	317,840	-
Virginia Investment Pool Stable NAV Liquidity Pool	66 days	AAAm	3,875,727	-
VML/VACo Pooled OPEB Trust	N/A	N/A	-	1,415,946
Total			\$ 6,790,188	\$ 1,415,946

As of June 30, 2019, the Authority's investments are classified in the financial statements as follows:

	Proprietary Fund	Fiduciary Fund
Cash and cash equivalents	\$ 2,596,621	\$ -
Investments	4,193,567	1,415,946
Total investments	\$ 6,790,188	\$ 1,415,946

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 2 – DEPOSITS AND INVESTMENTS: (Continued)

Classification in Financial Statements

In summary, as of June 30, 2019, the Authority's cash and cash equivalents consist of the following:

	<u>Proprietary Fund</u>	<u>Lower Jefferson Avenue, LLC</u>
Deposits with financial institutions	\$ 13,462,664	\$ 247,191
Investments - short-term	2,596,621	-
Petty cash and change funds	3,600	200
Total cash and cash equivalents	<u>\$ 16,062,885</u>	<u>\$ 247,391</u>
Restricted for:		
Capital improvements replacement reserve	\$ 6,459	\$ -
Security deposits	174,662	26,388
Housing Choice Voucher HAP Reserve	46,670	-
Program income and revolving construction loans	1,340,553	-
Family Self Sufficiency (FSS) program escrow	207,953	-
Replacement reserve and other reserve accounts	1,367,846	206,537
	<u>3,144,143</u>	<u>232,925</u>
Unrestricted	<u>\$ 12,918,742</u>	<u>\$ 14,466</u>

In summary, as of June 30, 2019, the Authority's investments consist of the following:

	<u>Proprietary Fund</u>	<u>Fiduciary Fund</u>	<u>Lower Jefferson Avenue, LLC</u>
Investments	\$ 4,193,567	\$ 1,415,946	\$ -
Unrestricted	4,193,567	1,415,946	-
Reserves held by VHDA	188,090	-	32,224
Restricted	188,090	-	32,224
Total investments	<u>\$ 4,381,657</u>	<u>\$ 1,415,946</u>	<u>\$ 32,224</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 \$2,596,621 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.

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 2 – DEPOSITS AND INVESTMENTS: (Continued)

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 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 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.

NOTE 3 – ACCOUNTS RECEIVABLE:

Receivables at June 30, 2019 consist of the following:

	Proprietary Fund	Lower Jefferson Avenue, LLC
Tenants/program participants	\$ 417,569	\$ 10,158
Less: Allowance	(290,362)	-
	127,207	10,158
HUD - unrequisioned costs	614,537	-
HUD - housing assistance payments	158,161	34
HUD - administrative fees	69,477	-
Loan program participants	44,651	-
Other governments	172,405	-
Interest	10,350	-
Affiliated property owners:		
Great Oak	153,529	-
Miscellaneous	63,596	-
Total	\$ 1,413,913	\$ 10,192

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, 2019

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
Tenants/program participants	\$ 86,006	\$ 253,713	\$ -	\$ -	\$ -	\$ -	\$ 419	\$ -
Less: Allowance	(21,652)	(253,713)	-	-	-	-	(42)	-
	<u>64,354</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>377</u>	<u>-</u>
HUD - unrequisioned costs	495,749	21,536	-	-	-	97,252	-	-
HUD - housing assistance payments	-	-	-	-	-	-	5,416	-
HUD - administrative fees	-	69,477	-	-	-	-	-	-
Loan program participants	-	-	-	1,264	43,387	-	-	-
Other governments	74,183	-	-	-	50,000	-	-	29,115
Interest	-	-	-	-	-	-	-	-
Affiliated property owners:								
Great Oak	-	-	153,529	-	-	-	-	-
Miscellaneous	-	12,847	48,690	-	-	-	-	-
Total	<u>\$ 634,286</u>	<u>\$ 103,860</u>	<u>\$ 202,219</u>	<u>\$ 1,264</u>	<u>\$ 93,387</u>	<u>\$ 97,252</u>	<u>\$ 5,793</u>	<u>\$ 29,115</u>

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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	\$ -	\$ 1,407	\$ 7,248	\$ 10,009	\$ 7,953	\$ 35,234	\$ 8,142	\$ 7,438	\$ 77,431
Less: Allowance	-	(141)	(1,471)	(1,700)	(3,209)	(3,848)	(1,507)	(3,079)	(14,955)
	<u>-</u>	<u>1,266</u>	<u>5,777</u>	<u>8,309</u>	<u>4,744</u>	<u>31,386</u>	<u>6,635</u>	<u>4,359</u>	<u>62,476</u>
HUD - unrequisioned costs	-	-	-	-	-	-	-	-	-
HUD - housing assistance payments	-	-	-	7,802	-	62,545	31,038	51,360	152,745
HUD - administrative fees	-	-	-	-	-	-	-	-	-
Loan program participants	-	-	-	-	-	-	-	-	-
Other governments	4,060	1,453	-	-	-	-	2,226	11,368	19,107
Interest	10,350	-	-	-	-	-	-	-	10,350
Affiliated property owners									
Great Oak	-	-	-	-	-	-	-	-	-
Miscellaneous	2,059	-	-	-	-	-	-	-	2,059
Total	<u>\$ 16,469</u>	<u>\$ 2,719</u>	<u>\$ 5,777</u>	<u>\$ 16,111</u>	<u>\$ 4,744</u>	<u>\$ 93,931</u>	<u>\$ 39,899</u>	<u>\$ 67,087</u>	<u>\$ 246,737</u>

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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, 2019, \$420,000 was deferred or outstanding under this agreement.

	Principal	Interest	Total Payments
Forgiven for the year ending June 30, 2020	\$ 60,000	\$ -	\$ 60,000
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
	\$ 420,000	\$ -	\$ 420,000

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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

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, 2020	\$ 12,562	\$ 21,605	\$ 34,167
For the year ending June 30, 2021	13,067	21,100	34,167
For the year ending June 30, 2022	13,592	20,575	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 years ending June 30, 2025-2029	82,904	87,929	170,833
For the years ending June 30, 2030-2034	100,975	69,858	170,833
For the years ending June 30, 2035-2039	122,983	47,850	170,833
For the years ending June 30, 2040-2044	149,787	21,046	170,833
For the years ending June 30, 2045	27,963	509	28,472
	<u>\$ 552,680</u>	<u>\$ 329,959</u>	<u>\$ 882,639</u>

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, 2020	\$ 73,970	\$ 56,874	\$ 130,844
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 years ending June 30, 2025-2029	425,556	228,670	654,226
For the years ending June 30, 2030-2034	470,271	183,955	654,226
For the years ending June 30, 2035-2039	519,687	134,539	654,226
For the years ending June 30, 2040-2044	574,296	79,930	654,226
For the years ending June 30, 2045-2048	502,593	20,772	523,365
	<u>\$ 2,877,491</u>	<u>\$ 917,002</u>	<u>\$ 3,794,493</u>

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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

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, 2020	\$ -	\$ 21,000	\$ 21,000
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 years ending June 30, 2025-2029	-	105,000	105,000
For the years ending June 30, 2030-2034	700,000	84,000	784,000
	<u>\$ 700,000</u>	<u>\$ 294,000</u>	<u>\$ 994,000</u>

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, 2020	\$ 47,878	\$ 15,807	\$ 63,685
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 years ending June 30, 2025-2029	256,766	61,657	318,423
For the years ending June 30, 2030-2034	269,922	48,501	318,423
For the years ending June 30, 2035-2039	283,756	34,667	318,423
For the years ending June 30, 2040-2044	298,298	20,125	318,423
For the years ending June 30, 2045-2048	249,610	5,130	254,740
	<u>\$ 1,602,599</u>	<u>\$ 244,258</u>	<u>\$ 1,846,857</u>

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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

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.

	Principal	Interest	Total Payments
For the year ending June 30, 2020	\$ -	\$ 21,000	\$ 21,000
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 years ending June 30, 2025-2029	-	105,000	105,000
For the years ending June 30, 2030-2034	700,000	84,000	784,000
	<u>\$ 700,000</u>	<u>\$ 294,000</u>	<u>\$ 994,000</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 matures on November 1, 2020. As of June 30, 2019, \$1,700,357 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.

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.

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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

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, 2019	\$	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
Total accrued interest due as of June 30, 2019	\$	565,631

In the REAC FDS presented as supplemental information, the accrued interest payable of \$565,631 is reported on line 353, Noncurrent Liabilities – Other, and the interest receivable of \$565,631 is reported on line 171, Notes, Loans, and Mortgages Receivable – Noncurrent along with the related principal.

Interfund note payable – Orcutt Senior Housing – Capital Funds Loan

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

\$ 2,475,000

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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

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 Rental Assistance Demonstration (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, 2019, 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
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
	<hr/> <hr/> \$ 7,184,903

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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

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, 2019, 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
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
	<hr/> <hr/> \$ 3,599,250 <hr/> <hr/>

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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

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 Rental Assistance Demonstration (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 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 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, 2019, 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 \$400,00 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

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

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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 \$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

\$ 2,519,851

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

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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 Rental Assistance Demonstration (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 Replacement Housing Factor (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, 2019, 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>\$ 19,923,707</u>

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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

Change in long-term liabilities

Long-term liabilities activity for the year ended June 30, 2019, was as follows:

	Balance at June 30, 2018	Additions	Reductions	Balance at June 30, 2019	Due Within One Year
<u>Proprietary Fund:</u>					
Access National Bank - Lassiter Courts, LLC	\$ -	\$ 1,700,357	\$ -	\$ 1,700,357	\$ -
VHDA TCAP Note Payable	1,004,231	-	-	1,004,231	-
VHDA Exchange Note Payable	480,000	-	60,000	420,000	-
VHDA Mortgage - 2713 Lofts	564,755	-	12,075	552,680	12,562
VHDA Mortgage - Oyster Point-Brighton LLC	2,950,000	-	72,509	2,877,491	73,970
DHCD Deferred Note - Oyster Point-Brighton LLC	700,000	-	-	700,000	-
VHDA Mortgage - Cypress Terrace LLC	1,650,000	-	47,401	1,602,599	47,878
DHCD Deferred Note - Cypress Terrace LLC	700,000	-	-	700,000	-
Escrow liabilities	162,095	211,215	155,732	217,578	-
Compensated absences	397,079	305,671	296,086	406,664	-
Net OPEB Liability	270,615	-	-	270,615	-
	<u>\$ 8,878,775</u>	<u>\$ 2,217,243</u>	<u>\$ 643,803</u>	<u>\$ 10,452,215</u>	<u>\$ 134,410</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 Virginia Housing Development Authority 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, 2018, the balance of this loan was \$1,225,752 and interest expense of \$37,018 has been incurred and reported as expense.

1,225,752

\$ 1,405,752

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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

Future maturities are as follows:

	Principal	Interest	Total Payments
For the year ending December 31, 2019	\$ 65,055	\$ 35,285	\$ 100,340
For the year ending December 31, 2020	67,001	33,339	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 years ending December 31, 2024-2028	400,131	101,569	501,700
For the years ending December 31, 2029-2033	463,641	38,059	501,700
For the years ending December 31, 2034	16,660	63	16,723
	<u>\$ 1,225,752</u>	<u>\$ 296,071</u>	<u>\$ 1,521,823</u>

Long-term liability activity for the year ended December 31, 2018 was as follows:

	Balance at December 31, 2017	Additions	Reductions	Balance at December 31, 2018	Due Within One Year
<u>Lower Jefferson Avenue, LLC:</u>					
Loan payable to NNRHA	\$ 180,000	\$ -	\$ -	\$ 180,000	\$ -
VHDA Mortgage - Jefferson Brookville Apartments	1,288,920	-	63,168	1,225,752	65,055
	<u>\$ 1,468,920</u>	<u>\$ -</u>	<u>\$ 63,168</u>	<u>\$ 1,405,752</u>	<u>\$ 65,055</u>

NOTE 5 – CAPITAL ASSETS:

Capital asset activity for the year ended June 30, 2019 was as follows:

	Balance at June 30, 2018	Additions	Transfers/ Reductions	Balance at June 30, 2019
<u>Proprietary Fund:</u>				
Land and improvements	\$ 6,924,741	\$ 15,616	\$ (62,536)	\$ 6,877,821
Construction in progress	1,077,672	6,306,699	(1,890,048)	5,494,323
Total capital assets, not being depreciated	<u>8,002,413</u>	<u>6,322,315</u>	<u>(1,952,584)</u>	<u>12,372,144</u>
Buildings and improvements	123,933,449	745,681	(6,245,388)	118,433,742
Furniture, equipment, vehicles, and fixtures	3,179,524	58,633	(30,578)	3,207,579
Total capital assets, being depreciated	<u>127,112,973</u>	<u>804,314</u>	<u>(6,275,966)</u>	<u>121,641,321</u>
Accumulated depreciation	<u>(65,877,330)</u>	<u>(3,686,301)</u>	<u>6,419,081</u>	<u>(63,144,550)</u>
Total capital assets, being depreciated (net)	<u>61,235,643</u>	<u>(2,881,987)</u>	<u>143,115</u>	<u>58,496,771</u>
Total	<u>\$ 69,238,056</u>	<u>\$ 3,440,328</u>	<u>\$ (1,809,469)</u>	<u>\$ 70,868,915</u>

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 5 – CAPITAL ASSETS: (Continued)

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

Proprietary Fund:	
Public Housing Program	\$ 1,980,671
Rental Assistance Program	32,135
Central Office Cost Center Program	68,277
Community Development Program	4,013
HOME Investment Partnerships Program	3,727
Transition Center Program	6,103
State & Local Activities Program	1,723
Business Activities Program	50,978
Orcutt Senior Housing/Ashe Manor	208,129
Orcutt Townhomes	192,154
Orcutt Townhomes III	183,860
Lofts on Jefferson	55,906
Oyster Point-Brighton	590,278
Cypress Terrace	307,594
Lassiter Courts	753
Total depreciation expense - Proprietary Fund	<u><u>\$ 3,686,301</u></u>

Discretely Presented Component Unit – Lower Jefferson Avenue, LLC:

Capital asset activity for the year ended December 31, 2018 was as follows:

	<u>December 31,</u> <u>2017</u>	<u>Additions</u>	<u>Transfers/ Reductions</u>	<u>December 31,</u> <u>2018</u>
<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	<u>(736,168)</u>	<u>(222,564)</u>	<u>-</u>	<u>(958,732)</u>
Total capital assets, being depreciated (net)	<u>6,934,721</u>	<u>(222,564)</u>	<u>-</u>	<u>6,712,157</u>
Total	<u><u>\$ 7,187,021</u></u>	<u><u>\$ (222,564)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 6,964,457</u></u>

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

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 6 – EMPLOYEE RETIREMENT PLAN:

The Authority contributes to the pension plan for the employees of the Newport News Redevelopment and Housing Authority, which is a defined contribution plan. This plan is administered by 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, 2019, the Authority's required and actual contributions and pension expense amounted to \$482,873, which was 12% of its covered payroll. No contribution forfeitures were recognized for the year ended June 30, 2019 and there was no liability for unpaid contributions as of June 30, 2019.

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

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS: (Continued)

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.

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, 2019 are as follows:

Employer contributions to the Trust	\$ -
Employer stipends paid to retirees	23,571
Employer payments for insurance coverage for retirees	41,322
Less: retiree payments for coverage	<u>(17,593)</u>
Total	<u><u>\$ 47,300</u></u>

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

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

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS: (Continued)

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.

Asset Class	Portfolio I Target Allocation	Portfolio II Target Allocation
Large Cap Equity	26%	15%
Small Cap Equity	10%	6%
International Developed Equity	13%	8%
Emerging Market Equity	5%	3%
Private Equity	5%	0%
Long/Short Equity	6%	3%
Total Equity	65%	35%
Core	7%	18%
Core Plus	14%	40%
Liquid Absolute Return	4%	2%
Total Fixed Income	25%	60%
Real Estate	7%	3%
Commodities	3%	2%
	10%	5%
Cash	0%	0%
Total	100%	100%

For the year ended June 30, 2019, the annual money-weighted rate of return on investments, net of investment expense, was 4.60%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS: (Continued)

Net OPEB Liability:

The components of the net OPEB liability of the Authority at June 30, 2018 calculated in accordance with GAAP, were as follows:

Total OPEB liability	\$	1,470,933
Plan fiduciary net position		<u>1,355,612</u>
Net OPEB liability	\$	<u><u>115,321</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability		<u><u>92.16%</u></u>

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).

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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	19.60%	1.17%	0.99%
High Yield Bonds	1.40%	3.38%	2.77%
Large Cap US Equities	26.00%	5.53%	4.14%
Small Cap US Equities	10.00%	6.58%	4.57%
Developed Foreign Equities	13.00%	6.43%	4.66%
Emerging Market Equities	5.00%	8.76%	5.64%
Private Equity	5.00%	9.10%	6.63%
Hedge Funds/Absolute Return	10.00%	3.03%	2.63%
Real Estate (REITS)	7.00%	5.05%	3.86%
Commodities	3.00%	3.37%	1.78%
Assumed Inflation		2.60%	2.60%
Portfolio Real Mean Return		4.55%	3.95%
Portfolio Nominal Mean Return		7.15%	6.65%
Portfolio Standard Deviation			10.85%
Long-Term Expected Rate of Return			6.50%

Discount Rate:

The discount rate used to measure the total OPEB liability was 7.0%. 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, 2018, 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, 2019

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, 2017	\$ 1,450,584	\$ 1,179,969	\$ 270,615
Charges for the year:			
Service Cost	55,038	-	55,038
Interest on total OPEB Liability	100,734	-	100,734
Benefit Payments	(135,423)	(135,423)	-
Employer Contributions	-	195,423	(195,423)
Net Investment Income	-	117,508	(117,508)
Administrative Expenses	-	(1,865)	1,865
Balance as of June 30, 2018	<u>\$ 1,470,933</u>	<u>\$ 1,355,612</u>	<u>\$ 115,321</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 (6.0%)	Discount Rate (7.0%)	1% Increase (8.0%)
Net OPEB liability	\$ 228,513	\$ 115,321	\$ 15,311

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 (5.2%)	Discount Rate (6.2%)	1% Increase (7.2%)
Net OPEB liability	\$ 27,909	\$ 115,321	\$ 215,283

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

For the year ended June 30, 2019, the Authority recognized OPEB expense of (\$66,457). At June 30, 2019, 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
Net difference between projected and actual earnings on OPEB plan investments	\$ -	\$ 26,328
Contributions to OPEB plan between July 1, 2018 and June 30, 2019	47,300	-
Total Equity	<u>\$ 47,300</u>	<u>\$ 26,328</u>

\$47,300 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, 2020.

