

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

FINANCIAL STATEMENTS AND
REPORT OF INDEPENDENT AUDITOR

JUNE 30, 2017

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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, 2017, 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, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. The financial statement of the discretely presented component unit was 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, 2017, 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 Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The Other Supplementary Information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"), and is also not a required part of the basic financial statements.

The Other Supplementary Information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2018 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting.



Virginia Beach, Virginia
March 30, 2018

**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") for the fiscal year ended June 30, 2017 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.

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 \$82,157,063, which is an increase of \$2,149,939 during the year ended June 30, 2017. This increase is attributable to the investment and renovation of Public Housing units under the Rental Assistance Demonstration (RAD) program, which allows the Authority to borrow money and to secure tax credit equity investments for the much needed renovation and improvements to the properties.

Overview of the Financial Statements

MD&A serves as an introduction to the Authority's basic financial statements. The Authority reports as a special-purpose entity engaged in only business-type activities. The Authority's basic financial statements consist of proprietary fund financial statements, fiduciary fund financial statements and notes to the financial statements, which provide additional information to obtain a better understanding of the data reported in the financial statements.

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, Neighborhood Stabilization, Business Activities, Development properties for Lower Jefferson Avenue, Lofts on Jefferson, Orcutt Senior Housing, Orcutt Townhomes, Orcutt Townhomes III, Oyster Point-Brighton and Cypress Terrace 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 Invested in Capital Assets", or "Restricted".

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).

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

Management's Discussion and Analysis

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.

Fiduciary Fund Financial Statements

The Other Postemployment Benefits (OPEB) Trust Fund is used 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 accounting for fiduciary funds is much like that of proprietary funds. In FY 2017, the Authority implemented Governmental Accounting Standards Board (GASB) Statement No. 74, *Financial Reporting for Postemployment Benefits Other Than Pension Plans*, which requires certain note disclosures and required supplementary information regarding the net OPEB liability.

Analysis of the Authority's Statement of Net Position

	FY 2017 Proprietary Fund	FY 2016 Proprietary Fund	Increases (Decreases)
ASSETS:			
Current Assets	\$ 15,928,097	\$ 16,708,684	\$ (780,587)
Capital Assets	69,184,049	53,130,061	16,053,988
Other Assets	14,511,830	16,201,400	(1,689,570)
TOTAL ASSETS	99,623,976	86,040,145	13,583,831
LIABILITIES:			
Current Liabilities	14,735,681	3,275,541	11,460,140
Noncurrent Liabilities	2,731,232	2,757,480	(26,248)
TOTAL LIABILITIES	17,466,913	6,033,021	11,433,892
NET POSITION:			
Net Investment in Capital Assets	54,565,784	50,910,768	3,655,016
Restricted Net Position	13,883,383	16,057,599	(2,174,216)
Unrestricted Net Position	13,707,896	13,038,757	669,139
TOTAL NET POSITION	\$ 82,157,063	\$ 80,007,124	\$ 2,149,939

Net position (assets and deferred outflows of resources over liabilities and deferred inflows of resources) increased by \$2,149,939, which is attributable to the investment and renovation of Public Housing units under the RAD program which, 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

	FY2017	FY2016		
	Proprietary Funds	Proprietary Funds	Increase/ Decrease	Percent
OPERATING REVENUES:				
Rental and tenant income	\$ 3,821,876	\$ 3,827,017	\$ (5,141)	-0.13%
Intergovernmental	30,521,928	30,046,451	475,477	1.58%
Other income	946,164	1,407,347	(461,183)	-32.77%
Total operating revenues	<u>35,289,968</u>	<u>35,280,815</u>	<u>9,153</u>	<u>0.03%</u>
OPERATING EXPENSES:				
Administration	5,235,553	5,190,499	45,054	0.87%
Tenant services	581,689	538,315	43,374	8.06%
Utilities	2,202,720	2,281,035	(78,315)	-3.43%
Ordinary maintenance and operations	3,401,588	3,118,335	283,253	9.08%
Protective services	165,153	182,375	(17,222)	-9.44%
Insurance expense	503,505	536,116	(32,611)	-6.08%
General expense	1,786,672	2,455,090	(668,418)	-27.23%
Nonroutine maintenance (net of insurance)	191,492	14,929	176,563	1182.68%
Housing assistance payments	20,557,181	18,269,015	2,288,166	12.52%
Interest	-	26,703	(26,703)	-100.00%
Depreciation	2,771,884	2,830,199	(58,315)	-2.06%
Total operating expenses	<u>37,397,437</u>	<u>35,442,611</u>	<u>1,954,826</u>	<u>5.52%</u>
OPERATING LOSS	<u>(2,107,469)</u>	<u>(161,796)</u>	<u>(1,945,673)</u>	<u>1202.55%</u>
NONOPERATING REVENUES / (EXPENSES)				
Interest and investment revenue	91,762	84,764	6,998	8.26%
Interest expense	(24,391)	-	(24,391)	-100.00%
Gain or loss on disposition of fixed assets	20,499	-	20,499	100.00%
Total nonoperating revenues / expenses	<u>87,870</u>	<u>84,764</u>	<u>3,106</u>	<u>3.66%</u>
LOSS BEFORE CONTRIBUTIONS, TRANSFERS, AND ADJUSTMENTS:				
	(2,019,599)	(77,032)	(1,942,567)	2521.77%
HUD capital contributions	2,509,538	1,479,791	1,029,747	69.59%
Tax credit proceeds	1,660,000	2,450,198	(790,198)	-32.25%
Special item - capital assets conveyed related to RAD conversion	-	3,952,191	(3,952,191)	100.00%
CHANGE IN NET POSITION	<u>2,149,939</u>	<u>7,805,148</u>	<u>(5,655,209)</u>	<u>-72.45%</u>
TOTAL NET POSITION - beginning	<u>80,007,124</u>	<u>72,201,976</u>	<u>7,805,148</u>	<u>10.81%</u>
TOTAL NET POSITION - ending	<u>\$ 82,157,063</u>	<u>\$ 80,007,124</u>	<u>\$ 2,149,939</u>	<u>2.69%</u>

Revenue and Expense Activities

Operating Revenues – The Authority's revenue increased by 0.03% or \$9,153 in FYE June 30, 2017 as compared to FYE June 30, 2016. Income (rent, excess utilities, and maintenance charges) decreased slightly by \$5,141. The net intergovernmental revenue, operating grants and housing assistance payments incurred a modest net increase of \$475,477. The Housing Choice Voucher program increased nearly \$2.2 million due to HUD's push to increase vouchers leased and spend-down reserves. However, this increase was offset with a decrease in the HOME program. The HOME program decreased \$1.8 million due to the prior year's significant contribution to the RAD program.

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

Management's Discussion and Analysis

Operating Expenses – The Authority's expenses increased by 5.5% or \$1,954,826 in FYE June 30, 2017 as compared to FYE June 30, 2016. Most of the change is attributable to an increase of \$2.2 million in housing assistance payments to landlords due to increased leasing activity. The administration and tenant services expenses had a small increase, along with the continued increases in maintenance costs. These were offset with a decrease in other general expenditures.

CAPITAL ASSETS

At the end of fiscal year June 30, 2017, the Authority had \$131,746,047 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 III work at Marshall Courts, and has made significant progress in the renovation. Additionally, architectural and engineering (A&E) and construction costs have been incurred due to the planned renovation and conversion of three public housing properties under the new RAD program.

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

	FY 2017	FY 2016	Increase / Decrease
Land and improvements	\$ 6,924,740	\$ 6,970,889	\$ (46,149)
Building	97,437,964	89,545,014	7,892,950
Equipment	2,756,415	2,786,918	(30,503)
Construction in progress	24,626,928	13,749,393	10,877,535
Total	131,746,047	113,052,214	18,693,833
Accumulated depreciation	(62,561,998)	(59,922,153)	(2,639,845)
TOTAL	\$ 69,184,049	\$ 53,130,061	\$ 16,053,988

LONG-TERM DEBT

At the end of fiscal year June 30, 2017, the Authority owed \$2,126,281 in long-term debt to external parties. The debt consists of a note payable due to VHDA for the Transition Center, Tax Credit Assistance Program and Tax Credit Exchange Program debt for the Orcutt Townhomes III property, and a note payable to VHDA for the Lofts on Jefferson/ROAM Building. During 2017, there were no modifications to the Transition Center or the Lofts on Jefferson mortgage note, and principal payments of \$21,852 and \$11,160, respectively were made. Additional information on the Authority's long-term debt can be found in Note 4 to the financial statements.

ECONOMIC FACTORS

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

- 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

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

Management's Discussion and Analysis

in FY 2009. However, no changes to the operating fund formula have been made in the intervening years. Also, several problems remain: an inflation factor that does not consider the increase in the cost of health benefits, not providing an increase in funding for administering properties that are older than 28 years, not using an inflation factor for items such as asset management fee, and continued unwillingness to acknowledge the operating and regulatory differences that exist between public housing and the properties that were used to establish the benchmark. 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 will allow the Authority to borrow money for much needed renovation and improvements to the properties. In late January 2016, the Housing Authority closed on the financing for the conversion of these properties; renovation has started and should be completed March 2018. The Authority was 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.

- The Authority's federal revenues have been cut in many programs. The Housing Choice Voucher (Section 8) program was subject to a renewal funding of 97% last year; however funding in FY 2018 will be prorated to 99%, which will allow the Authority to maximize leasing. The Authority was recently awarded an additional 5 Veterans Affairs Supportive Housing (VASH) vouchers to administer. As a result, the Authority will now administer thirty-six 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. However, the administrative fee funding continues to remain low at 80% of eligibility. The President's budget blueprint released recently contains devastating cuts to vital HUD rental assistance and community development programs. The President's budget justifies these cuts by seeing a greater role for states, local governments and the private sector in addressing community and economic development needs. Therefore, the Authority is unsure of the funding in the CDBG, HOME, and Capital Grant programs - the resources available for housing rehabilitation, traditional redevelopment activities, and assistance provided to many non-profit agencies would be drastically cut or eliminated. Proposed funding for the Public Housing Capital Fund would be eliminated and the Operating Fund would be cut by \$1.923 billion or 44% decrease funding from FY 2017. Spending for vouchers would be decreased by \$841 million. In addition, the Authority's Capital funding will be reduced due to the conversion of 308 public housing units to RAD. As a result, many needed capital repairs on remaining public housing units have to be deferred.
- The Authority is being funded at a rate of 93% of public housing subsidy eligibility for the first six months of FY 2018. The Authority is expecting to receive funding of 90% for the full 2018 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 pending health care reform will affect Authority expenses. Post-retirement benefits other than pensions are estimated to be \$130,000 for FY 2018. The liability has been funded through a trust. The Authority is also expecting an increase of approximately 5% in utility costs.

FINANCIAL CONTACT

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

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FINANCIAL STATEMENTS

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

STATEMENT OF NET POSITION

PROPRIETARY FUND AND DISCRETELY PRESENTED COMPONENT UNIT

JUNE 30, 2017

	Proprietary Fund - Primary Government	Lower Jefferson Avenue, LLC
<u>ASSETS</u>		
Current assets:		
Cash and equivalents - unrestricted	\$ 14,391,518	\$ 48,772
Accounts receivable (net of allowance)	1,059,613	3,296
Investments	306,143	-
Notes receivable	10,000	-
Prepaid expenses	139,467	11,465
Materials inventory (net of allowance)	21,356	-
Total current assets	15,928,097	63,533
Restricted assets:		
Cash and equivalents - restricted	3,100,754	243,408
Investments - restricted	418,366	10,566
Notes receivable (noncurrent)	7,859,904	-
Total restricted assets	11,379,024	253,974
Noncurrent assets:		
Notes and mortgages receivable	1,717,450	-
Nondepreciable capital assets	31,551,668	252,300
Capital assets (net)	37,632,381	7,157,284
Investment in joint ventures	990,198	-
Other noncurrent assets	425,158	-
Total noncurrent assets	72,316,855	7,409,584
 TOTAL ASSETS	 99,623,976	 7,727,091

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, 2017

	Proprietary Fund - Primary Government	Lower Jefferson Avenue, LLC
<u>LIABILITIES</u>		
Current liabilities:		
Accounts payable and accrued expenses	1,906,411	21,679
Accrued salaries	68,192	2,730
Accrued interest payable	1,939	9,769
Unearned revenues	41,487	3,950
Security deposit liabilities	139,010	27,807
Compensated absences	6,073	-
Construction loans payable	12,555,274	-
Current portion of long-term liabilities	17,295	61,333
Total current liabilities	14,735,681	127,268
Long-term liabilities:		
Compensated absences	371,843	-
Accrued OPEB liabilities	51,812	-
Notes and mortgages payable	2,108,986	1,468,919
Developer fee payable	-	19,190
Trust, deposit and escrow liabilities	198,591	-
Total long-term liabilities	2,731,232	1,488,109
TOTAL LIABILITIES	17,466,913	1,615,377
<u>NET POSITION</u>		
Net investment in capital assets	54,565,784	5,879,332
Restricted for:		
Reserves and escrows	1,710,698	226,166
HAP reserves	318,873	-
Loan programs	7,859,904	-
Other	3,993,908	-
Unrestricted	13,707,896	6,216
TOTAL NET POSITION	\$ 82,157,063	\$ 6,111,714

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, 2017

	Proprietary Fund - Primary Government	Lower Jefferson Avenue, LLC
OPERATING REVENUES:		
Rental and tenant income	\$ 3,821,876	\$ 383,383
Intergovernmental - operating grants	30,521,928	-
Fee revenue	68,792	-
Other income	877,372	11,683
Total operating revenues	35,289,968	395,066
OPERATING EXPENSES:		
Administration	5,235,553	87,002
Tenant services	581,689	487
Utilities	2,202,720	57,342
Ordinary maintenance	3,401,588	76,645
Protective services	165,153	-
Insurance expense	503,505	24,509
General expenses	1,786,672	35,664
Non-routine maintenance	191,492	-
Housing assistance payments	20,557,181	-
Depreciation	2,771,884	222,564
Total operating expenses	37,397,437	504,213
OPERATING LOSS	(2,107,469)	(109,147)
NONOPERATING REVENUES/EXPENSES:		
Interest and investment revenue	91,762	30
Interest expense	(24,391)	(47,407)
Gain or loss on sale or disposition of capital assets	20,499	-
Total nonoperating revenues/(expenses)	87,870	(47,377)
LOSS BEFORE CONTRIBUTIONS, TRANSFERS AND ADJUSTMENTS	(2,019,599)	(156,524)
HUD capital contributions	2,509,538	-
Tax credit and other proceeds	1,660,000	1,241,965
CHANGE IN NET POSITION	2,149,939	1,085,441
TOTAL NET POSITION - July 1, 2016	80,007,124	5,026,273
TOTAL NET POSITION - June 30, 2017	\$ 82,157,063	\$ 6,111,714

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, 2017

	Proprietary Fund - Primary Government
Cash flows from operating activities:	
Cash received from tenants/others	\$ 4,160,021
Cash received for fees/services/donations	335,013
Cash operating grants received (net)	30,993,454
Cash payments for goods, services, rental subsidies	(28,163,072)
Cash payments for employees and benefits	(5,447,589)
Cash payments in lieu of property taxes	(137,072)
Cash paid for homes sold (net of sales)	107,750
Net cash provided by operating activities	<u>1,848,505</u>
Cash flows from capital and related financing activities:	
Purchase of equipment/capital assets	(19,857,576)
Proceeds from sale of capital assets	40,000
Proceeds from issuing notes and other debt	12,665,274
Proceeds from sale of tax credits	1,000,000
Contributions received for capital outlays	2,787,518
Loan principal payments	(33,012)
Interest payments	(24,592)
Net cash used in capital and related financing activities	<u>(3,422,388)</u>
Cash flows from noncapital financing activities:	
Contributions made for investments in joint ventures	(600,000)
Contributions received for investments in joint ventures	600,000
Loans made to borrowers	(440,013)
Receipt of interest on notes and loans	61,268
Loan payments received	399,925
Net cash provided by noncapital financing activities	<u>21,180</u>
Cash flows from investing activities:	
Receipts of interest and dividends	23,297
Deposits to reserve accounts	(24,652)
Net cash used in investing activities	<u>(1,355)</u>
Net decrease in cash	(1,554,058)
Cash and equivalents at July 1, 2016	<u>19,046,330</u>
Cash and equivalents at June 30, 2017	<u><u>\$ 17,492,272</u></u>

The accompanying notes are an integral part of this statement.

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

STATEMENT OF CASH FLOWS
(CONTINUED)

PROPRIETARY FUND

YEAR ENDED JUNE 30, 2017

	Proprietary Fund - Primary Government
Reconciliation of operating loss to net cash provided by operating activities:	
Operating loss	\$ (2,107,469)
Adjustments to reconcile operating loss to net cash provided by operating activities	
Depreciation	2,771,884
Other adjustments	31,149
Change in assets and liabilities:	
Decrease/(Increase) in accounts receivable	478,685
Decrease/(Increase) in notes and mortgages receivable	541,029
Decrease/(Increase) in prepaid expenses and materials inventory	(52,650)
Decrease/(Increase) in other assets	242,851
Increase/(Decrease) in accounts payable	(156,278)
Increase/(Decrease) in accrued expenses	23,665
Increase/(Decrease) in compensated absences	810
Increase/(Decrease) in trust, deposit, and escrow liabilities	20,065
Increase/(Decrease) in unearned revenues	12,282
Increase/(Decrease) in accrued OPEB liabilities	42,482
Net cash provided by operating activities	\$ 1,848,505

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, 2017

	<u>OPEB Trust Fund</u>
<u>ASSETS</u>	
Investments, at fair value	\$ 1,179,969
TOTAL ASSETS	<u>1,179,969</u>
<u>NET POSITION</u>	
Net position held in trust for other postemployment benefits	<u>1,179,969</u>
TOTAL NET POSITION	<u><u>\$ 1,179,969</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, 2017

	OPEB Trust Fund
ADDITIONS	
Contributions:	
Employer	\$ 76,958
Plan members	40,543
Total contributions	<u>117,501</u>
Investment income:	
Net appreciation in fair value of investments	134,233
Dividends	539
Net investment income	<u>134,772</u>
Total additions	<u>252,273</u>
DEDUCTIONS	
Benefits paid	117,501
Administrative expenses	1,751
Total deductions	<u>119,252</u>
Change in fiduciary net position	<u>133,021</u>
Net position held in trust for other postemployment benefits - July 1, 2016	<u>1,046,948</u>
Net position held in trust for other postemployment benefits - June 30, 2017	<u>\$ 1,179,969</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, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of the Newport News Redevelopment and Housing Authority (Authority) 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, 2017

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	This program is used to account for the activities and expenditures related to the City of Newport News' allocation of NSP funds from the State's allocation of funds.
State and Local Activities Program	This program includes locally funded redevelopment activities and grants.
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.
Cypress Terrace Development Corporation and Cypress Terrace, 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.

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

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

A. Reporting Entity (Continued)

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
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, 2016.

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.

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

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

B. Description of a Public Housing Authority (continued)

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.

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

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

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

Amounts reported as program revenues include 1) charges to customers 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.

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.

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

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

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

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

F. Basis of Accounting

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

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

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.

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

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

G. Budgets and Budgetary Accounting (continued)

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, 2017 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 costs of normal maintenance and repairs, that do not add to the asset or materially extend asset lives, are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable. Assets are depreciated over their useful lives using the straight line method. The useful lives for each class of depreciable assets are as follows:

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

L. Capitalized Interest

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

M. Vacation and Sick Leave Compensation

Employees earn annual leave at varying rates based upon years of service up to a maximum of twenty-four (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, 2017 is \$377,916 and is reported as a current or noncurrent liability. The maximum accrual is forty (40) days. Employees earn sick leave at the rate of fifteen (15) days per year with no maximum accumulation. At termination, employees are not paid for any accumulated balances.

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

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

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.

