RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEAR ENDED SEPTEMBER 30, 2015

To be the catalyst for quality affordable housing and community revitalization.

Board of Commissioners

Mr. Robley S. Jones, Chair

Mr. Samuel S. Young Jr., Vice Chair

Ms. Marilyn B. Olds

Mr. Elliott M. Harrigan

Mr. Johnathan Coleman

Mr. Robert J. Adams

Ms. Heidi W. Abott

Mr. Neil S. Kessler

Chief Executive Officer

Mr. T.K. Somanath

Independent Auditors

CliftonLarsonAllen LLP

RICHMOND REDEVELOPMENT HOUSING AUTHORITY
TABLE OF CONTENTS
YEAR ENDED SEPTEMBER 30, 2015

RRHA

Richmond Redevelopment & Housing Authority

BUILDING VIBRANT COMMUNITIES

INDEPENDENT AUDITORS' REPORT

RRHA

Richmond Redevelopment & Housing Authority

BUILDING VIBRANT COMMUNITIES

INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Richmond Redevelopment and Housing Authority
Richmond, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of the Richmond Redevelopment and Housing Authority (the Authority), a political subdivision of the Commonwealth of Virginia, which comprise the statement of net position as of September 30, 2015, and the related statements of revenues, expenses and changes in net position, and cash flows for the year then ended, 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.

Auditors' Responsibility

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

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

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

Basis for Qualified Opinion

As more fully described in Note 11 to the financial statements, the Authority has recognized their proportionate share of the net pension liability under Governmental Accounting Standards Board (GASB) Statement No. 68 at a measurement date more than one year from the end of the fiscal year. The Authority participates in the Virginia Retirement System (VRS) who administers the pension plan for the Authority and other public sector employees in Virginia covered under VRS. VRS is responsible for obtaining the actuarial report determining the net pension liability and the measurement date.

The Authority has included the financial effects of the GASB 68 actuarial valuation report provided by VRS based on a measurement date of June 30, 2014, the most recent available report published by VRS. These effects impacted beginning net position, net pension liability, deferred outflows of resources, deferred inflows of resources and pension expense. Although an updated actuarial valuation report with a measurement date of September 30, 2014 or later would change these amounts, it is not practicable to quantify the financial effects.

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

Qualified Opinion

In our opinion, except for the effects of the measurement of the Authority's proportionate share of the net pension liability as discussed in the Basis for Qualified Opinion paragraph, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Authority as of September 30, 2015, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis-of-Matter

During fiscal year ended September 30, 2015, the Authority adopted GASB Statement No. 68, *Accounting and Financial reporting for Pensions* and the related GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68.* As a result of the implementation of these standards, the Authority reported a restatement for the change in accounting principle (see Note 2). Our auditors' opinion was modified with respect to the restatement as described in the Basis for Qualified Opinion paragraph.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-14 and the schedule of funding progress – OPEB, schedule of Authority's proportionate share of net pension liability and schedule of Authority's contributions – VRS Plan on pages 42-44 be presented to supplement the 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 an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The information identified in the table of contents as other supplementary information is not a required part of the financial statements and is presented for purposes of additional analysis. The schedule of expenditures of federal awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information described in the preceding paragraph is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information identified in the table of contents as other supplementary information and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 2016, 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 result of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Arlington, Virginia
June 21, 2016

INTRODUCTION

This section of the Richmond Redevelopment and Housing Authority's (RRHA) annual financial report presents Management's Discussion and Analysis (MD&A) of RRHA's financial and operating performance during the fiscal year that ended September 30, 2015. Management's discussion and analysis is designed to assist the reader in focusing on significant financial transactions, provide an overview of RRHA's financial activity, and identify changes in RRHA's financial position. The following sections, in conjunction with the financial statements, are designed to focus on RRHA's current year activities, resulting changes, and currently known facts.

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

FINANCIAL HIGHLIGHTS

Statement of Net Position

- The assets of RRHA exceeded its liabilities by $95.3 million (net position). Of this amount, $12.4 million (unrestricted net position) may be used to meet ongoing obligations to creditors, $76.9 million is invested in capital assets, net of debt and $6.0 million is restricted for specific purposes (restricted net position).

- RRHA's total net position decreased by $7.5 million or 7.30% compared to fiscal year 2014.

- RRHA's total assets decreased by $10.7 million from the prior year while RRHA's total liabilities decreased by $6.8 million from the prior year. During fiscal year 2015 RRHA assets decreased as a result of a decrease in Land Held for Resale of $4.0 million due to disposal of assets totaling $1.9 million and an increase in the allowance of Land Held for Resale totaling $2.1 million, a decrease in HUD receipts totaling $2.7 million and a decrease in Fixed Assets totaling $2.7 million. The decrease in Fixed Assets is due to normal depreciation expense of $4.1 million which was offset by an increase in capital spending.

- RRHA's liquidity remains stable at 3.91 to 1. This means that RRHA has the ability to pay its current liabilities at least 3 times over. See discussion of RRHA's liquidity on page 11.

Statement of Revenues, Expenses, and Changes in Net Position

- RRHA's operating expenses exceeded operating revenues by $9.7 million.

- The operating loss includes depreciation expense of $4.1 million primarily associated with the LIPH properties.

- HAP expenses exceeded HAP revenues by $1.4 million. RRHA utilized its HAP reserves to cover the additional HAP expenses.

- Decrease in HUD receipts due to a reduction in HAP funding of $2.3 million and a reduction in the operating subsidy for LIPH of $0.4 million.

- Properties sold and transferred within the Real Estate and Community Development programs were sold and/or transferred for a loss of $2.3 million.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

The following is an overview and analysis of the financial activities of RRHA for the fiscal year ended September 30, 2015. This discussion and analysis is intended to serve as an introduction to RRHA's financial report, which has the following components: basic financial statements, notes to the financial statements, and supplemental information which allow the reader to address relevant questions, broaden a basis for comparison (year-to-year or public housing agency to public housing agency) and enhance RRHA's accountability to its stakeholders.

BASIC FINANCIAL STATEMENTS

The basic financial statements are designed to provide readers with a broad overview of RRHA's finances in a manner similar to private-sector business. RRHA records its transactions for all of its programs as one enterprise fund. The basic financial statements consist of three statements: the Statement of Net Position; the Statement of Revenues, Expenses and Changes in Net Position; and the Statement of Cash Flows.

Statement of Net Position

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

- Net investment in capital assets – represents the net book value of buildings and land, furniture and equipment, and construction in progress less the current outstanding related debt.

- Restricted – resources whose use is subject to constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments less related debt. RRHA's restricted net position balance consists of Family Self Sufficiency escrow, debt service, program income, and excess housing assistance payments.

- Unrestricted – represents those portions of the total net position, which while not restricted, have been designated for a broad range of housing initiatives and future operations of RRHA.

Statement of Revenues, Expenses and Changes in Net Position

The Statement of Revenues, Expenses and Changes in Net Position presents a comparison of RRHA's receipts and disbursements and ultimately shows how net position changed during the year. All changes in net position are recognized as the underlying event occurs, regardless of the timing of the related cash flows. As a result, revenues and expenses are reported in this statement for some items that will not impact cash flows until future fiscal periods.

Statement of Cash Flows

The Statement of Cash Flows provides information that helps to assess RRHA's ability to generate positive future net cash flows, assess RRHA's ability to meet its obligations and its needs for external financing and assess the reasons for differences between net operating income or loss and associated cash receipts and payments. It also helps to assess the effects on RRHA's financial position of both its cash and non-cash investing and financing transactions, if any, during the period.

Notes to Financial Statements

The notes to the financial statements provide additional information that is essential for a full understanding of the information provided in the basic financial statements. The notes also present certain required supplementary information.

Required Supplementary Information and Other Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information and other supplementary information that is not required. The Schedule of Funding Progress included on page 42 presents RRHA's progress in funding its obligation to provide pension benefits to its employees. The Schedule of Authority's Proportionate Share of Net Pension Liability and Schedule of Authority's Contributions for the VRS Pension Plan are on pages 43 through 44. Additionally, the other supplementary information included on pages 46 through 54 presents a Financial Data Schedule and Statement and Certification of Actual Modernization Costs for one grant closed out during the fiscal year.

FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of RRHA's financial position. In the case of RRHA, assets exceeded liabilities by $95.3 million at September 30, 2015.

Net position in capital assets totaling $76.9 million reflect RRHA's investments in capital assets (e.g. land, infrastructure, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. RRHA uses these capital assets to provide services to residents; consequently, these assets are not available for future spending.

An additional portion of the RRHA's net position totaling $6.0 million represents resources that are subject to external restrictions on how they may be used. The remaining balance is unrestricted net position totaling $12.4 million, which may be used to meet RRHA's ongoing obligations to residents and creditors.

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

Table 1 represents the Schedule of Net Position for RRHA as of September 30, 2015 and 2014.