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS: (Continued)

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

Year ending June 30, 2020	\$	(6,582)
Year ending June 30, 2021		(6,582)
Year ending June 30, 2022		(6,582)
Year ending June 30, 2023		(6,582)
Year ending June 30, 2024		-
	\$	<u>-</u>

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, 2019, there were six series of Tax Exempt Mortgage Revenue Bonds outstanding, with an aggregate principal amount payable of \$71,679,592.

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, 2019

NOTE 10 – NOTES AND MORTGAGES RECEIVABLE: (Continued)

Notes and mortgages receivable at June 30, 2019 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	\$ 2,328,132	\$ 4,951,350	\$ -	\$ -	\$ 7,279,482
	<u>2,328,132</u>	<u>4,951,350</u>	<u>-</u>	<u>-</u>	<u>7,279,482</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	-	-	-	26,415	26,415
Down payment assistance loans due from homebuyers	-	-	-	28,381	28,381
	<u>-</u>	<u>-</u>	<u>1,473,746</u>	<u>234,796</u>	<u>1,708,542</u>
	<u>\$ 2,328,132</u>	<u>\$ 4,951,350</u>	<u>\$ 1,473,746</u>	<u>\$ 234,796</u>	<u>\$ 8,988,024</u>

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.

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NEWPORT NEWS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 11 – INTER-PROGRAM RECEIVABLES: (Continued)

The composition of amounts due to and from other programs as of June 30, 2019 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
Business Activities Program	\$ -	\$ -	\$ 508,329	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Central Office Cost Center Program	1,448,698	231,742	-	16,061	64,201	94,057	24,918	36,850	474
Choice Neighborhood Grant Program	-	-	-	-	-	-	-	-	-
Orcutt Senior Housing/Ashe Manor	32,890	-	-	-	-	-	-	-	-
Orcutt Townhomes	30,771	-	-	-	-	-	-	-	-
Orcutt Townhomes III	1	-	-	-	-	-	-	-	-
	<u>\$ 1,512,360</u>	<u>\$ 231,742</u>	<u>\$ 508,329</u>	<u>\$ 16,061</u>	<u>\$ 64,201</u>	<u>\$ 94,057</u>	<u>\$ 24,918</u>	<u>\$ 36,850</u>	<u>\$ 474</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
Business Activities Program	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 68,716	\$ 577,045
Central Office Cost Center Program	181,172	156,260	29,586	23,936	74,575	142,866	145,086	231,137	2,901,619
Choice Neighborhood Grant Program	509	-	-	-	-	-	-	-	509
Orcutt Senior Housing/Ashe Manor	-	-	-	-	-	-	-	-	32,890
Orcutt Townhomes	-	-	-	-	-	-	-	-	30,771
Orcutt Townhomes III	-	-	-	-	-	-	-	-	1
	<u>\$ 181,681</u>	<u>\$ 156,260</u>	<u>\$ 29,586</u>	<u>\$ 23,936</u>	<u>\$ 74,575</u>	<u>\$ 142,866</u>	<u>\$ 145,086</u>	<u>\$ 299,853</u>	<u>\$ 3,542,835</u>

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

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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, 2019 are as follows:

Paying Program	Receiving Program			Total
	Orcutt Senior Housing/ Ashe Manor	Orcutt Townhomes	Lassiter Courts	
Public Housing Program - transfer of operating funds earned and received by Public Housing AMP to RAD conversion ownership entities	\$ 200,267	\$ 149,162	\$ 186,846	\$ 536,275
Total	<u>\$ 200,267</u>	<u>\$ 149,162</u>	<u>\$ 186,846</u>	<u>\$ 536,275</u>

NOTE 12 – ACCOUNTS PAYABLE:

Payables at June 30, 2019 consist of the following:

	Proprietary Fund	Lower Jefferson Avenue, LLC
Vendors and Contractors	\$ 1,355,802	\$ 83,194
Accrued utilities	214,917	-
Other payroll withholdings	173,565	-
HUD - SRO settlement - FY 2017	32,671	-
HUD - Mainstream settlement - FY2019	172,074	-
HUD - interest on NRA/HAP	245	-
Other governments	64,055	-
Contract retention	279,683	-
	<u>\$ 2,293,012</u>	<u>\$ 83,194</u>

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 12 – ACCOUNTS PAYABLE: (Continued)

Detailed information by program at June 30, 2019 consists of the following:

	Public Housing Program	Rental Assistance Program	Central Office Cost Center Program	Community Development Program	HOME Program	Resident Self Sufficiency Program	Transition Center Program	State and Local Activities Program	Choice Neighborhoods Grant Program
Vendors and Contractors	\$ 150,118	\$ 130,724	\$ 33,654	\$ 46,752	\$ 4,374	\$ 10	\$ 807	\$ 2,914	\$ 35
Accrued utilities	163,920	18	3,025	(5)	-	-	1,391	-	-
Other payroll withholdings	-	-	173,565	-	-	-	-	-	-
HUD - SRO settlement - FY 2017	-	32,671	-	-	-	-	-	-	-
HUD - Mainstream settlement - FY2019	-	172,074	-	-	-	-	-	-	-
HUD - interest on NRA/HAP	-	245	-	-	-	-	-	-	-
Other governments	23,457	151	-	-	-	-	-	-	-
Contract retention	-	-	-	-	-	-	-	-	-
	<u>\$ 337,495</u>	<u>\$ 335,883</u>	<u>\$ 210,244</u>	<u>\$ 46,747</u>	<u>\$ 4,374</u>	<u>\$ 10</u>	<u>\$ 2,198</u>	<u>\$ 2,914</u>	<u>\$ 35</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	\$ 5,060	\$ 5,548	\$ 2,227	\$ 2,700	\$ 449	\$ 24,951	\$ 8,424	\$ 937,055	\$ 1,355,802
Accrued utilities	1,383	12,257	137	99	592	16,369	8,026	7,705	214,917
Other payroll withholdings	-	-	-	-	-	-	-	-	173,565
HUD - SRO settlement - FY 2017	-	-	-	-	-	-	-	-	32,671
HUD - Mainstream settlement - FY2019	-	-	-	-	-	-	-	-	172,074
HUD - interest on NRA/HAP	-	-	-	-	-	-	-	-	245
Other governments	-	-	11,488	9,885	-	19,074	-	-	64,055
Contract retention	-	-	-	-	-	-	-	279,683	279,683
	<u>\$ 6,443</u>	<u>\$ 17,805</u>	<u>\$ 13,852</u>	<u>\$ 12,684</u>	<u>\$ 1,041</u>	<u>\$ 60,394</u>	<u>\$ 16,450</u>	<u>\$ 1,224,443</u>	<u>\$ 2,293,012</u>

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 13 – ACCRUED SALARIES AND EXPENSES:

Accrued salaries and expenses at June 30, 2019 consist of the following:

	Proprietary Fund	Lower Jefferson Avenue, LLC
Salaries and wages	\$ 69,460	\$ 2,699
	\$ 69,460	\$ 2,699

Accrued salaries and expenses at June 30, 2019 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	
Salaries and wages	\$ 21,138	\$ 9,044	\$ 23,162	\$ 1,547	\$ 652	\$ 3,185	\$ 204	\$ 1,143	
	\$ 21,138	\$ 9,044	\$ 23,162	\$ 1,547	\$ 652	\$ 3,185	\$ 204	\$ 1,143	
									Total
Salaries and wages	\$ 1,392	\$ 830	\$ 671	\$ 455	\$ 217	\$ 2,966	\$ 1,117	\$ 1,737	\$ 69,460
	\$ 1,392	\$ 830	\$ 671	\$ 455	\$ 217	\$ 2,966	\$ 1,117	\$ 1,737	\$ 69,460

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 14 – OTHER ASSETS:

Other assets at June 30, 2019 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, 2019. 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	\$ 4,591,134	\$ 3,934,166
	\$ 4,591,134	\$ 3,934,166

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

NOTE 16 – DEFICIT NET POSITION:

At June 30, 2019, 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 \$12,479. 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, 2019

NOTE 16 – DEFICIT NET POSITION: (Continued)

Orcutt Senior Housing/Ashe Manor

This program has a deficit in net position of \$26,134. 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, 2019, restricted net position was as follows:

Reserves and escrows:	
Public Housing CFP reserves	\$ 6,459
Tax credit operating and replacement	1,367,846
2713 Lofts escrow, operating and replacement reserves	20,325
Oyster Point-Brighton escrow reserves	110,396
Cypress Terrace escrow reserves	57,369
	1,562,395
Housing Choice Voucher HAP reserves (RNA)	46,670
Loan programs:	
CDBG net position associated with loan balances	2,328,132
HOME program net position associated with loan balances	4,951,350
	7,279,482
Accumulated CD and HOME funds:	
CDBG accumulated net position	697,138
HOME City construction funds	1,290,900
HOME unexpended program income	49,654
HOME accumulated net position	2,624,697
	4,662,389
	\$ 13,550,936

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, 2019:

Balance at July 1, 2018	\$ 6,459
Interest earned	-
Expenditures of reserves	-
Balance at June 30, 2019	\$ 6,459

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

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 17 – RESTRICTED NET POSITION: (Continued)

Rental Assistance Program:

Housing Choice Voucher Program:

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

	HAP Equity	Administrative Fee Equity	Total
Balance at July 1, 2018	\$ -	\$ 1,659,570	\$ 1,659,570
Current period excess of funding	46,670	156,320	202,990
Balance at June 30, 2019	\$ 46,670	\$ 1,815,890	\$ 1,862,560

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, 2019, the restricted balances due are as follows:

	Loans	Accumulated Net Position	Total
CDBG Program	\$ 2,328,132	\$ 697,138	\$ 3,025,270
HOME Program	4,951,350	3,965,251	8,916,601
	\$ 7,279,482	\$ 4,662,389	\$ 11,941,871

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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, 2019:

	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, 2018	\$ 283,064	\$ 213,888	\$ 298,492	\$ 269,387	\$ 200,435	\$ 63,256
Interest earned	142	68	149	83	45	20
Deposits	-	19,961	-	14,518	-	4,590
Withdrawals/fees	(30)	-	(30)	-	(192)	-
Balance at June 30, 2019	<u>\$ 283,176</u>	<u>\$ 233,917</u>	<u>\$ 298,611</u>	<u>\$ 283,988</u>	<u>\$ 200,288</u>	<u>\$ 67,866</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, 2019:

	Insurance Escrow	Replacement Reserve	Real Estate Tax Reserves	Total
Balance at July 1, 2018	\$ 1,690	\$ 13,485	\$ 815	\$ 15,990
Interest earned	-	330	-	330
Deposits	5,979	4,200	9,728	19,907
Withdrawals	(6,165)	-	(9,737)	(15,902)
Balance at June 30, 2019	<u>\$ 1,504</u>	<u>\$ 18,015</u>	<u>\$ 806</u>	<u>\$ 20,325</u>

Oyster Point-Brighton Restricted Reserves:

The Authority owns and operates housing under the terms of a mortgage and regulatory agreement with the Virginia Housing Development Authority (VHDA). VHDA requires that certain reserves and escrow accounts be maintained and VHDA retains possession and control 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, 2019:

	Insurance Escrow	Real Estate Tax Reserves	Replacement Reserve	Total
Balance at July 1, 2018	\$ 37,256	\$ 49,192	\$ -	\$ 86,448
Interest Earned	-	-	589	589
Deposits	72,567	98,383	58,800	229,750
Withdrawals	(67,015)	(139,376)	-	(206,391)
Balance at June 30, 2019	<u>\$ 42,808</u>	<u>\$ 8,199</u>	<u>\$ 59,389</u>	<u>\$ 110,396</u>

These funds are held by VHDA in various accounts.

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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 Virginia Housing Development Authority (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, 2019:

These funds are held by VHDA in various accounts.

	Insurance Escrow	Real Estate Tax Reserves	Replacement Reserve	Total
Balance at July 1, 2018	\$ 24,170	\$ 4,152	\$ -	\$ 28,322
Interest Earned	-	-	247	247
Deposits	47,562	49,823	24,600	121,985
Withdrawals	(43,362)	(49,823)	-	(93,185)
Balance at June 30, 2019	<u>\$ 28,370</u>	<u>\$ 4,152</u>	<u>\$ 24,847</u>	<u>\$ 57,369</u>

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, 2018:

	VHDA Tax & Insurance Escrow	Tax Escrow	Replacement Reserve	Operating Reserve	Priority Return Escrow	Total
Balance as of December 31, 2017	\$ 4,111	\$ -	\$ 28,606	\$ 172,644	\$ 33,882	\$ 239,243
Interest earned	-	-	411	-	10	421
Deposits	47,488	-	15,914	-	-	63,402
Withdrawals	(49,683)	-	(14,623)	-	-	(64,306)
Balance as of December 31, 2018	<u>\$ 1,916</u>	<u>\$ -</u>	<u>\$ 30,308</u>	<u>\$ 172,644</u>	<u>\$ 33,892</u>	<u>\$ 238,760</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, 2019

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	\$ 6,315,977	\$ 5,588,777
Development Costs Captured in Capital Asset/Depreciation Software	\$ 6,315,977	\$ 5,588,777
Development Costs Certified in Cost Certification	\$ 7,027,423	\$ 5,883,423

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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JUNE 30, 2019

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	\$ 105,332	\$ 87,988	\$ 250,137	\$ 63,653	\$ -	\$ 319,382	\$ 699,429	\$ 196,238	\$ 1,722,159	\$ 16,998,260	\$ -	\$ 18,720,419
Due from other programs	32,890	30,771	1	-	-	-	-	-	63,662	3,479,173	(3,542,835)	-
Capital assets	3,252,009	3,174,667	4,065,182	1,364,150	-	5,446,076	18,680,412	9,460,375	45,442,871	25,426,044	-	70,868,915
Other assets	521,645	589,112	271,682	29,047	375,858	8,626	159,044	70,699	2,025,713	32,892,968	(21,183,068)	13,735,613
Total Assets	\$ 3,911,876	\$ 3,882,538	\$ 4,587,002	\$ 1,456,850	\$ 375,858	\$ 5,774,084	\$ 19,538,885	\$ 9,727,312	\$ 49,254,405	\$ 78,796,445	\$ (24,725,903)	\$ 103,324,947
Deferred Outflows of Resources	-	-	-	-	-	-	-	-	-	47,300	-	47,300
Liabilities:												
Current liabilities	\$ 24,744	\$ 20,761	\$ 18,396	\$ 24,363	\$ -	\$ 1,231,750	\$ 189,683	\$ 80,789	\$ 1,590,486	\$ 1,142,127	-	2,732,613
Due to other programs	156,260	29,586	23,936	74,575	-	299,853	142,866	145,086	872,162	2,670,673	(3,542,835)	-
Long-term liabilities	3,757,006	1,575,340	3,285,184	540,674	-	4,235,514	11,125,731	6,046,000	30,565,449	680,130	(21,083,068)	10,162,511
Total Liabilities	3,938,010	1,625,687	3,327,516	639,612	-	5,767,117	11,458,280	6,271,875	33,028,097	4,492,930	(24,625,903)	12,895,124
Deferred Inflows of Resources	-	-	-	-	-	-	-	-	-	26,328	-	26,328
Net Position:												
Net investment in capital assets	63,009	1,603,806	781,109	811,470	-	1,225,868	7,918,018	3,558,526	15,961,806	25,426,044	19,923,707	61,311,557
Restricted	517,093	582,599	268,154	20,325	-	-	110,396	57,369	1,555,936	11,995,000	-	13,550,936
Unrestricted	(606,236)	70,446	210,223	(14,557)	375,858	(1,218,901)	52,191	(160,458)	(1,291,434)	36,903,443	(20,023,707)	15,588,302
Total Net Position	\$ (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