NOTE 2 – DEPOSITS AND INVESTMENTS:

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

BANK DEPOSITS

Deposits include amounts held in accounts that qualify for federal depository insurance and include demand deposits such as checking accounts, saving accounts and 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, 2017, the Authority's deposits consist of the following:

	Proprietary Fund	Lower Jefferson Avenue, LLC
Demand Deposit accounts (checking, savings, and money market account)	\$ 12,261,491	\$ 291,980
Time deposits - certificates of deposit	244,240	-
Total deposits	\$ 12,505,731	\$ 291,980

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

NOTE 2 – DEPOSITS AND INVESTMENTS: (Continued)

Deposits are required to be either covered by federal depository insurance or be collateralized with securities held by a third-party custodian in the Authority's name. At June 30, 2017, the Authority's deposits with financial institutions for all fund types, including fiduciary funds and blended component units, had a carrying amount of \$12,505,731 and a bank balance of \$12,800,804. For the discretely presented component unit, the carrying amount of such deposits as of December 31, 2016 amount to \$291,980 and bank balances of \$292,636. 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	\$ 1,694,762	\$ 250,000
Collateralized under the Commonwealth's public depository fund in accordance with the laws of the Commonwealth of Virginia	11,106,042	-
Uninsured, uncollateralized	-	42,636
Total bank balance	\$ 12,800,804	\$ 292,636

As of June 30, 2017, the Authority deposits are classified in the financial statements as follows:

	Proprietary Fund	Lower Jefferson Avenue, LLC
Cash and cash equivalents	\$ 12,505,731	\$ 291,980
Total deposits	\$ 12,505,731	\$ 291,980

INVESTMENTS

As of June 30, 2017, the Authority held the following investments:

Investment Type	Maturity	Issuer Credit Rating	Proprietary Fund - Fair Value or Cost	Fiduciary Fund - Fair Value or Cost
Repurchase Agreements	Daily	N/A	\$ 1,130,608	\$ -
Federal Home Loan Bank Discount Note	9/8/2017	Not rated	3,853,083	-
Virginia Investment Pool	N/A	N/A	306,143	-
VACO/VML Pooled OPEB Trust	N/A	N/A	-	1,179,969
Total			\$ 5,289,834	\$ 1,179,969

As of June 30, 2017, the Authority's investments are classified in the financial statements as follows:

	Proprietary Fund	Fiduciary Fund
Cash and cash equivalents	\$ 4,983,691	\$ -
Investments	306,143	1,179,969
Total investments	\$ 5,289,834	\$ 1,179,969

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

NOTE 2 – DEPOSITS AND INVESTMENTS: (Continued)

CLASSIFICATION IN FINANCIAL STATEMENTS:

In summary, as of June 30, 2017, the Authority's cash and cash equivalents consist of the following:

	Proprietary Fund	Fiduciary Fund	Lower Jefferson Avenue, LLC
Deposits with financial institutions	\$ 12,505,731	\$ -	\$ 291,980
Investments - short-term	4,983,691	-	-
Petty cash and change funds	2,850	-	200
Total cash and cash equivalents	<u>\$ 17,492,272</u>	<u>\$ -</u>	<u>\$ 292,180</u>
Restricted for:			
Capital improvements replacement reserve	\$ 69,749	\$ -	\$ -
Security deposits	139,011	-	27,808
Housing Choice Voucher HAP Reserve and interest due HUD	318,873	-	-
Program income and revolving construction loans	1,098,284	-	-
Family Self Sufficiency (FSS) program escrow	188,965	-	-
Replacement reserve and other reserve accounts	1,285,872	-	215,600
	<u>3,100,754</u>	<u>-</u>	<u>243,408</u>
Unrestricted	<u>\$ 14,391,518</u>	<u>\$ -</u>	<u>\$ 48,772</u>

In summary, as of June 30, 2017, the Authority's investments consist of the following:

	Proprietary Fund	Fiduciary Fund	Lower Jefferson Avenue, LLC
Deposits with financial institutions - longer term maturities	\$ -	\$ -	\$ -
Investments	306,143	1,179,969	-
Unrestricted	<u>306,143</u>	<u>1,179,969</u>	<u>-</u>
Reserves held by VHDA	418,366	-	10,566
Restricted	<u>418,366</u>	<u>-</u>	<u>10,566</u>
Total investments	<u>\$ 724,509</u>	<u>\$ 1,179,969</u>	<u>\$ 10,566</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 – For an investment, this is the risk that, in the event of the failure of a counterparty, the Authority would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Authority's \$1,130,608 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.

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

NOTE 2 – DEPOSITS AND INVESTMENTS: (Continued)

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

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

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

The Virginia Investment Pool is in compliance with the requirements of 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, 2017 consist of the following:

	Proprietary Fund	Lower Jefferson Avenue, LLC
Tenants/program participants	\$ 388,521	\$ 3,296
Less: Allowance	(258,180)	-
	<u>130,341</u>	<u>3,296</u>
HUD - unrequisioned costs	180,626	-
HUD - housing assistance payments	335,265	-
HUD - administrative fees	24,265	-
Loan program participants	38,922	-
Other governments	294,740	-
Interest	6,750	-
Affiliated property owners		
Great Oak	47,939	-
Miscellaneous	765	-
	<u>\$ 1,059,613</u>	<u>\$ 3,296</u>

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

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

NOTE 3 – ACCOUNTS RECEIVABLES: (Continued)

Detailed information by program is as follows:

	Public Housing Program	Rental Assistance Program	Central Office Cost Center Program	HOME Investment Partnership Program	Resident Self Sufficiency Programs	Transition Center Program	State and Local Activities Program
Tenants	\$ 130,806	\$ 225,241	\$ -	\$ -	\$ -	\$ 956	\$ -
Less: Allowance	(25,152)	(225,241)	-	-	-	(96)	-
	<u>105,654</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>860</u>	<u>-</u>
HUD - unrequisioned costs	102,151	6,905	-	-	71,570	-	-
HUD - housing assistance payments	-	-	-	-	-	-	-
HUD - administrative fees	-	24,265	-	-	-	-	-
Loan program participants	-	-	-	38,922	-	-	-
Other governments	53,161	17,912	-	163,744	-	-	50,693
Interest	-	-	-	-	-	-	-
Affiliated property owners							
Great Oak	-	-	47,939	-	-	-	-
Miscellaneous	-	694	-	-	-	-	-
	<u>\$ 260,966</u>	<u>\$ 49,776</u>	<u>\$ 47,939</u>	<u>\$ 202,666</u>	<u>\$ 71,570</u>	<u>\$ 860</u>	<u>\$ 50,693</u>

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

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
Tenants	\$ -	\$ 1,512	\$ 2,285	\$ 2,464	\$ 1,290	\$ 13,542	\$ 10,425
Less: Allowance	-	(151)	(723)	(246)	(184)	(2,851)	(3,536)
	<u>-</u>	<u>1,361</u>	<u>1,562</u>	<u>2,218</u>	<u>1,106</u>	<u>10,691</u>	<u>6,889</u>
HUD - unrequisioned costs	-	-	-	-	-	-	-
HUD - housing assistance payments	-	-	-	-	-	234,205	101,060
HUD - administrative fees	-	-	-	-	-	-	-
Loan program participants	-	-	-	-	-	-	-
Other governments	3,434	-	-	-	-	-	5,796
Interest	6,750	-	-	-	-	-	-
Affiliated property owners							
Great Oak	-	-	-	-	-	-	-
Miscellaneous	71	-	-	-	-	-	-
	<u>\$ 10,255</u>	<u>\$ 1,361</u>	<u>\$ 1,562</u>	<u>\$ 2,218</u>	<u>\$ 1,106</u>	<u>\$ 244,896</u>	<u>\$ 113,745</u>

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

NOTE 4 – MORTGAGES AND INTERFUND NOTES PAYABLES:

Transition Center

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

	Principal	Interest	Total Payments
For the year ended June 30, 2018	5,686	84	5,770
	\$ 5,686	\$ 84	\$ 5,770

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 ended June 30, 2043 and thereafter	1,004,231	-	1,004,231
	\$ 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, 2017, \$540,000 was deferred or outstanding under this agreement.

	Principal	Interest	Total Payments
Forgiven for the year ended June 30, 2018	60,000	-	60,000
Forgiven for the year ended June 30, 2019	60,000	-	60,000
Forgiven for the year ended June 30, 2020	60,000	-	60,000
Forgiven for the year ended June 30, 2021	60,000	-	60,000
Forgiven for the year ended June 30, 2022	60,000	-	60,000
Forgiven for the year ended June 30, 2023	60,000	-	60,000
Forgiven for the year ended June 30, 2024	60,000	-	60,000
Forgiven for the year ended June 30, 2025	60,000	-	60,000
Forgiven for the year ended June 30, 2026	60,000	-	60,000
	\$ 540,000	\$ -	\$ 540,000

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

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

Lofts on Jefferson

The costs 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. The maturities over the next five years are as follows:

	Principal	Interest	Total
For the year ended June 30, 2018	\$ 11,609	\$ 22,558	\$ 34,167
For the year ended June 30, 2019	12,076	22,091	34,167
For the year ended June 30, 2020	12,562	21,605	34,167
For the year ended June 30, 2021	13,067	21,100	34,167
For the year ended June 30, 2022	13,592	20,575	34,167
For the years ended June 30, 2023-2027	76,617	94,216	170,833
For the years ended June 30, 2028-2032	93,316	77,517	170,833
For the years ended June 30, 2033-2037	113,655	57,178	170,833
For the years ended June 30, 2038-2042	138,427	32,406	170,833
For the years ended June 30, 2043-2045	91,443	5,363	96,806
	<u>\$ 576,364</u>	<u>\$ 374,609</u>	<u>\$ 950,973</u>

Oyster Point-Brighton

As part of the renovation of the Oyster Point-Brighton apartments, a temporary construction loan in the amount of \$9,830,239 dated January 29, 2016 was executed by Oyster Point-Brighton, LLC and Townebank. Under this note, funds are advanced as needed to pay construction and related costs. This note bears interest at a rate of 3.19% per annum. This note initially matured on July 28, 2017, but has been extended to March 31, 2018. As of June 30, 2017, \$8,287,578 had been advanced under this note and \$147,260 in interest expense has been capitalized in construction in process.

Cypress Terrace

As part of the renovation of the Cypress Terrace apartments, a temporary construction loan in the amount of \$4,798,945 dated January 29, 2016 was executed by Cypress Terrace, LLC and Townebank. Under this note, funds are advanced as needed to pay construction and related costs. This note bears interest at a rate of 3.19% per annum. This note initially matured on July 28, 2017, but has been extended to March 31, 2018. As of June 20, 2017, \$4,267,696 had been advanced under this note and \$68,141 in interest expense has been capitalized in construction in process.

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.

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NEWPORT NEWS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

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, 2005	\$	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
Total accrued interest due as of June 30, 2017	\$	468,182

In the REAC Financial Data Schedule (FDS) presented as supplemental information, the accrued interest payable of \$468,182 is reported on line 353, Noncurrent Liabilities – Other and the interest receivable of \$468,182 is reported on line 171, Notes, Loans, and Mortgages Receivable – Noncurrent along with the related principal.

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

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 ninety-nine (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, 2017, the Authority had advanced \$1,371,000 to the Maker and is holding back \$1,000 until completion. \$1,371,000

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 balances of principal shall be made from Maker to Note holder 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. As of June 30, 2017, the Authority had advanced \$1,035,903 to the Maker. 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 balances of principal shall be made from Maker to Note holder 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. As of June 30, 2017, the Authority had advanced \$400,000 to the Maker. 400,000

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

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

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

4,377,000

\$7,183,903

Inter-program note payable – Cypress Terrace RAD Conversion Loans:

During 2016, the Authority closed on a transaction to convert 82 units of a public housing development to project-based rental assistance under HUD's RAD program. This conversion involves substantial renovation costs and the Authority provided a portion of the funding for these renovations in the form of HOME funds, Capital Fund RHF funds, and Public Housing Operating Reserves. This funding is provided in the form of loans executed between the Authority and the ownership entity created to own and operate these rental units. Further, the Authority conveyed the real property and existing structures and improvements to this ownership entity in the form of a ninety-nine (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, 2017, the Authority had advanced \$573,000 to the Maker and is holding back \$1,000 until completion.

\$573,000

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 balances of principal shall be made from Maker to Note holder 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. As of June 30, 2017, the Authority had advanced \$480,000 to the Maker.

480,000

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

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

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 balances of principal shall be made from Maker to Note holder 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. As of June 30, 2017, the Authority had advanced \$600,000 to the Maker.

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 balances of principal shall be made from Maker to Note holder from Maker's Net Cash Flow, as defined in and in accordance with Section 11.03 of Maker's Amended and Restated Operating Agreement. Any remaining balance and any accrued interest shall be due and payable in full on February 1, 2046.

1,945,250

\$3,598,250

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

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NEWPORT NEWS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

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

Interfund note payable – Orcutt Townhomes

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

1,570,861

Interfund note payable – Orcutt Townhomes III

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

1,749,842

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

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

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, 2017, the Authority had advanced \$110,000 to the Maker.

	1,859,842
Total inter-program loans/receivable/payable eliminated in the single Proprietary Fund	\$17,401,856

Change in long-term liabilities:

Long-term liabilities activity for the year ended June 30, 2017, was as follows:

	Balance at June 30, 2016	Additions	Reductions	Balance at June 30, 2017	Due Within One Year
<u>Proprietary Fund:</u>					
Transition Center Mortgage Payable	\$ 27,538	\$ -	\$ 21,852	\$ 5,686	\$ 5,686
VHDA TCAP Note Payable	1,004,231	-	-	1,004,231	-
VHDA Exchange Note Payable	600,000	-	60,000	540,000	-
VHDA Mortgage - 2713 Lofts	587,524	-	11,160	576,364	11,609
Townebank construction loan - Oyster Point - Brighton	-	8,287,578	-	8,287,578	8,287,578
Townebank construction loan - Cypress Terrace	-	4,267,696	-	4,267,696	4,267,696
Escrow liabilities	188,363	163,096	152,868	198,591	-
Compensated absences	377,106	280,840	280,030	377,916	6,073
	\$ 2,784,762	\$ 12,999,210	\$ 525,910	\$ 15,258,062	\$ 12,578,642

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

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

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 \$1,040,000 to finance the ownership and operation of the Jefferson Brookville Apartments. This note bears interest at a rate of 2.95% per annum. The entire balance of this note, including principal and any unpaid interest, is due on September 21, 2015. 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 2014 (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, 2016, the balances of this loan was \$1,350,252 and interest expense of \$333,869 has been incurred and reported as expense. 1,350,252

Total interfund within the Public Housing Fund \$1,530,252

The maturities over the next five years are as follows:

	Principal	Interest	Total
For the year ended December 31 2017	\$ 61,333	\$ 39,007	\$ 100,340
For the year ended December 31 2018	63,167	37,173	100,340
For the year ended December 31 2019	65,055	35,285	100,340
For the year ended December 31 2020	67,001	33,339	100,340
For the year ended December 31 2021	69,004	31,336	100,340
For the years ended December 31, 2022-2026	377,233	124,467	501,700
For the years ended December 31, 2027-2031	437,110	64,590	501,700
For the years ended December 31, 2032-2034	210,349	7,052	217,401
	\$ 1,350,252	\$ 372,249	\$ 1,722,501

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

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

Long-term liability activity for the year ended December 31, 2016, was as follows:

	Balance at December 31, 2015	Additions	Reductions	Balance at December 31, 2016	Due Within One Year
<u>Lower Jefferson Avenue, LLC:</u>					
Loan payable to NNRHA	\$ 180,000	\$ -	\$ -	\$ 180,000	\$ -
VHDA Mortgage - Jefferson Brookville	-	1,400,000	49,748	1,350,252	61,333
Construction loan - Carolina Bank	2,192,847	-	2,192,847	-	-
	<u>\$ 2,372,847</u>	<u>\$ 1,400,000</u>	<u>\$ 2,242,595</u>	<u>\$ 1,530,252</u>	<u>\$ 61,333</u>

NOTE 5 – CAPITAL ASSETS:

Capital asset activity for the year ended June 30, 2017 was as follows:

	Balance at June 30, 2016	Additions	Transfers/ Reductions	Balance at June 30, 2017
<u>Proprietary Fund:</u>				
Land and improvements	\$ 6,970,889	\$ -	\$ (46,149)	\$ 6,924,740
Construction in progress	13,749,393	18,652,344	(7,774,809)	24,626,928
Total capital assets, not being depreciated	<u>20,720,282</u>	<u>18,652,344</u>	<u>(7,820,958)</u>	<u>31,551,668</u>
Buildings and improvements	89,545,014	165,541	7,727,409	97,437,964
Furniture, equipment, vehicles and fixtures	2,786,918	68,636	(99,139)	2,756,415
Total capital assets, being depreciated	<u>92,331,932</u>	<u>234,177</u>	<u>7,628,270</u>	<u>100,194,379</u>
Accumulated depreciation	<u>(59,922,153)</u>	<u>(2,771,884)</u>	<u>132,039</u>	<u>(62,561,998)</u>
Total capital assets, being depreciated (net)	<u>32,409,779</u>	<u>(2,537,707)</u>	<u>7,760,309</u>	<u>37,632,381</u>
	<u>\$ 53,130,061</u>	<u>\$ 16,114,637</u>	<u>\$ (60,649)</u>	<u>\$ 69,184,049</u>

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

NOTE 5 – CAPITAL ASSETS:

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

Proprietary Fund:

Public Housing Program	\$ 1,960,816
Rental Assistance Program	33,246
Central Office Cost Center Program	60,731
Community Development Program	4,918
HOME Investment Partnerships Program	3,727
Transition Center Program	11,846
State & Local Activities Program	1,723
Business Activities Program	43,291
Orcutt Senior Housing/Ashe Manor	208,129
Orcutt Townhomes	191,683
Orcutt Townhomes III	183,860
Lofts on Jefferson	55,906
Oyster Point-Brighton	8,456
Cypress Terrace	<u>3,552</u>
 Total depreciation expense - Proprietary Fund	 <u><u>\$ 2,771,884</u></u>

DISCRETELY PRESENTED COMPONENT UNIT – LOWER JEFFERSON AVENUE, LLC:

Capital asset activity for the year ended December 31, 2016 was as follows:

	Balance at December 31, 2015	Additions	Transfers/ Reductions	Balance at December 31, 2016
<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>(291,041)</u>	<u>(222,564)</u>	<u>-</u>	<u>(513,605)</u>
Total capital assets, being depreciated (net)	<u>7,379,848</u>	<u>(222,564)</u>	<u>-</u>	<u>7,157,284</u>
	<u><u>\$ 7,632,148</u></u>	<u><u>\$ (222,564)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 7,409,584</u></u>

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

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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, 2017, the Authority's required and actual contributions and pension expense amounted to \$451,726, which was 12% of its covered payroll. No contribution forfeitures were recognized for the year ended June 30, 2017 and there was no liability for unpaid contributions as of June 30, 2017.

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 health care benefits to its employees and retirees. This plan is a single-employer defined benefit plan that covers full and part-time (30 hours per week or more) employees and current retirees. There are approximately 144 plan members, including 105 active employees and 39 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

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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.

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

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

Funding Policy:

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

The current annual required contribution (ARC) is 2.79% of the annual covered payroll.

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, 2017 are as follows:

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%

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NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS: (Continued)

Annual OPEB Cost and Net OPEB Obligations:

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

Annual required contribution (ARC)	\$ 119,400
Interest on net OPEB obligation	653
Adjustment to annual required contribution	(613)
Annual OPEB cost (expense)	<u>119,440</u>
Contributions made	<u>(76,958)</u>
Increase in net OPEB obligation	42,482
Net OPEB obligation July 1, 2016	9,330
Net OPEB obligation June 30, 2017	<u><u>\$ 51,812</u></u>

The Authority's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for 2017 was as follows:

For the year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2017	119,440	64.43%	51,812

Funded Status and Funding Progress:

As of July 1, 2014, the most recent actuarial valuation date, the plan was 58.59% funded. The actuarial accrued liability for benefits was \$1,736,100 and the actuarial value of assets was \$1,017,200, resulting in an unfunded actuarial accrued liability (UAAL) of \$718,900. The covered payroll (annual payroll of active employees covered by the plan) was \$4,665,730, and the ratio of UAAL to the covered payroll was 15.41%.

Actuarial Methods and Assumptions:

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

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

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS: (Continued)

In the July 2014, actuarial valuation, the projected-until-credited method was used. The actuarial assumptions included a 7% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date. The medical cost trend rate varied between 5.8% and 4.4%. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five year period. The UAAL is being amortized as a level percentage of projected until credit on a level percent of pay, closed basis. The remaining amortization period at July 1, 2014 was 30 years.