Table 1
Schedule of Net Position

	2015	As Restated 2014	$ Increase/ (Decrease)	% Increase/ (Decrease)
Current and Other Assets	$ 45,220,814	$ 52,834,483	$ (7,613,669)	(14.41)%
Capital Assets	77,175,159	80,275,599	(3,100,440)	(3.86)%
Total Assets	122,395,973	133,110,082	(10,714,109)	(8.05)%
Deferred Outflows of Resources	1,252,632	1,189,819	62,813	5.28%
Current and Other Liabilities	23,000,485	29,042,157	(6,041,672)	(20.80)%
Long-term Debt Outstanding	1,734,474	2,464,549	(730,075)	(29.62)%
Total Liabilities	24,734,959	31,506,706	(6,771,747)	(21.49)%
Deferred Inflows of Resources	3,620,000	-	3,620,000	100.00%
Net Position:				
Net Investment in Capital Assets	76,964,009	79,793,396	(2,829,387)	(3.55)%
Restricted	5,972,695	6,679,083	(706,388)	(10.58)%
Unrestricted	12,356,942	16,320,716	(3,963,774)	(24.29)%
Total Net Position	$ 95,293,646	$ 102,793,195	$ (7,499,549)	(7.30)%

Net position changed as a result of the following:

- Current and Other Assets decreased by $7.6 million or 14.41%. The decrease is due to decreases in the following items: a decrease in Land Held for Resale of $4.0 million due to disposal of assets totaling $1.9 million and an increase in the allowance for Land Held for Resale totaling $2.1 million, a decrease in HUD receipts totaling $2.7 million, a decrease in the IT prepaids of $0.2 million related to the timing of the payment of the Yardi invoice for fiscal 2015, and a decrease in accounts and notes receivable of $0.6 million. Decreases in HUD receipts due to a reduction in HAP funding of $2.3 million and a reduction in the operating subsidy for LIPH of $0.4 million. Decrease in accounts and notes receivable due to the following transactions: receipt of $0.4 million on the Shockoe Hill Lease, receipt of $0.6 million on mortgage payments and a reduction in receivables from HUD totaling $0.3 million. Above is offset by an increase in interest accruals of $0.7 million on the long term receivables for mixed finance developments, Dove and Blackwell.

- Capital assets decreased by $3.1 million or 3.86%. RRHA assets decreased as a result of normal depreciation expense of $4.1 million, which was offset by an increase in Capital spending.

- Current and other liabilities decreased by $6.0 million or 20.80%. The prior period current and other liabilities balance was restated to include net pension liability of $11.1 million reflecting the implementation of GASB 68 as discussed in Note 2. The net pension liability at September 30, 2015 decreased by $4.3 million. Other causes of the decrease include the payment on the payables due HUD totaling $0.7 million and normal mortgage payments due to the city of $0.3 million and payments due to vendors of $1.3 million. The above is offset by an increase in payroll payables of $0.2 million and an increase of $0.3 million in pre-billings to the City of Richmond for CDBG acquisitions.

- Long-term debt outstanding decreased by $0.7 million or 29.62%. The decrease is due to the payment on the Wells Fargo three year note.

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

Table 2
Statements of Revenues, Expenses and Changes in Net Position

	2015	2014	$ Increase/ (Decrease)	% Increase/ (Decrease)
Operating Revenues:				
Tenant Revenue	$ 10,617,497	$ 9,931,066	$ 686,431	6.91%
HUD Grants & Subsidies	42,972,752	47,354,916	(4,382,164)	(9.25)%
Other Government Grants & Subsidies	194,597	405,467	(210,870)	(52.01)%
Sale of Property	1,001,601	77,431	924,170	1193.54%
Other Income	1,932,055	2,785,465	(853,410)	(30.64)%
Mortgage Interest	87,591	118,493	(30,902)	(26.08)%
Total Operating Revenues	56,806,093	60,672,838	(3,866,745)	(6.37)%
Operating Expenses:				
Administrative	12,356,541	13,645,014	(1,288,473)	(9.44)%
Tenant Services	505,083	674,734	(169,651)	(25.14)%
Utilities	10,711,052	10,206,683	504,369	4.94%
Maintenance and Operation	8,219,464	7,952,387	267,077	3.36%
Protective Services	546,168	971,238	(425,070)	(43.77)%
General Expenses	5,942,432	3,349,146	2,593,286	77.43%
Housing Assistance	21,752,108	22,147,085	(394,977)	(1.78)%
Extraordinary Maintenance	-	1,225	(1,225)	(100.00)%
Cost of Property Sold	2,348,445	11,824,970	(9,476,525)	(80.14)%
Depreciation	4,113,131	4,623,508	(510,377)	(11.04)%
Total Operating Expenses	66,494,424	75,395,990	(8,901,566)	(11.81)%
Operating Gain/(Loss)	(9,688,331)	(14,723,152)	5,034,821	
Non-operating Revenues (Expenses):				
Loss on Sale of Assets	-	(311,951)	311,951	(100.00)%
Investment Income	(7,248)	(133,850)	126,602	(94.58)%
Interest Expense	(42,283)	(53,345)	11,062	(20.74)%
Total Non-operating Revenue (Expense), Net	(49,531)	(499,146)	449,615	(90.08)%
Net Income/(Loss) Before Capital Grants	(9,737,862)	(15,222,298)	5,484,436	(36.03)%
Capital Grants/Contributions	2,238,313	3,259,804	(1,021,491)	(31.34)%
Change in Net Position	$ (7,499,549)	$ (11,962,494)	$ 4,462,945	(37.31)%

- Tenant revenues increased by $0.7 million or 6.91% as a result of an increase in excess utility charges.

- Other income decreased $0.9 million or 30.64% primarily as the result of the following: reduction in Dove fees of $0.2 million, reduction in funding for the CNI project of $0.1 million, and reduction in correction of accounts totaling $1.0. The above is offset by an increase in revenues of $0.2 million related to administrative fees recognized on the loan portfolio and funds received for repairs on properties in Blackwell.

- Administrative expenses decreased by $1.3 million or 9.44% as a result of decreases in legal costs totaling $1.6 million and salaries totaling $0.5 million, as a result of vacancies. Management has made a concerted effort to reduce legal expenses with the hiring of the new legal counsel. The decreases are offset by increases in management fees paid to Town at River South of $0.2 million, temporary labor of $0.4 million, set up of the payable due to LIPH for management fees of $0.1 million and use of professional services related to the CNI project of $0.4 million.

- Tenant services decreased by $0.2 million or 25.14% as a result of lower than anticipated costs for resident council of $0.05 million, resident training of $0.08 million, and relocation costs of $0.04 million.

- Maintenance and operation costs increased by $0.3 million or 3.36%. The increase in grounds, plumbing, HVAC, pest control, alarm related activities, and vacancy reduction contract costs totaling $0.8 million. These costs were offset by a decrease in salaries and benefits totaling $0.3 million as a result of vacancies.

- Protective services decreased by $0.4 million or 43.77% as a result of disbanding the RRHA police department in April 2014.

- General expenses increased by $2.6 million or 77.43% as the result of an increase in the allowance for the Land Held for Resale of $2.1 million. The remaining difference is due to the write-off of two properties related to Hope 6.

- Cost of property sold decreased by $9.5 million or 80.14%. In the prior year, the Authority transferred the Shockoe and Coliseum Parking Garages to the City of Richmond, totaling $10 million.

- Loss on sale of assets decreased by $0.3 million or 100% as a result of the write-off of the leasehold improvements related to the 1209 building. RRHA no longer rents the building.

- Capital contributions decreased by $1.0 million or 31.34%. In prior year, RRHA had emergency repairs to the Gilpin stairwells that did not occur in fiscal year 2015.

- Net position decreased primarily due to an increase in the cost of property sold and various changes in operating revenues and operating expenses.

Table 3 shows gross revenues and expenses by program. Program revenues represent funding received by RRHA from HUD and the City of Richmond for fiscal years 2015 and 2014. Program expenses represent amounts spent by RRHA to administer these programs.

Table 3
Statements of Revenues, Expenses and Changes in Net Position

	2015	2014	$ Increase/ (Decrease)	% Increase/ (Decrease)
Program Revenues (Gross):				
Rent and Other	$ 10,617,497	$ 9,931,066	$ 686,431	6.91%
Operating Subsidies/Grants	21,068,612	22,998,973	(1,930,361)	(8.39)%
Capital Grants	2,238,313	3,259,804	(1,021,491)	(31.34)%
HCVP Administrative Fees	1,631,232	1,788,618	(157,386)	(8.80)%
HCVP Subsidy	20,272,908	22,898,074	(2,625,166)	(11.46)%
City Programs	1,448,333	1,936,824	(488,491)	(25.22)%
Investment and Other	808,666	985,433	(176,767)	(17.94)%
Total Program Revenues	58,085,561	63,798,792	(5,713,231)	(8.96)%
Program Expenses (Gross):				
Low Rent Housing	33,863,761	34,108,303	(244,542)	(0.72)%
Other Grants	711,150	811,862	(100,712)	(12.41)%
HCVP Administrative	1,710,758	1,799,871	(89,113)	(4.95)%
HCVP Subsidy	21,721,051	21,726,656	(5,605)	(0.03)%
City Programs	7,084,275	12,273,151	(5,188,876)	(42.28)%
Investment and Other	494,115	5,041,443	(4,547,328)	(90.20)%
Total Program Expenses	65,585,110	75,761,286	(10,176,176)	(13.43)%
Change in Net Position	(7,499,549)	(11,962,494)	4,462,945	(37.31)%
Net Position, October 1	102,793,195	124,698,279	(21,905,084)	(17.57)%
Prior Period Adjustment	-	(9,942,590)	9,942,590	100.00%
Net Position, October 1, As Restated	102,793,195	114,755,689	(11,962,494)	(10.42)%
Net Position, September 30	$ 95,293,646	$ 102,793,195	$ (17,442,139)	(16.97)%

Note: Other federal programs consist of HOPE VI, Ross Grant, and Public Safety.