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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	\$ 180,124	\$ 122,596	\$ 107,624	\$ 109,127	\$ -	\$ 76,214	\$ 538,807	\$ 195,035	\$ 1,329,527	\$ 2,750,269	\$ -	\$ 4,079,796
Intergovernmental - operating grants	-	-	96,402	-	-	116,002	798,376	361,761	1,372,541	31,830,614	-	33,203,155
Fee revenue	-	-	-	-	-	-	-	-	-	2,846,499	(2,794,299)	52,200
Other income	133	8	-	-	-	126	80	33	380	520,389	-	520,769
Total Operating Revenue	180,257	122,604	204,026	109,127	-	192,342	1,337,263	556,829	2,702,448	37,947,771	(2,794,299)	37,855,920
Operating Expenses												
Other operating expenses	404,204	231,246	140,733	67,590	-	649,759	1,055,910	514,421	3,063,863	36,078,797	(2,794,299)	36,348,361
Depreciation	208,129	192,154	183,860	55,906	-	753	590,278	307,594	1,538,674	2,147,627	-	3,686,301
Total Operating Expenses	612,333	423,400	324,593	123,496	-	650,512	1,646,188	822,015	4,602,537	38,226,424	(2,794,299)	40,034,662
Operating Income (Loss)	(432,076)	(300,796)	(120,567)	(14,369)	-	(458,170)	(308,925)	(265,186)	(1,900,089)	(278,653)	-	(2,178,742)
Nonoperating Revenues (Expenses)	(49,428)	272	147	(21,708)	-	(21,709)	(200,934)	(91,367)	(384,727)	904,452	-	519,725
Transfers from other programs	200,267	149,162	-	-	-	186,846	-	-	536,275	-	(536,275)	-
Transfers to other programs	-	-	-	-	-	-	-	-	-	(536,275)	536,275	-
HUD capital contributions	-	-	-	-	-	-	-	-	-	1,394,087	-	1,394,087
Tax credit and other proceeds	-	-	60,000	-	-	300,000	500,000	38,059	898,059	-	-	898,059
Special item - capital assets soft development costs related to RAD conversion	-	-	-	-	-	-	-	-	-	(1,509,470)	-	(1,509,470)
Change in Net Position	(281,237)	(151,362)	(60,420)	(36,077)	-	6,967	(9,859)	(318,494)	(850,482)	(25,859)	-	(876,341)
Net position (deficit), beginning of year	255,103	2,408,213	1,319,906	853,315	375,858	-	8,090,464	3,773,931	17,076,790	74,350,346	(100,000)	91,327,136
Net position (deficit), end 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

	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	\$ 106,582	\$ 23,534	\$ 72,020	\$ 86,833	\$ -	\$ (6,333)	\$ 472,387	\$ 210,850	\$ 965,873	\$ 932,199	\$ -	\$ 1,898,072
Capital and related financing activities	-	(3,630)	-	(34,166)	-	265,084	(153,624)	(85,516)	(11,852)	222,202	-	210,350
Noncapital financing activities	-	-	-	-	-	-	-	-	-	(1,515,509)	-	(1,515,509)
Investing activities	261	273	146	(3,992)	-	-	(23,208)	(28,747)	(55,267)	(3,790,621)	-	(3,845,888)
Net Increase (Decrease) in Cash	106,843	20,177	72,166	48,675	-	258,751	295,555	96,587	898,754	(4,151,729)	-	(3,252,975)
Cash, beginning of year	515,788	635,620	417,921	14,276	-	-	294,104	36,380	1,914,089	17,401,771	-	19,315,860
Cash, end 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

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 21 – SUBSEQUENT EVENT

Coronavirus Pandemic:

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19), apparently originating in Wuhan, China, 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. Currently, there has been no immediate impact to the Authority's operations; however, future potential impacts may include disruptions or restrictions on our employees' ability to work or the tenants' ability to pay the required monthly rent. Currently, the Authority does not anticipate any reduction in HUD funding or grants. 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 may be changed include intake, recertifications and maintenance. Changes to the operating environment may increase operating costs. Additional impacts may include the ability of tenants to continue making rental payments as a result of job loss or other pandemic related issues. The future effects of these issues are unknown.

Redevelopment of Sprately House:

As of June 30, 2019, the Authority was in the planning process for converting one of its public housing developments, Sprately House, under HUD's Rental Assistance Demonstration (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
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REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Changes in Net OPEB Liability and Related Ratios

JUNE 30, 2019

	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Total OPEB liability			
Service cost	\$ 62,057	\$ 55,038	\$ 51,437
Interest	95,866	100,734	98,774
Effects of economic/demographic gains or (losses)	(116,555)	-	-
Changes of assumptions	1,914	-	-
Benefit payments	<u>(95,442)</u>	<u>(135,423)</u>	<u>(116,524)</u>
Net change in OPEB liability	(52,160)	20,349	33,687
Total OPEB liability - beginning	<u>1,470,933</u>	<u>1,450,584</u>	<u>1,416,897</u>
Total OPEB liability - ending (a)	<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	\$ 95,442	\$ 195,423	\$ 116,524
Net investment income	62,307	117,508	134,772
Benefit payments	(95,442)	(135,423)	(116,524)
Administrative expenses	<u>(1,973)</u>	<u>(1,865)</u>	<u>(1,751)</u>
Net change in fiduciary net position	60,334	175,643	133,021
Plan fiduciary net position - beginning	<u>1,355,612</u>	<u>1,179,969</u>	<u>1,046,948</u>
Plan fiduciary net position - ending (b)	<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>\$ 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	99.80%	92.16%	81.34%
Covered employee payroll	4,160,028	3,776,000	3,776,000
Net OPEB liability as a percentage of covered employee payroll	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 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, 2019

	June 30, 2019	June 30, 2018	June 30, 2017
Actuarially determined contribution	\$ 63,970	\$ 85,600	\$ 81,100
Contributions in relation to the actuarially determined contribution	(47,300)	(139,914)	(76,958)
Contribution deficiency	\$ 16,670	\$ (54,314)	\$ 4,142
 Covered employee payroll	 \$ 4,160,028	 \$ 3,776,000	 \$ 3,776,000
 Contributions as a percentage of covered employee payroll	 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
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 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, 2019

	<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	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 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, 2019

	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	\$ 2,593,309	\$ 2,482,478	\$ 1,190,496	\$ 767,108	\$ 79,518	\$ -	\$ 470,573
Accounts receivable (net of allowance)	634,286	103,860	202,219	1,264	93,387	97,252	5,793
Due from other programs	-	-	2,901,619	-	-	-	-
Investments	3,875,727	-	105,947	-	-	-	-
Prepaid expenses	9,401	6,224	8,653	66	300	-	16
Materials inventory (net of allowance)	-	-	28,183	-	-	-	-
Total current assets	<u>7,112,723</u>	<u>2,592,562</u>	<u>4,437,117</u>	<u>768,438</u>	<u>173,205</u>	<u>97,252</u>	<u>476,382</u>
Restricted assets:							
Cash and equivalents - restricted	156,051	182,459	-	-	1,340,553	-	3,315
Investments - restricted	-	-	-	-	-	-	-
Notes receivable (noncurrent)	-	-	-	2,328,132	4,951,350	-	-
Total restricted assets	<u>156,051</u>	<u>182,459</u>	<u>-</u>	<u>2,328,132</u>	<u>6,291,903</u>	<u>-</u>	<u>3,315</u>
Noncurrent assets:							
Notes and mortgages receivable	-	-	1,473,746	-	-	-	-
Nondepreciable capital assets	2,516,705	32,000	-	-	-	-	17,201
Capital assets (net)	21,756,815	73,648	141,050	4,954	1,863	-	79,565
Interprogram notes receivable	16,556,560	-	-	-	2,536,000	-	-
Accrued interest receivable	593,730	-	-	-	-	-	-
Other noncurrent assets	-	-	-	-	-	-	-
Total noncurrent assets	<u>41,423,810</u>	<u>105,648</u>	<u>1,614,796</u>	<u>4,954</u>	<u>2,537,863</u>	<u>-</u>	<u>96,766</u>
TOTAL ASSETS	<u>48,692,584</u>	<u>2,880,669</u>	<u>6,051,913</u>	<u>3,101,524</u>	<u>9,002,971</u>	<u>97,252</u>	<u>576,463</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>							
Deferred outflows related to OPEB plan	-	-	47,300	-	-	-	-

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

COMBINING STATEMENT OF NET POSITION

PROPRIETARY FUND PROGRAMS

JUNE 30, 2019

	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	337,495	335,883	210,244	46,747	4,374	10	2,198
Due to other programs	1,512,360	231,742	508,329	16,061	64,201	94,057	24,918
Accrued salaries	21,138	9,044	23,162	1,547	652	3,185	204
Accrued interest payable	-	-	-	-	-	-	-
Unearned revenues	35,370	-	-	-	-	-	24
Security deposit liabilities	94,358	1,250	-	-	-	-	3,315
Current portion of long-term liabilities	-	-	-	-	-	-	-
Total current liabilities	2,000,721	577,919	741,735	64,355	69,227	97,252	30,659
Long-term liabilities:							
Compensated absences	89,602	70,017	180,231	6,945	5,655	-	2,191
Net OPEB liability	-	-	115,321	-	-	-	-
Notes and mortgages payable	-	-	-	-	-	-	-
Interprogram notes payable	-	-	-	-	-	-	-
Accrued interest payable	-	-	-	-	-	-	-
Trust, deposit and escrow liabilities	55,234	134,539	-	-	9,625	-	-
Total long-term liabilities	144,836	204,556	295,552	6,945	15,280	-	2,191
TOTAL LIABILITIES	2,145,557	782,475	1,037,287	71,300	84,507	97,252	32,850
DEFERRED INFLOWS OF RESOURCES							
Deferred outflows related to OPEB plan	-	-	26,328	-	-	-	-
NET POSITION							
Net investment in capital assets	24,273,520	105,648	141,050	4,954	1,863	-	96,766
Restricted for:							
Reserves and escrows	6,459	-	-	-	-	-	-
HAP Reserves	-	46,670	-	-	-	-	-
Loan programs	-	-	-	2,328,132	7,487,350	-	-
Other	-	-	-	697,138	1,429,251	-	-
Unrestricted (deficit)	22,267,048	1,945,876	4,894,548	-	-	-	446,847
TOTAL NET POSITION	\$ 46,547,027	\$ 2,098,194	\$ 5,035,598	\$ 3,030,224	\$ 8,918,464	\$ -	\$ 543,613

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

COMBINING STATEMENT OF NET POSITION

PROPRIETARY FUND PROGRAMS

JUNE 30, 2019

	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	\$ -	\$ -	\$ 3,984,182	\$ -	\$ 100,986	\$ 66,685	\$ 218,405
Accounts receivable (net of allowance)	29,115	-	16,469	-	2,719	5,777	16,111
Due from other programs	-	509	577,045	-	32,890	30,771	1
Investments	-	-	211,893	-	-	-	-
Prepaid expenses	229	-	312	-	1,627	15,526	15,621
Materials inventory (net of allowance)	-	-	-	-	-	-	-
Total current assets	<u>29,344</u>	<u>509</u>	<u>4,789,901</u>	<u>-</u>	<u>138,222</u>	<u>118,759</u>	<u>250,138</u>
Restricted assets:							
Cash and equivalents - restricted	-	-	-	-	521,645	589,112	271,682
Investments - restricted	-	-	-	-	-	-	-
Notes receivable (noncurrent)	-	-	-	-	-	-	-
Total restricted assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>521,645</u>	<u>589,112</u>	<u>271,682</u>
Noncurrent assets:							
Notes and mortgages receivable	-	-	234,796	-	-	-	-
Nondepreciable capital assets	-	-	179,608	-	58,963	100,014	37,800
Capital assets (net)	4,307	-	618,328	-	3,193,046	3,074,653	4,027,382
Interprogram notes receivable	-	-	831,147	-	-	-	-
Accrued interest receivable	-	-	565,631	-	-	-	-
Other noncurrent assets	-	-	1,139,498	375,858	-	-	-
Total noncurrent assets	<u>4,307</u>	<u>-</u>	<u>3,569,008</u>	<u>375,858</u>	<u>3,252,009</u>	<u>3,174,667</u>	<u>4,065,182</u>
TOTAL ASSETS	<u>33,651</u>	<u>509</u>	<u>8,358,909</u>	<u>375,858</u>	<u>3,911,876</u>	<u>3,882,538</u>	<u>4,587,002</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, 2019

	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>LIABILITIES</u>							
Current liabilities:							
Accounts payable and accrued expenses	\$ 2,914	\$ 35	\$ 6,443	\$ -	\$ 17,805	\$ 13,852	\$ 12,684
Due to other programs	36,850	474	181,681	-	156,260	29,586	23,936
Accrued salaries	1,143	-	1,392	-	830	671	455
Accrued interest payable	-	-	-	-	-	-	-
Unearned revenues	-	-	-	-	1,557	2,223	1,729
Security deposit liabilities	-	-	-	-	4,552	4,015	3,528
Current portion of long-term liabilities	-	-	-	-	-	-	-
Total current liabilities	<u>40,907</u>	<u>509</u>	<u>189,516</u>	<u>-</u>	<u>181,004</u>	<u>50,347</u>	<u>42,332</u>
Long-term liabilities:							
Compensated absences	5,223	-	5,547	-	2,375	1,981	1,111
Net OPEB liability	-	-	-	-	-	-	-
Notes and mortgages payable	-	-	-	-	-	-	1,424,231
Interprogram notes payable	-	-	-	-	3,189,000	1,570,861	1,859,842
Accrued interest payable	-	-	-	-	565,631	-	-
Trust, deposit and escrow liabilities	-	-	-	-	-	2,498	-
Total long-term liabilities	<u>5,223</u>	<u>-</u>	<u>5,547</u>	<u>-</u>	<u>3,757,006</u>	<u>1,575,340</u>	<u>3,285,184</u>
 TOTAL LIABILITIES	 <u>46,130</u>	 <u>509</u>	 <u>195,063</u>	 <u>-</u>	 <u>3,938,010</u>	 <u>1,625,687</u>	 <u>3,327,516</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>							
Deferred outflows related to OPEB plan	-	-	-	-	-	-	-
<u>NET POSITION</u>							
Net investment in capital assets	4,307	-	797,936	-	63,009	1,603,806	781,109
Restricted for:							
Reserves and escrows	-	-	-	-	517,093	582,599	268,154
HAP Reserves	-	-	-	-	-	-	-
Loan programs	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Unrestricted (deficit)	<u>(16,786)</u>	<u>-</u>	<u>7,365,910</u>	<u>375,858</u>	<u>(606,236)</u>	<u>70,446</u>	<u>210,223</u>
 TOTAL NET POSITION	 <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>

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

COMBINING STATEMENT OF NET POSITION

PROPRIETARY FUND PROGRAMS

JUNE 30, 2019

	Lofts on Jefferson	Oyster Point- Brighton	Cypress Terrace	Lassiter Courts	Total	Eliminations	Proprietary Fund
ASSETS							
Current assets:							
Cash and equivalents - unrestricted	\$ 54,229	\$ 541,011	\$ 119,637	\$ 250,125	\$ 12,918,742	\$ -	\$ 12,918,742
Accounts receivable (net of allowance)	4,744	93,931	39,899	67,087	1,413,913	-	1,413,913
Due from other programs	-	-	-	-	3,542,835	(3,542,835)	-
Investments	-	-	-	-	4,193,567	-	4,193,567
Prepaid expenses	4,680	64,487	36,702	2,170	166,014	-	166,014
Materials inventory (net of allowance)	-	-	-	-	28,183	-	28,183
Total current assets	<u>63,653</u>	<u>699,429</u>	<u>196,238</u>	<u>319,382</u>	<u>22,263,254</u>	<u>(3,542,835)</u>	<u>18,720,419</u>
Restricted assets:							
Cash and equivalents - restricted	8,722	48,648	13,330	8,626	3,144,143	-	3,144,143
Investments - restricted	20,325	110,396	57,369	-	188,090	-	188,090
Notes receivable (noncurrent)	-	-	-	-	7,279,482	-	7,279,482
Total restricted assets	<u>29,047</u>	<u>159,044</u>	<u>70,699</u>	<u>8,626</u>	<u>10,611,715</u>	<u>-</u>	<u>10,611,715</u>
Noncurrent assets:							
Notes and mortgages receivable	-	-	-	-	1,708,542	-	1,708,542
Nondepreciable capital assets	-	2,800,000	1,190,000	5,439,853	12,372,144	-	12,372,144
Capital assets (net)	1,364,150	15,880,412	8,270,375	6,223	58,496,771	-	58,496,771
Interprogram notes receivable	-	-	-	-	19,923,707	(19,923,707)	-
Accrued interest receivable	-	-	-	-	1,159,361	(1,159,361)	-
Other noncurrent assets	-	-	-	-	1,515,356	(100,000)	1,415,356
Total noncurrent assets	<u>1,364,150</u>	<u>18,680,412</u>	<u>9,460,375</u>	<u>5,446,076</u>	<u>95,175,881</u>	<u>(21,183,068)</u>	<u>73,992,813</u>
TOTAL ASSETS	<u>1,456,850</u>	<u>19,538,885</u>	<u>9,727,312</u>	<u>5,774,084</u>	<u>128,050,850</u>	<u>(24,725,903)</u>	<u>103,324,947</u>
DEFERRED OUTFLOWS OF RESOURCES							
Deferred outflows related to OPEB plan	-	-	-	-	47,300	-	47,300