Authority OPEB Liability Under GASB Statement No. 74

Plan Investments:

Investment policy. The Authority participates in the VACo/VML 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 the 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 Plans. 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%
Total Equity	59%	32%
Core	7%	18%
Core Plus	14%	40%
Total Fixed Income	21%	58%
Real Estate	7%	3%
Commodities	3%	2%
	10%	5%
Diversified Hedge Funds	10%	5%
Cash	0%	0%
Total	100%	100%

For the year ended June 30, 2017, the annual money-weighted rate of return on investments, net of investment expense was 12.88%. 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, 2017

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS: (Continued)

Net OPEB Liability:

The components of the net OPEB liability of the Authority at June 30, 2017 calculated in accordance with GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, were as follows:

Total OPEB liability	\$	1,450,584
Plan fiduciary net position		1,179,969
Net OPEB liability	\$	<u>270,615</u>
Plan fiduciary net position as a percentage of the total OPEB liability		<u>81.34%</u>

Actuarial Methods and Assumptions:

The total OPEB liability was determined by an actuarial valuation as of July 1, 2016, 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	7.00%
Healthcare cost trend rates	8.80% for 2017, 6.20% for 2018, 5.70% for 2019, gradually decreasing to an ultimate rate of 4.00% for 2098 and beyond.

Mortality Rates

Pre-Retirement: RP-2000 Employee Mortality Tables projected to 2020 using Scale AA with Males set forward 2 years and Females set back 3 years.

Post-Retirement: RP-2000 Combined Healthy Mortality tables projected to 2020 using Scale A with Females set back 1 year.

Post-Disablement: RP-2000 Disabled Life Mortality tables with Males set back 3 years and no provision for future morality improvement.

Long-Term Expected Rate of Return:

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation.

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS: (Continued)

Asset Class	Index	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return	Long-Term Expected Geometric Real Rate of Return
Core Fixed Income	Barclays Aggregate	21.00%	2.17%	2.04%
Core Bonds	Barclays Gov/Cred	12.00%	2.01%	1.86%
Large Cap US Equities	S&P 500	22.00%	4.55%	3.37%
Small Cap US Equities	Russell 2000	10.00%	5.77%	3.86%
Developed Foreign Equities	MSCI EAFE NR	10.00%	5.76%	4.15%
Emerging Market Equities	MSCI Emerging Markets	5.00%	8.06%	4.84%
Hedge Funds/Absolute Return	HRFI Fund of Funds	10.00%	1.97%	1.66%
Real Estate (REITS)	FTSE NAREIT Equity REIT	7.00%	5.04%	3.27%
Commodities	DJ UBS	3.00%	3.04%	1.42%
		100.00%		
Assumed Inflation - Mean			2.32%	2.30%
Assumed Inflation - Standard Deviation			1.85%	1.85%
Portfolio Mean Return			3.90%	3.39%
Portfolio Nominal Mean Return			6.21%	5.77%
Portfolio Standard Deviation				1.79%
Long-Term Expected Rate of Return				7.00%

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.

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	\$ 382,495	\$ 270,615	\$ 171,840

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS: (Continued)

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:

	<u>1% Decrease (7.8%)</u>	<u>Discount Rate (8.8%)</u>	<u>1% Increase (9.8%)</u>
Net OPEB liability	\$ 193,522	\$ 270,615	\$ 358,607

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, 2017, there were four series of Tax Exempt Mortgage Revenue Bonds outstanding, with an aggregate principal amount payable of \$30,600,681.

NOTE 10 – AFFILIATED ENTITY:

In 2002, the Authority became a minority owner in Newport News Medical Arts, LLC, a limited liability corporation that was formerly operated as Medical Arts Senior Apartments, LP. At the end of the 15 year compliance period for this development, the Authority had the right to exercise an option to obtain the title for any existing debt plus exit taxes. That compliance period ended in 2017 and the Authority did not exercise the option to purchase the title.

NOTE 11 – NOTES AND MORTGAGES RECEIVABLE:

These balances represent amounts due from homebuyers, program participants, and affiliated entities for various program purposes. Loan terms vary but generally require repayment in 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, 2017

NOTE 11 – NOTES AND MORTGAGES RECEIVABLE: (Continued)

Notes and mortgages receivable at June 30, 2017 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	\$ 2,708,802	\$ 5,151,102	\$ -	\$ -	\$ 7,859,904
	<u>2,708,802</u>	<u>5,151,102</u>	<u>-</u>	<u>-</u>	<u>7,859,904</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	-	-	-	34,723	34,723
Down payment assistance loans due from homebuyers	-	-	-	28,981	28,981
	<u>-</u>	<u>-</u>	<u>1,473,746</u>	<u>243,704</u>	<u>1,717,450</u>
	<u>\$ 2,708,802</u>	<u>\$ 5,151,102</u>	<u>\$ 1,473,746</u>	<u>\$ 243,704</u>	<u>\$ 9,577,354</u>

NOTE 12 – INTER-PROGRAM RECEIVABLES:

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

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

NOTE 12 – INTER-PROGRAM RECEIVABLES: (Continued)

The composition of amounts due to and from other programs as of June 30, 2017 is as follows:

Receivable Fund	Payable Fund						
	Public Housing Fund	Central Office Cost Center Program	Community Development Program	HOME Program	Resident Self Sufficiency Program	Transition Center Program	State & Local Activities Program
Central Office Cost Center Program	\$ 94,088	\$ -	\$ 19,895	\$ 129,082	\$ 68,311	\$ 2,696	\$ 55,181
Neighborhood Stabilization Program	-	30,159	-	-	-	-	-
Business Activities Program	-	442,196	-	15,139	-	-	-
	<u>\$ 94,088</u>	<u>\$ 472,355</u>	<u>\$ 19,895</u>	<u>\$ 144,221</u>	<u>\$ 68,311</u>	<u>\$ 2,696</u>	<u>\$ 55,181</u>

Receivable Fund	Payable Fund						
	Business Activities Program	Orcutt Senior Housing/ Ashe Manor	Orcutt Townhomes	Lofts on Jefferson	Oyster Point-Brighton	Cypress Terrace	Total
Central Office Cost Center Program	\$ 48,656	\$ 51	\$ 41	\$ 20,933	\$ 480,804	\$ 178,414	\$ 1,098,152
Neighborhood Stabilization Program	-	-	-	-	-	-	30,159
Business Activities Program	-	-	-	-	189,479	35,627	682,441
	<u>\$ 48,656</u>	<u>\$ 51</u>	<u>\$ 41</u>	<u>\$ 20,933</u>	<u>\$ 670,283</u>	<u>\$ 214,041</u>	<u>\$ 1,810,752</u>

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

NOTE 12 – INTER-PROGRAM RECEIVABLES: (Continued)

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.

Though fully eliminated in the financial statements, the composition of transfers to and from other programs as of June 30, 2017 are as follows:

Paying Program	Receiving Program						Total
	Public Housing Fund	Orcutt Housing/ Ashe Manor	Orcutt Townhomes	Orcutt Townhomes III	Oyster Point-Brighton	Cypress Terrace	
Public Housing Program - transfer of operating funds earned and received by Public Housing AMP to RAD conversion ownership entities	\$ -	\$ 216,840	\$ 103,904	\$ 24,320	\$ 304,941	\$ 127,600	\$ 777,605
Community Development Program - program funds used to fund a capital improvement	238,542	-	-	-	-	-	238,542
	<u>\$ 238,542</u>	<u>\$ 216,840</u>	<u>\$ 103,904</u>	<u>\$ 24,320</u>	<u>\$ 304,941</u>	<u>\$ 127,600</u>	<u>\$ 1,016,147</u>

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

NOTE 13 – ACCOUNTS PAYABLE:

Payables at June 30, 2017 consist of the following:

	<u>Proprietary Fund</u>	<u>Lower Jefferson Avenue, LLC</u>
Vendors and contractors	\$ 571,929	\$ 21,679
Accrued utilities	191,567	-
Other payroll withholdings	150,353	-
HUD - SRO settlement - FY 2017	17,097	-
HUD - assistance payments adjustments	668	-
Other governments	59,183	-
Contract retention	915,614	-
	<u>\$ 1,906,411</u>	<u>\$ 21,679</u>

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

NOTE 13 – ACCOUNTS PAYABLE: (Continued)

Detailed information by program at June 30, 2017 consists of the following:

	Public Housing Program	Rental Assistance Program	Central Office Cost Center Program	Community Development Program	HOME Program	Transition Center Program	State and Local Activities Program
Vendors and Contractors	\$ 210,048	\$ 12,823	\$ 12,905	\$ 64,811	\$ 38,679	\$ 1,168	\$ 213
Accrued utilities	151,998	35	3,203	-	-	2,083	-
Other payroll withholdings	-	-	150,353	-	-	-	-
HUD - SRO settlement - FY 2017	-	17,097	-	-	-	-	-
HUD - assistance payments adjustments	-	-	-	-	-	-	-
Other governments	28,002	226	-	-	-	-	-
Contract retention	1,324	-	-	-	-	-	-
	<u>\$ 391,372</u>	<u>\$ 30,181</u>	<u>\$ 166,461</u>	<u>\$ 64,811</u>	<u>\$ 38,679</u>	<u>\$ 3,251</u>	<u>\$ 213</u>
	Business Activities Program	Orcutt Senior Housing/ Ashe Manor	Orcutt Townhomes	Orcutt Townhomes III	Lofts on Jefferson	Oyster Point- Brighton	Cypress Terrace
Vendors and Contractors	\$ 548	\$ 5,257	\$ 4,183	\$ 3,097	\$ 61	\$ 166,518	\$ 51,618
Accrued utilities	1,497	11,958	439	95	1,209	10,658	8,392
Other payroll withholdings	-	-	-	-	-	-	-
HUD - SRO settlement - FY 2017	-	-	-	-	-	-	-
HUD - assistance payments adjustments	-	-	-	668	-	-	-
Other governments	-	2,013	8,829	9,205	-	10,908	-
Contract retention	-	-	-	-	-	609,988	304,302
	<u>\$ 2,045</u>	<u>\$ 19,228</u>	<u>\$ 13,451</u>	<u>\$ 13,065</u>	<u>\$ 1,270</u>	<u>\$ 798,072</u>	<u>\$ 364,312</u>

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

NOTE 14 – ACCRUED SALARIES AND EXPENSES:

Accrued salaries and expenses at June 30, 2017 consist:

	Proprietary Fund	Lower Jefferson Avenue, LLC
Salaries and wages	\$ 68,192	\$ 2,730
	\$ 68,192	\$ 2,730

Accrued salaries and expenses at June 30, 2017 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	\$ 21,879	\$ 9,270	\$ 20,997	\$ 1,786	\$ 490	\$ 3,259	\$ 189	\$ 2,006
	\$ 21,879	\$ 9,270	\$ 20,997	\$ 1,786	\$ 490	\$ 3,259	\$ 189	\$ 2,006
	Business Activities Program	Orcutt Senior Housing/ Ashe Manor	Orcutt Townhomes	Orcutt Townhomes III	Lofts on Jefferson	Oyster Point- Brighton	Cypress Terrace	
Salaries and wages	\$ 938	\$ 831	\$ 496	\$ 290	\$ 139	\$ 3,924	\$ 1,698	
	\$ 938	\$ 831	\$ 496	\$ 290	\$ 139	\$ 3,924	\$ 1,698	

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

NOTE 15 – OTHER ASSETS:

Other assets at June 30, 2017 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
Redevelopment costs for City funded redevelopment programs	49,300	-	49,300
	<u>\$ 49,300</u>	<u>\$ 375,858</u>	<u>\$ 425,158</u>

NOTE 16 – CONSTRUCTION COMMITMENTS:

Proprietary Fund:

The Authority has active construction projects as of June 30, 2017. The projects include various modernization and capital improvement programs. At year end, the Authority's commitments with contractors are as follows:

Project	Spent or accrued to date	Remaining Commitment
Marshall Courts Recreation Center	\$ 1,316,981	\$ -
Newport News Senior Apartments	350,000	-
Brighton Apartments Renovation	6,203,969	276,589
Oyster Point Apartments Renovation	6,000,070	509,087
Cypress Terrace Apartments Renovation	6,087,449	183,832
Aqueduct Firewalls and Exterior Masonry	26,475	81,098
	<u>\$ 19,984,944</u>	<u>\$ 1,050,606</u>

These projects are funded with Capital Fund Program grants received from the HUD or the revolving home construction program funded by the HOME program.

NOTE 17 – DEFICIT NET POSITION:

At June 30, 2017 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 \$8,860. 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.

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

NOTE 18 – RESTRICTED NET POSITION:

A portion of the Authority's programs generate net position that are restricted by HUD or via external legal requirements. As of June 30, 2017, restricted net position was as follows:

Reserves and escrows:	
Public Housing CFP reserves	\$ 6,459
Tax credit operating and replacement	1,285,873
Transition Center escrow, operating and replacement reserves	402,492
2713 Lofts escrow, operating and replacement reserves	15,874
	<u>1,710,698</u>
Housing Choice Voucher HAP reserve (RNA)	<u>318,873</u>
Loan programs:	
CDBG net position associated with loan balances	2,708,802
HOME program net position associated with loan balances	5,151,102
	<u>7,859,904</u>
Accumulated CD and HOME funds:	
CDBG accumulated net position	680,074
HOME City construction funds	1,110,389
HOME unexpended program income	72,756
HOME accumulated net position	2,067,400
	<u>3,930,619</u>
Restricted for redevelopment activities:	
Oyster Point-Brighton	25,894
Cypress Terrace	37,395
	<u>63,289</u>
	<u>\$ 13,883,383</u>

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

NOTE 18 – RESTRICTED NET POSITION: (Continued)

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, 2017:

Balance at July 1, 2016	\$	6,459
Interest earned		-
Expenditures of reserves		-
Balance at June 30, 2017	\$	6,459

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

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, 2016	\$ -	\$ 1,357,261	\$ 1,357,261
Prior period adjustments	(103,002)	103,002	-
Balance at July 1, 2016, as restated	(103,002)	1,460,263	1,357,261
Current period excess of funding	421,875	136,986	558,861
Balance at June 30, 2017	\$ 318,873	\$ 1,597,249	\$ 1,916,122

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.

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

NOTE 18 – RESTRICTED NET POSITION: (Continued)

As of June 30, 2017, the restricted balances due are as follows:

	Loans	Accumulated Net Position	Total
CDBG Program	\$ 2,708,802	\$ 680,074	\$ 3,388,876
HOME Program	5,151,102	3,250,545	8,401,647
	<u>\$ 7,859,904</u>	<u>\$ 3,930,619</u>	<u>\$ 11,790,523</u>

Transition Center 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 such funds. Accordingly, these assets are reported as restricted. The following is a summary of the changes in the net position restricted for these purposes for the year ended June 30, 2017:

	Insurance Escrow	Replacement Reserve	Operating Reserve	Total
Balance at July 1, 2016	\$ 2,788	\$ 178,540	\$ 203,324	\$ 384,652
Interest earned	-	981	1,121	2,102
Deposits	3,108	3,588	11,801	18,497
Withdrawals	(2,759)	-	-	(2,759)
Balance at June 30, 2017	<u>\$ 3,137</u>	<u>\$ 183,109</u>	<u>\$ 216,246</u>	<u>\$ 402,492</u>

These funds are held by VHDA in various accounts.

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, 2017:

	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, 2016	\$ 282,841	\$ 176,123	\$ 298,254	\$ 241,851	\$ 200,517	\$ 45,030
Interest earned	141	56	149	74	82	14
Deposits	-	18,455	-	13,423	-	9,000
Withdrawals/fees	(30)	-	(30)	-	(77)	-
Balance at June 30, 2017	<u>\$ 282,952</u>	<u>\$ 194,634</u>	<u>\$ 298,373</u>	<u>\$ 255,348</u>	<u>\$ 200,522</u>	<u>\$ 54,044</u>

These funds are held in checking accounts.

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

NOTE 18 – RESTRICTED NET POSITION: (Continued)

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, 2017:

	Insurance Escrow	Replacement Reserve	Real Estate Tax Reserves	Total
Balance at July 1, 2016	\$ 3,528	\$ 4,909	\$ (1,516)	\$ 6,921
Interest earned	-	38	-	38
Deposits	6,477	4,200	12,158	22,835
Withdrawals	(8,996)	-	(4,924)	(13,920)
Balance at June 30, 2017	<u>\$ 1,009</u>	<u>\$ 9,147</u>	<u>\$ 5,718</u>	<u>\$ 15,874</u>

Oyster Point-Brighton and Cypress Terrace:

The Authority is converting Public Housing developments to project-based rental assistance under HUD's RAD program. This redevelopment involves various sources of funding, including the proceeds from loans and the sale of tax credits, which are restricted as to their specific use under the term of any operating agreement.

	Oyster Point - Brighton	Cypress Terrace	Total
Proceeds from closing	\$ 2,540,224	\$ 1,538,695	\$ 4,078,919
Expended through June 30, 2017	(2,514,330)	(1,501,300)	(4,015,630)
On-hand as of June 30, 2017	<u>\$ 25,894</u>	<u>\$ 37,395</u>	<u>\$ 63,289</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, 2017:

	VHDA Tax & Insurance Escrow	Tax Escrow	Replacement Reserve	Operating Reserve	Priority Return Escrow	Total
Balance as of December 31, 2015	\$ -	\$ 980	\$ 30,001	\$ -	\$ -	\$ 30,981
Interest earned	-	-	21	-	-	21
Deposits	42,344	8,104	12,500	172,644	33,872	269,464
Withdrawals	(44,299)	-	(30,001)	-	-	(74,300)
Balance as of December 31, 2016	<u>\$ (1,955)</u>	<u>\$ 9,084</u>	<u>\$ 12,521</u>	<u>\$ 172,644</u>	<u>\$ 33,872</u>	<u>\$ 226,166</u>

NOTE 19 – DEVELOPMENT COSTS FOR TAX CREDIT DEVELOPMENTS:

In recent years, the Authority has developed two properties utilizing mixed-finance resources, including HUD capital funds and tax-credit financing. Though ownership entities were created for these entities, the Authority contracted, 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.

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

NOTE 19 – DEVELOPMENT COSTS FOR TAX CREDIT DEVELOPMENTS: (Continued)

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.

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 20 – CONTINGENT LIABILITIES:

The Authority receives grant funds, principally from the Federal government, to carry out its operations. Expenditures from these grants are subject to audit by the grantor and the Authority is contingently liable to refund amounts received in excess of allowable 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.

NOTE 21 – INVESTMENT IN JOINT VENTURES:

During the year ended June 30, 2017, 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 \$390,198 from the City, which was contributed to this entity as an equity investment. During 2017, the Authority received an additional \$600,000 from the City, which was also contributed to this entity as an equity investment. Brooks Crossing Grocery Store, LLC is governed by a Board of Managers consisting of two members of the Authority and three members from other boards or departments of the City. Separate financial statements of Brooks Crossing Grocery Store, LLC are available from the City's Finance Department.