- Total program revenues decreased by $5.7 million or 8.96%. Capital grants decreased by $1.0 million. In the prior year, RRHA had emergency repairs to the Gilpin stairwells that did not occur in fiscal year 2015. HCVP subsidy decreased by $2.6 million as a result of lower funding from HUD. RRHA utilized HAP reserves to cover the HAP expenses. Investment and other revenue decreased by $0.2 million.

- Total program expenses decreased by $10.2 million or 13.43%. This decrease is primarily due to a decrease in City programs of $5.2 million due to the loss on the sale of properties, primarily the transfer of the parking garages to the City of Richmond for $10 million. The decrease in the loss on the sale of properties is offset by an increase in the allowance on Land Held for Resale of $2.1 million and write-off of two properties totaling $0.7 million related to HOPE VI. Decrease in investment and other expenses of $4.5 million or 90.20% is due to a decrease in legal costs of $1.4 million.

LIQUIDITY

RRHA's "working capital" is the difference between its current assets and current liabilities and represents the "amount of net liquid resources" available for use in the course of ongoing business activities. The "current ratio" reflects the "relationship" of these classifications and is a measure of RRHA's ability to pay short-term obligations.

Table 4
Working Capital and Current Ratio

	2015	2014
Current assets	$ 23,429,884	$ 30,946,113
Less: current liabilities	(5,986,062)	(7,679,549)
Working capital	$ 17,443,822	$ 23,266,564
Current assets	$ 23,429,884	$ 30,946,113
Divided by: current liabilities	5,986,062	7,679,549
Current ratio	3.91:1	4.03:1

RRHA is financially stable as evidenced by its working capital of $17.4 million and its 3.91:1 ratio of current assets to current liabilities at September 30, 2015. HUD's financial assessment considers a current ratio of 1:1 or greater as financially stable. The working capital for RRHA decreased from fiscal year 2014 by $5.8 million and the current ratio also decreased. Current assets decreased at a faster rate than current liabilities. Decrease in current assets is primarily due to a decrease in Land Held for Resale of $4.0 million due to disposal of assets totaling $1.9 million and an increase in the allowance for Land Held for Resale totaling $2.1 million, a decrease in HUD receipts totaling $2.7 million, a decrease in IT prepaids of $0.2 million, related to the timing of the payment of the Yardi invoice for fiscal year 2015, and a decrease in accounts and notes receivable of $0.6 million.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of September 30, 2015, RRHA's capital assets totaled $77,175,159 (net of accumulated depreciation). Included in the capital assets are land, land improvements, buildings and structures, equipment, and construction in progress. See footnote 6 for further details.

Table 5
Capital Assets

	2015	2014
Land	$ 7,366,112	$ 4,332,170
Buildings	160,894,446	159,588,840
Furniture, Equipment and Machinery	9,083,111	8,731,814
Accumulated Depreciation	(101,503,165)	(97,512,747)
Construction in Progress	1,334,655	5,135,522
Total	$ 77,175,159	$ 80,275,599

Long-Term Debt

As of September 30, 2015, RRHA had net outstanding notes, bonds and loans payable totaling $1,734,474. See footnote 8 for further details.

Table 6
Long-Term Debt

	2015	2014
Wells Fargo Line of Credit	$ 620,712	$ 1,331,946
4th and Grace Place Note Payable	765,000	765,000
Diocese of Richmond Note Payable	347,573	366,414
RDC Loan	-	754,122
ROI Loan	2,405	4,076
Subtotal	1,735,690	3,221,558
Less: Eliminations	(1,216)	(757,009)
Total Outstanding Debt	$ 1,734,474	$ 2,464,549

ECONOMIC CONDITIONS AND NEXT YEAR'S BUDGET

The national economy for 2016 showed signs of improvement in several areas. Americans were more confident in the economic conditions and future direction of the economy, job creations improved slightly, and consumer spending increased to the highest level since 2008. It is anticipated that the economy will grow moderately for fiscal 2016. Inflation will be below 1%, and unemployment will decline to 4.0%, although unemployment has been steady at about 4.8%. The national unemployment rate for 2015 improved from the prior year from about 5.7% to 5.1% while the City of Richmond unemployment rate improved slightly for the same time period from about 5.3% to 4.5%.

Along with a modest increase in the economy, the City of Richmond has several competitive advantages. It is geographically positioned as a focal point of economic development along the east coast. The presence of federal and state offices, headquarters of major corporations, numerous health facilities, and the concentration of educational institutions add to its economic vitality. In addition, major semiconductor manufacturing firms have been attracted to Richmond in the past years. The most notable is the Virginia Bio-Technology Research Park, which is home to 45 biotechnology firms and other related companies. Richmond is also home to the Fifth District Federal Reserve Bank and the Fourth Circuit U.S. Court of Appeals. The competitive advantages and the diversity of the labor force have helped Richmond to maintain a stable economy.

A major objective in Richmond is to ensure that downtown is vibrant and healthy because it is a reflection of the entire Richmond metropolitan area. Numerous community and economic development initiatives continue to create investment opportunities. RRHA is a partner and benefactor of the City's efforts. In addition to funds from the City of Richmond, RRHA receives a significant portion of its funding from the U.S. Department of Housing and Urban Development (HUD). RRHA administers several HUD programs including Low Income Public Housing (LIPH), Housing Choice Voucher Programs (HCVP), Capital Grants, HOPE VI, Community Development Block Grant (CDBG), and Home Investment Partnership (HOME) Fund.

External economic and legislative factors outside of HUD's control affect its ability to influence key performance goals. These external factors include economic conditions, unemployment rates, financial lending environment, and tax regulations, as well as other federal, state and local conditions. In addition to the above noted factors, budget constraints could have a direct impact on all HUD programs. Interrelated budgetary and economic factors and a shortage of affordable housing caused by uncontrollable external economic conditions may affect HUD's ability to fund and meet its goals.

Therefore, the FY 2016 budget is conservatively based and is reflective of 2015 federal legislative mandates. The fiscal year (FY) 2016 budget assumes HUD will fund public housing operations at 84% of projected need, fund housing assistant payments at 100% of projected need, and fund the administrative needs of HCVP at 79%. These projected funding levels are consistent with the prior year's funding.

The FY2016 budget also reflects the goals of the Board of Commissioners, Executive Staff and senior leadership of RRHA. These goals include improving property efficiency, completing the HOPE VI and Dove Street redevelopment efforts and planning for the revitalization of Creighton and Whitcomb. Another of RRHA's objective is to increase cash through effective cash management during the fiscal year.

REQUEST FOR INFORMATION

The audited financial statements provide a general overview of RRHA's financial transactions. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Controller, Richmond Redevelopment and Housing Authority, 901 Chamberlayne Parkway, Richmond, Virginia 23220.

ACKNOWLEDGMENTS

This report was prepared by the Richmond Redevelopment and Housing Authority's Finance Department under the direction of T.K. Somanath, Chief Executive Officer and the leadership of Stacey L. Daniels-Fayson, CPA, Controller, with assistance from:

Financial Reporting Team:	Operations Team:
Chantal Arnassan	Lucinda Horsey, CPA
Suresh Batra	Genelle Frizzelle
Pamela Thompson	Sherlene Hassan
Rachel Vovchuk	Belinda Hawkins
Tianna Wooldridge	Selma Thompson

The Department of Finance wishes to express its appreciation to the Board of Commissioners, the Chief Executive Officer and all RRHA Departments and other organizations for their support.

RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
STATEMENT OF NET POSITION
SEPTEMBER 30, 2015

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	
CURRENT ASSETS	
Cash and Cash Equivalents (Note 3)	$ 2,726,713
Restricted Cash and Cash Equivalents (Note 3)	7,743,760
Accounts Receivables, Net of Allowance of $149,877 (Note 4)	2,557,553
Mortgage Loans and Notes Receivable - Current, Net of Allowance of $45,448 (Note 5)	398,008
Land Held for Resale, Net of Allowance of $2,224,063 (Note 7)	9,431,880
Other Assets, Net of Allowance of $48,445	571,970
Total Current Assets	23,429,884
NONCURRENT ASSETS	
Capital Assets - Non-depreciable (Note 6)	
Land	7,366,112
CIP	1,334,655
Total Capital Assets - Non-depreciable	8,700,767
Capital Assets - Depreciable (Note 6)	
Buildings and Improvements	160,894,446
Furniture and Equipment	9,083,111
Accumulated Depreciation	(101,503,165)
Total Capital Assets - Depreciable	68,474,392
Capital Assets, Net	77,175,159
Mortgage Loans and Notes Receivable - Noncurrent, Net of Allowance of $1,661,378 (Note 5)	21,349,202
Investment in Joint Venture	441,728
Total Noncurrent Assets	98,966,089
Total Assets	122,395,973
DEFERRED OUTFLOW OF RESOURCES	1,252,632
Total Assets and Deferred Outlow of Resources	$ 123,648,605
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	
CURRENT LIABILITIES	
Current Portion Long-Term Debt (Note 8)	$ 641,678
Accounts Payable (Note 9)	1,378,821
Due to Other Governments, Current (Note 9)	1,039,358
Compensated Absences, Current (Note 9)	715,184
Accrued Liabilities (Note 9)	1,198,218
Tenant Security Deposits/FSS Escrows (Note 9)	601,550
Other Current Liabilities (Note 9)	23,313
Unearned Revenues (Note 9)	387,940
Total Current Liabilities	5,986,062
NONCURRENT AND OTHER LIABILITIES	
Long-Term Debt, Net of Current (Note 8)	1,092,796
Other Noncurrent Liabilities (Note 9)	8,599,279
Accrued Pension and OPEB Liability (Note 12)	9,056,822
Total Noncurrent Liabilities	18,748,897
Total Liabilities	24,734,959
DEFERRED INFLOW OF RESOURCES	3,620,000
NET POSITION	
Net Investment in Capital Assets	76,964,009
Restricted	5,972,695
Unrestricted	12,356,942
Total Net Position	95,293,646
Total Liabilities, Deferred Inflow of Resources and Net Position	$ 123,648,605

See accompanying Notes to Financial Statements.

RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED SEPTEMBER 30, 2015

OPERATING REVENUES	
Dwelling Rental	$ 10,617,497
HUD Grants and Subsidies	42,972,752
Other Government Grants and Subsidies	194,597
Sale of Property	1,001,601
Other Income	1,932,055
Mortgage Interest	87,591
Total Operating Revenues	56,806,093
OPERATING EXPENSES	
Administration	12,356,541
Tenant Services	505,083
Utilities	10,711,052
Maintenance and Operation	8,219,464
Protective Services	546,168
General Expenses	5,942,432
Housing Assistance Payments	21,752,108
Cost of Property Sold	2,348,445
Depreciation	4,113,131
Total Operating Expenses	66,494,424
Total Operating Loss	(9,688,331)
Nonoperating Revenues (Expenses):	
Loss on Sale of Assets	-
Investment Income	(7,248)
Interest Expense	(42,283)
Total Nonoperating Revenues (Expenses)	(49,531)
Loss Before Capital Grants	(9,737,862)
CAPITAL GRANTS	2,238,313
CHANGE IN NET POSITION	(7,499,549)
Net Position - Beginning of Year, as Restated	102,793,195
NET POSITION - END OF YEAR	$ 95,293,646

See accompanying Notes to Financial Statements.

RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2015

CASH FLOWS FROM OPERATING ACTIVITIES	
Rental Receipts	$ 10,566,187
Direct HUD Subsidies	43,244,564
Other Government Grants and Subsidies	477,317
Charges for services	3,418,368
Payments to Employees	(13,652,377)
Housing Operations and Tenant Services	(29,529,867)
Housing assistance payments	(21,752,108)
Net Cash Used by Operating Activities	(7,227,916)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Issuance of Notes Payable	-
Interest Payments	(42,283)
Principal Payments on Bonds and Loans Payable	(730,075)
Net Cash Used by Noncapital Financing Activities	(772,358)
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES	
Acquisition of Capital Assets, Net	(2,410,455)
Proceeds from Disposal of Capital Assets	1,397,764
Capital Contributions	2,238,313
Net Cash Provided by Capital Financing Activities	1,225,622
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from Land Held for Resale	4,020,887
Loss on Investment	17,496
Interest Income	(7,248)
Net Cash Provided by Investing Activities	4,031,135
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2,743,517)
Cash and Cash Equivalents - Beginning of Year	13,213,990
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 10,470,473
CLASSIFIED AS	
Cash and Cash Equivalents	$ 2,726,713
Restricted Cash	7,743,760
TOTAL	$ 10,470,473
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Net Operating Loss	$ (9,688,331)
Adjustments to Reconcile Cash and Cash Equivalents Used by Operating Activities:	
Depreciation	4,113,131
Bad Debt Expense	853,371
Effects of Changes in Operating Assets and Liabilities, Net of Business Combination and Noncash Items:	
Accounts Receivable	(395,983)
Mortgage Loans, Net	122,166
Other Assets	252,215
Accounts Payable	(1,443,979)
Unearned Revenue	295,741
Tenant Security Deposits	25,048
Accrued Liabilities	(180,403)
Other Liabilities	(252,430)
OPEB / Pension Liability	(928,462)
Net Cash Used by Operating Activities	$ (7,227,916)

See accompanying Notes to Financial Statements.

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

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

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

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

Basis of Accounting, Basis of Presentation and Measurement Focus

RRHA has prepared its financial statements in conformity with Generally Accepted Accounting Principles (GAAP). Government Accounting Standards Board (GASB) Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* (GASB 62), was issued to incorporate FASB and AICPA guidance into GASB authoritative literature.

The Authority uses the accrual basis of accounting in the enterprise funds. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flow takes place.

The Authority uses fund accounting (as presented in the supplemental financial data schedule). Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain Authority functions. The fund is a separate accounting entity with a self-balancing set of accounts. The accounting and financial reporting method applied by a fund is determined by the fund's measurement focus. The accounting objectives are determination of net income, financial position and cash flows. All assets and liabilities associated with the Enterprise Fund's activities are included on the Statement of Net Position. All funds of the Authority are enterprise funds.

Effective for fiscal year 2008, HUD requires all public housing agencies meeting certain criteria to account for financial activity by project. Referred to as the asset management program, RRHA is now required to report financial activity by project as well as by fund through HUD's on-line reporting system.

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

Financial Reporting Entity

RRHA's financial statements are prepared in conformity with GAAP as applied to governmental units. GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Therefore, RRHA's financial statements present the Authority and the following blended component units, which are entities for which the primary government is considered financially accountable.

Richmond Opportunities, Inc. (ROI)

The Richmond Opportunities, Inc. (ROI) is organized as a nonstock corporation exclusively for charitable and educational purposes. The name of the corporation was changed to Richmond Opportunities, Inc. in August 2009. Currently, RRHA's Youth Sports and Fine Arts Academy program operates through ROI. The mission of the Academy is to provide RRHA youth opportunities to participate in a variety of sports and cultural-related activities while receiving intensive, case management services. Bringing youth together from all

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

Financial Reporting Entity (continued)

communities is an opportunity for youth to gain enhanced socialization skills and respect for one another. The Academy deters gang behavior and other anti-social behavior by providing opportunities for youth to interact positively with RRHA and non-RRHA youth reaching across various socio-economic levels. This program is primarily funded through the donations of RRHA employees; the donations are tax deductible.

Randolph Place Associates, L.P.

The Randolph Place Associates, L.P. was a limited partnership created under the laws of the Commonwealth of Virginia on January 10, 1985. The Partnership was formed to acquire, rehabilitate, construct, own, and operate a 50-unit apartment housing project for occupancy by the elderly in Richmond, Virginia. The project was managed by RRHA through the Randolph Place Development Corporation (RPDC), a wholly owned subsidiary of RRHA, which was a general partner.

On November 1, 2007, the 50-unit apartment was sold to a subsidiary of Better Housing Coalition. The Randolph Place Associates limited partnership was dissolved effective August 2, 2007 and there is discussion to repurpose the RPDC to carry out for-profit development.

Richmond Development Corporation (RDC)

The Richmond Development Corporation (RDC), formerly known as Randolph Neighborhood and Development Corporation (RNDC), obtained a Section 501(c) (3) tax-exempt status as a public charity on January 11, 1982. The name of the corporation was changed to Richmond Development Corporation in February 1998. The purpose of the Corporation is to build vibrant and sustainable neighborhoods in Richmond through housing and commercial development activities. This Corporation will be the vehicle used to obtain tax credits and funding for several of RRHA's strategic initiatives.

These entities are deemed blended component units and therefore, the operating activities are included in the Authority's basic financial statements. Two of the entities have calendar year ends and one has a June 30 fiscal year end. Accordingly, the amounts included for each blended component unit in the financial statements are as of and for the respective year ends that fall within the year ended September 30, 2015.

Cash Equivalents

Highly liquid investments, including money market funds and certificates of deposit, with initial maturities of three months or less from the date of purchase are considered cash equivalents.

Receivables

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

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

Mortgage Loans Receivable

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

Inventories

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

Capital Assets

Capital assets, mainly buildings and structures, land, land improvements and equipment, are generally stated at historical cost, or at estimated historical cost based on appraisals or on other acceptable methods when historical cost is not available. RRHA defines capital assets as items with an initial, individual cost of more than $5,000 and an estimated useful life of at least 5 years. Donated fixed assets are stated at their fair market value as of the date of the donation.