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

COMBINING STATEMENT OF NET POSITION

PROPRIETARY FUND PROGRAMS

JUNE 30, 2019

	Lofts on Jefferson	Oyster Point- Brighton	Cypress Terrace	Lassiter Courts	Total	Eliminations	Proprietary Fund
<u>LIABILITIES</u>							
Current liabilities:							
Accounts payable and accrued expenses	\$ 1,041	\$ 60,394	\$ 16,450	\$ 1,224,443	\$ 2,293,012	\$ -	\$ 2,293,012
Due to other programs	74,575	142,866	145,086	299,853	3,542,835	(3,542,835)	-
Accrued salaries	217	2,966	1,117	1,737	69,460	-	69,460
Accrued interest payable	1,819	6,547	3,085	-	11,451	-	11,451
Unearned revenues	2	8,742	(357)	328	49,618	-	49,618
Security deposit liabilities	8,722	37,064	12,616	5,242	174,662	-	174,662
Current portion of long-term liabilities	12,562	73,970	47,878	-	134,410	-	134,410
Total current liabilities	<u>98,938</u>	<u>332,549</u>	<u>225,875</u>	<u>1,531,603</u>	<u>6,275,448</u>	<u>(3,542,835)</u>	<u>2,732,613</u>
Long-term liabilities:							
Compensated absences	556	18,814	10,474	5,942	406,664	-	406,664
Net OPEB liability	-	-	-	-	115,321	-	115,321
Notes and mortgages payable	540,118	3,503,521	2,254,721	1,700,357	9,422,948	-	9,422,948
Interprogram notes payable	-	7,184,903	3,599,250	2,519,851	19,923,707	(19,923,707)	-
Accrued interest payable	-	406,909	180,841	5,980	1,159,361	(1,159,361)	-
Trust, deposit and escrow liabilities	-	11,584	714	3,384	217,578	-	217,578
Total long-term liabilities	<u>540,674</u>	<u>11,125,731</u>	<u>6,046,000</u>	<u>4,235,514</u>	<u>31,245,579</u>	<u>(21,083,068)</u>	<u>10,162,511</u>
TOTAL LIABILITIES	<u>639,612</u>	<u>11,458,280</u>	<u>6,271,875</u>	<u>5,767,117</u>	<u>37,521,027</u>	<u>(24,625,903)</u>	<u>12,895,124</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>							
Deferred inflows related to OPEB plan	-	-	-	-	26,328	-	26,328
<u>NET POSITION</u>							
Net investment in capital assets	811,470	7,918,018	3,558,526	1,225,868	41,387,850	19,923,707	61,311,557
Restricted for:					-		
Reserves and escrows	20,325	110,396	57,369	-	1,562,395	-	1,562,395
HAP Reserves	-	-	-	-	46,670	-	46,670
Loan programs	-	-	-	-	9,815,482	(2,536,000)	7,279,482
Other	-	-	-	-	2,126,389	2,536,000	4,662,389
Unrestricted (deficit)	<u>(14,557)</u>	<u>52,191</u>	<u>(160,458)</u>	<u>(1,218,901)</u>	<u>35,612,009</u>	<u>(20,023,707)</u>	<u>15,588,302</u>
TOTAL NET POSITION	<u>\$ 817,238</u>	<u>\$ 8,080,605</u>	<u>\$ 3,455,437</u>	<u>\$ 6,967</u>	<u>\$ 90,550,795</u>	<u>\$ (100,000)</u>	<u>\$ 90,450,795</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, 2019

	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	\$ 2,718,968	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 31,301
Intergovernmental - operating grants	6,535,845	22,928,843	-	1,036,089	849,890	229,150	54,870
Fee revenue	-	-	2,846,499	-	-	-	-
Other income	48,669	58,701	1,134	25,914	4,371	-	113
Total operating revenues	<u>9,303,482</u>	<u>22,987,544</u>	<u>2,847,633</u>	<u>1,062,003</u>	<u>854,261</u>	<u>229,150</u>	<u>86,284</u>
OPERATING EXPENSES:							
Administration	2,604,542	1,655,969	2,183,028	450,910	109,811	-	16,759
Tenant services	235,389	16,000	-	-	-	229,150	-
Utilities	2,000,266	2,642	36,340	-	-	-	22,813
Ordinary maintenance	2,588,483	18,307	104,835	79	-	-	12,792
Protective services	71,503	-	10,951	-	-	-	-
Insurance expense	322,883	20,955	41,576	1,897	547	-	3,432
General expenses	164,776	12,047	3,575	774,709	733,567	-	215
Nonroutine maintenance	81,090	-	-	-	-	-	-
Housing assistance payments	-	21,007,287	-	-	-	-	-
Depreciation	1,980,671	32,135	68,277	4,013	3,727	-	6,103
Total operating expenses	<u>10,049,603</u>	<u>22,765,342</u>	<u>2,448,582</u>	<u>1,231,608</u>	<u>847,652</u>	<u>229,150</u>	<u>62,114</u>
OPERATING INCOME/(LOSS)	<u>(746,121)</u>	<u>222,202</u>	<u>399,051</u>	<u>(169,605)</u>	<u>6,609</u>	<u>-</u>	<u>24,170</u>
NONOPERATING REVENUES/EXPENSES:							
Interest and investment revenue	254,918	8,550	2,714	26,775	13,205	-	807
Interest expense	-	-	-	-	-	-	-
Developer fees earned	-	-	-	-	-	-	-
Total nonoperating revenues/(expenses), net	<u>254,918</u>	<u>8,550</u>	<u>2,714</u>	<u>26,775</u>	<u>13,205</u>	<u>-</u>	<u>807</u>
INCOME/(LOSS) BEFORE CONTRIBUTIONS, TRANSFERS AND SPECIAL ITEM							
Transfers from other programs	(491,203)	230,752	401,765	(142,830)	19,814	-	24,977
Transfers to other programs	-	-	-	-	-	-	-
HUD capital contributions	(536,275)	-	-	-	-	-	-
Tax credit and other proceeds	1,394,087	-	-	-	-	-	-
Special item - capital assets soft development costs related to RAD conversion	-	-	-	-	-	-	-
	(1,509,470)	-	-	-	-	-	-
CHANGE IN NET POSITION	<u>(1,142,861)</u>	<u>230,752</u>	<u>401,765</u>	<u>(142,830)</u>	<u>19,814</u>	<u>-</u>	<u>24,977</u>
TOTAL NET POSITION - July 1, 2018	<u>47,689,888</u>	<u>1,867,442</u>	<u>4,633,833</u>	<u>3,173,054</u>	<u>8,898,650</u>	<u>-</u>	<u>518,636</u>
TOTAL NET POSITION - June 30, 2019	<u>\$ 46,547,027</u>	<u>\$ 2,098,194</u>	<u>\$ 5,035,598</u>	<u>\$ 3,030,224</u>	<u>\$ 8,918,464</u>	<u>\$ -</u>	<u>\$ 543,613</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, 2019

	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	\$ -	\$ -	\$ -	\$ -	\$ 180,124	\$ 122,596	\$ 107,624
Intergovernmental - operating grants	195,927	-	-	-	-	-	96,402
Fee revenue	-	-	-	-	-	-	-
Other income	-	509	380,978	-	133	8	-
Total operating revenues	<u>195,927</u>	<u>509</u>	<u>380,978</u>	<u>-</u>	<u>180,257</u>	<u>122,604</u>	<u>204,026</u>
OPERATING EXPENSES:							
Administration	145,658	509	193,049	-	109,417	82,168	49,125
Tenant services	-	-	43,226	-	7,347	6,030	359
Utilities	355	-	15,283	-	139,629	8,329	9,297
Ordinary maintenance	34,196	-	70,465	-	125,379	87,733	43,085
Protective services	375	-	-	-	1,644	1,461	-
Insurance expense	9,144	-	9,663	-	6,902	18,734	13,899
General expenses	-	-	13,758	-	13,886	26,992	24,968
Nonroutine maintenance	-	-	3,991	-	-	(201)	-
Housing assistance payments	-	-	-	-	-	-	-
Depreciation	1,723	-	50,978	-	208,129	192,154	183,860
Total operating expenses	<u>191,451</u>	<u>509</u>	<u>400,413</u>	<u>-</u>	<u>612,333</u>	<u>423,400</u>	<u>324,593</u>
OPERATING INCOME/(LOSS)	<u>4,476</u>	<u>-</u>	<u>(19,435)</u>	<u>-</u>	<u>(432,076)</u>	<u>(300,796)</u>	<u>(120,567)</u>
NONOPERATING REVENUES/EXPENSES:							
Interest and investment revenue	-	-	59,424	-	262	272	147
Interest expense	-	-	-	-	(49,690)	-	-
Developer fees earned	-	-	538,059	-	-	-	-
Total nonoperating revenues/(expenses), net	<u>-</u>	<u>-</u>	<u>597,483</u>	<u>-</u>	<u>(49,428)</u>	<u>272</u>	<u>147</u>
INCOME/(LOSS) BEFORE CONTRIBUTIONS, TRANSFERS AND SPECIAL ITEM							
	4,476	-	578,048	-	(481,504)	(300,524)	(120,420)
Transfers from other programs	-	-	-	-	200,267	149,162	-
Transfers to other programs	-	-	-	-	-	-	-
HUD capital contributions	-	-	-	-	-	-	-
Tax credit and other proceeds	-	-	-	-	-	-	60,000
Special item - capital assets soft development costs related to RAD conversion	-	-	-	-	-	-	-
CHANGE IN NET POSITION	<u>4,476</u>	<u>-</u>	<u>578,048</u>	<u>-</u>	<u>(281,237)</u>	<u>(151,362)</u>	<u>(60,420)</u>
TOTAL NET POSITION - July 1, 2018	<u>(16,955)</u>	<u>-</u>	<u>7,585,798</u>	<u>375,858</u>	<u>255,103</u>	<u>2,408,213</u>	<u>1,319,906</u>
TOTAL NET POSITION - June 30, 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>

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, 2019

	Lofts on Jefferson	Oyster Point- Brighton	Cypress Terrace	Lassiter Courts	Total	Eliminations	Proprietary Fund
OPERATING REVENUES:							
Rental and tenant income	\$ 109,127	\$ 538,807	\$ 195,035	\$ 76,214	\$ 4,079,796	\$ -	\$ 4,079,796
Intergovernmental - operating grants	-	798,376	361,761	116,002	33,203,155	-	33,203,155
Fee revenue	-	-	-	-	2,846,499	(2,794,299)	52,200
Other income	-	80	33	126	520,769	-	520,769
Total operating revenues	<u>109,127</u>	<u>1,337,263</u>	<u>556,829</u>	<u>192,342</u>	<u>40,650,219</u>	<u>(2,794,299)</u>	<u>37,855,920</u>
OPERATING EXPENSES:							
Administration	20,285	302,685	143,102	95,442	8,162,459	(2,730,453)	5,432,006
Tenant services	167	2,701	1,661	28,443	570,473	-	570,473
Utilities	9,506	220,257	115,840	47,840	2,628,397	-	2,628,397
Ordinary maintenance	19,366	312,860	147,308	96,096	3,660,984	(63,846)	3,597,138
Protective services	-	13,400	10,854	5,835	116,023	-	116,023
Insurance expense	5,613	50,743	35,543	6,252	547,783	-	547,783
General expenses	12,653	153,264	60,113	369,851	2,364,374	-	2,364,374
Nonroutine maintenance	-	-	-	-	84,880	-	84,880
Housing assistance payments	-	-	-	-	21,007,287	-	21,007,287
Depreciation	55,906	590,278	307,594	753	3,686,301	-	3,686,301
Total operating expenses	<u>123,496</u>	<u>1,646,188</u>	<u>822,015</u>	<u>650,512</u>	<u>42,828,961</u>	<u>(2,794,299)</u>	<u>40,034,662</u>
OPERATING INCOME/(LOSS)	<u>(14,369)</u>	<u>(308,925)</u>	<u>(265,186)</u>	<u>(458,170)</u>	<u>(2,178,742)</u>	<u>-</u>	<u>(2,178,742)</u>
NONOPERATING REVENUES/EXPENSES:							
Interest and investment revenue	343	741	300	-	368,458	(232,550)	135,908
Interest expense	(22,051)	(201,675)	(91,667)	(21,709)	(386,792)	232,550	(154,242)
Developer fees earned	-	-	-	-	538,059	-	538,059
Total nonoperating revenues/(expenses), net	<u>(21,708)</u>	<u>(200,934)</u>	<u>(91,367)</u>	<u>(21,709)</u>	<u>519,725</u>	<u>-</u>	<u>519,725</u>
INCOME/(LOSS) BEFORE CONTRIBUTIONS, TRANSFERS AND SPECIAL ITEM							
Transfers from other programs	(36,077)	(509,859)	(356,553)	(479,879)	(1,659,017)	-	(1,659,017)
Transfers to other programs	-	-	-	186,846	536,275	(536,275)	-
HUD capital contributions	-	-	-	-	(536,275)	536,275	-
Tax credit and other proceeds	-	500,000	38,059	300,000	1,394,087	-	1,394,087
Special item - capital assets soft development costs related to RAD conversion	-	-	-	-	898,059	-	898,059
	-	-	-	-	(1,509,470)	-	(1,509,470)
CHANGE IN NET POSITION	<u>(36,077)</u>	<u>(9,859)</u>	<u>(318,494)</u>	<u>6,967</u>	<u>(876,341)</u>	<u>-</u>	<u>(876,341)</u>
TOTAL NET POSITION - July 1, 2018	<u>853,315</u>	<u>8,090,464</u>	<u>3,773,931</u>	<u>-</u>	<u>91,427,136</u>	<u>(100,000)</u>	<u>91,327,136</u>
TOTAL NET POSITION - June 30, 2019	<u>\$ 817,238</u>	<u>\$ 8,080,605</u>	<u>\$ 3,455,437</u>	<u>\$ 6,967</u>	<u>\$ 90,550,795</u>	<u>\$ (100,000)</u>	<u>\$ 90,450,795</u>

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

COMBINING STATEMENT OF CASH FLOWS
PROPRIETARY FUND PROGRAMS

FOR THE YEAR ENDED JUNE 30, 2019

	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	\$ 2,739,462	\$ 65,869	\$ -	\$ -	\$ -
Cash received for fees/services/donations	-	-	53,334	25,914	4,371
Cash operating grants received (net)	6,111,164	23,166,596	-	1,036,089	853,250
Cash transfers from (to) other funds and entities	(639,570)	(426,954)	363,137	(265,917)	(72,243)
Cash payments for goods, services, rental subsidies	(4,577,301)	(21,211,466)	(428,202)	(826,859)	(326,112)
Cash payments to/for employees and benefits	(1,807,573)	(761,089)	(1,962,015)	(178,321)	(46,946)
Cash payments in lieu of property taxes	(88,236)	-	-	-	-
Net cash provided by/(used in) operating activities	<u>1,737,946</u>	<u>832,956</u>	<u>(1,973,746)</u>	<u>(209,094)</u>	<u>412,320</u>
Cash flows from capital and related financing activities:					
Purchase of equipment/capital assets	(1,849,087)	-	(44,721)	-	-
Proceeds from sale of capital assets	-	-	-	-	-
Proceeds from issuing notes and other debt	-	-	-	-	-
Transfers from/to other funds for capital activities	33,777	-	(33,777)	-	-
Proceeds from sale of tax credits	-	-	-	-	-
Contributions received for capital outlays	1,704,383	-	-	-	-
Loan principal payments	-	-	-	-	-
Interest payments	-	-	-	-	-
Net cash provided by/(used in) capital and related financing activities	<u>(110,927)</u>	<u>-</u>	<u>(78,498)</u>	<u>-</u>	<u>-</u>
Cash flows from noncapital financing activities:					
Developer fees received	-	-	-	-	-
Loans made to borrowers	(1,512,704)	-	-	(44,046)	(759,936)
Receipt of interest on notes and loans	-	-	-	25,910	13,204
Loans payments received	-	-	-	202,092	138,429
Net cash provided by/(used in) noncapital financing activities	<u>(1,512,704)</u>	<u>-</u>	<u>-</u>	<u>183,956</u>	<u>(608,303)</u>
Cash flows from investing activities:					
Proceeds from sale of/investment made	(3,875,727)	-	-	-	-
Receipts of interest and dividends	72,057	8,564	102	865	-
Deposits (withdrawals) to/from reserve accounts	-	-	-	-	-
Net cash provided by/(used in) investing activities	<u>(3,803,670)</u>	<u>8,564</u>	<u>102</u>	<u>865</u>	<u>-</u>
Net increase/(decrease) in cash	(3,689,355)	841,520	(2,052,142)	(24,273)	(195,983)
Cash and equivalents at July 1, 2018	6,438,715	1,823,417	3,242,638	791,381	1,616,054
Cash and equivalents at June 30, 2019	<u>\$ 2,749,360</u>	<u>\$ 2,664,937</u>	<u>\$ 1,190,496</u>	<u>\$ 767,108</u>	<u>\$ 1,420,071</u>

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

COMBINING STATEMENT OF CASH FLOWS
PROPRIETARY FUND PROGRAMS

FOR THE YEAR ENDED JUNE 30, 2019

	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)	\$ (746,121)	\$ 222,202	\$ 399,051	\$ (169,605)	\$ 6,609
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Depreciation	1,980,671	32,135	68,277	4,013	3,727
Operating transfers	(536,275)	-	-	-	-
Change in assets and liabilities:					
Decrease/(Increase) in accounts receivable	(418,032)	57,645	(151,900)	(331)	(216)
Decrease/(Increase) in due from other funds/programs	69	-	(2,461,100)	-	-
Decrease/(Increase) in notes and mortgages receivable	-	-	-	7,550	414,453
Decrease/(Increase) in prepaid expenses and materials inventc	6,820	1,716	77,657	1,280	(6)
Decrease/(Increase) in deferred outflows of resources	-	-	88,292	-	-
Increase/(Decrease) in accounts payable	44,963	279,094	104,716	(49,948)	(772)
Increase/(Decrease) in due to other funds/programs	1,379,196	200,537	29,939	(2,431)	(12,243)
Increase/(Decrease) in accrued liabilities	120	(1,179)	(1,451)	(725)	124
Increase/(Decrease) in compensated absences	705	5,233	(2,583)	1,103	644
Increase/(Decrease) in trust, deposit, and escrow liabilities	21,916	35,573	-	-	-
Increase/(Decrease) in unearned revenues	3,914	-	-	-	-
Increase/(Decrease) in OPEB liabilities	-	-	(150,972)	-	-
Increase/(Decrease) in deferred inflows of resources	-	-	26,328	-	-
Net cash provided by (used in) operating activities	<u>\$ 1,737,946</u>	<u>\$ 832,956</u>	<u>\$ (1,973,746)</u>	<u>\$ (209,094)</u>	<u>\$ 412,320</u>