NOTE 22 – SUBSEQUENT EVENTS:

In preparing financial statements, management evaluated subsequent events through March 30, 2018, the date the financial statements were issued, or the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2017

OPEB Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b-a]/c)
7/1/2007	\$ -	\$ 1,659,348	\$ 1,659,348	0.00%	\$ 5,779,362	28.71%
7/1/2009	\$ 158,045	\$ 1,797,306	\$ 1,639,261	8.79%	\$ 5,953,807	27.53%
7/1/2011	\$ 668,601	\$ 2,209,243	\$ 1,540,642	30.26%	\$ 5,075,666	30.35%
7/1/2014	\$ 1,017,200	\$ 1,736,100	\$ 718,900	58.59%	\$ 4,665,730	15.41%

OPEB Schedule of Employer Contributions

Year Ending 30-Jun	Annual Required Contribution	Percentage Contributed
2009	\$ 210,326	99.49%
2010	\$ 194,597	97.86%
2011	\$ 194,597	104.81%
2012	\$ 179,748	66.65%
2013	\$ 179,748	150.38%
2014	\$ 179,748	104.42%
2015	\$ 119,400	84.02%
2016	\$ 119,400	71.77%
2017	\$ 119,400	64.45%

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Changes in Net OPEB Liability and Related Ratios

JUNE 30, 2017

Total OPEB liability	
Service Cost	\$ 51,437
Interest	98,774
Benefit payments	(116,524)
Net change in OPEB liability	<u>33,687</u>
Total OPEB liability - beginning	1,416,897
Total OPEB liability - ending (a)	<u>\$ 1,450,584</u>
Plan fiduciary net position	
Contributions - employer	\$ 116,524
Net investment income	134,772
Benefit payments	(116,524)
Administrative expenses	(1,751)
Net change in fiduciary net position	<u>133,021</u>
Plan fiduciary net position - beginning	1,046,948
Plan fiduciary net position - ending (b)	<u>\$ 1,179,969</u>
Net OPEB liability - ending (a) - (b)	<u>\$ 270,615</u>
Plan fiduciary net position as a percentage of the total OPEB liability	81.34%
Covered employee payroll	3,776,000
Net OPEB liability as a percentage of covered employee payroll	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 the current GASB standards, 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

OPEB Schedule of Contributions

JUNE 30, 2017

Actuarially determined contribution	\$ 81,100
Contributions in relation to the actuarially determined contribution	(76,958)
Contribution deficiency	\$ 4,142

Covered employee payroll	\$ 3,776,000
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Contributions as a percentage of covered employee payroll	2.04%
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Notes to Schedule

Valuation date	7/1/2016
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Actuarial valuations for OPEB funding purposes are performed biennially as of July 1. The most recent valuation was performed as of July 1, 2016.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll, closed
Amortization period	28 years
Asset valuation method	Market value
Inflation	2.50%
Healthcare cost trend rates	8.80% for 2017, 6.20% for 2018, 5.70% for 2019, gradually decreasing to an ultimate rate of 4.00% for 2098 and beyond.
Salary increases	2.00%
Investment rate of return	7.00%
Mortality:	
Pre-Retirement	RP-2000 Employee Mortality Tables projected to 2020 using Scale AA with Males set forward two years and Females set back three years.
Post-Retirement	RP-2000 Employee Mortality Tables projected to 2020 using Scale AA with Females set back one year.
Post-Disablement	RP-2000 Employee Mortality Tables projected to 2020 using Scale AA with Males set back three years and no provision for future morality improvements.

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 the current GASB standards, 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, 2017

Annual money-weighted rate of return, net of investment expense	12.88%
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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 the current GASB standards, 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, 2017

	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
ASSETS							
Current assets:							
Cash and equivalents - unrestricted	\$ 6,706,726	\$ 1,659,219	\$ 2,388,354	\$ 776,880	\$ 199,686	\$ -	\$ 4,342
Accounts receivable (net of allowance)	260,966	49,776	47,939	-	202,666	71,570	860
Due from other programs	-	-	1,098,152	-	-	-	-
Investments	-	-	102,048	-	-	-	-
Notes receivable	-	-	-	-	-	-	-
Prepaid expenses	16,300	5,447	15,693	1,208	444	-	219
Materials inventory (net of allowance)	-	-	21,356	-	-	-	-
Total current assets	<u>6,983,992</u>	<u>1,714,442</u>	<u>3,673,542</u>	<u>778,088</u>	<u>402,796</u>	<u>71,570</u>	<u>5,421</u>
Restricted assets:							
Cash and equivalents - restricted	133,144	451,354	-	-	1,098,284	-	3,315
Investments - restricted	-	-	-	-	-	-	402,492
Notes receivable (noncurrent)	-	-	-	2,708,802	5,151,102	-	-
Total restricted assets	<u>133,144</u>	<u>451,354</u>	<u>-</u>	<u>2,708,802</u>	<u>6,249,386</u>	<u>-</u>	<u>405,807</u>
Noncurrent assets:							
Notes and mortgages receivable	-	-	1,473,746	-	-	-	-
Nondepreciable capital assets	2,809,052	32,000	-	-	-	-	17,201
Capital assets (net)	23,433,833	134,606	183,335	13,885	9,316	-	94,642
Interprogram notes receivable	14,743,856	-	-	-	1,944,000	-	-
Accrued interest receivable	-	-	-	-	-	-	-
Investment in joint ventures	-	-	-	-	-	-	-
Other noncurrent assets	-	-	-	-	-	-	-
Total noncurrent assets	<u>40,986,741</u>	<u>166,606</u>	<u>1,657,081</u>	<u>13,885</u>	<u>1,953,316</u>	<u>-</u>	<u>111,843</u>
TOTAL ASSETS	<u>48,103,877</u>	<u>2,332,402</u>	<u>5,330,623</u>	<u>3,500,775</u>	<u>8,605,498</u>	<u>71,570</u>	<u>523,071</u>

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

COMBINING STATEMENT OF NET POSITION

PROPRIETARY FUND PROGRAMS

JUNE 30, 2017

	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	391,372	30,181	166,461	64,811	38,679	-	3,251
Due to other programs	94,088	-	472,355	19,895	144,221	68,311	2,696
Accrued salaries	21,879	9,270	20,997	1,786	490	3,259	189
Accrued interest payable	-	-	-	-	-	-	42
Unearned revenues	29,002	-	-	-	-	-	635
Security deposit liabilities	90,486	1,500	-	-	-	-	3,315
Compensated absences	5,867	-	-	-	-	-	-
Notes payable	-	-	-	-	-	-	-
Current portion of long-term liabilities	-	-	-	-	-	-	5,686
Total current liabilities	<u>632,694</u>	<u>40,951</u>	<u>659,813</u>	<u>86,492</u>	<u>183,390</u>	<u>71,570</u>	<u>15,814</u>
Long-term liabilities:							
Compensated absences	86,669	61,324	168,829	11,522	1,520	-	1,900
Accrued OPEB liabilities	-	-	51,812	-	-	-	-
Notes and mortgages payable	-	-	-	-	-	-	-
Interprogram notes payable	-	-	-	-	-	-	-
Accrued interest payable	-	-	-	-	-	-	-
Trust, deposit and escrow liabilities	36,199	130,981	-	-	9,625	-	-
Total long-term liabilities	<u>122,868</u>	<u>192,305</u>	<u>220,641</u>	<u>11,522</u>	<u>11,145</u>	<u>-</u>	<u>1,900</u>
TOTAL LIABILITIES	<u>755,562</u>	<u>233,256</u>	<u>880,454</u>	<u>98,014</u>	<u>194,535</u>	<u>71,570</u>	<u>17,714</u>
NET POSITION							
Net investment in capital assets	26,242,885	166,606	183,335	13,885	9,316	-	106,157
Restricted for:							
Reserves and escrows	6,459	-	-	-	-	-	402,492
HAP reserves	-	318,873	-	-	-	-	-
Loan programs	-	-	-	2,708,802	7,095,102	-	-
Other	-	-	-	680,074	1,306,545	-	-
Unrestricted (deficit)	21,098,971	1,613,667	4,266,834	-	-	-	(3,292)
TOTAL NET POSITION	<u>\$ 47,348,315</u>	<u>\$ 2,099,146</u>	<u>\$ 4,450,169</u>	<u>\$ 3,402,761</u>	<u>\$ 8,410,963</u>	<u>\$ -</u>	<u>\$ 505,357</u>

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

COMBINING STATEMENT OF NET POSITION

PROPRIETARY FUND PROGRAMS

JUNE 30, 2017

	State & Local Activities Program	Neighborhood Stabilization Program	Business Activities Program	Lower Jefferson Avenue Development Program	Orcutt Senior Housing/ Ashe Manor	Orcutt Townhomes	Orcutt Townhomes III
ASSETS							
Current assets:							
Cash and equivalents - unrestricted	\$ -	\$ -	\$ 2,256,849	\$ -	\$ 35,174	\$ 40,082	\$ 104,903
Accounts receivable (net of allowance)	50,693	-	10,255	-	1,361	1,562	2,218
Due from other programs	-	30,159	682,441	-	-	-	-
Investments	-	-	204,095	-	-	-	-
Notes receivable	-	-	10,000	-	-	-	-
Prepaid expenses	402	-	210	-	11,551	15,463	14,706
Materials inventory (net of allowance)	-	-	-	-	-	-	-
Total current assets	<u>51,095</u>	<u>30,159</u>	<u>3,163,850</u>	<u>-</u>	<u>48,086</u>	<u>57,107</u>	<u>121,827</u>
Restricted assets:							
Cash and equivalents - restricted	-	-	-	-	482,087	567,069	261,733
Investments - restricted	-	-	-	-	-	-	-
Notes receivable (noncurrent)	-	-	-	-	-	-	-
Total restricted assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>482,087</u>	<u>567,069</u>	<u>261,733</u>
Noncurrent assets:							
Notes and mortgages receivable	-	-	243,704	-	-	-	-
Nondepreciable capital assets	-	-	192,941	-	58,963	163,774	43,105
Capital assets (net)	7,752	-	720,283	-	3,609,304	3,452,110	4,395,103
Interprogram notes receivable	-	-	714,000	-	-	-	-
Accrued interest receivable	-	-	468,182	-	-	-	-
Investment in joint ventures	-	-	990,198	-	-	-	-
Other noncurrent assets	-	-	149,300	375,858	-	-	-
Total noncurrent assets	<u>7,752</u>	<u>-</u>	<u>3,478,608</u>	<u>375,858</u>	<u>3,668,267</u>	<u>3,615,884</u>	<u>4,438,208</u>
TOTAL ASSETS	<u>58,847</u>	<u>30,159</u>	<u>6,642,458</u>	<u>375,858</u>	<u>4,198,440</u>	<u>4,240,060</u>	<u>4,821,768</u>

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

COMBINING STATEMENT OF NET POSITION

PROPRIETARY FUND PROGRAMS

JUNE 30, 2017

	State & Local Activities Program	Neighborhood Stabilization Program	Business Activities Program	Lower Jefferson Avenue Development Program	Orcutt Senior Housing/ Ashe Manor	Orcutt Townhomes	Orcutt Townhomes III
LIABILITIES							
Current liabilities:							
Accounts payable and accrued expenses	213	-	2,045	-	19,228	13,451	13,065
Due to other programs	55,181	-	48,656	-	51	41	-
Accrued salaries	2,006	-	938	-	831	496	290
Accrued interest payable	-	-	-	-	-	-	-
Unearned revenues	-	-	-	-	2,855	4,283	591
Security deposit liabilities	-	-	-	-	4,501	3,565	2,664
Compensated absences	-	-	-	-	76	62	45
Notes payable	-	-	-	-	-	-	-
Current portion of long-term liabilities	-	-	-	-	-	-	-
Total current liabilities	<u>57,400</u>	<u>-</u>	<u>51,639</u>	<u>-</u>	<u>27,542</u>	<u>21,898</u>	<u>16,655</u>
Long-term liabilities:							
Compensated absences	10,307	-	1,479	-	946	854	194
Accrued OPEB liabilities	-	-	-	-	-	-	-
Notes and mortgages payable	-	-	-	-	-	-	1,544,231
Interprogram notes payable	-	-	-	-	3,189,000	1,570,861	1,859,842
Accrued interest payable	-	-	-	-	468,182	-	-
Trust, deposit and escrow liabilities	-	-	-	-	-	9,783	4,503
Total long-term liabilities	<u>10,307</u>	<u>-</u>	<u>1,479</u>	<u>-</u>	<u>3,658,128</u>	<u>1,581,498</u>	<u>3,408,770</u>
TOTAL LIABILITIES	<u>67,707</u>	<u>-</u>	<u>53,118</u>	<u>-</u>	<u>3,685,670</u>	<u>1,603,396</u>	<u>3,425,425</u>
NET POSITION							
Net investment in capital assets	7,752	-	913,224	-	479,267	2,045,023	1,034,135
Restricted for:							
Reserves and escrows	-	-	-	-	477,586	553,721	254,566
HAP reserves	-	-	-	-	-	-	-
Loan programs	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Unrestricted (deficit)	<u>(16,612)</u>	<u>30,159</u>	<u>5,676,116</u>	<u>375,858</u>	<u>(444,083)</u>	<u>37,920</u>	<u>107,642</u>
TOTAL NET POSITION	<u>\$ (8,860)</u>	<u>\$ 30,159</u>	<u>\$ 6,589,340</u>	<u>\$ 375,858</u>	<u>\$ 512,770</u>	<u>\$ 2,636,664</u>	<u>\$ 1,396,343</u>

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

COMBINING STATEMENT OF NET POSITION

PROPRIETARY FUND PROGRAMS

JUNE 30, 2017

	Lofts on Jefferson	Oyster Point- Brighton	Cypress Terrace	Total	Eliminations	Proprietary Fund
ASSETS						
Current assets:						
Cash and equivalents - unrestricted	\$ 3,539	\$ 80,075	\$ 135,689	\$ 14,391,518	\$ -	\$ 14,391,518
Accounts receivable (net of allowance)	1,106	244,896	113,745	1,059,613	-	1,059,613
Due from other programs	-	-	-	1,810,752	(1,810,752)	-
Investments	-	-	-	306,143	-	306,143
Notes receivable	-	-	-	10,000	-	10,000
Prepaid expenses	5,587	32,560	19,677	139,467	-	139,467
Materials inventory (net of allowance)	-	-	-	21,356	-	21,356
Total current assets	10,232	357,531	269,111	17,738,849	(1,810,752)	15,928,097
Restricted assets:						
Cash and equivalents - restricted	8,722	48,082	46,964	3,100,754	-	3,100,754
Investments - restricted	15,874	-	-	418,366	-	418,366
Notes receivable (noncurrent)	-	-	-	7,859,904	-	7,859,904
Total restricted assets	24,596	48,082	46,964	11,379,024	-	11,379,024
Noncurrent assets:						
Notes and mortgages receivable	-	-	-	1,717,450	-	1,717,450
Nondepreciable capital assets	-	18,982,387	9,252,245	31,551,668	-	31,551,668
Capital assets (net)	1,475,963	74,318	27,931	37,632,381	-	37,632,381
Interprogram notes receivable	-	-	-	17,401,856	(17,401,856)	-
Accrued interest receivable	-	-	-	468,182	(468,182)	-
Investment in joint ventures	-	-	-	990,198	-	990,198
Other noncurrent assets	-	-	-	525,158	(100,000)	425,158
Total noncurrent assets	1,475,963	19,056,705	9,280,176	90,286,893	(17,970,038)	72,316,855
TOTAL ASSETS	1,510,791	19,462,318	9,596,251	119,404,766	(19,780,790)	99,623,976

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

COMBINING STATEMENT OF NET POSITION

PROPRIETARY FUND PROGRAMS

JUNE 30, 2017

	Lofts on Jefferson	Oyster Point- Brighton	Cypress Terrace	Total	Eliminations	Proprietary Fund
LIABILITIES						
Current liabilities:						
Accounts payable and accrued expenses	1,270	798,072	364,312	1,906,411	-	1,906,411
Due to other programs	20,933	670,283	214,041	1,810,752	(1,810,752)	-
Accrued salaries	139	3,924	1,698	68,192	-	68,192
Accrued interest payable	1,897	-	-	1,939	-	1,939
Unearned revenues	1	3,523	597	41,487	-	41,487
Security deposit liabilities	8,722	15,402	8,855	139,010	-	139,010
Compensated absences	23	-	-	6,073	-	6,073
Notes payable	-	8,287,578	4,267,696	12,555,274	-	12,555,274
Current portion of long-term liabilities	11,609	-	-	17,295	-	17,295
Total current liabilities	<u>44,594</u>	<u>9,778,782</u>	<u>4,857,199</u>	<u>16,546,433</u>	<u>(1,810,752)</u>	<u>14,735,681</u>
Long-term liabilities:						
Compensated absences	85	12,975	13,239	371,843	-	371,843
Accrued OPEB liabilities	-	-	-	51,812	-	51,812
Notes and mortgages payable	564,755	-	-	2,108,986	-	2,108,986
Interprogram notes payable	-	7,183,903	3,598,250	17,401,856	(17,401,856)	-
Accrued interest payable	-	-	-	468,182	(468,182)	-
Trust, deposit and escrow liabilities	-	6,786	714	198,591	-	198,591
Total long-term liabilities	<u>564,840</u>	<u>7,203,664</u>	<u>3,612,203</u>	<u>20,601,270</u>	<u>(17,870,038)</u>	<u>2,731,232</u>
TOTAL LIABILITIES	<u>609,434</u>	<u>16,982,446</u>	<u>8,469,402</u>	<u>37,147,703</u>	<u>(19,680,790)</u>	<u>17,466,913</u>
NET POSITION						
Net investment in capital assets	899,599	3,611,118	1,451,626	37,163,928	17,401,856	54,565,784
Restricted for:						
Reserves and escrows	15,874	-	-	1,710,698	-	1,710,698
HAP reserves	-	-	-	318,873	-	318,873
Loan programs	-	-	-	9,803,904	(1,944,000)	7,859,904
Other	-	25,894	37,395	2,049,908	1,944,000	3,993,908
Unrestricted (deficit)	(14,116)	(1,157,140)	(362,172)	31,209,752	(17,501,856)	13,707,896
TOTAL NET POSITION	<u>\$ 901,357</u>	<u>\$ 2,479,872</u>	<u>\$ 1,126,849</u>	<u>\$ 82,257,063</u>	<u>\$ (100,000)</u>	<u>\$ 82,157,063</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, 2017

	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	\$ 2,792,677	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 33,022
Intergovernmental - operating grants	5,687,163	22,449,610	-	927,017	440,523	321,155	54,789
Fee revenue	-	-	2,559,899	-	-	-	-
Other income	75,103	421,969	6,523	26,505	130,478	-	30
Total operating revenues	<u>8,554,943</u>	<u>22,871,579</u>	<u>2,566,422</u>	<u>953,522</u>	<u>571,001</u>	<u>321,155</u>	<u>87,841</u>
OPERATING EXPENSES:							
Administration	2,567,991	1,622,208	1,931,605	416,422	77,133	-	19,228
Tenant services	233,451	361	25	-	-	321,155	-
Utilities	1,751,626	1,109	35,426	-	-	-	20,627
Ordinary maintenance	2,737,213	15,356	110,775	2,443	-	-	21,184
Protective services	113,911	726	14,000	-	-	-	1,083
Insurance expense	280,108	26,294	60,466	5,787	974	-	2,917
General expenses	177,438	5,332	5,739	543,319	794,263	-	20
Nonroutine maintenance	183,732	-	-	-	-	-	-
Housing assistance payments	-	20,557,181	-	-	-	-	-
Depreciation	1,960,816	33,246	60,731	4,918	3,727	-	11,846
Total operating expenses	<u>10,006,286</u>	<u>22,261,813</u>	<u>2,218,767</u>	<u>972,889</u>	<u>876,097</u>	<u>321,155</u>	<u>76,905</u>
OPERATING INCOME/(LOSS)	<u>(1,451,343)</u>	<u>609,766</u>	<u>347,655</u>	<u>(19,367)</u>	<u>(305,096)</u>	<u>-</u>	<u>10,936</u>
NONOPERATING REVENUES/EXPENSES:							
Interest and investment revenue	14,849	4,844	1,141	45,207	16,474	-	2,111
Interest expense	-	-	-	-	-	-	(1,421)
Gain or loss on sale or disposition of capital assets	(171)	-	-	-	-	-	-
Total nonoperating revenues/(expenses)	<u>14,678</u>	<u>4,844</u>	<u>1,141</u>	<u>45,207</u>	<u>16,474</u>	<u>-</u>	<u>690</u>
INCOME/(LOSS) BEFORE CONTRIBUTIONS, TRANSFERS AND ADJUSTMENTS							
Transfers from other programs	(1,436,665)	614,610	348,796	25,840	(288,622)	-	11,626
Transfers to other programs	238,542	-	-	-	-	-	-
HUD capital contributions	(777,605)	-	-	(238,542)	-	-	-
Tax credit and other proceeds	2,509,538	-	-	-	-	-	-
CHANGE IN NET POSITION	<u>533,810</u>	<u>614,610</u>	<u>348,796</u>	<u>(212,702)</u>	<u>(288,622)</u>	<u>-</u>	<u>11,626</u>
TOTAL NET POSITION - July 1, 2016, as restated							
TOTAL NET POSITION - July 1, 2016, as restated	<u>46,814,505</u>	<u>1,484,536</u>	<u>4,101,373</u>	<u>3,615,463</u>	<u>8,699,585</u>	<u>-</u>	<u>493,731</u>
TOTAL NET POSITION - June 30, 2017	<u>\$ 47,348,315</u>	<u>\$ 2,099,146</u>	<u>\$ 4,450,169</u>	<u>\$ 3,402,761</u>	<u>\$ 8,410,963</u>	<u>\$ -</u>	<u>\$ 505,357</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, 2017