Accumulated depreciation is reported as a reduction of fixed assets. Depreciation is calculated on the straight-line basis over the following estimated useful lives.

Building and structures	40 - 50 years
Building improvements	15 - 40 years
Equipment	5 - 20 years
Land improvements	20 years

Construction in Progress

Construction in Progress represents expended funds for certain Housing Modernization programs. At the completion of the project, amounts are transferred to land and land improvements; buildings and structures; and equipment. Administrative, overhead and other costs, which do not increase the value of the property, are expensed as incurred.

Land Held for Resale

Land Held for Resale is recorded at the lower of cost or fair market value when purchased or donated, less estimated disposal costs.

Debt Obligations

Debt is carried at the outstanding face amount, net of any remaining unamortized premium or discount.

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

Compensated Absences

The liabilities for compensated absences have been recorded in accordance with the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*. The current leave policy in effect (Policy #2.3 effective January 1, 2008) states that employees earn annual vacation leave at a rate ranging from 22.75 days per year, up to a maximum of 29.25 days per year after 15 years of service.

According to this policy, the maximum balance at the end of each fiscal year and maximum payment upon separation is noted in the following table.

Years of Service	Number of Days Earned per Year	Maximum Balance End of the Year	Maximum Payment Upon Separation
Less than five years	22.75 days	24 days	24 days
5-9 years	26 days	30 days	30 days
10-14 years	26 days	36 days	36 days
15 or more years	29.25 days	42 days	36 days

Net Position

Net position in enterprise fund financial statements is classified as net investment in capital assets, restricted, and unrestricted. Net investment in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors, laws and regulations of other governments or imposed by law through state statute. RRHA's restricted net position consists of escrows held for debt service payments, reserve accounts, program income for the City, and excess housing assistance payments. Unrestricted net position consists of assets that are not subject to externally imposed stipulations. The unrestricted net position may be designated for specific purposes by action of management or the board or may otherwise be limited by contractual agreements with outside parties. The Authority first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net resources are available.

Unearned Revenue

Unearned revenue shown on the Statement of Net Position is comprised of revenue amounts for which asset recognition criteria have been met but for which revenue recognition criteria have not yet been met.

Revenue Recognition

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

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

Revenue Recognition (continued)

RRHA has entered into annual contributions contracts with HUD to develop, manage, own, and rent affordable housing. HUD makes annual debt service contributions and monthly operating subsidy contributions within the public housing program and monthly contributions for housing assistance payments and administration fees for the HCVP program. Such operating contributions are reflected as operating revenues in the accompanying Statement of Revenues, Expenses and Changes in Net Position. Capital contributions are presented as a separate component in determining the change in net assets for the year on the Statement of Revenues, Expenses and Changes in Net Position.

Other intergovernmental revenues, which are primarily derived from the City of Richmond, are reported under the legal contractual requirements of the individual programs.

Home sales revenues are recorded at the time of closing and are reported under the legal contractual requirement of the individual program and are reported as operating revenues.

Non-operating Revenues and Expenses

Operating revenues and expenses generally result from providing goods and services in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. RRHA reports as non-operating revenue and expense amounts arising from capital asset transactions, investment related activities and intergovernmental debt service related transactions.

Inter-program Transfers

Transfers among programs are recognized in all programs affected in the period in which the transfers occur. The inter-program activity was eliminated from the Statement of Net Position for presentation purposes in the audited statements at September 30, 2015. The inter-program transfers are included in the supplemental information.

Pension Plans

RRHA participates in a defined benefit pension plan administered by the Virginia Retirement System. It is RRHA's policy to fund the normal cost and amortization of unfunded prior service cost (over 30 years). RRHA also provides post-employment benefits other than pensions in the form of health-related insurance. Expenses are recognized as incurred.

Deferred Outflows/Inflows of Resources

A deferred outflow of resources represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenditure) until the future period. The Authority recognizes deferred outflows for contributions made subsequent to the measurement date related to pensions.

A deferred inflow of resources represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until the future period. The Authority recognizes deferred inflows for the difference between the projected and actual investment earnings related to pensions as well as changes in the proportion of pension related to the Authority.

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

Income Taxes

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

Use of Estimates

The preparation of the financial statements in conformity with GAAP requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses reported during the reporting period. Actual results could differ from those estimates.

New Accounting Pronouncements

In fiscal year 2015, the Authority implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27* and the related GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*. This Statement improves accounting and financial reporting by state and local government employers for the pension in which they are involved. The Authority is now required to record a liability for future pension benefits in excess of accumulated plan contributions. The cumulative effect of the accounting change in connection with the implementation of GASB No. 68 was a reduction in net position of $9,942,590 as of the beginning of 2014 (see Note 2).

The Authority also implemented GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. This Statement has no impact on the Authority.

NOTE 2 CHANGES IN ACCOUNTING PRINCIPLES

In accordance with GASB Nos. 68 and 71, which were adopted effective October 1, 2014, the Authority restated the October 1, 2014 net position as follows:

Net Position, October 1, 2014, as Previously Stated	$ 112,735,785
Cumulative Effect of Application of GASB 68, Net Pension Liability	(11,132,409)
Cumulative Effect of Application of GASB 71, Deferred Outflow of Resources for Board Contributions Made to the Plan During the Fiscal Year Ending September 30,	1,189,819
Net Position, October 1, 2014, as Restated	$ 102,793,195

NOTE 3 CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash

At September 30, 2015, cash on hand, cash items and petty cash totaled $7,770,314 and the value of RRHA's deposits with financial institutions totaled $8,270,957.

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

Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, RRHA's deposits may not be returned to it. It is RRHA's policy to ensure that all deposits with financial institutions are covered by either federal deposit insurance or the provisions of the Virginia Security for Public Deposits Act (the Act). Under the Act, financial institutions may participate in the collateral pool by pledging collateral in excess of 50% of excess deposits in the name of the State Treasury Board. The Code of Virginia §2.2-4405(5), as amended, authorizes the State Treasury Board to "[e]stablish guidelines to permit banks to withdraw from the procedures for the payment of losses under §2.2-4403 [, as amended,] and instead be governed by the procedures for the payment of losses under §2.2-4404 [, as amended]. The State Treasury Board publishes lists of those financial institutions opting out of the collateral pool which did not meet the collateral requirements in accordance with the procedures for the payment of losses. As of September 30, 2015, all bank balances were covered by either federal deposit insurance or the Act.

Cash Equivalents and Investments

Cash equivalents consist of money market funds with initial maturities not exceeding 365 days and average maturities of less than 90 days. RRHA invests in a short term Government & Agency Portfolio. This is a money market fund that aims to maximize current income consistent with the preservation of capital and the maintenance of liquidity. The fund normally invests at least 80% of the assets in direct obligations of the U.S. Treasury and other securities issued or guaranteed as to principal and interest by the U.S. Government, or its agencies and instrumentalities (agency securities), as well as repurchase agreements secured by those obligations. The balance of cash equivalents and investments at September 30, 2015 was $2,700,159.

Interest Rate Risk

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

NOTE 3 CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Cash Equivalents and Investments (Continued)

Credit Risk

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

Custodial Credit Risk - Investments

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

Concentration of Credit Risk

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

The following is the detail of cash equivalents and investments at September 30, 2015:

	Fair Value			
	Unrestricted	Restricted	Total	Ratings
Petty Cash	$ 1,000	$ -	$ 1,000	N/A
Checking Accounts	2,725,202	5,044,112	7,769,314	N/A
Money Market Funds	511	2,699,648	2,700,159	AAAm
Total	$ 2,726,713	$ 7,743,760	$ 10,470,473	

NOTE 4 ACCOUNTS RECEIVABLE

Accounts receivable including applicable allowances for uncollectible accounts at September 30, 2015 consisted of the following:

Tenants (Net of Allowance of $149,877)	$ 404,827
Accounts Receivable - HUD	1,212,487
Other Government	98,385
Miscellaneous	841,854
Total	$ 2,557,553

NOTE 5 MORTGAGE LOANS

The composition of RRHA's mortgage loan portfolio, by collateral type, as of September 30, 2015, is as follows:

	Principal	Accrued Interest	Total
Single-Family Real Estate	$ 7,844,595	$ -	$ 7,844,595
Multi-Family Real Estate	5,401,290	784,257	6,185,547
Commercial Real Estate	7,290,000	2,133,894	9,423,894
Total Mortgage Loans	20,535,885	2,918,151	23,454,036
Less Allowance	(1,706,826)	-	(1,706,826)
Total Mortgage Loans, Net	18,829,059	2,918,151	21,747,210
Less Current Mortgage Loans	(398,008)	-	(398,008)
Non-Current Mortgage Loans	$ 18,431,051	$ 2,918,151	$ 21,349,202

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

Commercial loans were funded from the following sources:

	Principal	Accrued Interest	Total
HUD Programs:			
Hope VI	$ 6,525,000	$ 936,548	$ 7,461,548
City of Richmond Cooperative Agreements:			
4th and Grace Street	765,000	1,197,346	1,962,346
Total Commercial Loans	$ 7,290,000	$ 2,133,894	$ 9,423,894

Related liabilities consist of the following:

Notes Payable - 4th and Grace Street	$ 765,000
Accrued Interest - 4th and Grace Street	1,197,346
Due to City of Richmond - Mortgage Loans	3,162,713
Total	$ 5,125,059

These liabilities are included in accounts payable, due to other governments, and long-term debt, as applicable, in the Statement of Net Position.