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

COMBINING STATEMENT OF CASH FLOWS
PROPRIETARY FUND PROGRAMS

FOR THE YEAR ENDED JUNE 30, 2019

	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	\$ -	\$ 31,384	\$ -	\$ -	\$ -
Cash received for fees/services/donations	-	-	-	509	380,977
Cash operating grants received (net)	200,449	49,454	222,087	-	-
Cash transfers from (to) other funds and entities	28,936	18,028	(60,966)	(474)	62,439
Cash payments for goods, services, rental subsidies	(810)	(34,846)	(45,949)	(35)	(183,320)
Cash payments to/for employees and benefits	(228,575)	(16,937)	(115,172)	-	(175,362)
Cash payments in lieu of property taxes	-	-	-	-	-
Net cash provided by operating activities	<u>-</u>	<u>47,083</u>	<u>-</u>	<u>-</u>	<u>84,734</u>
Cash flows from capital and related financing activities:					
Purchase of equipment/capital assets	-	-	-	-	(126,608)
Proceeds from sale of capital assets	-	-	-	-	538,235
Proceeds from issuing notes and other debt	-	-	-	-	-
Proceeds from sale of tax credits	-	-	-	-	-
Transfers from/to other funds for capital activities	-	-	-	-	-
Contributions received for capital outlays	-	-	-	-	-
Loan principal payments	-	-	-	-	-
Interest payments	-	-	-	-	-
Net cash provided by capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>411,627</u>
Cash flows from noncapital financing activities:					
Developer fees received	-	-	-	-	538,059
Loans made to borrowers	-	-	-	-	(117,147)
Receipt of interest on notes and loans	-	-	-	-	-
Loans payments received	-	-	-	-	630
Net cash provided by noncapital financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>421,542</u>
Cash flows from investing activities:					
Proceeds from sale of investment made	-	-	-	-	-
Receipts of interest and dividends	-	806	-	-	2,712
Deposits (withdrawals) to/from reserve accounts	-	-	-	-	-
Net cash provided by investing activities	<u>-</u>	<u>806</u>	<u>-</u>	<u>-</u>	<u>2,712</u>
Net increase in cash	-	47,889	-	-	920,615
Cash and equivalents at July 1, 2018	-	425,999	-	-	3,063,567
Cash and equivalents at June 30, 2019	<u>\$ -</u>	<u>\$ 473,888</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,984,182</u>

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

COMBINING STATEMENT OF CASH FLOWS
PROPRIETARY FUND PROGRAMS

FOR THE YEAR ENDED JUNE 30, 2019

	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)	\$ -	\$ 24,170	\$ 4,476	\$ -	\$ (19,435)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Depreciation	-	6,103	1,723	-	50,978
Operating transfers	-	-	-	-	-
Change in assets and liabilities:					
Decrease/(Increase) in accounts receivable	(28,701)	(4,396)	26,160	-	3,335
Decrease/(Increase) in due from other funds/programs	-	-	-	(509)	(83,653)
Decrease/(Increase) in notes and mortgages receivable	-	-	-	-	3,573
Decrease/(Increase) in prepaid expenses and materials inventory	-	42	132	-	(86)
Decrease/(Increase) in deferred outflows of resources	-	-	-	-	-
Increase/(Decrease) in accounts payable	10	321	2,763	35	(42,336)
Increase/(Decrease) in due to other funds/programs	28,936	21,691	(31,966)	474	171,691
Increase/(Decrease) in accrued liabilities	(245)	6	(526)	-	218
Increase/(Decrease) in compensated absences	-	196	(2,762)	-	449
Increase/(Decrease) in trust, deposit, and escrow liabilities	-	-	-	-	-
Increase/(Decrease) in unearned revenues	-	(1,050)	-	-	-
Increase/(Decrease) in OPEB liabilities	-	-	-	-	-
Increase/(Decrease) in deferred inflows of resources	-	-	-	-	-
Net cash provided by operating activities	<u>\$ -</u>	<u>\$ 47,083</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 84,734</u>

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

COMBINING STATEMENT OF CASH FLOWS
PROPRIETARY FUND PROGRAMS

FOR THE YEAR ENDED JUNE 30, 2019

	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	\$ -	\$ 179,570	\$ 111,080	\$ 101,462	\$ 101,893
Cash received for fees/services/donations	-	133	8	-	-
Cash operating grants received (net)	-	-	-	88,600	-
Cash transfers from (to) other funds and entities	-	264,820	106,288	(535)	41,168
Cash payments for goods, services, rental subsidies	-	(256,471)	(124,741)	(70,735)	(29,351)
Cash payments to/for employees and benefits	-	(74,305)	(59,630)	(36,755)	(17,607)
Cash payments in lieu of property taxes	-	(7,165)	(9,471)	(10,017)	(9,270)
Net cash provided by operating activities	<u>-</u>	<u>106,582</u>	<u>23,534</u>	<u>72,020</u>	<u>86,833</u>
Cash flows from capital and related financing activities:					
Purchase of equipment/capital assets	-	-	(3,630)	-	-
Proceeds from sale of capital assets	-	-	-	-	-
Proceeds from issuing notes and other debt	-	-	-	-	-
Transfers from/to other funds for capital activities	-	-	-	-	-
Proceeds from sale of tax credits	-	-	-	-	-
Contributions received for capital outlays	-	-	-	-	-
Loan principal payments	-	-	-	-	(12,075)
Interest payments	-	-	-	-	(22,091)
Net cash (used in) capital and related financing activities	<u>-</u>	<u>-</u>	<u>(3,630)</u>	<u>-</u>	<u>(34,166)</u>
Cash flows from noncapital financing activities:					
Developer fees received	-	-	-	-	-
Loans made to borrowers	-	-	-	-	-
Receipt of interest on notes and loans	-	-	-	-	-
Loans payments received	-	-	-	-	-
Net cash provided by (used in) noncapital financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities:					
Proceeds from sale of/investment made	-	-	-	-	-
Receipts of interest and dividends	-	261	273	146	227
Deposits (withdrawals) to/from reserve accounts	-	-	-	-	(4,219)
Net cash provided by/(used in) investing activities	<u>-</u>	<u>261</u>	<u>273</u>	<u>146</u>	<u>(3,992)</u>
Net increase in cash	-	106,843	20,177	72,166	48,675
Cash and equivalents at July 1, 2018	-	515,788	635,620	417,921	14,276
Cash and equivalents at June 30, 2019	<u>\$ -</u>	<u>\$ 622,631</u>	<u>\$ 655,797</u>	<u>\$ 490,087</u>	<u>\$ 62,951</u>

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

COMBINING STATEMENT OF CASH FLOWS
PROPRIETARY FUND PROGRAMS

FOR THE YEAR ENDED JUNE 30, 2019

	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)	\$ -	\$ (432,076)	\$ (300,796)	\$ (120,567)	\$ (14,369)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Depreciation	-	208,129	192,154	183,860	55,906
Operating transfers	-	200,267	149,162	-	-
Change in assets and liabilities:					
Decrease/(Increase) in accounts receivable	-	(2,155)	(4,503)	(12,797)	(3,385)
Decrease/(Increase) in due from other funds/programs	-	(32,890)	(30,771)	(1)	-
Decrease/(Increase) in notes and mortgages receivable	-	-	-	-	-
Decrease/(Increase) in prepaid expenses and materials inventory	-	9,832	(389)	(192)	137
Decrease/(Increase) in deferred outflows of resources	-	-	-	-	-
Increase/(Decrease) in accounts payable	-	1,968	(3,181)	(1,628)	(299)
Increase/(Decrease) in due to other funds/programs	-	153,225	27,158	22,400	49,302
Increase/(Decrease) in accrued liabilities	-	1	2	12	7
Increase/(Decrease) in compensated absences	-	373	366	280	140
Increase/(Decrease) in trust, deposit, and escrow liabilities	-	176	(4,205)	(323)	-
Increase/(Decrease) in unearned revenues	-	(268)	(1,463)	976	(606)
Increase/(Decrease) in OPEB liabilities	-	-	-	-	-
Increase/(Decrease) in deferred inflows of resources	-	-	-	-	-
Net cash provided by (used in) operating activities	<u>\$ -</u>	<u>\$ 106,582</u>	<u>\$ 23,534</u>	<u>\$ 72,020</u>	<u>\$ 86,833</u>

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

COMBINING STATEMENT OF CASH FLOWS
PROPRIETARY FUND PROGRAMS

FOR THE YEAR ENDED JUNE 30, 2019

	Oyster Point- Brighton	Cypress Terrace Eliminations	Lassiter Courts	Total	Eliminations	Proprietary Fund
Cash flows from operating activities:						
Cash received from tenants/others	\$ 514,823	\$ 190,726	\$ 77,516	\$ 4,113,785	\$ -	\$ 4,113,785
Cash received for fees/services/donations	141,159	79,151	126	685,682	-	685,682
Cash operating grants received (net)	742,981	332,061	64,642	32,867,373	-	32,867,373
Cash transfers from (to) other funds and entities	20,016	94,066	467,322	(439)	-	(439)
Cash payments for goods, services, rental subsidies	(576,042)	(319,237)	(539,514)	(29,550,991)	-	(29,550,991)
Cash payments to/for employees and benefits	(262,569)	(116,835)	(76,425)	(5,936,116)	-	(5,936,116)
Cash payments in lieu of property taxes	(107,981)	(49,082)	-	(281,222)	-	(281,222)
Net cash provided by/(used in) operating activities	<u>472,387</u>	<u>210,850</u>	<u>(6,333)</u>	<u>1,898,072</u>	<u>-</u>	<u>1,898,072</u>
Cash flows from capital and related financing activities:						
Purchase of equipment/capital assets	(500,000)	(38,059)	(3,939,395)	(6,501,500)	-	(6,501,500)
Proceeds from sale of capital assets	-	-	-	538,235	-	538,235
Proceeds from issuing notes and other debt	-	-	3,920,208	3,920,208	-	3,920,208
Transfers from/to other funds for capital activities	-	-	-	-	-	-
Proceeds from sale of tax credits	500,000	38,059	300,000	838,059	-	838,059
Contributions received for capital outlays	-	-	-	1,704,383	-	1,704,383
Loan principal payments	(72,508)	(47,401)	-	(131,984)	-	(131,984)
Interest payments	(81,116)	(38,115)	(15,729)	(157,051)	-	(157,051)
Net cash provided by/(used in) capital and related financing activities	<u>(153,624)</u>	<u>(85,516)</u>	<u>265,084</u>	<u>210,350</u>	<u>-</u>	<u>210,350</u>
Cash flows from noncapital financing activities:						
Developer fees received	-	-	-	538,059	-	538,059
Loans made to borrowers	-	-	-	(2,433,833)	-	(2,433,833)
Receipt of interest on notes and loans	-	-	-	39,114	-	39,114
Loans payments received	-	-	-	341,151	-	341,151
Net cash (used in) noncapital financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,515,509)</u>	<u>-</u>	<u>(1,515,509)</u>
Cash flows from investing activities:						
Proceeds from sale of investments made	-	-	-	(3,875,727)	-	(3,875,727)
Receipts of interest and dividends	741	300	-	87,054	-	87,054
Deposits (withdrawals) to reserve accounts	(23,949)	(29,047)	-	(57,215)	-	(57,215)
Net cash (used in) investing activities	<u>(23,208)</u>	<u>(28,747)</u>	<u>-</u>	<u>(3,845,888)</u>	<u>-</u>	<u>(3,845,888)</u>
Net increase/(decrease) in cash	295,555	96,587	258,751	(3,252,975)	-	(3,252,975)
Cash and equivalents at July 1, 2018	294,104	36,380	-	19,315,860	-	19,315,860
Cash and equivalents at June 30, 2019	<u>\$ 589,659</u>	<u>\$ 132,967</u>	<u>\$ 258,751</u>	<u>\$ 16,062,885</u>	<u>\$ -</u>	<u>\$ 16,062,885</u>

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

COMBINING STATEMENT OF CASH FLOWS
PROPRIETARY FUND PROGRAMS

FOR THE YEAR ENDED JUNE 30, 2019

	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)	\$ (308,925)	\$ (265,186)	\$ (458,170)	\$ (2,178,742)	\$ -	\$ (2,178,742)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities						
Depreciation	590,278	307,594	753	3,686,301	-	3,686,301
Operating transfers	-	-	186,846	-	-	-
Change in assets and liabilities:						
Decrease/(Increase) in accounts receivable	58,839	45,280	(67,088)	(502,245)	-	(502,245)
Decrease/(Increase) in due from other funds/programs	-	-	-	(2,608,855)	2,608,855	-
Decrease/(Increase) in notes and mortgages receivable	-	-	-	425,576	-	425,576
Decrease/(Increase) in prepaid expenses and materials inventory	(23,024)	(11,620)	(2,170)	60,129	-	60,129
Decrease/(Increase) in deferred outflows of resources	-	-	-	88,292	-	88,292
Increase/(Decrease) in accounts payable	15,304	(1,263)	17,010	366,757	-	366,757
Increase/(Decrease) in due to other funds/programs	130,896	140,197	299,853	2,608,855	(2,608,855)	-
Increase/(Decrease) in accrued liabilities	(769)	(326)	1,737	(2,994)	-	(2,994)
Increase/(Decrease) in compensated absences	1,552	(2,054)	5,942	9,584	-	9,584
Increase/(Decrease) in trust, deposit, and escrow liabilities	6,370	96	8,626	68,229	-	68,229
Increase/(Decrease) in unearned revenues	1,866	(1,868)	328	1,829	-	1,829
Increase/(Decrease) in OPEB liabilities	-	-	-	(150,972)	-	(150,972)
Increase/(Decrease) in deferred inflows of resources	-	-	-	26,328	-	26,328
Net cash provided by (used in) operating activities	<u>\$ 472,387</u>	<u>\$ 210,850</u>	<u>\$ (6,333)</u>	<u>\$ 1,898,072</u>	<u>\$ -</u>	<u>\$ 1,898,072</u>

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

SCHEDULE AND CERTIFICATION OF ACTUAL CAPITAL FUND PROGRAM COSTS

JUNE 30, 2019

CFP 501-15

Annual Contributions Contract P-5545

1. The Actual Capital Fund Program costs for Program Year 501-15 are as follows:

<u>Account</u>	<u>Budget</u>	<u>Amount</u>
Operations	\$ 243,571.00	\$ 243,571.00
Management improvements	50,000.00	49,800.22
Administration	243,571.00	243,571.00
Fees and costs	200,000.00	203,556.40
Dwelling structures	<u>1,698,575.00</u>	<u>1,695,218.38</u>
Total Cost	<u>\$ 2,435,717.00</u>	<u>\$ 2,435,717.00</u>

2. The distribution of costs by budget line as shown on the final Progress and Evaluation Report dated March 31, 2020 is in agreement with the Authority's records. The Actual Modernization Cost Certificate was submitted by the Authority on March 31, 2020.

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

4. Costs incurred during the current period totaled \$4,760.50.

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

Funds advanced:	
Grants - HUD	\$ 2,435,717.00
Funds expended	<u>2,435,717.00</u>
Excess (deficiency) of funds advanced	<u>\$ -</u>

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

SCHEDULE AND CERTIFICATION OF ACTUAL CAPITAL FUND PROGRAM COSTS

JUNE 30, 2019

CFP R501-14

Annual Contributions Contract P-5545

1. The Actual Capital Fund Program costs for Program Year R501-14 are as follows:

<u>Account</u>	<u>Budget</u>	<u>Amount</u>
Development activity	\$ 163,603.13	\$ 163,603.13
RAD investment activity	314,934.87	314,934.87
Total Cost	\$ 478,538.00	\$ 478,538.00

2. The distribution of costs by budget line as shown on the final Progress and Evaluation Report dated March 31, 2020 is in agreement with the Authority's records. The Actual Modernization Cost Certificate was submitted by the Authority on March 31, 2020.

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

4. Costs incurred during the current period totaled \$152,721.87.

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

Funds advanced:	
Grants - HUD	\$ 478,538.00
Funds expended	478,538.00
Excess (deficiency) of funds advanced	\$ -

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

SCHEDULE AND CERTIFICATION OF ACTUAL CAPITAL FUND PROGRAM COSTS

JUNE 30, 2019

CFP R502-14

Annual Contributions Contract P-5545

1. The Actual Capital Fund Program costs for Program Year R502-14 are as follows:

<u>Account</u>	<u>Budget</u>	<u>Amount</u>
RAD investment activity	\$ 103,016.00	\$ 103,016.00
Total Cost	\$ 103,016.00	\$ 103,016.00

2. The distribution of costs by budget line item as shown on the final Progress and Evaluation Report dated October 23, 2018 is in agreement with the Authority's records. The Actual Modernization Cost Certificate was submitted by the Authority on October 23, 2018.

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

4. Costs incurred during the current period totaled \$103,016.00.

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

Funds advanced:	
Grants - HUD	\$ 103,016.00
Funds expended	103,016.00
Excess (deficiency) of funds advanced	\$ -

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

SCHEDULE AND CERTIFICATION OF ACTUAL CAPITAL FUND PROGRAM COSTS

JUNE 30, 2019

CFP R501-15

Annual Contributions Contract P-5545

1. The Actual Capital Fund Program costs for Program Year 501-15 are as follows:

<u>Account</u>	<u>Budget</u>	<u>Amount</u>
RAD investment activity	\$ 453,137.00	\$ 453,137.00
Total Cost	<u>\$ 453,137.00</u>	<u>\$ 453,137.00</u>

2. The distribution of costs by budget line item as shown on the final Progress and Evaluation Report dated November 14, 2019 is in agreement with the Authority's records. The Actual Modernization Cost Certificate was submitted by the Authority on November 14, 2019.