	State & Local Activities Program	Neighborhood Stabilization 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	\$ -	\$ -	\$ -	\$ -	\$ 160,346	\$ 104,405	\$ 105,939
Intergovernmental - operating grants	257,967	-	-	-	-	-	48,439
Fee revenue	-	-	-	-	-	-	-
Other income	-	76,906	136,286	-	2,417	1	99
Total operating revenues	<u>257,967</u>	<u>76,906</u>	<u>136,286</u>	<u>-</u>	<u>162,763</u>	<u>104,406</u>	<u>154,477</u>
OPERATING EXPENSES:							
Administration	187,506	26	151,890	-	90,831	78,648	89,425
Tenant services	-	-	8,000	-	6,640	5,507	3,720
Utilities	1,925	202	15,672	-	104,481	10,364	11,065
Ordinary maintenance	49,095	5,025	77,234	-	106,962	72,993	30,171
Protective services	490	-	2,970	-	10,845	1,169	9,576
Insurance expense	11,704	574	9,014	-	6,681	17,908	12,038
General expenses	707	84,007	63,221	-	24,589	22,279	21,973
Nonroutine maintenance	-	-	-	-	-	-	7,760
Housing assistance payments	-	-	-	-	-	-	-
Depreciation	1,723	-	43,291	-	208,129	191,683	183,860
Total operating expenses	<u>253,150</u>	<u>89,834</u>	<u>371,292</u>	<u>-</u>	<u>559,158</u>	<u>400,551</u>	<u>369,588</u>
OPERATING INCOME/(LOSS)	<u>4,817</u>	<u>(12,928)</u>	<u>(235,006)</u>	<u>-</u>	<u>(396,395)</u>	<u>(296,145)</u>	<u>(215,111)</u>
NONOPERATING REVENUES/EXPENSES:							
Interest and investment revenue	-	-	51,427	-	239	262	134
Interest expense	-	-	-	-	(45,906)	-	-
Gain or loss on sale or disposition of capital assets	-	-	20,780	-	-	-	-
Total nonoperating revenues/(expenses)	<u>-</u>	<u>-</u>	<u>72,207</u>	<u>-</u>	<u>(45,667)</u>	<u>262</u>	<u>134</u>
INCOME/(LOSS) BEFORE CONTRIBUTIONS, TRANSFERS AND ADJUSTMENTS	<u>4,817</u>	<u>(12,928)</u>	<u>(162,799)</u>	<u>-</u>	<u>(442,062)</u>	<u>(295,883)</u>	<u>(214,977)</u>
Transfers from other programs	-	-	-	-	216,840	103,904	24,320
Transfers to other programs	-	-	-	-	-	-	-
HUD capital contributions	-	-	-	-	-	-	-
Tax credit and other proceeds	-	-	600,000	-	-	-	60,000
CHANGE IN NET POSITION	<u>4,817</u>	<u>(12,928)</u>	<u>437,201</u>	<u>-</u>	<u>(225,222)</u>	<u>(191,979)</u>	<u>(130,657)</u>
TOTAL NET POSITION - July 1, 2016, as restated	<u>(13,677)</u>	<u>43,087</u>	<u>6,152,139</u>	<u>375,858</u>	<u>737,992</u>	<u>2,828,643</u>	<u>1,527,000</u>
TOTAL NET POSITION - June 30, 2017	<u>\$ (8,860)</u>	<u>\$ 30,159</u>	<u>\$ 6,589,340</u>	<u>\$ 375,858</u>	<u>\$ 512,770</u>	<u>\$ 2,636,664</u>	<u>\$ 1,396,343</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, 2017

	Lofts on Jefferson	Oyster Point- Brighton	Cypress Terrace	Total	Eliminations	Proprietary Fund
OPERATING REVENUES:						
Rental and tenant income	\$ 102,693	\$ 373,520	\$ 149,274	\$ 3,821,876	\$ -	\$ 3,821,876
Intergovernmental - operating grants	-	234,205	101,060	30,521,928	-	30,521,928
Fee revenue	-	-	-	2,559,899	(2,491,107)	68,792
Other income	692	256	107	877,372	-	877,372
Total operating revenues	<u>103,385</u>	<u>607,981</u>	<u>250,441</u>	<u>37,781,075</u>	<u>(2,491,107)</u>	<u>35,289,968</u>
OPERATING EXPENSES:						
Administration	18,819	278,801	121,592	7,652,125	(2,416,572)	5,235,553
Tenant services	112	1,667	1,051	581,689	-	581,689
Utilities	9,233	145,966	95,024	2,202,720	-	2,202,720
Ordinary maintenance	16,512	160,752	70,408	3,476,123	(74,535)	3,401,588
Protective services	980	4,333	5,070	165,153	-	165,153
Insurance expense	5,635	41,332	22,073	503,505	-	503,505
General expenses	9,652	25,595	8,538	1,786,672	-	1,786,672
Nonroutine maintenance	-	-	-	191,492	-	191,492
Housing assistance payments	-	-	-	20,557,181	-	20,557,181
Depreciation	55,906	8,456	3,552	2,771,884	-	2,771,884
Total operating expenses	<u>116,849</u>	<u>666,902</u>	<u>327,308</u>	<u>39,888,544</u>	<u>(2,491,107)</u>	<u>37,397,437</u>
OPERATING INCOME/(LOSS)	<u>(13,464)</u>	<u>(58,921)</u>	<u>(76,867)</u>	<u>(2,107,469)</u>	<u>-</u>	<u>(2,107,469)</u>
NONOPERATING REVENUES/EXPENSES:						
Interest and investment revenue	51	886	43	137,668	(45,906)	91,762
Interest expense	(22,970)	-	-	(70,297)	45,906	(24,391)
Gain or loss on sale or disposition of capital assets	-	(110)	-	20,499	-	20,499
Total nonoperating revenues/(expenses)	<u>(22,919)</u>	<u>776</u>	<u>43</u>	<u>87,870</u>	<u>-</u>	<u>87,870</u>
INCOME/(LOSS) BEFORE CONTRIBUTIONS, TRANSFERS AND ADJUSTMENTS						
Transfers from other programs	(36,383)	(58,145)	(76,824)	(2,019,599)	-	(2,019,599)
Transfers to other programs	-	304,941	127,600	1,016,147	(1,016,147)	-
HUD capital contributions	-	-	-	(1,016,147)	1,016,147	-
Tax credit and other proceeds	-	-	-	2,509,538	-	2,509,538
CHANGE IN NET POSITION	<u>(36,383)</u>	<u>1,246,796</u>	<u>50,776</u>	<u>2,149,939</u>	<u>-</u>	<u>2,149,939</u>
TOTAL NET POSITION - July 1, 2016, as restated	937,740	1,233,076	1,076,073	80,107,124	(100,000)	80,007,124
TOTAL NET POSITION - June 30, 2017	<u>\$ 901,357</u>	<u>\$ 2,479,872</u>	<u>\$ 1,126,849</u>	<u>\$ 82,257,063</u>	<u>\$ (100,000)</u>	<u>\$ 82,157,063</u>

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

COMBINING STATEMENT OF CASH FLOWS
PROPRIETARY FUND PROGRAMS

FOR THE YEAR ENDED JUNE 30, 2017

	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	\$ 2,747,893	\$ 389,961	\$ -	\$ -	\$ -
Cash received for fees/services/donations	-	-	75,314	26,505	16,433
Cash operating grants received (net)	6,258,974	22,462,497	-	927,017	376,779
Cash transfers from (to) other funds and entities	(2,346,620)	(632,350)	1,846,271	(201,701)	21,007
Cash payments for goods, services, rental subsidies	(4,707,178)	(20,881,411)	(506,351)	(568,474)	(62,957)
Cash payments to/for employees and benefits	(1,774,194)	(720,121)	(1,659,301)	(163,621)	(40,708)
Cash payments in lieu of property taxes	(80,309)	-	-	-	-
Cash paid for homes sold (net of sales)	-	-	-	-	107,750
Net cash provided by/(used in) operating activities	<u>98,566</u>	<u>618,576</u>	<u>(244,067)</u>	<u>19,726</u>	<u>418,304</u>
Cash flows from capital and related financing activities:					
Purchase of equipment/capital assets	(2,955,250)	-	(6,600)	-	-
Proceeds from sale of capital assets	-	-	-	-	-
Proceeds from issuing notes and other debt	-	-	-	-	-
Transfer from/to other funds for capital activities	117,154	-	121,388	(238,542)	-
Proceeds from sale of tax credits	-	-	-	-	-
Contributions received for capital outlays	2,787,518	-	-	-	-
Loan principal payments	-	-	-	-	-
Interest payments	-	-	-	-	-
Net cash provided by/(used in) capital and related financing activities	<u>(50,578)</u>	<u>-</u>	<u>114,788</u>	<u>(238,542)</u>	<u>-</u>
Cash flows from noncapital financing activities:					
Contributions made for investments in joint ventures	-	-	-	-	-
Contributions received for investments in joint ventures	-	-	-	-	-
Loans made to borrowers	(110,000)	-	-	(43,729)	(286,284)
Receipt of interest on notes and loans	-	-	-	44,794	16,474
Loans payments received	-	-	-	234,350	164,925
Net cash provided by/(used in) noncapital financing activities	<u>(110,000)</u>	<u>-</u>	<u>-</u>	<u>235,415</u>	<u>(104,885)</u>
Cash flows from investing activities:					
Receipts of interest and dividends	14,849	4,815	102	413	-
Deposits (withdrawals) to/from reserve accounts	-	-	-	-	-
Net cash provided by/(used in) investing activities	<u>14,849</u>	<u>4,815</u>	<u>102</u>	<u>413</u>	<u>-</u>
Net increase/(decrease) in cash	(47,163)	623,391	(129,177)	17,012	313,419
Cash and equivalents at July 1, 2016, as restated	<u>6,887,033</u>	<u>1,487,182</u>	<u>2,517,531</u>	<u>759,868</u>	<u>984,551</u>
Cash and equivalents at June 30, 2017	<u>\$ 6,839,870</u>	<u>\$ 2,110,573</u>	<u>\$ 2,388,354</u>	<u>\$ 776,880</u>	<u>\$ 1,297,970</u>

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

COMBINING STATEMENT OF CASH FLOWS
PROPRIETARY FUND PROGRAMS

FOR THE YEAR ENDED JUNE 30, 2017

	Public Housing Program	Rental Assistance Program	Central Office Cost Center Program	Community Development Program	HOME Investment Partnerships Program
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ (1,451,343)	\$ 609,766	\$ 347,655	\$ (19,367)	\$ (305,096)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Depreciation	1,960,816	33,246	60,731	4,918	3,727
Operating transfers	(777,605)	-	-	-	-
Other adjustments	-	-	-	-	31,149
Change in assets and liabilities:					
Decrease/(Increase) in accounts receivable	426,962	11,728	64,500	827	(72,507)
Decrease/(Increase) in due from other funds/programs	-	-	(658,851)	-	-
Decrease/(Increase) in notes and mortgages receivable	-	-	-	26,599	510,857
Decrease/(Increase) in prepaid expenses and materials invento	(7,030)	(959)	15,264	(683)	425
Decrease/(Increase) in other assets	-	-	-	-	184,865
Increase/(Decrease) in accounts payable	16,194	(60,340)	(135,087)	9,951	13,248
Increase/(Decrease) in due to other funds/programs	(88,187)	(1,000)	14,014	(4,144)	51,007
Increase/(Decrease) in accrued liabilities	8,518	3,189	5,729	555	188
Increase/(Decrease) in compensated absences	2,100	6,565	(504)	1,070	441
Increase/(Decrease) in trust, deposit, and escrow liabilities	812	16,381	-	-	-
Increase/(Decrease) in unearned revenues	7,329	-	-	-	-
Increase/(Decrease) in OPEB liabilities	-	-	42,482	-	-
Net cash provided by (used in) operating activities	<u>\$ 98,566</u>	<u>\$ 618,576</u>	<u>\$ (244,067)</u>	<u>\$ 19,726</u>	<u>\$ 418,304</u>

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

COMBINING STATEMENT OF CASH FLOWS
PROPRIETARY FUND PROGRAMS

FOR THE YEAR ENDED JUNE 30, 2017

	Resident Self Sufficiency Programs	Transition Center Program	State & Local Activities Program	Neighborhood Stabilization Program	Business Activities Program
Cash flows from operating activities:					
Cash received from tenants/others	\$ -	\$ 33,908	\$ -	\$ -	\$ -
Cash received for fees/services/donations	-	-	-	76,905	136,286
Cash operating grants received (net)	278,726	54,789	299,884	60,927	224,754
Cash transfers from (to) other funds and entities	41,132	(1,077)	(64,643)	(41,692)	(186,689)
Cash payments for goods, services, rental subsidies	(11,351)	(51,070)	(81,449)	(96,140)	(156,724)
Cash payments to/for employees and benefits	(308,507)	(7,606)	(153,792)	-	(82,802)
Cash payments in lieu of property taxes	-	-	-	-	-
Cash paid for homes sold (net of sales)	-	-	-	-	-
Net cash provided by/(used in) operating activities	<u>-</u>	<u>28,944</u>	<u>-</u>	<u>-</u>	<u>(65,175)</u>
Cash flows from capital and related financing activities:					
Purchase of equipment/capital assets	-	-	-	-	(244,194)
Proceeds from sale of capital assets	-	-	-	-	40,000
Proceeds from issuing notes and other debt	-	-	-	-	-
Transfer from/to other funds for capital activities	-	-	-	-	-
Proceeds from sale of tax credits	-	-	-	-	-
Contributions received for capital outlays	-	-	-	-	-
Loan principal payments	-	(21,852)	-	-	-
Interest payments	-	(1,585)	-	-	-
Net cash provided by/(used in) capital and related financing activities	<u>-</u>	<u>(23,437)</u>	<u>-</u>	<u>-</u>	<u>(204,194)</u>
Cash flows from noncapital financing activities:					
Contributions made for investments in joint ventures	-	-	-	-	(600,000)
Contributions received for investments in joint ventures	-	-	-	-	600,000
Loans made to borrowers	-	-	-	-	-
Receipt of interest on notes and loans	-	-	-	-	-
Loans payments received	-	-	-	-	650
Net cash provided by/(used in) noncapital financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>650</u>
Cash flows from investing activities:					
Receipts of interest and dividends	-	8	-	-	1,643
Deposits (withdrawals) to/from reserve accounts	-	(15,737)	-	-	-
Net cash provided by/(used in) investing activities	<u>-</u>	<u>(15,729)</u>	<u>-</u>	<u>-</u>	<u>1,643</u>
Net increase/(decrease) in cash	-	(10,222)	-	-	(267,076)
Cash and equivalents at July 1, 2016, as restated	-	17,879	-	-	2,523,925
Cash and equivalents at June 30, 2017	<u>\$ -</u>	<u>\$ 7,657</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,256,849</u>

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

COMBINING STATEMENT OF CASH FLOWS
PROPRIETARY FUND PROGRAMS

FOR THE YEAR ENDED JUNE 30, 2017

	Resident Self Sufficiency Programs	Transition Center Program	State & Local Activities Program	Neighborhood Stabilization Program	Business Activities Program
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ -	\$ 10,936	\$ 4,817	\$ (12,928)	\$ (235,006)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Depreciation	-	11,846	1,723	-	43,291
Operating transfers	-	-	-	-	-
Other adjustments	-	-	-	-	-
Change in assets and liabilities:					
Decrease/(Increase) in accounts receivable	(42,429)	265	41,917	60,927	224,063
Decrease/(Increase) in due from other funds/programs	-	-	-	(30,159)	(192,951)
Decrease/(Increase) in notes and mortgages receivable	-	-	-	-	3,573
Decrease/(Increase) in prepaid expenses and materials invento	-	(216)	(290)	-	(108)
Decrease/(Increase) in other assets	-	-	-	-	57,986
Increase/(Decrease) in accounts payable	(84)	883	(6,464)	(6,307)	(1,596)
Increase/(Decrease) in due to other funds/programs	41,132	2,586	(35,643)	(11,533)	33,529
Increase/(Decrease) in accrued liabilities	1,381	153	647	-	565
Increase/(Decrease) in compensated absences	-	1,900	(6,707)	-	1,479
Increase/(Decrease) in trust, deposit, and escrow liabilities	-	-	-	-	-
Increase/(Decrease) in unearned revenues	-	591	-	-	-
Increase/(Decrease) in OPEB liabilities	-	-	-	-	-
Net cash provided by (used in) operating activities	<u>\$ -</u>	<u>\$ 28,944</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (65,175)</u>

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

COMBINING STATEMENT OF CASH FLOWS
PROPRIETARY FUND PROGRAMS

FOR THE YEAR ENDED JUNE 30, 2017

	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	\$ -	\$ 160,930	\$ 110,849	\$ 104,603	\$ 103,509
Cash received for fees/services/donations	-	2,416	-	99	692
Cash operating grants received (net)	-	-	-	49,107	-
Cash transfers from (to) other funds and entities	-	172,675	80,294	2,256	(12,560)
Cash payments for goods, services, rental subsidies	-	(229,074)	(121,191)	(126,638)	(30,417)
Cash payments to/for employees and benefits	-	(62,021)	(48,499)	(30,410)	(13,669)
Cash payments in lieu of property taxes	-	(6,345)	(8,421)	(9,366)	(9,652)
Cash paid for homes sold (net of sales)	-	-	-	-	-
Net cash provided by/(used in) operating activities	<u>-</u>	<u>38,581</u>	<u>13,032</u>	<u>(10,349)</u>	<u>37,903</u>
Cash flows from capital and related financing activities:					
Purchase of equipment/capital assets	-	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-	-
Proceeds from issuing notes and other debt	-	-	-	110,000	-
Transfer from/to other funds for capital activities	-	-	-	-	-
Proceeds from sale of tax credits	-	-	-	-	-
Contributions received for capital outlays	-	-	-	-	-
Loan principal payments	-	-	-	-	(11,160)
Interest payments	-	-	-	-	(23,007)
Net cash provided by/(used in) capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>110,000</u>	<u>(34,167)</u>
Cash flows from noncapital financing activities:					
Contributions made for investments in joint ventures	-	-	-	-	-
Contributions received for investments in joint ventures	-	-	-	-	-
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:					
Receipts of interest and dividends	-	239	262	134	13
Deposits (withdrawals) to/from reserve accounts	-	-	-	-	(8,915)
Net cash provided by/(used in) investing activities	<u>-</u>	<u>239</u>	<u>262</u>	<u>134</u>	<u>(8,902)</u>
Net increase/(decrease) in cash	-	38,820	13,294	99,785	(5,166)
Cash and equivalents at July 1, 2016, as restated	<u>-</u>	<u>478,441</u>	<u>593,857</u>	<u>266,851</u>	<u>17,427</u>
Cash and equivalents at June 30, 2017	<u>\$ -</u>	<u>\$ 517,261</u>	<u>\$ 607,151</u>	<u>\$ 366,636</u>	<u>\$ 12,261</u>