NOTE 5 MORTGAGE LOANS (CONTINUED)

Other liabilities to the City of Richmond are due after repayment of the related mortgage loans receivable. RRHA records an allowance for loan loss related to loans made for which RRHA bears the risk of loss. RRHA provides for losses when a specific need for an allowance is identified. The provision for loan losses charged or credited to operating expense is the amount necessary, in management's judgment, to maintain the allowance at a level it believes sufficient to cover losses in collection of loans. Estimates of future losses involve the exercise of management's judgment and assumptions with respect to future conditions. The principal factors considered by management in determining the adequacy of the allowance are the composition of the loan portfolio, historical loss experience, economic conditions, the value and adequacy of collateral, and the current level of the allowance. There was no loss incurred in fiscal year 2015.

NOTE 6 CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2015 is as follows:

	Balance October 1, 2014	Increases	Decreases	Transfers/ Capitalizations	Balance September 30, 2015
Capital Assets Not Being Depreciated:					
Land	$ 4,332,170	$ -	$ -	$ 3,033,942	$ 7,366,112
Construction in Progress (CIP)	5,135,522	2,410,455	(1,046,155)	(5,165,167)	1,334,655
Total Capital Assets Not Being depreciated	9,467,692	2,410,455	(1,046,155)	(2,131,225)	8,700,767
Capital Assets Being Depreciated:					
Land Improvements	7,770,179	-	-	977,528	8,747,707
Building and Structures	151,818,661	-	-	328,078	152,146,739
Equipment	8,731,814	-	(93,377)	444,674	9,083,111
Total Capital Assets Being Depreciated	168,320,654	-	(93,377)	1,750,280	169,977,557
Less Accumulated Depreciation:	97,512,747	4,113,131	(122,713)	-	101,503,165
Total Capital Assets Being Depreciated, Net	70,807,907	(4,113,131)	29,336	1,750,280	68,474,392
Total Capital Assets, Net	$ 80,275,599	$ (1,702,676)	$ (1,016,819)	$ (380,945)	$ 77,175,159

NOTE 7 LAND HELD FOR RESALE

Activity in the land held for resale account for the year ended September 30, 2015 is as follows:

	Balance October 1, 2014	Increases	Decreases	Transfers	Balance September 30, 2015
Land Held for Resale	$ 13,576,980	$ -	$ (1,941,372)	$ 20,335	$ 11,655,943
Less: Allowance	124,213	2,099,850	-	-	2,224,063
Total Land Held for Resale, Net	$ 13,452,767	$ (2,099,850)	$ (1,941,372)	$ 20,335	$ 9,431,880

NOTE 8 DEBT OBLIGATIONS

Changes in the total long-term debt during the year ended September 30, 2015 are summarized below. These debt obligations of RRHA are not held or guaranteed by HUD.

	Balance October 1, 2014	Additions	Forgiveness/ Reductions	Balance September 30, 2015	Due Within One Year
Wells Fargo Note[1]	$ 1,331,946	$ -	$ (711,234)	$ 620,712	$ 620,712
4th & Grace Place Note[2]	765,000	-	-	765,000	-
Diocese of Richmond[3]	366,414	-	(18,841)	347,573	20,966
RDC Loan[4]	754,122	-	(754,122)	-	-
ROI Loan[5]	4,076	-	(1,671)	2,405	1,189
Subtotal	3,221,558	-	(1,485,868)	1,735,690	642,867
Less: Eliminations	(757,009)	-	755,793	(1,216)	(1,189)
Grand Total	$ 2,464,549	$ -	$ (730,075)	$ 1,734,474	$ 641,678

[1]Wells Fargo Non-Revolving Line of Credit Note: Original Date December 21, 2005 renewed in the amount of $1,704,864 effective August 31, 2013. Interest to accrue on principal balance; rate may change day to day based on the Daily One Month LIBOR plus 1.50%. The line of credit has been extended through May 1, 2016.

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

[3]Dated August 28, 2012, interest rate of 6.0%, maturing September 1, 2017.

[4]Dated December 1, 2010, interest rate of 7.0%. This loan is between the Authority and RDC, a blended component unit and is therefore eliminated for financial statement purposes.

[5]Dated July 15, 2011, interest rate of 3.0%. This loan is between the Authority and ROI, a blended component unit and is therefore eliminated for financial statement purposes.

The principal payment obligations related to bonds and loans payable for the five years commencing October 1, 2015, and thereafter are as follows:

	Notes and Loans	
Year Ended September 30,	Principal	Interest
2016	$ 641,678	$ 27,496
2017	327,796	19,668
2018	-	-
2019	-	-
2020	-	-
2021-2023	765,000	-
Total	$ 1,734,474	$ 47,164

NOTE 9 OTHER LIABILITIES

Activity in RRHA's liability accounts which include the component units, other than bonds, loans payable and long-term notes payable, for fiscal year 2015 was as follows:

	Balance October 1, 2014	Increases	Reductions	Balance September 30, 2015	Due Within One Year
Accounts Payable	$ 2,822,800	$ 53,950,673	$ (55,394,652)	$ 1,378,821	$ 1,378,821
Due to Other Governments	4,439,460	2,288,978	(2,544,638)	4,183,800	1,039,358
Accrued Liabilities	1,342,615	34,025,475	(34,169,838)	1,198,252	1,198,218
Compensated Absences	751,190	813,807	(849,813)	715,184	715,184
Tenant Security Deposits	576,502	184,647	(159,599)	601,550	601,550
Unearned Revenues	3,392,418	2,803,857	(2,531,920)	3,664,355	387,940
Other Current Liabilities	25,374	67,792	(69,853)	23,313	23,313
Other Noncurrent Liabilities	2,149,327	400,796	(371,735)	2,178,388	-
Pension and OPEB Liability	2,410,062	7,191,762	(545,002)	9,056,822	-
Total	$ 17,909,748	$ 101,727,787	$ (96,637,050)	$ 23,000,485	$ 5,344,384

NOTE 10 CONDUIT DEBT

RRHA, with the approval of the City or other Commonwealth of Virginia local governmental entities, may issue and sell debt to finance the acquisition, development, construction and/or rehabilitation of mixed-use and/or multi-family housing projects and commercial facilities deemed to be in the public interest. Such debt is payable solely from the revenue of the projects, which are owned by the developers, and does not constitute a debt or pledge of the faith and credit of RRHA, the Commonwealth of Virginia or any political subdivision thereof. Accordingly, such debt and related assets are not presented in the financial statements. The aggregate amount of all conduit debt obligations outstanding totaled $105,469,417 as of September 30, 2015.

NOTE 11 DEFINED BENEFIT PENSION PLAN

Modification of Opinion

The most recent actuarial valuation report provided by the Virginia Retirement System (VRS) related to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27* and the related GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68* used a measurement date of June 30, 2014 to determine the net pension liability. GASB 68 requires a measurement date no earlier than the end of the employer's prior fiscal year, or September 30, 2014 in the case of the Authority. Therefore, the valuation report issued by VRS is outdated for the Authority's September 30, 2015 financial statements.

VRS provides retirement benefits to multiple employers in the state of Virginia and is responsible for procuring the actuarial valuation report used to determine the net pension liability for employers participating in VRS. The Authority has no control over the timing or content of the actuarial valuation report and therefore has no responsibility for selecting the measurement date used in the report. VRS is aware that some employers participating in VRS cannot use the most recent available report, but as of the date of our opinion on the Authority's September 30, 2015 financial statements no updated report was available.

NOTE 11 DEFINED BENEFIT PENSION PLAN (CONTINUED)

Modification of Opinion (Continued)

The Authority has included the financial effects of the GASB 68 valuation report with the June 30, 2014 measurement date as this represents the most recent data available. Although a report with a more recent measurement date would result in changes to the net pension liability and other financial components, it is not practical to estimate the effects of those changes on the financial statements.

Plan Description

RRHA contributes to the VRS, an agent, multiple-employer defined benefit public employee retirement system with separate cost-sharing pools for state employees and teachers. The plan is administered by the Board of Trustees of the Virginia Retirement System and provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Beginning January 1, 2014, employees newly covered under VRS were enrolled in the new VRS Hybrid Retirement Plan (Hybrid Plan). The Hybrid Plan combines the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members had the option of converting to the new Hybrid Plan. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the Commonwealth of Virginia legislature. VRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of that report may be obtained by writing VRS at P.O. Box 2500, Richmond, VA 23218-2500.