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

4. Costs incurred during the current period totaled \$453,137.00.

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

Funds advanced:	
Grants - HUD	\$ 453,137.00
Funds expended	<u>453,137.00</u>
Excess (deficiency) of funds advanced	<u>\$ -</u>

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

SCHEDULE AND CERTIFICATION OF ACTUAL CAPITAL FUND PROGRAM COSTS

JUNE 30, 2019

CFP R501-16

Annual Contributions Contract P-5545

1. The Actual Capital Fund Program costs for Program Year R501-16 are as follows:

<u>Account</u>	<u>Budget</u>	<u>Amount</u>
RAD investment activity	\$ 345,922.00	\$ 345,922.00
Total Cost	<u>\$ 345,922.00</u>	<u>\$ 345,922.00</u>

2. The distribution of costs by budget line item as shown on the final Progress and Evaluation Report dated November 14, 2019 is in agreement with the Authority's records. The Actual Modernization Cost Certificate was submitted by the Authority on November 14, 2019.

3. Costs incurred during the current period totaled \$345,922.00.

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

Funds advanced:	
Grants - HUD	\$ 345,922.00
Funds expended	<u>345,922.00</u>
Excess (deficiency) of funds advanced	<u>\$ -</u>

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

SCHEDULE OF CAPITAL FUND PROGRAM COSTS - UNCOMPLETED

JUNE 30, 2019

CFP 501-16

Annual Contributions Contract P-5545

1. The 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
Management improvements	50,000.00	-
Administration	263,517.00	263,517.00
Fees and costs	200,000.00	144,696.49
Dwelling structures	1,858,141.00	1,606,475.16
Total Cost	\$ 2,635,175.00	\$ 2,278,205.65

2. Costs incurred during the current period totaled \$1,518,216.70.

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

Funds advanced:	
Grants - HUD	\$ 2,194,291.82
Funds expended	2,278,205.65
Excess (deficiency) of funds advanced	\$ (83,913.83)

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

STATEMENT AND CAPITAL FUND PROGRAM COSTS – UNCOMPLETED

JUNE 30, 2019

CFP 501-17

Annual Contributions Contract P-5545

1. The 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
General capital activity	1,914,266.00	74,012.50
Total Cost	\$ 2,455,332.00	\$ 565,078.50

2. Costs incurred during the current period totaled \$294,082.50.

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

Funds advanced:	
Grants - HUD	\$ 565,078.50
Funds expended	565,078.50
Excess (deficiency) of funds advanced	\$ -

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

STATEMENT AND CAPITAL FUND PROGRAM COSTS – UNCOMPLETED

JUNE 30, 2019

CFP 501-18

Annual Contributions Contract P-5545

1. The 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	\$ -
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	\$ 405,835.00

2. Costs incurred during the current period totaled \$405,832.00.

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

Funds advanced:	
Grants - HUD	\$ -
Funds expended	405,835.00
Excess (deficiency) of funds advanced	\$ (405,835.00)

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

STATEMENT AND CAPITAL FUND PROGRAM COSTS – UNCOMPLETED

JUNE 30, 2019

CFP R501-17

Annual Contributions Contract P-5545

1. The 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. Costs incurred during the current period totaled \$63,907.00.

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

Funds advanced:	
Grants - HUD	\$ 57,907.00
Funds expended	63,907.00
Excess (deficiency) of funds advanced	\$ (6,000)

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

FEDERAL FINANCIAL REPORT

JUNE 30, 2019

VA003RPS077A015

Federal Cash:

a. Cumulative federal cash received	\$	365,367.48
b. Cumulative federal cash disbursements		385,932.00
c. Cash on hand	\$	(20,564.52)

Federal Expenditures and Unobligated Balance:

d. Total federal funds authorized	\$	385,932.00
e. Federal share of expenditures		385,932.00
f. Federal share of unliquidated obligations		-
g. Total federal share		385,932.00
h. Unobligated balance of federal funds	\$	-

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, 2019

ROSS191251

Federal Cash:

a. Cumulative federal cash received	\$	-
b. Cumulative federal cash disbursements		38,995.20
c. Cash on hand		(38,995.20)

Federal Expenditures and Unobligated Balance:

d. Total federal funds authorized	\$	382,944.00
e. Federal share of expenditures		38,995.20
f. Federal share of unliquidated obligations		-
g. Total federal share		38,995.20
h. Unobligated balance of federal funds		\$ 343,948.80

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, 2019

FSS17VA0015

Federal Cash:

a. Cumulative federal cash received	\$	148,068.00
b. Cumulative federal cash disbursements		148,068.00
c. Cash on hand	\$	-

Federal Expenditures and Unobligated Balance:

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

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, 2019

FSS18VA2152

Federal Cash:

a. Cumulative federal cash received	\$	-
b. Cumulative federal cash disbursements		37,691.89
		-
c. Cash on hand	\$	(37,691.89)
		-

Federal Expenditures and Unobligated Balance:

d. Total federal funds authorized	\$	148,068.00
		-
e. Federal share of expenditures		37,691.89
f. Federal share of unliquidated obligations		-
		-
g. Total federal share		37,691.89
		-
h. Unobligated balance of federal funds	\$	110,376.11
		-

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 (VA003)
NEWPORT NEWS, VIRGINIA

ENTITY-WIDE BALANCE SHEET SUMMARY

SUBMISSION TYPE: AUDITED/SINGLE AUDIT FISCAL YEAR ENDED: JUNE 30, 2019

	Project Total	14.896 PIH Family Self-Sufficiency Program	14.267 Continuum of Care Program	14.218 Community Development Block Grants/Entitlement Grants	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	14.879 Mainstream Vouchers	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended
111 Cash - Unrestricted	\$ 2,593,309			\$ 767,108		\$ 2,017,201	\$ 273,731	\$ 191,548	\$ 14,466	\$ 1,351,078
112 Cash - Restricted - Modernization and Development	\$ 6,459									
113 Cash - Other Restricted	\$ 55,234					\$ 181,209			\$ 206,536	\$ 1,386,026
114 Cash - Tenant Security Deposits	\$ 94,358					\$ 1,250			\$ 26,389	\$ 75,739
115 Cash - Restricted for Payment of Current Liabilities										
100 Total Cash	\$ 2,749,360	\$ -	\$ -	\$ 767,108	\$ -	\$ 2,199,660	\$ 273,731	\$ 191,548	\$ 247,391	\$ 2,812,843
121 Accounts Receivable - PHA Projects										
122 Accounts Receivable - HUD Other Projects	\$ 495,749	\$ 37,692	\$ 21,536		\$ 59,560	\$ 69,477				\$ 152,745
124 Accounts Receivable - Other Government	\$ 74,183									\$ 15,048
125 Accounts Receivable - Miscellaneous				\$ 1,264		\$ 8,619		\$ 4,228	\$ 34	\$ -
126 Accounts Receivable - Tenants	\$ 86,006								\$ 10,158	\$ 77,431
126.1 Allowance for Doubtful Accounts - Tenants	\$ (21,652)								\$ -	\$ (14,956)
126.2 Allowance for Doubtful Accounts - Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -
127 Notes, Loans, & Mortgages Receivable - Current										
128 Fraud Recovery						\$ 253,713				
128.1 Allowance for Doubtful Accounts - Fraud						\$ (253,713)				
129 Accrued Interest Receivable										
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$ 634,286	\$ 37,692	\$ 21,536	\$ 1,264	\$ 59,560	\$ 78,096	\$ -	\$ 4,228	\$ 10,192	\$ 230,268
131 Investments - Unrestricted	\$ 3,875,727									
132 Investments - Restricted									\$ 32,224	\$ 188,090
135 Investments - Restricted for Payment of Current Liability										
142 Prepaid Expenses and Other Assets	\$ 9,401			\$ 66		\$ 6,224			\$ 18,526	\$ 140,813
143 Inventories										
143.1 Allowance for Obsolete Inventories										
144 Inter Program Due From										\$ 63,662
145 Assets Held for Sale										
150 Total Current Assets	\$ 7,268,774	\$ 37,692	\$ 21,536	\$ 768,438	\$ 59,560	\$ 2,283,980	\$ 273,731	\$ 195,774	\$ 308,333	\$ 3,435,676
161 Land	\$ 2,487,127					\$ 32,000			\$ 252,300	\$ 4,202,393
162 Buildings	\$ 66,490,946					\$ 634,667			\$ 6,838,539	\$ 39,586,418
163 Furniture, Equipment & Machinery - Dwellings	\$ 29,659									\$ 477,351
164 Furniture, Equipment & Machinery - Administration	\$ 892,578			\$ 110,104		\$ 186,962			\$ 199,656	\$ 332,559
165 Leasehold Improvements	\$ 5,839,783					\$ 7,775			\$ 632,694	\$ 4,168,786
166 Accumulated Depreciation	\$ (51,496,151)			\$ (105,150)		\$ (755,756)			\$ (958,732)	\$ (8,748,872)
167 Construction in Progress	\$ 29,578									\$ 5,424,236
168 Infrastructure										
160 Total Capital Assets, Net of Accumulated Depreciation	\$ 24,273,520	\$ -	\$ -	\$ 4,954	\$ -	\$ 105,648	\$ -	\$ -	\$ 6,964,457	\$ 45,442,871
171 Notes, Loans and Mortgages Receivable - Noncurrent	\$ 17,150,290			\$ 2,328,132						
172 Notes, Loans, & Mortgages Receivable - Noncurrent - Past Due										
173 Grants Receivable - Noncurrent										
174 Other Assets										\$ 375,858
176 Investments in Joint Ventures										
180 Total Noncurrent Assets	\$ 41,423,810	\$ -	\$ -	\$ 2,333,086	\$ -	\$ 105,648	\$ -	\$ -	\$ 6,964,457	\$ 45,818,729
200 Deferred Outflow of Resources										
290 Total Assets and Deferred Outflow of Resources	\$ 48,692,584	\$ 37,692	\$ 21,536	\$ 3,101,524	\$ 59,560	\$ 2,389,628	\$ 273,731	\$ 195,774	\$ 7,272,790	\$ 49,254,405

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, 2019

		14.182 N/C S/R Section 8 Programs	14.239 HOME Investment Partnerships Program	2 State/Local	1 Business Activities	14.889 Choice Neighborhoods Implementation Grants	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted		\$ 470,573	\$ 79,518		\$ 3,984,182		\$ 1,190,496	\$ 12,933,208		\$ 12,933,208
112 Cash - Restricted - Modernization and Development								\$ 6,459		\$ 6,459
113 Cash - Other Restricted			\$ 1,340,553					\$ 3,169,558		\$ 3,169,558
114 Cash - Tenant Security Deposits		\$ 3,315						\$ 201,051		\$ 201,051
115 Cash - Restricted for Payment of Current Liabilities										
100 Total Cash		\$ 473,888	\$ 1,420,071	\$ -	\$ 3,984,182	\$ -	\$ 1,190,496	\$ 16,310,276	\$ -	\$ 16,310,276
121 Accounts Receivable - PHA Projects										
122 Accounts Receivable - HUD Other Projects		\$ 5,416						\$ 842,175		\$ 842,175
124 Accounts Receivable - Other Government			\$ 50,000	\$ 29,115				\$ 168,346		\$ 168,346
125 Accounts Receivable - Miscellaneous			\$ 43,387		\$ 6,119		\$ 202,219	\$ 265,870		\$ 265,870
126 Accounts Receivable - Tenants		\$ 419						\$ 174,014		\$ 174,014
126.1 Allowance for Doubtful Accounts - Tenants		\$ (42)						\$ (36,650)		\$ (36,650)
126.2 Allowance for Doubtful Accounts - Other		\$ -	\$ -	\$ -	\$ -		\$ -	\$ -		\$ -
127 Notes, Loans, & Mortgages Receivable - Current										
128 Fraud Recovery								\$ 253,713		\$ 253,713
128.1 Allowance for Doubtful Accounts - Fraud								\$ (253,713)		\$ (253,713)
129 Accrued Interest Receivable					\$ 10,350			\$ 10,350		\$ 10,350
120 Total Receivables, Net of Allowances for Doubtful Accounts		\$ 5,793	\$ 93,387	\$ 29,115	\$ 16,469	\$ -	\$ 202,219	\$ 1,424,105	\$ -	\$ 1,424,105
131 Investments - Unrestricted					\$ 211,893		\$ 105,947	\$ 4,193,567		\$ 4,193,567
132 Investments - Restricted								\$ 220,314		\$ 220,314
135 Investments - Restricted for Payment of Current Liability										
142 Prepaid Expenses and Other Assets		\$ 16	\$ 300	\$ 229	\$ 312		\$ 8,653	\$ 184,540		\$ 184,540
143 Inventories							\$ 28,183	\$ 28,183		\$ 28,183
143.1 Allowance for Obsolete Inventories							\$ -	\$ -		\$ -
144 Inter Program Due From					\$ 577,045	\$ 509	\$ 2,901,619	\$ 3,542,835	\$ (3,542,835)	\$ -
145 Assets Held for Sale										
150 Total Current Assets		\$ 479,697	\$ 1,513,758	\$ 29,344	\$ 4,789,901	\$ 509	\$ 4,437,117	\$ 25,903,820	\$ (3,542,835)	\$ 22,360,985
161 Land		\$ 17,201			\$ 139,100			\$ 7,130,121		\$ 7,130,121
162 Buildings		\$ 332,094			\$ 1,118,624			\$ 115,001,288		\$ 115,001,288
163 Furniture, Equipment & Machinery - Dwellings								\$ 507,010		\$ 507,010
164 Furniture, Equipment & Machinery - Administration			\$ 25,190	\$ 17,228	\$ 12,036		\$ 1,123,912	\$ 2,900,225		\$ 2,900,225
165 Leasehold Improvements		\$ 57,658			\$ 196,992			\$ 10,903,688		\$ 10,903,688
166 Accumulated Depreciation		\$ (310,187)	\$ (23,327)	\$ (12,921)	\$ (709,324)		\$ (982,862)	\$ (64,103,282)		\$ (64,103,282)
167 Construction in Progress					\$ 40,508			\$ 5,494,322		\$ 5,494,322
168 Infrastructure										
160 Total Capital Assets, Net of Accumulated Depreciation		\$ 96,766	\$ 1,863	\$ 4,307	\$ 797,936	\$ -	\$ 141,050	\$ 77,833,372	\$ -	\$ 77,833,372
171 Notes, Loans and Mortgages Receivable - Noncurrent			\$ 7,487,350		\$ 1,631,574		\$ 1,473,746	\$ 30,071,092	\$ (21,083,068)	\$ 8,988,024
172 Notes, Loans, & Mortgages Receivable - Noncurrent - Past Due										
173 Grants Receivable - Noncurrent										
174 Other Assets					\$ 149,300			\$ 525,158	\$ (100,000)	\$ 425,158
176 Investments in Joint Ventures					\$ 990,198			\$ 990,198		\$ 990,198
180 Total Noncurrent Assets		\$ 96,766	\$ 7,489,213	\$ 4,307	\$ 3,569,008	\$ -	\$ 1,614,796	\$ 109,419,820	\$ (21,183,068)	\$ 88,236,752
200 Deferred Outflow of Resources							\$ 47,300	\$ 47,300		\$ 47,300
290 Total Assets and Deferred Outflow of Resources		\$ 576,463	\$ 9,002,971	\$ 33,651	\$ 8,358,909	\$ 509	\$ 6,099,213	\$ 135,370,940	\$ (24,725,903)	\$ 110,645,037

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, 2019

	Project Total	14.896 PIH Family Self-Sufficiency Program	14.267 Continuum of Care Program	14.218 Community Development Block Grants/Entitlement Grants	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	14.879 Mainstream Vouchers	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended
311 Bank Overdraft										
312 Accounts Payable <= 90 Days	\$ 119,458	\$ 2	\$ 2,790	\$ 46,747	\$ 8	\$ 102,074	\$ 2,979	\$ 22,881	\$ 60,502	\$ 981,354
313 Accounts Payable >90 Days Past Due										
321 Accrued Wage/Payroll Taxes Payable	\$ 21,138	\$ 1,524		\$ 1,547	\$ 1,661	\$ 9,044			\$ 2,700	\$ 7,993
322 Accrued Compensated Absences - Current Portion										
324 Accrued Contingency Liability										
325 Accrued Interest Payable									\$ 13,063	\$ 11,451
331 Accounts Payable - HUD PHA Programs							\$ 32,671	\$ 172,074		
332 Account Payable - PHA Projects										
333 Accounts Payable - Other Government	\$ 23,457					\$ 151	\$ 245			\$ 40,447
341 Tenant Security Deposits	\$ 94,358					\$ 1,250			\$ 26,388	\$ 75,739
342 Unearned Revenue	\$ 35,370								\$ 5,871	\$ 14,224
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue									\$ 65,055	\$ 134,410
344 Current Portion of Long-term Debt - Operating Borrowings										
345 Other Current Liabilities	\$ 30,660								\$ 22,692	\$ 279,683
346 Accrued Liabilities - Other	\$ 163,920					\$ 18				\$ 45,185
347 Inter Program - Due To	\$ 1,512,360	\$ 36,166	\$ 18,746	\$ 16,061	\$ 57,891	\$ 209,974	\$ 1,716	\$ 1,306		\$ 872,162
348 Loan Liability - Current										
310 Total Current Liabilities	\$ 2,000,721	\$ 37,692	\$ 21,536	\$ 64,355	\$ 59,560	\$ 322,511	\$ 37,611	\$ 196,261	\$ 196,271	\$ 2,462,648
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue									\$ 1,340,697	\$ 29,346,655
352 Long-term Debt, Net of Current - Operating Borrowings										
353 Noncurrent Liabilities - Other	\$ 55,234					\$ 134,539			\$ 19,190	\$ 1,177,541
354 Accrued Compensated Absences - Noncurrent	\$ 89,602			\$ 6,945		\$ 70,017				\$ 41,253
355 Loan Liability - Noncurrent										
356 FASB 5 Liabilities										
357 Accrued Pension and OPEB Liabilities										
350 Total Noncurrent Liabilities	\$ 144,836	\$ -	\$ -	\$ 6,945	\$ -	\$ 204,556	\$ -	\$ -	\$ 1,359,887	\$ 30,565,449
300 Total Liabilities	\$ 2,145,557	\$ 37,692	\$ 21,536	\$ 71,300	\$ 59,560	\$ 527,067	\$ 37,611	\$ 196,261	\$ 1,556,158	\$ 33,028,097
400 Deferred Inflow of Resources										
508.3 Nonspendable Fund Balance										
508.4 Net Investment in Capital Assets	\$ 24,273,521			\$ 4,954		\$ 105,648			\$ 5,558,705	\$ 15,961,806
509.3 Restricted Fund Balance										
510.3 Committed Fund Balance										
511.3 Assigned Fund Balance										
511.4 Restricted Net Position	\$ 6,459			\$ 3,025,270		\$ 46,670			\$ 238,760	\$ 1,555,935
512.3 Unassigned Fund Balance										
512.4 Unrestricted Net Position	\$ 22,267,047	\$ -	\$ -	\$ -	\$ -	\$ 1,710,243	\$ 236,120	\$ (487)	\$ (80,833)	\$ (1,291,433)
513 Total Equity - Net Assets / Position	\$ 46,547,027	\$ -	\$ -	\$ 3,030,224	\$ -	\$ 1,862,561	\$ 236,120	\$ (487)	\$ 5,716,632	\$ 16,226,308
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$ 48,692,584	\$ 37,692	\$ 21,536	\$ 3,101,524	\$ 59,560	\$ 2,389,628	\$ 273,731	\$ 195,774	\$ 7,272,790	\$ 49,254,405