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

COMBINING STATEMENT OF CASH FLOWS
PROPRIETARY FUND PROGRAMS

FOR THE YEAR ENDED JUNE 30, 2017

	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)	\$ -	\$ (396,395)	\$ (296,145)	\$ (215,111)	\$ (13,464)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Depreciation	-	208,129	191,683	183,860	55,906
Operating transfers	-	216,840	103,904	24,320	-
Other adjustments	-	-	-	-	-
Change in assets and liabilities:					
Decrease/(Increase) in accounts receivable	-	6,982	10,991	1,643	530
Decrease/(Increase) in due from other funds/programs	-	-	-	-	-
Decrease/(Increase) in notes and mortgages receivable	-	-	-	-	-
Decrease/(Increase) in prepaid expenses and materials invento	-	(2,084)	(2,667)	(2,218)	(1,008)
Decrease/(Increase) in other assets	-	-	-	-	-
Increase/(Decrease) in accounts payable	-	5,733	291	2,749	230
Increase/(Decrease) in due to other funds/programs	-	(8)	(6)	(35)	(3,575)
Increase/(Decrease) in accrued liabilities	-	269	133	(113)	6
Increase/(Decrease) in compensated absences	-	(3,685)	(2,967)	(2,465)	(1,008)
Increase/(Decrease) in trust, deposit, and escrow liabilities	-	244	4,393	(1,230)	1,280
Increase/(Decrease) in unearned revenues	-	2,556	3,422	(1,749)	(994)
Increase/(Decrease) in OPEB liabilities	-	-	-	-	-
Net cash provided by (used in) operating activities	<u>\$ -</u>	<u>\$ 38,581</u>	<u>\$ 13,032</u>	<u>\$ (10,349)</u>	<u>\$ 37,903</u>

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

COMBINING STATEMENT OF CASH FLOWS
PROPRIETARY FUND PROGRAMS

FOR THE YEAR ENDED JUNE 30, 2017

	Oyster Point- Brighton	Cypress Terrace Eliminations	Total	Eliminations	Proprietary Fund
Cash flows from operating activities:					
Cash received from tenants/others	\$ 364,520	\$ 143,848	\$ 4,160,021	\$ -	\$ 4,160,021
Cash received for fees/services/donations	256	107	335,013	-	335,013
Cash operating grants received (net)	-	-	30,993,454	-	30,993,454
Cash transfers from (to) other funds and entities	979,522	344,175	-	-	-
Cash payments for goods, services, rental subsidies	(342,756)	(189,891)	(28,163,072)	-	(28,163,072)
Cash payments to/for employees and benefits	(261,073)	(121,265)	(5,447,589)	-	(5,447,589)
Cash payments in lieu of property taxes	(13,903)	(9,076)	(137,072)	-	(137,072)
Cash paid for homes sold (net of sales)	-	-	107,750	-	107,750
Net cash provided by/(used in) operating activities	<u>726,566</u>	<u>167,898</u>	<u>1,848,505</u>	<u>-</u>	<u>1,848,505</u>
Cash flows from capital and related financing activities:					
Purchase of equipment/capital assets	(10,996,250)	(5,655,282)	(19,857,576)	-	(19,857,576)
Proceeds from sale of capital assets	-	-	40,000	-	40,000
Proceeds from issuing notes and other debt	8,287,578	4,267,696	12,665,274	-	12,665,274
Transfer from/to other funds for capital activities	-	-	-	-	-
Proceeds from sale of tax credits	1,000,000	-	1,000,000	-	1,000,000
Contributions received for capital outlays	-	-	2,787,518	-	2,787,518
Loan principal payments	-	-	(33,012)	-	(33,012)
Interest payments	-	-	(24,592)	-	(24,592)
Net cash provided by/(used in) capital and related financing activities	<u>(1,708,672)</u>	<u>(1,387,586)</u>	<u>(3,422,388)</u>	<u>-</u>	<u>(3,422,388)</u>
Cash flows from noncapital financing activities:					
Contributions made for investments in joint ventures	-	-	(600,000)	-	(600,000)
Contributions received for investments in joint ventures	-	-	600,000	-	600,000
Loans made to borrowers	-	-	(440,013)	-	(440,013)
Receipt of interest on notes and loans	-	-	61,268	-	61,268
Loans payments received	-	-	399,925	-	399,925
Net cash provided by/(used in) noncapital financing activities	<u>-</u>	<u>-</u>	<u>21,180</u>	<u>-</u>	<u>21,180</u>
Cash flows from investing activities:					
Receipts of interest and dividends	776	43	23,297	-	23,297
Deposits (withdrawals) to reserve accounts	-	-	(24,652)	-	(24,652)
Net cash provided by/(used in) investing activities	<u>776</u>	<u>43</u>	<u>(1,355)</u>	<u>-</u>	<u>(1,355)</u>
Net increase/(decrease) in cash	(981,330)	(1,219,645)	(1,554,058)	-	(1,554,058)
Cash and equivalents at July 1, 2016, as restated	1,109,487	1,402,298	19,046,330	-	19,046,330
Cash and equivalents at June 30, 2017	<u>\$ 128,157</u>	<u>\$ 182,653</u>	<u>\$ 17,492,272</u>	<u>\$ -</u>	<u>\$ 17,492,272</u>

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

COMBINING STATEMENT OF CASH FLOWS
PROPRIETARY FUND PROGRAMS

FOR THE YEAR ENDED JUNE 30, 2017

	Oyster Point- Brighton	Cypress Terrace Eliminations	Total	Eliminations	Proprietary Fund
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ (58,921)	\$ (76,867)	\$ (2,107,469)	\$ -	\$ (2,107,469)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Depreciation	8,456	3,552	2,771,884	-	2,771,884
Operating transfers	304,941	127,600	-	-	-
Other adjustments	-	-	31,149	-	31,149
Change in assets and liabilities:					
Decrease/(Increase) in accounts receivable	(173,025)	(84,689)	478,685	-	478,685
Decrease/(Increase) in due from other funds/programs	-	-	(881,961)	881,961	-
Decrease/(Increase) in notes and mortgages receivable	-	-	541,029	-	541,029
Decrease/(Increase) in prepaid expenses and materials invento	(31,514)	(19,562)	(52,650)	-	(52,650)
Decrease/(Increase) in other assets	-	-	242,851	-	242,851
Increase/(Decrease) in accounts payable	4,891	(570)	(156,278)	-	(156,278)
Increase/(Decrease) in due to other funds/programs	669,783	214,041	881,961	(881,961)	-
Increase/(Decrease) in accrued liabilities	1,663	782	23,665	-	23,665
Increase/(Decrease) in compensated absences	4,138	453	810	-	810
Increase/(Decrease) in trust, deposit, and escrow liabilities	(4,982)	3,167	20,065	-	20,065
Increase/(Decrease) in unearned revenues	1,136	(9)	12,282	-	12,282
Increase/(Decrease) in OPEB liabilities	-	-	42,482	-	42,482
Net cash provided by (used in) operating activities	<u>\$ 726,566</u>	<u>\$ 167,898</u>	<u>\$ 1,848,505</u>	<u>\$ -</u>	<u>\$ 1,848,505</u>

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

STATEMENT AND CERTIFICATION OF ACTUAL CAPITAL FUND PROGRAM COSTS

JUNE 30, 2017

CFP 501-13

Annual Contributions Contract P-5545

1. The Actual Capital Fund Program costs for Program Year 501-13 are as follows:

<u>Account</u>	<u>Budget</u>	<u>Amount</u>
Operations	\$ 212,663.00	\$ 212,663.00
Management improvements	8,450.07	8,450.07
Administration	212,663.00	212,663.00
Fees and costs	211,318.84	211,318.84
Dwelling structures	1,481,536.09	1,481,536.09
Total Cost	<u>\$ 2,126,631.00</u>	<u>\$ 2,126,631.00</u>

2. The distribution of costs by budget line item as shown on the final Progress and Evaluation Report dated February 28, 2018 is in agreement with the Authority's records. The Actual Comprehensive Grant Cost Certificate was submitted by the Authority on February 28, 2018.

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

4. Costs examined during the current period totaled \$1,092,191.37.

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

Funds advanced:	
Grants - HUD	\$ 2,126,631.00
Funds expended	<u>2,126,631.00</u>
Excess (deficiency) of funds advanced	<u>\$ -</u>

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

STATEMENT AND CERTIFICATION OF ACTUAL CAPITAL FUND PROGRAM COSTS

JUNE 30, 2017

CFP R501-14E

Annual Contributions Contract P-5545

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

	<u>Account</u>	<u>Budget</u>	<u>Amount</u>
Site improvement		\$ 245,000.00	\$ 245,000.00
Total Cost		\$ 245,000.00	\$ 245,000.00

2. The distribution of costs by budget line item as shown on the final Progress and Evaluation Report dated February 28, 2018 is in agreement with the Authority's records. The Actual Comprehensive Grant Cost Certificate was submitted by the Authority on February 28, 2018.

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

4. Costs examined during the current period totaled \$195.00.

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

Funds advanced:		
Grants - HUD	\$ 245,000.00	
Funds expended	245,000.00	
Excess (deficiency) of funds advanced	\$ -	

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

SCHEDULE OF CAPITAL FUND PROGRAM COSTS – UNCOMPLETED

JUNE 30, 2017

CFP 501-14

Annual Contributions Contract P-5545

1. The Capital Fund Program costs for Program Year 501-14 are as follows:

<u>Account</u>	<u>Budget</u>	<u>Amount</u>
Operations	\$ 236,594.00	\$ 236,594.00
Management improvements	50,000.00	10,665.98
Administration	236,594.00	236,594.00
Fees and costs	200,000.00	219,283.81
Dwelling structures	423,759.00	215,651.67
Dwelling equipment	19,000.00	17,040.00
Non-dwelling structures	1,200,000.00	1,078,438.97
Total Cost	\$ 2,365,947.00	\$ 2,014,268.43

2. Costs incurred during the current period totaled \$1,506,915.03.

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

Funds advanced:	
Grants - HUD	\$ 1,943,383.85
Funds expended	2,014,268.43
Excess (deficiency) of funds advanced	\$ (70,884.58)

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

SCHEDULE OF CAPITAL FUND PROGRAM COSTS – UNCOMPLETED

JUNE 30, 2017

CFP R501-15

Annual Contributions Contract P-5545

1. The Capital Fund Program costs for Program Year R501-15 are as follows:

<u>Account</u>	<u>Budget</u>	<u>Amount</u>
Operations	\$ 243,571.00	\$ 243,571.00
Management improvements	50,000.00	-
Administration	243,571.00	243,571.00
Fees and costs	200,000.00	51,309.71
Dwelling structures	1,698,575.00	26,474.38
Total Cost	<u>\$ 2,435,717.00</u>	<u>\$ 564,926.09</u>

2. Costs incurred during the current period totaled \$321,355.09.

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

Funds advanced:	
Grants - HUD	\$ 533,659.01
Funds expended	<u>564,926.09</u>
Excess (deficiency) of funds advanced	<u>\$ (31,267.08)</u>

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

SCHEDULE OF CAPITAL FUND PROGRAM COSTS – UNCOMPLETED

JUNE 30, 2017

CFP R501-16

Annual Contributions Contract P-5545

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

<u>Account</u>	<u>Budget</u>	<u>Amount</u>
Operations	\$ 263,517.00	\$ -
Management improvements	50,000.00	-
Administration	263,517.00	263,517.00
Fees and costs	200,000.00	-
Dwelling structures	1,858,141.00	-
Total Cost	\$ 2,635,175.00	\$ 263,517.00

2. Costs incurred during the current period totaled \$263,517.00.

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

Funds advanced:	
Grants - HUD	\$ 263,517.00
Funds expended	263,517.00
Excess (deficiency) of funds advanced	\$ -

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

STATEMENT AND CAPITAL FUND PROGRAM COSTS – UNCOMPLETED

JUNE 30, 2017

CFP R501-14

Annual Contributions Contract P-5545

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

<u>Account</u>	<u>Budget</u>	<u>Amount</u>
Development activity	\$ 316,325.00	\$ 133,596.13
RAD investment activity	162,213.00	162,213.00
Total Cost	\$ 478,538.00	\$ 295,809.13

2. Costs incurred during the current period totaled \$243,596.13.

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

Funds advanced:	
Grants - HUD	\$ 295,809.13
Funds expended	295,809.13
Excess (deficiency) of funds advanced	\$ -

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

FEDERAL FINANCIAL REPORT

JUNE 30, 2017

VA003FSH681A014

Federal Cash:

a. Cumulative federal cash received	\$	146,833.00
b. Cumulative federal cash disbursements		146,833.00
c. Cash on hand	\$	-

Federal Expenditures and Unobligated Balance:

d. Total federal funds authorized	\$	146,833.00
e. Federal share of expenditures		146,833.00
f. Federal share of unliquidated obligations		-
g. Total federal share		146,833.00
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, 2017

VA003FSH681A015

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, 2017

VA003FSH633A016

Federal Cash:

a. Cumulative federal cash received	\$	20,892.01
b. Cumulative federal cash disbursements		60,851.29
c. Cash on hand	\$	<u>(39,959.28)</u>

Federal Expenditures and Unobligated Balance:

d. Total federal funds authorized	\$	148,068.00
e. Federal share of expenditures		60,851.59
f. Federal share of unliquidated obligations		-
g. Total federal share		<u>60,851.59</u>
h. Unobligated balance of federal funds	\$	<u>87,216.41</u>

Recipient Share:

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

Program Income:

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

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
NEWPORT NEWS, VIRGINIA

FEDERAL FINANCIAL REPORT

JUNE 30, 2017

VA003RPS077A015

Federal Cash:

a. Cumulative federal cash received	\$	134,616.59
b. Cumulative federal cash disbursements		166,227.49
c. Cash on hand	\$	<u>(31,610.90)</u>

Federal Expenditures and Unobligated Balance:

d. Total federal funds authorized	\$	385,932.00
e. Federal share of expenditures		166,227.49
f. Federal share of unliquidated obligations		-
g. Total federal share		<u>166,227.49</u>
h. Unobligated balance of federal funds	\$	<u>219,704.51</u>

Recipient Share:

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

Program Income:

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

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

ENTITY-WIDE BALANCE SHEET SUMMARY

SUBMISSION TYPE: AUDITED/SINGLE AUDIT FISCAL YEAR ENDED: JUNE 30, 2017

	Project Total	14.896 PIH Family Self-Sufficiency Program	14.267 Continuum of Care Program	14.228 Community Development Block Grants/State's 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	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended
111 Cash - Unrestricted	\$ 6,706,726				\$ 776,880		\$ 1,459,097	\$ 200,122	\$ 48,772	\$ 399,463
112 Cash - Restricted - Modernization and Development	\$ 6,459									\$ 63,290
113 Cash - Other Restricted	\$ 36,198						\$ 449,854		\$ 215,600	\$ 1,307,658
114 Cash - Tenant Security Deposits	\$ 90,486						\$ 1,500		\$ 27,808	\$ 43,709
115 Cash - Restricted for Payment of Current Liabilities										
100 Total Cash	\$ 6,839,869	\$ -	\$ -	\$ -	\$ 776,880	\$ -	\$ 1,910,451	\$ 200,122	\$ 292,180	\$ 1,814,120
121 Accounts Receivable - PHA Projects							\$ 17,913			
122 Accounts Receivable - HUD Other Projects	\$ 102,151	\$ 39,959	\$ 6,905			\$ 31,611	\$ 24,265			\$ 335,265
124 Accounts Receivable - Other Government	\$ 53,161									\$ 5,796
125 Accounts Receivable - Miscellaneous							\$ 694			
126 Accounts Receivable - Tenants	\$ 114,853								\$ 3,296	\$ 27,668
126.1 Allowance for Doubtful Accounts - Tenants	\$ (25,152)								\$ -	\$ (7,692)
126.2 Allowance for Doubtful Accounts - Other	\$ -	\$ -	\$ -			\$ -	\$ -			\$ -
127 Notes, Loans, & Mortgages Receivable - Current										
128 Fraud Recovery	\$ 15,952						\$ 225,085	\$ 156		\$ 3,851
128.1 Allowance for Doubtful Accounts - Fraud	\$ -						\$ (225,085)	\$ (156)		\$ -
129 Accrued Interest Receivable										
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$ 260,965	\$ 39,959	\$ 6,905	\$ -	\$ -	\$ 31,611	\$ 42,872	\$ -	\$ 3,296	\$ 364,888
131 Investments - Unrestricted										
132 Investments - Restricted									\$ 10,566	\$ 15,873
135 Investments - Restricted for Payment of Current Liability										
142 Prepaid Expenses and Other Assets	\$ 16,301				\$ 1,208		\$ 5,446		\$ 11,466	\$ 99,545
143 Inventories										
143.1 Allowance for Obsolete Inventories										
144 Inter Program Due From				\$ 30,159						
145 Assets Held for Sale										
150 Total Current Assets	\$ 7,117,135	\$ 39,959	\$ 6,905	\$ 30,159	\$ 778,088	\$ 31,611	\$ 1,958,769	\$ 200,122	\$ 317,508	\$ 2,294,426
161 Land	\$ 2,549,662						\$ 32,000		\$ 252,300	\$ 4,186,777
162 Buildings	\$ 68,326,158						\$ 634,667		\$ 6,838,539	\$ 18,146,065
163 Furniture, Equipment & Machinery - Dwellings	\$ 29,659									\$ 54,935
164 Furniture, Equipment & Machinery - Administration	\$ 905,725				\$ 94,235		\$ 187,555		\$ 199,656	\$ 383,687
165 Leasehold Improvements	\$ 7,990,450						\$ 7,775		\$ 632,694	\$ 627,482
166 Accumulated Depreciation	\$ (53,818,159)				\$ (80,350)		\$ (695,391)		\$ (513,605)	\$ (6,177,440)
167 Construction in Progress	\$ 259,390									\$ 24,313,696
168 Infrastructure										
160 Total Capital Assets, Net of Accumulated Depreciation	\$ 26,242,885	\$ -	\$ -	\$ -	\$ 13,885	\$ -	\$ 166,606	\$ -	\$ 7,409,584	\$ 41,535,202
171 Notes, Loans and Mortgages Receivable - Noncurrent	\$ 14,743,856					\$ 2,708,802				
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	\$ 40,986,741	\$ -	\$ -	\$ -	\$ 2,722,687	\$ -	\$ 166,606	\$ -	\$ 7,409,584	\$ 41,911,060
200 Deferred Outflow of Resources										
290 Total Assets and Deferred Outflow of Resources	\$ 48,103,876	\$ 39,959	\$ 6,905	\$ 30,159	\$ 3,500,775	\$ 31,611	\$ 2,125,375	\$ 200,122	\$ 7,727,092	\$ 44,205,486