Plan Benefits and Membership

All full-time, salaried permanent employees must participate in the VRS as a member of Plan 1, Plan 2 or the Hybrid Plan. Plan 1 includes members hired prior to July 1, 2010, and who were vested as of January 1, 2013. Plan 2 includes members hired on or after July 1, 2010, or members hired prior to July 1, 2010 and who were not vested as of January 1, 2013. The Hybrid Plan includes members hired on or after January 1, 2014 or those who elect the plan. Benefits vest after five years of service. Plan 1 members who retire at or after age 65 with at least five years of credited service are entitled to an annual retirement benefit payable monthly for life in an amount equal to 1.70 percent of their average final compensation (AFC) times years of service. Plan 2 members who retire after reaching Social Security normal retirement age plus five years of service are entitled to an annual retirement benefit payable monthly for life in an amount equal to 1.70 percent of their AFC times years of service up to January 1, 2013 plus 1.65% of AFC times years of service from January 1, 2013. Hybrid Plan members who retire after reaching Social Security normal retirement age plus five years of service are entitled to an annual retirement benefit payable monthly for life in an amount equal to 1.00% of AFC times years of service.

NOTE 11 DEFINED BENEFIT PENSION PLAN (CONTINUED)

Plan Benefits and Membership (continued)

AFC is defined as the average of the highest consecutive 36 months of salary for Plan 1 members and the average of the highest 60 consecutive months of salary for Plan 2 and Hybrid Plan members. An optional reduced retirement benefit is available to Plan 1 members of VRS as early as age 50 with 10 years of credited service or age 55 with at least five years of credited service. No reduction applies if the member has credit for 30 years of services at retirement and is at least 50. Plan 2 and Hybrid Plan members may retire after reaching age 60 with five years of service, or upon the sum of their age and their years of service being 90. In addition, retirees qualify for annual cost-of-living increases beginning in their second year of retirement. Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits. As of the June 30, 2015 valuation report, the plan had 269 active members, 241 retirees & beneficiaries, and 169 inactive vested & non-vested members.

Funding Policy

All active members of Plan 1 or Plan 2 contribute 5.00% of their creditable compensation per year. The employer may “pick-up” the member’s contributions under the provision of the Internal Revenue Code Section 414(h). Creditable compensation equals annual salary minus overtime pay, payments of a temporary nature, or payment for extra duties. RRHA has assumed the full amount of the member contribution which for 2015 was 5.0%. In addition, RRHA is required to contribute the remaining amounts necessary to fund the VRS using the actuarial basis specified by statute. Members of the Hybrid Plan are required to contribute 1% of their creditable compensation per year to the defined contribution component of the Hybrid Plan and active members may make voluntary additional contributions of up to 4% of their creditable compensation. The recommended employer contribution consists of the normal cost and the amortization of the unfunded actuarial liability. The employer contribution rates are computed as level percentages of payroll and are determined using the entry age normal cost method. The recommended employer contribution rate for 2015 was 12.40%.

Unfunded liabilities are amortized under a thirty year period from the valuation date decreasing by one each year in subsequent valuations until reaching 20 years. RRHA’s actual contributions to the VRS for fiscal years June 30, 2015, 2014 and 2013 were $1,252,632, $1,242,573, and $1,330,828, respectively and were equal to the required contributions.

Net Pension Liability

The net pension liability (NPL) was calculated for each entity within VRS based on a methodology that allocates the NPL and pension amounts based on the proportion of the total contributions made by each entity during the measurement period. The NPL was determined based on an actuarial valuation as of June 30, 2013, using updated actuarial assumptions applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014. The proportionate share for the Authority is 0.1216%. At September 30, 2015 the Authority reported a NPL of $6,807,889 for its proportionate share of the NPL.

NOTE 11 DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

For the year ended September 30, 2015, the Authority recognized pension expense of $485,299. At September 30, 2015, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	$ -	$ 3,620,000
Authority Contributions Subsequent to the Measurement Date	1,252,632	-
Total	$ 1,252,632	$ 3,620,000

Actuarial Assumptions

The $1,252,632 reported as deferred outflows of resources related to pensions related from the Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended September 30:	Amount
2016	$ (905,000)
2017	(905,000)
2018	(905,000)
2019	(905,000)

The total pension liability (TPL) for the year ended June 30, 2014 was determined as part of the June 30, 2013 actuarial valuation using the entry age actuarial cost method and rolled forward to the measurement date of June 30, 2014. Significant actuarial assumptions used in the valuation included:

Inflation	2.50%
Salary Increases, Including Inflation	3.00%
Investment Rate of Return, Net of Plan Investment Expenses	7.00%

Mortality rates with adjustments for mortality improvements post-retirement were based on the RP 2000 Mortality tables projected to 2020 using Scale AA.

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012.

NOTE 11 DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Assumptions (Continued)

The long-term expected rate of return on pension plan assets was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan 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. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2014 are summarized in the following table.

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
US Equities	19.50%	6.46%
Developed Non-US Equities	16.50%	6.28%
Emerging Market Equity	6.00%	10.00%
Fixed Income	15.00%	0.09%
Emerging Debt	3.00%	3.51%
Rate Sensitive Credit	4.50%	3.51%
Non Rate Sensitive Credit	4.50%	5.00%
Convertibles	3.00%	4.81%
Public Real Estate	2.25%	6.12%
Private Real Estate	12.75%	7.10%
Private Equity	12.00%	10.41%
Cash	1.00%	-1.50%

Discount Rate

The discount rate used to measure the collective total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board and the member rate.

Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the Authority's share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease -6.00%	Current Discount Rate (7.00%)	1% Increase -8.00%
Total State Employee's Net Pension Liability	$ 8,201,094,000	$ 5,598,398,000	$ 3,415,966,000
Authority's Proportionate Share	14,344,000	6,807,889	469,000

NOTE 11 DEFINED BENEFIT PENSION PLAN (CONTINUED)

Additional Financial and Actuarial Information

Additional financial and actuarial information with respect to the Plans can be found in the Virginia Retirement System 2014 Comprehensive Annual Financial Report available online at www.varetire.org or by contacting the System at (804) 289-5919.

NOTE 12 POST RETIREMENT BENEFITS OTHER THAN PENSION BENEFITS

Plan Description

The post-retirement benefits plan is a cost-sharing single-employer defined benefit healthcare plan that finances hospital, medical, dental, and prescription drug insurance for eligible retirees. General information regarding the plans and their benefits is described in RRHA's Summary Plan Descriptions. Plan documents govern the provisions of the benefit plans. There were 57 retirees receiving benefits and 115 active plan members at the valuation date of September 30, 2014. The Plan does not issue a publicly available financial report.

In March 2011, RRHA's Board of Commissioners approved a plan that would phase-out the health insurance for retirees by February 28, 2022. The changes are as follows:

- Only eligible persons hired on or before March 31, 2011, can participate in RRHA's retiree healthcare plan while it exists. Employees hired on or after April 1, 2011 will not have access to the plan.
- Starting in January 2012, RRHA began gradually phasing out the retiree healthcare plan. The retiree healthcare plan will end completely by February 28, 2022.
- Through February 28, 2022, RRHA plans to continue to offer a healthcare plan to eligible retirees under the age of 65 and continue to provide the subsidy of $225 per month, and
- Through December 31, 2016, RRHA plans to continue to offer a Medicare supplement plan to eligible retirees age 65 and over and to continue to provide those retirees with the subsidy of $152 per month.

Funding Policy

The contribution requirements of plan members are established and may be amended by the Board of Commissioners. Funding for these benefits is currently made on a pay-as-you-go basis. For eligible employees and retirees, RRHA currently contributes approximately 72% towards the cost of health premiums. Contribution rates of the employee or retiree are determined based on the plan selected by the employee or retiree. The monthly rates paid by the plan members are described in the Summary Plan Description.

NOTE 12 POST RETIREMENT BENEFITS OTHER THAN PENSION BENEFITS (CONTINUED)

Annual OPEB Cost and Net OPEB Obligation

RRHA's annual OPEB cost (expense) is calculated based on the ARC of the employer, an amount that was actuarially determined by using the Entry Age Actuarial Cost Method, an amount actuarially determined in accordance with the parameters of GASB Statement 45. Under this method, the normal cost rate is the percentage of pay contribution which would be sufficient to fund the plan benefits if it were paid from each member's entry into the plan until termination or retirement. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year. Management has chosen to amortize any unfunded actuarial liabilities (of funding excess) over a period of eleven years to coincide with the termination of all benefits by February 28, 2022 as described in the Funding Status and Funding Progress section. The following table shows the components to the Plan, and changes in RRHA's net OPEB obligations.

RRHA's AOC and the net OPEB obligation (NOPEBO) as of September 30, 2015 were as follows:

Annual Required Contribution	$ 167,424
Interest on Net OPEB Obligation	72,302
Adjustment to Annual Required Contribution	(295,340)
Contribution Made	(105,516)
Decrease in Net OPEB Obligation	(161,130)
Net OPEB Obligation, Beginning of Year	2,410,062
Net OPEB Obligation, End of Year	$ 2,248,932

The percentage of AOC contributed was 169.3 percent.