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, 2019

		14.182 N/C S/R Section 8 Programs	14.239 HOME Investment Partnerships Program	2 State/Local	1 Business Activities	14.889 Choice Neighborhoods Implementation Grants	COCC	Subtotal	ELIM	Total
311 Bank Overdraft										
312 Accounts Payable <= 90 Days	\$	807	\$ 4,374	\$ 2,914	\$ 5,060	\$ 35	\$ 33,654	\$ 1,385,639		\$ 1,385,639
313 Accounts Payable >90 Days Past Due										
321 Accrued Wage/Payroll Taxes Payable	\$	204	\$ 652	\$ 1,143	\$ 1,392		\$ 23,162	\$ 72,160		\$ 72,160
322 Accrued Compensated Absences - Current Portion										
324 Accrued Contingency Liability										
325 Accrued Interest Payable								\$ 24,514		\$ 24,514
331 Accounts Payable - HUD PHA Programs								\$ 204,745		\$ 204,745
332 Account Payable - PHA Projects										
333 Accounts Payable - Other Government								\$ 64,300		\$ 64,300
341 Tenant Security Deposits	\$	3,315						\$ 201,050		\$ 201,050
342 Unearned Revenue	\$	24						\$ 55,489		\$ 55,489
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue								\$ 199,465		\$ 199,465
344 Current Portion of Long-term Debt - Operating Borrowings										
345 Other Current Liabilities								\$ 333,035		\$ 333,035
346 Accrued Liabilities - Other	\$	1,391			\$ 1,383		\$ 176,590	\$ 388,487		\$ 388,487
347 Inter Program - Due To	\$	24,918	\$ 64,201	\$ 36,850	\$ 181,681	\$ 474	\$ 508,329	\$ 3,542,835	\$ (3,542,835)	\$ -
348 Loan Liability - Current										
310 Total Current Liabilities	\$	30,659	\$ 69,227	\$ 40,907	\$ 189,516	\$ 509	\$ 741,735	\$ 6,471,719	\$ (3,542,835)	\$ 2,928,884
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue								\$ 30,687,352	\$ (19,923,707)	\$ 10,763,645
352 Long-term Debt, Net of Current - Operating Borrowings										
353 Noncurrent Liabilities - Other			\$ 9,625					\$ 1,396,129	\$ (1,159,361)	\$ 236,768
354 Accrued Compensated Absences - Noncurrent	\$	2,191	\$ 5,655	\$ 5,223	\$ 5,547		\$ 180,231	\$ 406,664		\$ 406,664
355 Loan Liability - Noncurrent										
356 FASB 5 Liabilities										
357 Accrued Pension and OPEB Liabilities							\$ 115,321	\$ 115,321		\$ 115,321
350 Total Noncurrent Liabilities	\$	2,191	\$ 15,280	\$ 5,223	\$ 5,547	\$ -	\$ 295,552	\$ 32,605,466	\$ (21,083,068)	\$ 11,522,398
300 Total Liabilities	\$	32,850	\$ 84,507	\$ 46,130	\$ 195,063	\$ 509	\$ 1,037,287	\$ 39,077,185	\$ (24,625,903)	\$ 14,451,282
400 Deferred Inflow of Resources							\$ 26,328	\$ 26,328		\$ 26,328
508.3 Nonspendable Fund Balance										
508.4 Net Investment in Capital Assets	\$	96,766	\$ 1,863	\$ 4,307	\$ 797,936		\$ 141,050	\$ 46,946,556	\$ 19,923,707	\$ 66,870,263
509.3 Restricted Fund Balance										
510.3 Committed Fund Balance										
511.3 Assigned Fund Balance										
511.4 Restricted Net Position			\$ 8,916,601					\$ 13,789,695		\$ 13,789,695
512.3 Unassigned Fund Balance										
512.4 Unrestricted Net Position	\$	446,847	\$ -	\$ (16,786)	\$ 7,365,910	\$ -	\$ 4,894,548	\$ 35,531,176	\$ (20,023,707)	\$ 15,507,469
513 Total Equity - Net Assets / Position	\$	543,613	\$ 8,918,464	\$ (12,479)	\$ 8,163,846	\$ -	\$ 5,035,598	\$ 96,267,427	\$ (100,000)	\$ 96,167,427
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$	576,463	\$ 9,002,971	\$ 33,651	\$ 8,358,909	\$ 509	\$ 6,099,213	\$ 135,370,940	\$ (24,725,903)	\$ 110,645,037

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, 2019

	Project Total	14.896 PIH Family Self-Sufficiency Program	14.267 Continuum of Care Program	14.218 Community Development Block Grants/Entitlement Grants	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	14.879 Mainstream Vouchers	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended
70300 Net Tenant Rental Revenue	\$ 2,490,337								\$ 374,122	\$ 1,283,476
70400 Tenant Revenue - Other	\$ 228,631								\$ 13,250	\$ 46,050
70500 Total Tenant Revenue	\$ 2,718,968	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 387,372	\$ 1,329,526
70600 HUD PHA Operating Grants	\$ 6,485,845	\$ 112,528	\$ 115,630		\$ 116,622	\$ 22,290,125	\$ 480,872	\$ 42,216		\$ 1,372,541
70610 Capital Grants	\$ 1,394,087									
70710 Management Fee										
70720 Asset Management Fee										
70730 Book Keeping Fee										
70740 Front Line Service Fee										
70750 Other Fees										
70700 Total Fee Revenue										
70800 Other Government Grants	\$ 50,000			\$ 1,036,089						
71100 Investment Income - Unrestricted	\$ 72,057			\$ 865		\$ 7,460	\$ 879	\$ 211	\$ 10	\$ 393
71200 Mortgage Interest Income	\$ 182,861			\$ 25,910						
71300 Proceeds from Disposition of Assets Held for Sale										
71310 Cost of Sale of Assets										
71400 Fraud Recovery						\$ 17,288				
71500 Other Revenue	\$ 48,669			\$ 25,914		\$ 41,413				\$ 898,439
71600 Gain or Loss on Sale of Capital Assets										
72000 Investment Income - Restricted									\$ 411	\$ 1,672
70000 Total Revenue	\$ 10,952,487	\$ 112,528	\$ 115,630	\$ 1,088,778	\$ 116,622	\$ 22,356,286	\$ 481,751	\$ 42,427	\$ 387,793	\$ 3,602,571
91100 Administrative Salaries	\$ 648,873			\$ 133,854		\$ 543,573	\$ 18,397	\$ 667	\$ 29,203	\$ 279,748
91200 Auditing Fees	\$ 27,513					\$ 33,461	\$ 1,147	\$ 42	\$ 4,700	\$ 34,186
91300 Management Fee	\$ 1,208,586		\$ 3,575	\$ 263,486		\$ 369,192	\$ 12,672	\$ 804	\$ 25,980	\$ 242,506
91310 Book-keeping Fee	\$ 93,503					\$ 230,745	\$ 7,920	\$ 502	\$ 3,600	\$ 41,730
91400 Advertising and Marketing	\$ 8,401					\$ 1,471	\$ 50	\$ 2	\$ 757	\$ 1,008
91500 Employee Benefit contributions - Administrative	\$ 214,808			\$ 43,742		\$ 190,233	\$ 6,714	\$ 243	\$ 8,307	\$ 95,646
91600 Office Expenses	\$ 146,927			\$ 9,619		\$ 154,212	\$ 3,551	\$ 129	\$ 9,508	\$ 54,345
91700 Legal Expense	\$ 32,091					\$ 11,301	\$ 353	\$ 13	\$ 10,485	\$ 9,172
91800 Travel	\$ 20,723					\$ 5,390	\$ 185	\$ 7	\$ 2,345	\$ 12,404
91810 Allocated Overhead										
91900 Other	\$ 71,996		\$ 3,575	\$ 210		\$ 54,609	\$ 1,192	\$ 43	\$ 4,139	\$ 20,677
91000 Total Operating - Administrative	\$ 2,473,421	\$ -	\$ 7,150	\$ 450,911	\$ -	\$ 1,594,187	\$ 52,181	\$ 2,452	\$ 99,024	\$ 791,422
92000 Asset Management Fee	\$ 131,120									\$ 10,800
92100 Tenant Services - Salaries	\$ 159,024	\$ 92,550			\$ 88,058					\$ 8,965
92200 Relocation Costs	\$ 531									\$ 28,614
92300 Employee Benefit Contributions - Tenant Services	\$ 50,907	\$ 19,978			\$ 27,744					\$ 2,851
92400 Tenant Services - Other	\$ 24,927		\$ 16,000		\$ 820				\$ 163	\$ 6,279
92500 Total Tenant Services	\$ 235,389	\$ 112,528	\$ 16,000	\$ -	\$ 116,622	\$ -	\$ -	\$ -	\$ 163	\$ 46,709

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, 2019

			14.182 N/C S/R Section 8 Programs	14.239 HOME Investment Partnerships Program	2 State/Local	1 Business Activities	14.889 Choice Neighborhoods Implementation Grants	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue			\$ 31,024						\$ 4,178,959		\$ 4,178,959
70400 Tenant Revenue - Other			\$ 277						\$ 288,208		\$ 288,208
70500 Total Tenant Revenue			\$ 31,301	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,467,167	\$ -	\$ 4,467,167
70600 HUD PHA Operating Grants									\$ 3,016,379		\$ 3,016,379
70610 Capital Grants									\$ 1,394,087		\$ 1,394,087
70710 Management Fee								\$ 2,214,133	\$ 2,214,133	\$ (2,214,133)	\$ -
70720 Asset Management Fee								\$ 141,920	\$ 141,920	\$ (141,920)	\$ -
70730 Book Keeping Fee								\$ 374,400	\$ 374,400	\$ (374,400)	\$ -
70740 Front Line Service Fee								\$ 63,846	\$ 63,846	\$ (63,846)	\$ -
70750 Other Fees								\$ 52,200	\$ 52,200		\$ 52,200
70700 Total Fee Revenue								\$ 2,846,499	\$ 2,846,499	\$ (2,794,299)	\$ 52,200
70800 Other Government Grants			\$ 54,870	\$ 849,890	\$ 195,927				\$ 2,186,776		\$ 2,186,776
71100 Investment Income - Unrestricted			\$ 807			\$ 7,935		\$ 2,714	\$ 93,331		\$ 93,331
71200 Mortgage Interest Income				\$ 13,204		\$ 51,490			\$ 273,465	\$ (232,550)	\$ 40,915
71300 Proceeds from Disposition of Assets Held for Sale											
71310 Cost of Sale of Assets											
71400 Fraud Recovery									\$ 17,288		\$ 17,288
71500 Other Revenue			\$ 113	\$ 4,371		\$ 919,036	\$ 510	\$ 1,134	\$ 1,939,599		\$ 1,939,599
71600 Gain or Loss on Sale of Capital Assets											
72000 Investment Income - Restricted									\$ 2,083		\$ 2,083
70000 Total Revenue			\$ 87,091	\$ 867,465	\$ 195,927	\$ 978,461	\$ 510	\$ 2,850,347	\$ 44,236,674	\$ (3,026,849)	\$ 41,209,825
91100 Administrative Salaries			\$ 6,615	\$ 38,627	\$ 89,849	\$ 117,951		\$ 1,421,442	\$ 3,328,799		\$ 3,328,799
91200 Auditing Fees			\$ 825			\$ 413		\$ 11,550	\$ 113,837		\$ 113,837
91300 Management Fee			\$ 3,663	\$ 60,000	\$ 29,000	\$ 20,649			\$ 2,240,113	\$ (2,214,133)	\$ 25,980
91310 Book-keeping Fee									\$ 378,000	\$ (374,400)	\$ 3,600
91400 Advertising and Marketing				\$ 1,076		\$ 714		\$ 5,646	\$ 19,125		\$ 19,125
91500 Employee Benefit contributions - Administrative			\$ 4,126	\$ 8,443	\$ 22,035	\$ 17,407		\$ 432,493	\$ 1,044,197		\$ 1,044,197
91600 Office Expenses			\$ 133	\$ 1,114	\$ 1,697	\$ 10,206	\$ 36	\$ 202,598	\$ 594,075		\$ 594,075
91700 Legal Expense				\$ 120		\$ 425		\$ 11,667	\$ 75,627		\$ 75,627
91800 Travel			\$ 518		\$ 2,195	\$ 6,221		\$ 26,202	\$ 76,190		\$ 76,190
91810 Allocated Overhead											
91900 Other			\$ 879	\$ 430	\$ 882	\$ 19,063	\$ 474	\$ 71,429	\$ 249,598		\$ 249,598
91000 Total Operating - Administrative			\$ 16,759	\$ 109,810	\$ 145,658	\$ 193,049	\$ 510	\$ 2,183,027	\$ 8,119,561	\$ (2,588,533)	\$ 5,531,028
92000 Asset Management Fee									\$ 141,920	\$ (141,920)	\$ -
92100 Tenant Services - Salaries						\$ 27,234			\$ 375,831		\$ 375,831
92200 Relocation Costs									\$ 29,145		\$ 29,145
92300 Employee Benefit Contributions - Tenant Services						\$ 7,992			\$ 109,472		\$ 109,472
92400 Tenant Services - Other						\$ 8,000			\$ 56,189		\$ 56,189
92500 Total Tenant Services			\$ -	\$ -	\$ -	\$ 43,226	\$ -	\$ -	\$ 570,637	\$ -	\$ 570,637

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, 2019

	Project Total	14.896 PIH Family Self-Sufficiency Program	14.267 Continuum of Care Program	14.218 Community Development Block Grants/Entitlement Grants	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	14.879 Mainstream Vouchers	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended
93100 Water	\$ 382,732					\$ 65	\$ 2		\$ 13,636	\$ 127,149
93200 Electricity	\$ 556,928					\$ 1,029	\$ 35	\$ 1	\$ 13,950	\$ 103,062
93300 Gas	\$ 124,314					\$ 1,150	\$ 39	\$ 2		\$ 24,427
93400 Fuel										
93500 Labor										
93600 Sewer	\$ 936,292					\$ 308	\$ 11		\$ 35,703	\$ 296,060
93700 Employee Benefit Contributions - Utilities										
93800 Other Utilities Expense										
93000 Total Utilities	\$ 2,000,266	\$ -	\$ -	\$ -	\$ -	\$ 2,552	\$ 87	\$ 3	\$ 63,289	\$ 550,698
94100 Ordinary Maintenance and Operations - Labor	\$ 507,052					\$ 80	\$ 3		\$ 30,421	\$ 189,043
94200 Ordinary Maintenance and Operations - Materials and Other	\$ 567,384					\$ 3,665	\$ 120	\$ 4	\$ 6,452	\$ 181,173
94300 Ordinary Maintenance and Operations Contracts	\$ 1,337,502			\$ 79		\$ 12,230	\$ 2,128	\$ 77	\$ 51,775	\$ 394,829
94500 Employee Benefit Contributions - Ordinary Maintenance	\$ 176,545									\$ 66,782
94000 Total Maintenance	\$ 2,588,483	\$ -	\$ -	\$ 79	\$ -	\$ 15,975	\$ 2,251	\$ 81	\$ 88,648	\$ 831,827
95100 Protective Services - Labor	\$ 31,090									\$ 2,444
95200 Protective Services - Other Contract Costs	\$ 30,195									\$ 29,971
95300 Protective Services - Other										
95500 Employee Benefit Contributions - Protective Services	\$ 10,218									\$ 778
95000 Total Protective Services	\$ 71,503	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 33,193
96110 Property Insurance	\$ 249,976					\$ 3,736	\$ 128	\$ 5	\$ 12,578	\$ 106,925
96120 Liability Insurance	\$ 44,819					\$ 6,811	\$ 233	\$ 8		\$ 19,673
96130 Workmen's Compensation	\$ 18,228			\$ 1,897		\$ 7,973			\$ 1,789	\$ 7,658
96140 All Other Insurance	\$ 9,860					\$ 1,991	\$ 68	\$ 2	\$ 71	\$ 3,431
96100 Total Insurance Premiums	\$ 322,883	\$ -	\$ -	\$ 1,897	\$ -	\$ 20,511	\$ 429	\$ 15	\$ 14,438	\$ 137,687
96200 Other General Expenses	\$ 6,635			\$ 766,055		\$ 6,814			\$ 1,835	\$ 445,903
96210 Compensated Absences	\$ 9,881			\$ 1,103		\$ 5,233				\$ 6,227
96300 Payments in Lieu of Taxes	\$ 76,614								\$ 32,837	\$ 194,135
96400 Bad debt - Tenant Rents	\$ 71,646								\$ 7,145	\$ 15,461
96500 Bad debt - Mortgages				\$ 7,550						
96600 Bad debt - Other										
96800 Severance Expense										
96000 Total Other General Expenses	\$ 164,776	\$ -	\$ -	\$ 774,708	\$ -	\$ 12,047	\$ -	\$ -	\$ 41,817	\$ 661,726
96710 Interest of Mortgage (or Bonds) Payable									\$ 38,818	\$ 337,101
96720 Interest on Notes Payable (Short and Long Term)										\$ 49,690
96730 Amortization of Bond Issue Costs										
96700 Total Interest Expense and Amortization Cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 38,818	\$ 386,791
96900 Total Operating Expenses	\$ 7,987,841	\$ 112,528	\$ 23,150	\$ 1,227,595	\$ 116,622	\$ 1,645,272	\$ 54,948	\$ 2,551	\$ 346,197	\$ 3,450,853
97000 Excess of Operating Revenue over Operating Expenses	\$ 2,964,646	\$ -	\$ 92,480	\$ (138,817)	\$ -	\$ 20,711,014	\$ 426,803	\$ 39,876	\$ 41,596	\$ 151,718