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, 2017

			14.182 N/C S/R Section 8 Programs	14.239 HOME Investment Partnerships Program	2 State/Local	1 Business Activities	COCC	Subtotal	ELIM	Total
111	Cash - Unrestricted		\$ 4,342	\$ 199,686		\$ 2,256,849	\$ 2,388,354	\$ 14,440,291		\$ 14,440,291
112	Cash - Restricted - Modernization and Development							\$ 69,749		\$ 69,749
113	Cash - Other Restricted		\$ 1,098,284					\$ 3,107,594		\$ 3,107,594
114	Cash - Tenant Security Deposits		\$ 3,315					\$ 166,818		\$ 166,818
115	Cash - Restricted for Payment of Current Liabilities									
100	Total Cash		\$ 7,657	\$ 1,297,970	\$ -	\$ 2,256,849	\$ 2,388,354	\$ 17,784,452	\$ -	\$ 17,784,452
121	Accounts Receivable - PHA Projects							\$ 17,913		\$ 17,913
122	Accounts Receivable - HUD Other Projects							\$ 540,156		\$ 540,156
124	Accounts Receivable - Other Government		\$ 163,744	\$ 50,692	\$ 3,434			\$ 276,827		\$ 276,827
125	Accounts Receivable - Miscellaneous		\$ 38,922			\$ 70	\$ 47,939	\$ 87,625		\$ 87,625
126	Accounts Receivable - Tenants		\$ 956					\$ 146,773		\$ 146,773
126.1	Allowance for Doubtful Accounts - Tenants		\$ (96)					\$ (32,940)		\$ (32,940)
126.2	Allowance for Doubtful Accounts - Other		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -
127	Notes, Loans, & Mortgages Receivable - Current					\$ 10,000		\$ 10,000		\$ 10,000
128	Fraud Recovery							\$ 245,044		\$ 245,044
128.1	Allowance for Doubtful Accounts - Fraud							\$ (225,241)		\$ (225,241)
129	Accrued Interest Receivable					\$ 6,750		\$ 6,750		\$ 6,750
120	Total Receivables, Net of Allowances for Doubtful Accounts		\$ 860	\$ 202,666	\$ 50,692	\$ 20,254	\$ 47,939	\$ 1,072,907	\$ -	\$ 1,072,907
131	Investments - Unrestricted					\$ 204,095	\$ 102,048	\$ 306,143		\$ 306,143
132	Investments - Restricted		\$ 402,492					\$ 428,931		\$ 428,931
135	Investments - Restricted for Payment of Current Liability									
142	Prepaid Expenses and Other Assets		\$ 219	\$ 443	\$ 403	\$ 211	\$ 15,694	\$ 150,936		\$ 150,936
143	Inventories						\$ 21,355	\$ 21,355		\$ 21,355
143.1	Allowance for Obsolete Inventories							\$ -		\$ -
144	Inter Program Due From					\$ 682,441	\$ 1,098,152	\$ 1,810,752	\$ (1,810,752)	\$ -
145	Assets Held for Sale									
150	Total Current Assets		\$ 411,228	\$ 1,501,079	\$ 51,095	\$ 3,163,850	\$ 3,673,542	\$ 21,575,476	\$ (1,810,752)	\$ 19,764,724
161	Land		\$ 17,201			\$ 139,100		\$ 7,177,040		\$ 7,177,040
162	Buildings		\$ 332,094			\$ 1,118,624		\$ 95,396,147		\$ 95,396,147
163	Furniture, Equipment & Machinery - Dwellings							\$ 84,594		\$ 84,594
164	Furniture, Equipment & Machinery - Administration		\$ 37,752	\$ 19,702	\$ 12,036	\$ 1,031,129		\$ 2,871,477		\$ 2,871,477
165	Leasehold Improvements		\$ 57,658			\$ 196,992		\$ 9,513,051		\$ 9,513,051
166	Accumulated Depreciation		\$ (295,110)	\$ (28,435)	\$ (11,950)	\$ (607,369)	\$ (847,794)	\$ (63,075,603)		\$ (63,075,603)
167	Construction in Progress					\$ 53,841		\$ 24,626,927		\$ 24,626,927
168	Infrastructure									
160	Total Capital Assets, Net of Accumulated Depreciation		\$ 111,843	\$ 9,317	\$ 7,752	\$ 913,224	\$ 183,335	\$ 76,593,633	\$ -	\$ 76,593,633
171	Notes, Loans and Mortgages Receivable - Noncurrent			\$ 7,095,102		\$ 1,425,886	\$ 1,473,746	\$ 27,447,392	\$ (17,870,038)	\$ 9,577,354
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		\$ 111,843	\$ 7,104,419	\$ 7,752	\$ 3,478,608	\$ 1,657,081	\$ 105,556,381	\$ (17,970,038)	\$ 87,586,343
200	Deferred Outflow of Resources									
290	Total Assets and Deferred Outflow of Resources		\$ 523,071	\$ 8,605,498	\$ 58,847	\$ 6,642,458	\$ 5,330,623	\$ 127,131,857	\$ (19,780,790)	\$ 107,351,067

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, 2017

	Project Total	14.896 PIH Family Self-Sufficiency Program	14.267 Continuum of Care Program	14.228 Community Development Block Grants/State's 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	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended
311 Bank Overdraft										
312 Accounts Payable <= 90 Days	\$ 113,760		\$ 6,905		\$ 63,650		\$ 5,916		\$ 187	\$ 230,733
313 Accounts Payable >90 Days Past Due										
321 Accrued Wage/Payroll Taxes Payable	\$ 21,879	\$ 1,713			\$ 1,786	\$ 1,546	\$ 9,270		\$ 2,730	\$ 7,378
322 Accrued Compensated Absences - Current Portion	\$ 5,866									\$ 206
324 Accrued Contingency Liability										
325 Accrued Interest Payable									\$ 9,769	\$ 1,897
331 Accounts Payable - HUD PHA Programs								\$ 17,097		\$ 668
332 Account Payable - PHA Projects							\$ 226			
333 Accounts Payable - Other Government	\$ 28,001									\$ 30,956
341 Tenant Security Deposits	\$ 90,486						\$ 1,500		\$ 27,808	\$ 43,709
342 Unearned Revenue	\$ 29,002								\$ 3,950	\$ 11,850
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue									\$ 61,333	\$ 12,566,883
344 Current Portion of Long-term Debt - Operating Borrowings										
345 Other Current Liabilities	\$ 97,613				\$ 1,161				\$ 21,492	\$ 914,290
346 Accrued Liabilities - Other	\$ 151,998						\$ 36			\$ 32,752
347 Inter Program - Due To	\$ 94,087	\$ 38,246			\$ 19,895	\$ 30,065				\$ 905,349
348 Loan Liability - Current										
310 Total Current Liabilities	\$ 632,692	\$ 39,959	\$ 6,905	\$ -	\$ 86,492	\$ 31,611	\$ 16,948	\$ 17,097	\$ 127,269	\$ 14,746,671
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue									\$ 1,468,919	\$ 19,510,842
352 Long-term Debt, Net of Current - Operating Borrowings										
353 Noncurrent Liabilities - Other	\$ 36,199						\$ 130,981		\$ 19,190	\$ 489,966
354 Accrued Compensated Absences - Noncurrent	\$ 86,670				\$ 11,522		\$ 61,324			\$ 28,294
355 Loan Liability - Noncurrent										
356 FASB 5 Liabilities										
357 Accrued Pension and OPEB Liabilities										
350 Total Noncurrent Liabilities	\$ 122,869	\$ -	\$ -	\$ -	\$ 11,522	\$ -	\$ 192,305	\$ -	\$ 1,488,109	\$ 20,029,102
300 Total Liabilities	\$ 755,561	\$ 39,959	\$ 6,905	\$ -	\$ 98,014	\$ 31,611	\$ 209,253	\$ 17,097	\$ 1,615,378	\$ 34,775,773
400 Deferred Inflow of Resources										
508.3 Nonspendable Fund Balance										
508.4 Net Investment in Capital Assets	\$ 26,242,885				\$ 13,885		\$ 166,606		\$ 5,879,332	\$ 9,520,768
509.3 Restricted Fund Balance										
510.3 Committed Fund Balance										
511.3 Assigned Fund Balance										
511.4 Restricted Net Position	\$ 6,459				\$ 3,388,876		\$ 318,873		\$ 226,166	\$ 1,365,036
512.3 Unassigned Fund Balance										
512.4 Unrestricted Net Position	\$ 21,098,971	\$ -	\$ -	\$ 30,159	\$ -	\$ -	\$ 1,430,643	\$ 183,025	\$ 6,216	\$ (1,456,091)
513 Total Equity - Net Assets / Position	\$ 47,348,315	\$ -	\$ -	\$ 30,159	\$ 3,402,761	\$ -	\$ 1,916,122	\$ 183,025	\$ 6,111,714	\$ 9,429,713
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$ 48,103,876	\$ 39,959	\$ 6,905	\$ 30,159	\$ 3,500,775	\$ 31,611	\$ 2,125,375	\$ 200,122	\$ 7,727,092	\$ 44,205,486

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, 2017

			14.182 N/C S/R Section 8 Programs	14.239 HOME Investment Partnerships Program	2 State/Local	1 Business Activities	COCC	Subtotal	ELIM	Total
311 Bank Overdraft										
312 Accounts Payable <= 90 Days	\$	1,169	\$	38,679	\$	213	\$	12,905	\$	474,665
313 Accounts Payable >90 Days Past Due										
321 Accrued Wage/Payroll Taxes Payable	\$	188	\$	490	\$	2,006	\$	938	\$	20,997
322 Accrued Compensated Absences - Current Portion								\$		6,072
324 Accrued Contingency Liability										
325 Accrued Interest Payable	\$	42						\$		11,708
331 Accounts Payable - HUD PHA Programs								\$		17,765
332 Account Payable - PHA Projects								\$		226
333 Accounts Payable - Other Government								\$		58,957
341 Tenant Security Deposits	\$	3,315						\$		166,818
342 Unearned Revenue	\$	635						\$		45,437
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	\$	5,686						\$		12,633,902
344 Current Portion of Long-term Debt - Operating Borrowings										
345 Other Current Liabilities								\$		1,034,556
346 Accrued Liabilities - Other	\$	2,083				\$	1,497	\$	153,556	341,922
347 Inter Program - Due To	\$	2,696	\$	144,221	\$	55,181	\$	48,657	\$	472,355
348 Loan Liability - Current								\$		1,810,752
310 Total Current Liabilities	\$	15,814	\$	183,390	\$	57,400	\$	51,640	\$	659,813
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue								\$		16,673,701
352 Long-term Debt, Net of Current - Operating Borrowings								\$		20,979,761
353 Noncurrent Liabilities - Other			\$	9,625				\$		685,961
354 Accrued Compensated Absences - Noncurrent	\$	1,900	\$	1,520	\$	10,307	\$	1,479	\$	168,829
355 Loan Liability - Noncurrent								\$		371,845
356 FASB 5 Liabilities										
357 Accrued Pension and OPEB Liabilities							\$	51,812	\$	51,812
350 Total Noncurrent Liabilities	\$	1,900	\$	11,145	\$	10,307	\$	1,479	\$	220,641
300 Total Liabilities	\$	17,714	\$	194,535	\$	67,707	\$	53,119	\$	880,454
400 Deferred Inflow of Resources										
508.3 Nonspendable Fund Balance										
508.4 Net Investment in Capital Assets	\$	106,157	\$	9,316	\$	7,752	\$	913,224	\$	183,335
509.3 Restricted Fund Balance								\$		43,043,260
510.3 Committed Fund Balance										
511.3 Assigned Fund Balance										
511.4 Restricted Net Position	\$	402,492	\$	8,401,647				\$		14,109,549
512.3 Unassigned Fund Balance										
512.4 Unrestricted Net Position	\$	(3,292)	\$	-	\$	(16,612)	\$	5,676,115	\$	4,266,834
513 Total Equity - Net Assets / Position	\$	505,357	\$	8,410,963	\$	(8,860)	\$	6,589,339	\$	4,450,169
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$	523,071	\$	8,605,498	\$	58,847	\$	6,642,458	\$	5,330,623
								\$		127,131,857
								\$		(19,780,790)
										\$ 107,351,067

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, 2017

	Project Total	14.896 PIH Family Self-Sufficiency Program	14.267 Continuum of Care Program	14.228 Community Development Block Grants/State's 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	6.1 Component Unit - Discretely Presented	6.1 Component Unit - Discretely Presented
70300 Net Tenant Rental Revenue	\$ 2,482,264								\$ 383,383	\$ 959,594
70400 Tenant Revenue - Other	\$ 310,411									\$ 36,584
70500 Total Tenant Revenue	\$ 2,792,675	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 383,383	\$ 996,178
70600 HUD PHA Operating Grants	\$ 5,637,163	\$ 181,991	\$ 90,142			\$ 139,164	\$ 21,889,856	\$ 469,612		\$ 383,704
70610 Capital Grants	\$ 2,509,538									
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				\$ 927,017					
71100 Investment Income - Unrestricted	\$ 14,849				\$ 413		\$ 4,684	\$ 159		\$ 1,060
71200 Mortgage Interest Income					\$ 44,794					
71300 Proceeds from Disposition of Assets Held for Sale										
71310 Cost of Sale of Assets										
71400 Fraud Recovery							\$ 23,530	\$ 108		
71500 Other Revenue	\$ 75,103			\$ 76,905	\$ 26,505		\$ 359,875		\$ 1,253,648	\$ 1,063,572
71600 Gain or Loss on Sale of Capital Assets	\$ (170)									\$ (110)
72000 Investment Income - Restricted									\$ 30	\$ 555
70000 Total Revenue	\$ 11,079,158	\$ 181,991	\$ 90,142	\$ 76,905	\$ 998,729	\$ 139,164	\$ 22,277,945	\$ 469,879	\$ 1,637,061	\$ 2,444,959
91100 Administrative Salaries	\$ 686,563				\$ 128,357		\$ 518,204	\$ 17,629	\$ 28,255	\$ 240,332
91200 Auditing Fees	\$ 29,102				\$ 9,625		\$ 32,156	\$ 1,094	\$ 4,500	\$ 5,110
91300 Management Fee	\$ 1,071,095		\$ 7,150		\$ 197,557		\$ 372,636	\$ 12,672	\$ 27,195	\$ 171,066
91310 Book-keeping Fee	\$ 101,280						\$ 225,235	\$ 15,582	\$ 3,600	\$ 35,663
91400 Advertising and Marketing	\$ 7,408				\$ 1,638		\$ 736	\$ 25	\$ 1,484	\$ 2,192
91500 Employee Benefit contributions - Administrative	\$ 258,049				\$ 36,889		\$ 185,445	\$ 6,309	\$ 7,116	\$ 84,538
91600 Office Expenses	\$ 157,943				\$ 17,101		\$ 140,067	\$ 4,765	\$ 8,665	\$ 103,228
91700 Legal Expense	\$ 11,626				\$ 10,653		\$ 26,710	\$ 909		\$ 1,636
91800 Travel	\$ 25,760				\$ 440		\$ 10,487	\$ 357	\$ 1,692	\$ 3,981
91810 Allocated Overhead										
91900 Other	\$ 79,963			\$ 25	\$ 14,161		\$ 43,448	\$ 592	\$ 4,495	\$ 19,570
91000 Total Operating - Administrative	\$ 2,428,789	\$ -	\$ 7,150	\$ 25	\$ 416,421	\$ -	\$ 1,555,124	\$ 59,934	\$ 87,002	\$ 667,316
92000 Asset Management Fee	\$ 139,200									\$ 10,800
92100 Tenant Services - Salaries	\$ 148,630	\$ 155,249				\$ 97,234				\$ 9,930
92200 Relocation Costs	\$ 675									\$ 1,345
92300 Employee Benefit Contributions - Tenant Services	\$ 60,191	\$ 26,742				\$ 30,663				\$ 2,770
92400 Tenant Services - Other	\$ 23,955					\$ 11,267	\$ 361		\$ 487	\$ 4,652
92500 Total Tenant Services	\$ 233,451	\$ 181,991	\$ -	\$ -	\$ -	\$ 139,164	\$ 361	\$ -	\$ 487	\$ 18,697

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, 2017

		14.182 N/C S/R Section 8 Programs	14.239 HOME Investment Partnerships Program	2 State/Local	1 Business Activities	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$	33,022					\$ 3,858,263		\$ 3,858,263
70400 Tenant Revenue - Other							\$ 346,995		\$ 346,995
70500 Total Tenant Revenue	\$	33,022	\$ -	\$ -	\$ -	\$ -	\$ 4,205,258	\$ -	\$ 4,205,258
70600 HUD PHA Operating Grants							\$ 28,791,632		\$ 28,791,632
70610 Capital Grants							\$ 2,509,538		\$ 2,509,538
70710 Management Fee						\$ 1,888,812	\$ 1,888,812	\$ (1,888,812)	\$ -
70720 Asset Management Fee						\$ 150,000	\$ 150,000	\$ (150,000)	\$ -
70730 Book Keeping Fee						\$ 377,760	\$ 377,760	\$ (377,760)	\$ -
70740 Front Line Service Fee						\$ 74,535	\$ 74,535	\$ (74,535)	\$ -
70750 Other Fees						\$ 68,792	\$ 68,792		\$ 68,792
70700 Total Fee Revenue						\$ 2,559,899	\$ 2,559,899	\$ (2,491,107)	\$ 68,792
70800 Other Government Grants	\$	54,789	\$ 440,523	\$ 257,967	\$ 600,000		\$ 2,330,296		\$ 2,330,296
71100 Investment Income - Unrestricted	\$	9			\$ 3,721	\$ 1,141	\$ 26,036		\$ 26,036
71200 Mortgage Interest Income			\$ 16,474		\$ 47,706		\$ 108,974	\$ (45,906)	\$ 63,068
71300 Proceeds from Disposition of Assets Held for Sale									
71310 Cost of Sale of Assets									
71400 Fraud Recovery							\$ 23,638		\$ 23,638
71500 Other Revenue	\$	30	\$ 130,478		\$ 136,286	\$ 6,523	\$ 3,128,925		\$ 3,128,925
71600 Gain or Loss on Sale of Capital Assets					\$ 20,780		\$ 20,500		\$ 20,500
72000 Investment Income - Restricted	\$	2,102					\$ 2,687		\$ 2,687
70000 Total Revenue	\$	89,952	\$ 587,475	\$ 257,967	\$ 808,493	\$ 2,567,563	\$ 43,707,383	\$ (2,537,013)	\$ 41,170,370
91100 Administrative Salaries	\$	4,421	\$ 33,965	\$ 116,145	\$ 73,929	\$ 1,278,426	\$ 3,126,226		\$ 3,126,226
91200 Auditing Fees	\$	6,124			\$ 875	\$ 3,763	\$ 92,349		\$ 92,349
91300 Management Fee	\$	3,663	\$ 30,000	\$ 29,000	\$ 20,649		\$ 1,942,683	\$ (1,888,812)	\$ 53,871
91310 Book-keeping Fee							\$ 381,360	\$ (377,760)	\$ 3,600
91400 Advertising and Marketing			\$ 746	\$ 418	\$ 264	\$ 2,813	\$ 17,724		\$ 17,724
91500 Employee Benefit contributions - Administrative	\$	1,904	\$ 7,372	\$ 31,587	\$ 7,569	\$ 353,180	\$ 979,958		\$ 979,958
91600 Office Expenses	\$	2,766	\$ 4,127	\$ 7,971	\$ 4,288	\$ 238,783	\$ 689,704		\$ 689,704
91700 Legal Expense			\$ 225		\$ 123	\$ 13,638	\$ 65,520		\$ 65,520
91800 Travel	\$	148	\$ 10	\$ 2,337		\$ 18,704	\$ 63,916		\$ 63,916
91810 Allocated Overhead									
91900 Other	\$	201	\$ 688	\$ 49	\$ 44,193	\$ 22,298	\$ 229,683		\$ 229,683
91000 Total Operating - Administrative	\$	19,227	\$ 77,133	\$ 187,507	\$ 151,890	\$ 1,931,605	\$ 7,589,123	\$ (2,266,572)	\$ 5,322,551
92000 Asset Management Fee							\$ 150,000	\$ (150,000)	\$ -
92100 Tenant Services - Salaries							\$ 411,043		\$ 411,043
92200 Relocation Costs							\$ 2,020		\$ 2,020
92300 Employee Benefit Contributions - Tenant Services							\$ 120,366		\$ 120,366
92400 Tenant Services - Other					\$ 8,000	\$ 25	\$ 48,747		\$ 48,747
92500 Total Tenant Services	\$	-	\$ -	\$ -	\$ 8,000	\$ 25	\$ 582,176	\$ -	\$ 582,176