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, 2019

			14.182 N/C S/R Section 8 Programs	14.239 HOME Investment Partnerships Program	2 State/Local	1 Business Activities	14.889 Choice Neighborhoods Implementation Grants	COCC	Subtotal	ELIM	Total
93100	Water		\$ 2,303			\$ 770		\$ 2,031	\$ 528,688		\$ 528,688
93200	Electricity		\$ 14,364		\$ 170	\$ 12,708		\$ 22,163	\$ 724,410		\$ 724,410
93300	Gas				\$ 15			\$ 9,494	\$ 159,441		\$ 159,441
93400	Fuel										
93500	Labor										
93600	Sewer		\$ 6,146		\$ 170	\$ 1,806		\$ 2,652	\$ 1,279,148		\$ 1,279,148
93700	Employee Benefit Contributions - Utilities										
93800	Other Utilities Expense										
93000	Total Utilities		\$ 22,813	\$ -	\$ 355	\$ 15,284	\$ -	\$ 36,340	\$ 2,691,687	\$ -	\$ 2,691,687
94100	Ordinary Maintenance and Operations - Labor		\$ 6,183			\$ 3,822		\$ 43,524	\$ 780,128		\$ 780,128
94200	Ordinary Maintenance and Operations - Materials and Other		\$ 1,909		\$ 142	\$ 10,009		\$ 13,631	\$ 784,489		\$ 784,489
94300	Ordinary Maintenance and Operations Contracts		\$ 4,700		\$ 34,054	\$ 55,678		\$ 34,461	\$ 1,927,513	\$ (63,846)	\$ 1,863,667
94500	Employee Benefit Contributions - Ordinary Maintenance					\$ 956		\$ 13,219	\$ 257,502		\$ 257,502
94000	Total Maintenance		\$ 12,792	\$ -	\$ 34,196	\$ 70,465	\$ -	\$ 104,835	\$ 3,749,632	\$ (63,846)	\$ 3,685,786
95100	Protective Services - Labor							\$ 8,400	\$ 41,934		\$ 41,934
95200	Protective Services - Other Contract Costs				\$ 375				\$ 60,541		\$ 60,541
95300	Protective Services - Other										
95500	Employee Benefit Contributions - Protective Services							\$ 2,551	\$ 13,547		\$ 13,547
95000	Total Protective Services		\$ -	\$ -	\$ 375	\$ -	\$ -	\$ 10,951	\$ 116,022	\$ -	\$ 116,022
96110	Property Insurance		\$ 2,829		\$ 565	\$ 7,462			\$ 384,204		\$ 384,204
96120	Liability Insurance		\$ 422		\$ 6,873	\$ 317		\$ 11,921	\$ 91,077		\$ 91,077
96130	Workmen's Compensation		\$ 181	\$ 547	\$ 1,312	\$ 1,884		\$ 22,049	\$ 63,518		\$ 63,518
96140	All Other Insurance				\$ 394			\$ 7,607	\$ 23,424		\$ 23,424
96100	Total insurance Premiums		\$ 3,432	\$ 547	\$ 9,144	\$ 9,663	\$ -	\$ 41,577	\$ 562,223	\$ -	\$ 562,223
96200	Other General Expenses			\$ 315,808		\$ 9,518		\$ 3,575	\$ 1,556,143		\$ 1,556,143
96210	Compensated Absences		\$ 215	\$ 644		\$ 666			\$ 23,969		\$ 23,969
96300	Payments in Lieu of Taxes								\$ 303,586		\$ 303,586
96400	Bad debt - Tenant Rents								\$ 94,252		\$ 94,252
96500	Bad debt - Mortgages			\$ 417,115		\$ 3,573			\$ 428,238		\$ 428,238
96600	Bad debt - Other										
96800	Severance Expense										
96000	Total Other General Expenses		\$ 215	\$ 733,567	\$ -	\$ 13,757	\$ -	\$ 3,575	\$ 2,406,188	\$ -	\$ 2,406,188
96710	Interest of Mortgage (or Bonds) Payable								\$ 375,919	\$ (182,860)	\$ 193,059
96720	Interest on Notes Payable (Short and Long Term)								\$ 49,690	\$ (49,690)	\$ -
96730	Amortization of Bond Issue Costs										
96700	Total Interest Expense and Amortization Cost		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 425,609	\$ (232,550)	\$ 193,059
96900	Total Operating Expenses		\$ 56,011	\$ 843,924	\$ 189,728	\$ 345,444	\$ 510	\$ 2,380,305	\$ 18,783,479	\$ (3,026,849)	\$ 15,756,630
97000	Excess of Operating Revenue over Operating Expenses		\$ 31,080	\$ 23,541	\$ 6,199	\$ 633,017	\$ -	\$ 470,042	\$ 25,453,195	\$ -	\$ 25,453,195

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, 2019

	Project Total	14.896 PIH Family Self-Sufficiency Program	14.267 Continuum of Care Program	14.218 Community Development Block Grants/Entitlement Grants	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	14.879 Mainstream Vouchers	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended
97100 Extraordinary Maintenance	\$ 25,600									
97200 Casualty Losses - Non-capitalized	\$ 55,490									\$ (201)
97300 Housing Assistance Payments			\$ 92,480			\$ 20,465,404	\$ 398,556	\$ 40,363		
97350 HAP Portability-In						\$ 10,484				
97400 Depreciation Expense	\$ 1,980,671			\$ 4,013		\$ 32,135			\$ 222,564	\$ 1,538,675
97500 Fraud Losses										
97600 Capital Outlays - Governmental Funds										
97700 Debt Principal Payment - Governmental Funds										
97800 Dwelling Units Rent Expense										
90000 Total Expenses	\$ 10,049,602	\$ 112,528	\$ 115,630	\$ 1,231,608	\$ 116,622	\$ 22,153,295	\$ 453,504	\$ 42,914	\$ 568,761	\$ 4,989,327
10010 Operating Transfer In	\$ 1,358,237									
10020 Operating transfer Out	\$ (1,358,237)									
10030 Operating Transfers from/to Primary Government										\$ 536,275
10040 Operating Transfers from/to Component Unit	\$ (536,275)									
10050 Proceeds from Notes, Loans and Bonds										
10060 Proceeds from Property Sales										
10070 Extraordinary Items, Net Gain/Loss										
10080 Special Items (Net Gain/Loss)	\$ (1,509,470)									
10091 Inter Project Excess Cash Transfer In	\$ 632,653									
10092 Inter Project Excess Cash Transfer Out	\$ (632,653)									
10093 Transfers between Program and Project - In										
10094 Transfers between Project and Program - Out										
10100 Total Other financing Sources (Uses)	\$ (2,045,745)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 536,275
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$ (1,142,860)	\$ -	\$ -	\$ (142,830)	\$ -	\$ 202,991	\$ 28,247	\$ (487)	\$ (180,968)	\$ (850,481)
11020 Required Annual Debt Principal Payments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 63,167	\$ 131,985
11030 Beginning Equity	\$ 47,689,887	\$ -	\$ -	\$ 3,173,054	\$ -	\$ 1,659,570	\$ 207,873	\$ -	\$ 5,897,600	\$ 17,076,789
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						\$ 1,815,891				
11180 Housing Assistance Payments Equity						\$ 46,670				
11190 Unit Months Available	\$ 14,185		\$ 96			\$ 30,237	\$ 1,056	\$ 315	\$ 600	\$ 5,445
11210 Number of Unit Months Leased	\$ 13,506		\$ 96			\$ 30,766	\$ 1,056	\$ 67	\$ 551	\$ 5,274
11270 Excess Cash	\$ 4,578,281									
11610 Land Purchases	\$ -									
11620 Building Purchases	\$ 1,394,087									
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, 2019

			14.182 N/C S/R Section 8 Programs	14.239 HOME Investment Partnerships Program	2 State/Local	1 Business Activities	14.889 Choice Neighborhoods Implementation Grants	COCC	Subtotal	ELIM	Total
97100	Extraordinary Maintenance								\$ 25,600		\$ 25,600
97200	Casualty Losses - Non-capitalized					\$ 3,991			\$ 59,280		\$ 59,280
97300	Housing Assistance Payments								\$ 20,996,803		\$ 20,996,803
97350	HAP Portability-In								\$ 10,484		\$ 10,484
97400	Depreciation Expense		\$ 6,103	\$ 3,727	\$ 1,723	\$ 50,978		\$ 68,276	\$ 3,908,865		\$ 3,908,865
97500	Fraud Losses										
97600	Capital Outlays - Governmental Funds										
97700	Debt Principal Payment - Governmental Funds										
97800	Dwelling Units Rent Expense										
90000	Total Expenses		\$ 62,114	\$ 847,651	\$ 191,451	\$ 400,413	\$ 510	\$ 2,448,581	\$ 43,784,511	\$ (3,026,849)	\$ 40,757,662
10010	Operating Transfer In								\$ 1,358,237	\$ (1,358,237)	\$ -
10020	Operating transfer Out								\$ (1,358,237)	\$ 1,358,237	\$ -
10030	Operating Transfers from/to Primary Government								\$ 536,275	\$ (536,275)	\$ -
10040	Operating Transfers from/to Component Unit								\$ (536,275)	\$ 536,275	\$ -
10050	Proceeds from Notes, Loans and Bonds										
10060	Proceeds from Property Sales										
10070	Extraordinary Items, Net Gain/Loss										
10080	Special Items (Net Gain/Loss)								\$ (1,509,470)		\$ (1,509,470)
10091	Inter Project Excess Cash Transfer In								\$ 632,653	\$ (632,653)	\$ -
10092	Inter Project Excess Cash Transfer Out								\$ (632,653)	\$ 632,653	\$ -
10093	Transfers between Program and Project - In										
10094	Transfers between Project and Program - Out										
10100	Total Other financing Sources (Uses)		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,509,470)	\$ -	\$ (1,509,470)
10000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses		\$ 24,977	\$ 19,814	\$ 4,476	\$ 578,048	\$ -	\$ 401,766	\$ (1,057,307)	\$ -	\$ (1,057,307)
11020	Required Annual Debt Principal Payments		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 195,152		\$ 195,152
11030	Beginning Equity		\$ 518,636	\$ 8,898,650	\$ (16,955)	\$ 7,585,798	\$ -	\$ 4,633,832	\$ 97,324,734		\$ 97,324,734
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								\$ 1,815,891		\$ 1,815,891
11180	Housing Assistance Payments Equity								\$ 46,670		\$ 46,670
11190	Unit Months Available		\$ 144			\$ 156			\$ 52,234		\$ 52,234
11210	Number of Unit Months Leased		\$ 140			\$ 156			\$ 51,612		\$ 51,612
11270	Excess Cash								\$ 4,578,281		\$ 4,578,281
11610	Land Purchases							\$ -	\$ -		\$ -
11620	Building Purchases							\$ -	\$ 1,394,087		\$ 1,394,087
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, 2019

	<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	\$ 12,123,782	\$ 4,538,333
Capital Fund Program	14.872	\$ 13,123,096	3,341,599
Housing Assistance Payments Program:			
Housing Choice Voucher Program	14.871	\$ 22,290,125	22,290,125
Mainstream Housing Choice Voucher Program	14.879	\$ 42,216	42,216
TOTAL HOUSING CHOICE VOUCHER CLUSTER			<u>22,332,341</u>
Housing Assistance Payments Program:			
Section 8 Moderate Rehabilitation - Single Room Occupancy			
VA003SRO004 - 2016-2017 funding	14.249	\$ 480,872	480,872
Section 8 New Construction and Substantial Rehabilitation through the Virginia Housing Development Authority			
Transition Center, VA36H027032	14.182	\$ 54,870	54,870
Housing Assistance Payments Program:			
Substantial Rehabilitation	14.195	\$ 1,372,541	1,372,541
TOTAL SECTION 8 PROJECT BASED CLUSTER			<u>1,908,283</u>
Family Self-Sufficiency Coordinator	14.896	\$ 296,136	112,528
Service Coordinators	14.870	\$ 768,876	116,622
Continuum of Care			
Special Needs Assistance			
VA0055L3F051508	14.267	\$ 233,180	<u>115,630</u>
TOTAL HUD			<u>32,465,336</u>
TOTAL DIRECT			<u>32,465,336</u>

Newport News Redevelopment and Housing Authority
Newport News, Virginia

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(Continued)

FOR THE YEAR ENDED JUNE 30, 2019

	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			
B13MC510015, B14MC510015, B15M510015	14.218	\$ 1,257,434	1,036,089
HOME Investment Partnerships Program			
M-13-MC-51202	14.239	\$ 68,787	68,787
M-14-MC-51202	14.239	\$ 470,734	470,734
M-15-MC-51202	14.239	\$ 164,561	164,561
M-16-MC-51202	14.239	\$ -	-
M-17-MC-51203	14.239	\$ 45,808	45,808
		TOTAL INDIRECT	1,785,979
		TOTAL	\$ 34,251,315

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, 2019. 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***

The Commissioners of the Newport News
Redevelopment and Housing Authority

We have audited, in accordance with the auditing standards generally accepted in the United States of America, 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, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated April 20, 2020. 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, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

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

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

Compliance and Other Matters

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

Cherry Bekaert LLP

Virginia Beach, Virginia
April 20, 2020

**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 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, 2019. The Authority's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for 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 opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the Authority's compliance.

Opinion on Each Major Federal Program

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Other Matters

The results of our auditing procedures disclosed one instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2019-001. Our opinion on each major federal program is not modified with respect to this matter.

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

Report on Internal Control over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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.

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

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

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.

Cherry Bekaert LLP

Virginia Beach, Virginia
April 20, 2020

**Newport News Redevelopment and Housing Authority
Schedule of Findings and Questioned Costs
Year Ended June 30, 2019**

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: **Unmodified**

Internal control over financial reporting:
 Material weaknesses identified: **No**
 Significant deficiencies identified: **None reported**

Any audit findings disclosed that are required to be reported in accordance with Section 200.516(a) of the Uniform Guidance? **No**

Identification of major federal programs:

<u>Name of Program</u>	<u>CFDA #</u>
Department of Housing and Urban Development: Section 8 Project Based-Cluster	14.182-CL
Department of Housing and Urban Development: CDBG-Entitlement Grants Cluster	14.218-CL
Department of Housing and Urban Development: Public and Indian Housing	14.850

Dollar threshold to distinguish between Types A and B Programs: **\$1,027,539**

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

B. Findings - Financial Statement Audit **None**

C. Findings and Questioned Costs - Major Federal Awards

Finding: 2019-001

Program Name: Section 8 Project-Based Cluster (CFDA # 14.182-CL)

Compliance Requirement: Residual Receipts Account

Type of Finding: Nonmaterial Noncompliance

Criteria:

Per Title 24 of the Code of Federal Regulations Section 880.601, any remaining project funds must be deposited with the mortgagee or other HUD-approved depository in an interest-bearing residual receipts account.

Condition:

Of the three (3) projects that were required to establish and deposit any remaining project funds into a residual receipts account, we noted two (2) projects that did not have a residual receipts account properly established as of the performance of our testing procedures in January 2020. Based on our review of mortgage loan documents these accounts should have been established sixty days after the June 30, 2018 year end. Upon inquiry of the accounts in January 2020, the Authority established the required accounts for the two (2) projects.

Cause:

Previously, the equity partner for the projects held the responsibility of establishing the residual receipts account. Management of the equity partner changed and, their policies and the responsibilities were given to the borrowers to create the account. There was a lack of communication between the equity partners and Authority regarding this change, which led to the late creation of the residual receipts account.

Effect:

The Authority was not in compliance with the residual receipts compliance requirement as of June 30, 2019.

Auditor Recommendation:

We recommend that the Authority establish procedures to ensure that required residual receipts accounts are established for any new Section 8 projects within the required time-frame.

Management Response:

As of January 2020, the residual receipts accounts for Oyster-Point Brighton and Cypress Terrace had been established with Old Point National Bank. Newport News Redevelopment and Housing Authority plans to work more closely with their equity partners upon entering into new projects to ensure all required accounts are established.

Identification of Repeat Finding:

Not a repeat finding

- D. Findings and Questioned Costs - Virginia Compliance None
- E. Status of Prior Year’s Findings None