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, 2017

	Project Total	14.896 PIH Family Self-Sufficiency Program	14.267 Continuum of Care Program	14.228 Community Development Block Grants/State's 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	6.1 Component Unit - Discretely Presented	6.1 Component Unit - Discretely Presented
93100 Water	\$ 355,891			\$ 117					\$ 20,761	\$ 74,297
93200 Electricity	\$ 539,464								\$ 10,778	\$ 124,012
93300 Gas	\$ 113,298			\$ 85			\$ 811	\$ 28		\$ 29,038
93400 Fuel										
93500 Labor										
93600 Sewer	\$ 742,973						\$ 261	\$ 9	\$ 25,803	\$ 148,786
93700 Employee Benefit Contributions - Utilities										
93800 Other Utilities Expense										
93000 Total Utilities	\$ 1,751,626	\$ -	\$ -	\$ 202	\$ -	\$ -	\$ 1,072	\$ 37	\$ 57,342	\$ 376,133
94100 Ordinary Maintenance and Operations - Labor	\$ 423,094						\$ 2,213	\$ 75	\$ 28,509	\$ 141,235
94200 Ordinary Maintenance and Operations - Materials and Other	\$ 751,556				\$ 1,334		\$ 3,066	\$ 104	\$ 7,222	\$ 81,950
94300 Ordinary Maintenance and Operations Contracts	\$ 1,396,167			\$ 5,025	\$ 1,109		\$ 9,572	\$ 326	\$ 40,914	\$ 187,422
94500 Employee Benefit Contributions - Ordinary Maintenance	\$ 166,396									\$ 47,192
94000 Total Maintenance	\$ 2,737,213	\$ -	\$ -	\$ 5,025	\$ 2,443	\$ -	\$ 14,851	\$ 505	\$ 76,645	\$ 457,799
95100 Protective Services - Labor	\$ 30,137									\$ 2,976
95200 Protective Services - Other Contract Costs	\$ 72,021						\$ 702	\$ 24		\$ 28,414
95300 Protective Services - Other										
95500 Employee Benefit Contributions - Protective Services	\$ 11,752									\$ 582
95000 Total Protective Services	\$ 113,910	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 702	\$ 24	\$ -	\$ 31,972
96110 Property Insurance	\$ 209,302			\$ 574	\$ 1,176		\$ 2,587	\$ 88	\$ 22,652	\$ 76,333
96120 Liability Insurance	\$ 29,305						\$ 6,628	\$ 225		\$ 14,679
96130 Workmen's Compensation	\$ 32,127				\$ 3,571		\$ 14,379	\$ 489	\$ 1,787	\$ 11,156
96140 All Other Insurance	\$ 9,374				\$ 1,040		\$ 1,835	\$ 62	\$ 71	\$ 3,499
96100 Total insurance Premiums	\$ 280,108	\$ -	\$ -	\$ 574	\$ 5,787	\$ -	\$ 25,429	\$ 864	\$ 24,510	\$ 105,667
96200 Other General Expenses	\$ 7,035			\$ 84,007	\$ 516,720		\$ 5,157	\$ 175	\$ 1,750	\$ 42,262
96210 Compensated Absences										\$ 4,592
96300 Payments in Lieu of Taxes	\$ 94,730								\$ 30,503	\$ 58,928
96400 Bad debt - Tenant Rents	\$ 75,672								\$ 3,410	\$ 6,845
96500 Bad debt - Mortgages					\$ 26,599					
96600 Bad debt - Other										
96800 Severance Expense										
96000 Total Other General Expenses	\$ 177,437	\$ -	\$ -	\$ 84,007	\$ 543,319	\$ -	\$ 5,157	\$ 175	\$ 35,663	\$ 112,627
96710 Interest of Mortgage (or Bonds) Payable										
96720 Interest on Notes Payable (Short and Long Term)									\$ 47,407	\$ 68,875
96730 Amortization of Bond Issue Costs										
96700 Total Interest Expense and Amortization Cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 47,407	\$ 68,875
96900 Total Operating Expenses	\$ 7,861,734	\$ 181,991	\$ 7,150	\$ 89,833	\$ 967,970	\$ 139,164	\$ 1,602,696	\$ 61,539	\$ 329,056	\$ 1,849,886
97000 Excess of Operating Revenue over Operating Expenses	\$ 3,217,424	\$ -	\$ 82,992	\$ (12,928)	\$ 30,759	\$ -	\$ 20,675,249	\$ 408,340	\$ 1,308,005	\$ 595,073

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, 2017

			14.182 N/C S/R Section 8 Programs	14.239 HOME Investment Partnerships Program	2 State/Local	1 Business Activities	COCC	Subtotal	ELIM	Total
93100 Water			\$ 2,247		\$ 192	\$ 820	\$ 2,423	\$ 456,748		\$ 456,748
93200 Electricity			\$ 13,198		\$ 570	\$ 12,969	\$ 21,643	\$ 722,634		\$ 722,634
93300 Gas					\$ 186		\$ 8,118	\$ 151,564		\$ 151,564
93400 Fuel										
93500 Labor										
93600 Sewer			\$ 5,182		\$ 976	\$ 1,884	\$ 3,242	\$ 929,116		\$ 929,116
93700 Employee Benefit Contributions - Utilities										
93800 Other Utilities Expense										
93000 Total Utilities			\$ 20,627	\$ -	\$ 1,924	\$ 15,673	\$ 35,426	\$ 2,260,062	\$ -	\$ 2,260,062
94100 Ordinary Maintenance and Operations - Labor			\$ 3,333			\$ 1,636	\$ 50,588	\$ 650,683		\$ 650,683
94200 Ordinary Maintenance and Operations - Materials and Other			\$ 5,583		\$ 163	\$ 9,154	\$ 17,022	\$ 877,154		\$ 877,154
94300 Ordinary Maintenance and Operations Contracts			\$ 12,269		\$ 48,932	\$ 66,211	\$ 29,190	\$ 1,797,137	\$ (74,535)	\$ 1,722,602
94500 Employee Benefit Contributions - Ordinary Maintenance						\$ 233	\$ 13,975	\$ 227,796		\$ 227,796
94000 Total Maintenance			\$ 21,185	\$ -	\$ 49,095	\$ 77,234	\$ 110,775	\$ 3,552,770	\$ (74,535)	\$ 3,478,235
95100 Protective Services - Labor							\$ 8,493	\$ 41,606		\$ 41,606
95200 Protective Services - Other Contract Costs			\$ 1,083		\$ 490	\$ 2,970	\$ 3,161	\$ 108,865		\$ 108,865
95300 Protective Services - Other										
95500 Employee Benefit Contributions - Protective Services							\$ 2,346	\$ 14,680		\$ 14,680
95000 Total Protective Services			\$ 1,083	\$ -	\$ 490	\$ 2,970	\$ 14,000	\$ 165,151	\$ -	\$ 165,151
96110 Property Insurance			\$ 2,304		\$ 3,869	\$ 6,810	\$ 4,983	\$ 330,678		\$ 330,678
96120 Liability Insurance			\$ 392	\$ 33	\$ 3,757	\$ 85	\$ 10,936	\$ 66,040		\$ 66,040
96130 Workmen's Compensation			\$ 221	\$ 941	\$ 3,447	\$ 2,120	\$ 39,640	\$ 109,878		\$ 109,878
96140 All Other Insurance					\$ 631		\$ 4,907	\$ 21,419		\$ 21,419
96100 Total insurance Premiums			\$ 2,917	\$ 974	\$ 11,704	\$ 9,015	\$ 60,466	\$ 528,015	\$ -	\$ 528,015
96200 Other General Expenses			\$ 20	\$ 794,262	\$ 707	\$ 58,169	\$ 5,739	\$ 1,516,003		\$ 1,516,003
96210 Compensated Absences						\$ 1,479		\$ 6,071		\$ 6,071
96300 Payments in Lieu of Taxes								\$ 184,161		\$ 184,161
96400 Bad debt - Tenant Rents								\$ 85,927		\$ 85,927
96500 Bad debt - Mortgages						\$ 3,573		\$ 30,172		\$ 30,172
96600 Bad debt - Other										
96800 Severance Expense										
96000 Total Other General Expenses			\$ 20	\$ 794,262	\$ 707	\$ 63,221	\$ 5,739	\$ 1,822,334	\$ -	\$ 1,822,334
96710 Interest of Mortgage (or Bonds) Payable			\$ 1,421					\$ 1,421		\$ 1,421
96720 Interest on Notes Payable (Short and Long Term)								\$ 116,282	\$ (45,906)	\$ 70,376
96730 Amortization of Bond Issue Costs										
96700 Total Interest Expense and Amortization Cost			\$ 1,421	\$ -	\$ -	\$ -	\$ -	\$ 117,703	\$ (45,906)	\$ 71,797
96900 Total Operating Expenses			\$ 66,480	\$ 872,369	\$ 251,427	\$ 328,003	\$ 2,158,036	\$ 16,767,334	\$ (2,537,013)	\$ 14,230,321
97000 Excess of Operating Revenue over Operating Expenses			\$ 23,472	\$ (284,894)	\$ 6,540	\$ 480,490	\$ 409,527	\$ 26,940,049	\$ -	\$ 26,940,049

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, 2017

	Project Total	14.896 PIH Family Self-Sufficiency Program	14.267 Continuum of Care Program	14.228 Community Development Block Grants/State's 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	6.1 Component Unit - Discretely Presented	6.1 Component Unit - Discretely Presented
97100 Extraordinary Maintenance	\$ 173,102									
97200 Casualty Losses - Non-capitalized	\$ 10,630									\$ 7,760
97300 Housing Assistance Payments			\$ 82,992				\$ 19,779,700	\$ 391,048		
97350 HAP Portability-In							\$ 303,441			
97400 Depreciation Expense	\$ 1,960,817				\$ 4,918		\$ 33,247		\$ 222,564	\$ 651,587
97500 Fraud Losses										
97600 Capital Outlays - Governmental Funds										
97700 Debt Principal Payment - Governmental Funds										
97800 Dwelling Units Rent Expense										
90000 Total Expenses	\$ 10,006,283	\$ 181,991	\$ 90,142	\$ 89,833	\$ 972,888	\$ 139,164	\$ 21,719,084	\$ 452,587	\$ 551,620	\$ 2,509,233
10010 Operating Transfer In	\$ 293,598									
10020 Operating transfer Out	\$ (293,598)									
10030 Operating Transfers from/to Primary Government										\$ 777,605
10040 Operating Transfers from/to Component Unit	\$ (777,605)									
10050 Proceeds from Notes, Loans and Bonds										
10060 Proceeds from Property Sales										
10070 Extraordinary Items, Net Gain/Loss										
10080 Special Items (Net Gain/Loss)										
10091 Inter Project Excess Cash Transfer In	\$ 1,160,000									
10092 Inter Project Excess Cash Transfer Out	\$ (1,160,000)									
10093 Transfers between Program and Project - In	\$ 238,542									
10094 Transfers between Project and Program - Out					\$ (238,542)					
10100 Total Other financing Sources (Uses)	\$ (539,063)	\$ -	\$ -	\$ -	\$ (238,542)	\$ -	\$ -	\$ -	\$ -	\$ 777,605
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$ 533,812	\$ -	\$ -	\$ (12,928)	\$ (212,701)	\$ -	\$ 558,861	\$ 17,292	\$ 1,085,441	\$ 713,331
11020 Required Annual Debt Principal Payments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 49,748	\$ 71,160
11030 Beginning Equity	\$ 51,952,886	\$ -	\$ -	\$ 43,087	\$ 3,615,462	\$ -	\$ 1,357,261	\$ 127,276	\$ 5,026,273	\$ 3,577,999
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$ (5,138,383)							\$ 38,457		\$ 5,138,383
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							\$ 1,597,249			
11180 Housing Assistance Payments Equity							\$ 318,873			
11190 Unit Months Available	14811		96				30132	1056	600	3406
11210 Number of Unit Months Leased	14374		96				30841	1056	585	2914
11270 Excess Cash	\$ 5,801,381									
11610 Land Purchases	\$ -									
11620 Building Purchases	\$ 2,826,031									
11630 Furniture & Equipment - Dwelling Purchases	\$ 15,289									
11640 Furniture & Equipment - Administrative Purchases	\$ 28,600									
11650 Leasehold Improvements Purchases	\$ 51,307									
11660 Infrastructure Purchases	\$ -									
13510 CFFP Debt Service Payments	\$ -									
13901 Replacement Housing Factor Funds	\$ 133,596									

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, 2017

			14.182 N/C S/R Section 8 Programs	14.239 HOME Investment Partnerships Program	2 State/Local	1 Business Activities	COCC	Subtotal	ELIM	Total
97100	Extraordinary Maintenance							\$ 173,102		\$ 173,102
97200	Casualty Losses - Non-capitalized							\$ 18,390		\$ 18,390
97300	Housing Assistance Payments							\$ 20,253,740		\$ 20,253,740
97350	HAP Portability-In							\$ 303,441		\$ 303,441
97400	Depreciation Expense		\$ 11,846	\$ 3,727	\$ 1,723	\$ 43,291	\$ 60,731	\$ 2,994,451		\$ 2,994,451
97500	Fraud Losses									
97600	Capital Outlays - Governmental Funds									
97700	Debt Principal Payment - Governmental Funds									
97800	Dwelling Units Rent Expense									
90000	Total Expenses		\$ 78,326	\$ 876,096	\$ 253,150	\$ 371,294	\$ 2,218,767	\$ 40,510,458	\$ (2,537,013)	\$ 37,973,445
10010	Operating Transfer In							\$ 293,598	\$ (293,598)	\$ -
10020	Operating transfer Out							\$ (293,598)	\$ 293,598	\$ -
10030	Operating Transfers from/to Primary Government							\$ 777,605	\$ (777,605)	\$ -
10040	Operating Transfers from/to Component Unit							\$ (777,605)	\$ 777,605	\$ -
10050	Proceeds from Notes, Loans and Bonds									
10060	Proceeds from Property Sales									
10070	Extraordinary Items, Net Gain/Loss									
10080	Special Items (Net Gain/Loss)									
10091	Inter Project Excess Cash Transfer In							\$ 1,160,000	\$ (1,160,000)	\$ -
10092	Inter Project Excess Cash Transfer Out							\$ (1,160,000)	\$ 1,160,000	\$ -
10093	Transfers between Program and Project - In							\$ 238,542	\$ (238,542)	\$ -
10094	Transfers between Project and Program - Out							\$ (238,542)	\$ 238,542	\$ -
10100	Total Other financing Sources (Uses)		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
10000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses		\$ 11,626	\$ (288,621)	\$ 4,817	\$ 437,199	\$ 348,796	\$ 3,196,925	\$ -	\$ 3,196,925
11020	Required Annual Debt Principal Payments		\$ 21,852	\$ -	\$ -	\$ -	\$ -	\$ 142,760		\$ 142,760
11030	Beginning Equity		\$ 493,731	\$ 8,699,584	\$ (13,677)	\$ 6,152,140	\$ 4,101,373	\$ 85,133,395		\$ 85,133,395
11040	Prior Period Adjustments, Equity Transfers and Correction of Errors							\$ 38,457		\$ 38,457
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							\$ 1,597,249		\$ 1,597,249
11180	Housing Assistance Payments Equity							\$ 318,873		\$ 318,873
11190	Unit Months Available		144			156		50401		50401
11210	Number of Unit Months Leased		144			156		50166		50166
11270	Excess Cash							\$ 5,801,381		\$ 5,801,381
11610	Land Purchases							\$ -	\$ -	\$ -
11620	Building Purchases							\$ -	\$ 2,826,031	\$ 2,826,031
11630	Furniture & Equipment - Dwelling Purchases							\$ -	\$ 15,289	\$ 15,289
11640	Furniture & Equipment - Administrative Purchases							\$ 6,600	\$ 35,200	\$ 35,200
11650	Leasehold Improvements Purchases							\$ -	\$ 51,307	\$ 51,307
11660	Infrastructure Purchases							\$ -	\$ -	\$ -
13510	CFPP Debt Service Payments							\$ -	\$ -	\$ -
13901	Replacement Housing Factor Funds							\$ -	\$ 133,596	\$ 133,596

COMPLIANCE SECTION

Newport News Redevelopment and Housing Authority
Newport News, Virginia

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2017

	<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	\$ 8,383,862	\$ 4,718,932
Capital Fund Program	14.872	\$ 10,287,008	3,427,769
Housing Assistance Payments Program:			
Housing Choice Voucher Program	14.871	\$ 21,889,856	21,889,856
Housing Assistance Payments Program:			
Section 8 Moderate Rehabilitation - Single Room Occupancy			
VA003SRO004 - 2016-2017 funding	14.249	\$ 469,612	469,612
Section 8 New Construction and Substantial Rehabilitation through the Virginia Housing Development Authority			
Transition Center, VA36H027032	14.182	\$ 54,789	54,789
Housing Assistance Payments Program:			
Substantial Rehabilitation	14.195	\$ 383,704	383,704
TOTAL SECTION 8 PROJECT BASED CLUSTER			<u>908,105</u>
Family Self-Sufficiency Coordinator	14.896	\$ 294,901	181,991
Service Coordinators	14.870	\$ 385,932	139,164
Continuum of Care			
Special Needs Assistance			
VA0055L3F051508	14.267	\$ 90,142	<u>90,142</u>
TOTAL HUD			<u>31,355,959</u>
TOTAL DIRECT			<u>31,355,959</u>

Newport News Redevelopment and Housing Authority
Newport News, Virginia

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(Continued)

FOR THE YEAR ENDED JUNE 30, 2017

	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	\$ 927,017	927,017
HOME Investment Partnerships Program			
M-10-MC-51202	14.239	\$ 16,150	16,150
M-12-MC-51202	14.239	\$ 257,413	257,413
M-13-MC-51202	14.239	\$ 31,015	31,015
M-14-MC-51202	14.239	\$ 25,945	25,945
M-15-MC-51202	14.239	\$ 10,000	10,000
		TOTAL INDIRECT	<u>1,267,540</u>
		TOTAL	<u>\$ 32,623,499</u>

Note 1 – Basis of Presentation

The accompanying schedule of expenditure of federal awards (the "Schedule") includes the federal grant activity of the Authority under programs of the federal government for the year ended June 30, 2017. The information in this schedule is presented in accordance with the requirement 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 position, 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 Housing and Urban Development 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 the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

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% de minimis indirect cost rate allowed under the Uniform Guidance or any other indirect cost rate.

Note 4 – Subrecipients

Of the federal expenditures presented in the Schedule, the Authority provided no federal awards to a subrecipient during the year ended June 30, 2017.

**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, 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated March 30, 2018. Our report 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 Standards* and one instance of noncompliance or other matters that is required to be reported under *Specifications for Audits of Authorities, Boards and Commissions*, which is described in the accompanying schedule of findings and questioned costs as item 2017-001.

Authority's Response to the Finding

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

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.

Handwritten signature in cursive script that reads "Cheryl Bekant LLP".

Virginia Beach, Virginia
March 30, 2018

**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, 2017. The Authority's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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, 2017.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, 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.

Handwritten signature in cursive script that reads "Cheryl Bekant LLP".

Virginia Beach, Virginia
March 30, 2018

**Newport News Redevelopment and Housing Authority
Schedule of Findings and Questioned Costs
Year Ended June 30, 2017**

(1) Summary of Auditor's Results

Basic Financial Statements

- A.** The type of report issued on the basic financial statements: **Unmodified opinion**
- B.** Internal control over financial reporting:

Significant deficiencies identified that are not considered a material weakness? **None reported**
Material weaknesses identified? **No**
- C.** Noncompliance material to financial statements noted? **No**
- D.** Noncompliance related to state specifications? **No**

Federal Awards

- E.** Significant deficiencies in internal control over major programs noted? **None reported**
- F.** Material weaknesses in internal control over major programs noted? **No**
- G.** The type of report issued on compliance for major programs: **Unmodified opinion**
- H.** Any audit findings which are required to be reported under Section 200.516(a) of Uniform Guidance?
No
- I.** Major programs are as follows:
 - 1. Housing Choice Voucher Program (CFDA #14.871)
 - 2. Section 8 Project Based Cluster (CFDA #14.182, 14.195, 14.249)
 - 3. Capital Fund Program (CFDA #14.872)
- J.** Dollar threshold used to distinguish between type A and type B programs: **\$978,705**
- K.** Auditee qualified as low-risk auditee? **Yes**

(2) Findings Relating to the Financial Statements Reported in Accordance with *Government Auditing Standards*:

None

(3) Findings and Questioned Costs Relating to Federal Awards:

None

(4) Findings and Questioned Costs Related to Compliance with Commonwealth of Virginia Laws, Regulations, Contracts, and Grants

Finding: 2017-001

Department: City of Newport News City Clerk's Office

Compliance Requirement: Section 2-8 of the *Specifications for Audits of Authorities, Board, and Commissions* (the "Specifications"), issued by the Auditor of Public Accounts of the Commonwealth of Virginia

Type of Finding: Nonmaterial Noncompliance

Criteria:

Section 2.2-3115 of the Code of Virginia requires that local officials file a disclosure form by January 15th of each year.

Condition:

While performing our audit procedures required by Section 2-8 of the Specifications, we noted one (1) of seven (7) Statement of Economic Interest (the "SOEI") forms was not filed.

Cause:

The official forgot to submit their disclosure form.

Effect:

The Authority is not in compliance with the Commonwealth's conflict of interest disclosure filing requirement.

Auditor's Recommendation:

We recommend a procedure be put in place to ensure the SOEI forms for all local officials are properly signed, completed, and filed in accordance with the deadlines required by the Code of Virginia each year.

Management's Response:

The Executive Director will include the form and instructions for the required SOEI statement in each December Board of Commissioners agenda Package.

The Executive Director will request that the City Clerk provide a report regarding any outstanding statements no later than January 21st each year. The Executive Director or her designee will follow up with any Commissioners not in compliance to ensure all statements are filed by the February 1st due date.

(5) Status of Prior Year Findings

None