The Authority's annual OPEB cost, the percentage of annual OPEB cost contributions to the Plan, and the net OPEB obligations for the years ended September 30, 2015 and 2014 were as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
9/30/2009	$ 1,279,298	27.5%	$ 1,856,000
9/30/2010	1,158,879	15.9%	2,739,091
9/30/2011	25,776	642.6%	2,599,330
9/30/2012	141,846	138.0%	2,549,739
9/30/2013	68,615	180.7%	2,493,804
9/30/2014	66,098	226.7%	2,410,062
9/30/2015	(67,701)	155.9%	2,248,932

NOTE 12 POST RETIREMENT BENEFITS OTHER THAN PENSION BENEFITS (CONTINUED)

Funding Status and Funding Progress

The required schedule of funding progress immediately following the notes presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

As of September 30, 2014, the most recent actuarial valuation, the actuarial accrued liability (AAL) was $868,203 and there were no actuarial plan assets, therefore the unfunded AAL (UAAL) was $868,203. As of September 30, 2014, the annual covered payroll of active employees covered by the Plan was $10,303,718 resulting in a ratio of UAAL to covered payroll of 8.4 percent.

The actuarial valuation of the Plan involves estimates of the value of reported amounts and assumptions about the probability of events far into the future. The actuarially determined amounts regarding the funded status of the Plan and the annual required contributions (ARC) of RRHA and other participating agencies are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

As a result of the change in the health care plans and determining the impact on the OPEB obligation, RRHA elected to amortize the accumulated liability of $2,739,091 as of September 2010 over 11 years.

Actuarial Methods and Assumptions

The calculations of projected benefits are based on the terms of the Plan in effect at the time of valuation and on the pattern of sharing costs between the employer and plan members to that point. The actuarial calculations reflect a long-term perspective and actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in the actuarial accrued liability and the actuarial value of assets.

Actuarial assumptions used in the actuarial valuation were:

Valuation date	September 30, 2014
Actuarial method	Entry age normal cost method
Amortization method	Level percentage of pay
Amortization period	7 years - closed
Investment rate of return	3.00%
Salary scale	3.00%
Mortality	1994 group annuity mortality tables with a one-year setback in age for both males and females

NOTE 12 POST RETIREMENT BENEFITS OTHER THAN PENSION BENEFITS (CONTINUED)

Healthcare Cost Trend Rates

Year Ending September 30,	Annual Rate of Increase
2015	5.00%
2016	0.00%
2017	2.00%
2018	7.00%
2019-2022	5.30%

NOTE 13 DEFERRED COMPENSATION PLAN

RRHA offers all regular employees a deferred compensation plan (the Plan) created in accordance with Internal Revenue Code Section 457. The Plan permits employees to defer a portion of their salary until future years. The deferred compensation is not available to employees or beneficiaries until termination, retirement, death, or unforeseeable emergency. All amounts of compensation deferred under the Plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are held in an annuity contract for the participants. The contract is managed by the AIG Variable Annuity Life Insurance Company. The assets and corresponding liability are not included in the accompanying financial statements as of September 30, 2015.

NOTE 14 CONTINGENCIES AND OTHER MATTERS

Litigation and Other Matters

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

Grants

Federal grant programs in which RRHA participates have been audited in accordance with the provisions of the Office of Management and Budget Circular A-133. In addition, these grants are subject to financial and compliance audits by the federal government. Such audits could result in requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. RRHA management is of the opinion that disallowances, if any, will not be material.

HUD Repayment Agreement

The Authority is currently negotiating a repayment agreement with HUD for approximately $6.3 million. This amount will be paid from the Central Office Cost Center to the Low Income Public Housing program using non-federal funds. The agreement should require annual payments in an amount determined by HUD.

NOTE 15 RISK MANAGEMENT

RRHA is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. RRHA reports all of its risk management activities and pays all claims for retained risks. For all retained risks, claims expense and liabilities are reported when it is probable that a loss has occurred and the amount of loss can be reasonably estimated. There have been no significant reductions in insurance coverage in the past three fiscal years.

NOTE 16 LEASES

RRHA is obligated under certain leases, which are accounted for as operating leases. Rental expense for the year ended September 30, 2015 was $111,499. Rental obligations under operating leases for each of the years through September 30, 2018 are as follows:

Year Ended September 30,	Rental Obligation
2016	$ 102,110
2017	102,110
2018	42,526
Total	$ 246,746

The Authority has leased land to Blackwell Community Limited Partnership. The lease calls for annual rent payments of $100, and is for a term of 43 years, commencing on January 12, 2000.

The land was leased to develop low income housing funded by the federal Hope VI program. Operations for 75 of these housing units are included within RRHA’s public housing annual contribution contract from HUD.

The Authority also leased land to Dove Street Redevelopment, LLC for the Dove Project Phase I. The lease was prepaid at $800,000 and is for a term of 99 years commencing on April 27, 2012. The land was leased to develop 80 mixed income units, of which 30 will receive public housing subsidies.

NOTE 17 AFFILIATED ENTITIES AND RELATED PARTIES

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

NOTE 17 AFFILIATED ENTITIES AND RELATED PARTIES (CONTINUED)

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

RRHA Affiliate and Related Party	Purpose/Project	Date Formed	RRHA Interest	Percentage Ownership
Blackwell Community II Limited Partnership	Townes at River South II	1998	Co-Limited Partner	0.01%
Jernigan Hall, LLC	314 West Grace Street	11/17/2010	Limited Partner	49.00%
Dove Street Redevelopment, LLC	Dove Phase I	2/25/2010	Co-Limited Partner	0.01%
Dove Street Redevelopment, LLC	Dove Phase II	2/23/2012	Co-Limited Partner	0.01%

NOTE 18 ECONOMIC DEPENDENCY

RRHA is economically dependent on annual contributions and grants from HUD. RRHA operated at a loss prior to receiving the contributions.

NOTE 19 PENDING GASB STANDARDS

GASB routinely issues standards that will become effective in future years. The following are two standards that have been issued that management has determined may have an impact on future financial statements of the Authority. Management is currently evaluating the specific impact of these Standards.

Statement No. 72, *Fair Value Measurement and Application*.

The objective of this Statement is to address accounting and financial reporting issues related to fair value measurements. This Statement is not expected to have an impact on the Authority

Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments.*

The objective of this Statement is to identify, in the context of the current governmental financial reporting environment, the hierarchy of generally accepted accounting principles (GAAP). This Statement is not expected to have an impact on the Authority.

NOTE 20 SUBSEQUENT EVENTS

On April 1, 2016 the Authority transferred the Theater Row property back to the City of Richmond. The Authority had received program income from this property on an annual basis which they were then required to transfer to the City. The Authority experienced a net decrease in capital assets of approximately $7.4 million as a result of this transfer.

REQUIRED SUPPLEMENTARY INFORMATION

RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS – OPEB PLAN
SEPTEMBER 30, 2015

Schedule of Funding Progress – Post Retirement Benefits Other than Pension Benefits

Actuarial Valuation Date	Actuarial Accrued Liability	Unfunded Actual Accrued Liability (UALL)	Funded Ratio	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
September 30, 2007	$ 12,999,377	$ 12,999,377	0.00%	$ 11,416,556	113.90%
September 30, 2009	12,098,829	12,098,829	0.00%	12,721,493	95.10%
March 31, 2011	1,756,400	1,756,460	0.00%	13,040,673	13.47%
September 30, 2012	1,434,450	1,434,450	0.00%	11,478,856	12.50%
September 30, 2014	868,203	868,203	0.00%	10,303,718	8.40%

RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF AUTHORITY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
SEPTEMBER 30, 2015

Authority's proportion of net pension liability (asset)	1.6500%
Authority's proportionate share of net pension liability (asset)	$ 6,807,889
Authority's covered-employee payroll	$ 11,478,856
Authority's proportionate share of net pension liability (asset) as a percentage of its covered-employee payroll	59%
Plan fiduciary net position as a percentage of total pension liability	72.00%

* The Authority implemented GASB 68 during fiscal year 2015. As such, only one year of information is available.

RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF AUTHORITY'S CONTRIBUTIONS
VRS PENSION PLAN
Last 10 Fiscal Years
SEPTEMBER 30, 2015

Actuarial determined contributions	$	1,189,819
Contributions in relation to the actuarial determined contribution	$	1,189,819
Contribution deficiency (excess)	$	-
Authority's covered employee payroll	$	11,478,856
Contributions as a percentage of covered employee payroll		10.37%

* The Authority implemented GASB 68 during fiscal year 2015. As such, only one year of information is available.

Notes to Schedule

Valuation Date:
Actuarially determined contribution amounts were calculated as of June 30, 2013

Methods and Assumptions Used to Determine Contribution Rates:
Actuarial cost method: Entry age normal cost
Amortization method: Level percentage of payroll, closed
Remaining amortization period: 30 years
Asset valuation method: 5 year, smoothed marked
Inflation: 2.5 percent
Salary increases: 3.0 percent
Investment rate of return: 7.0 percent, net of administrative expenses
Retirement age: Rates vary by participant age
Mortality: RP-2000 projected with Scale AA to 2020 with setbacks

OTHER SUPPLEMENTARY INFORMATION

RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
FINANCIAL DATA SCHEDULE
SEPTEMBER 30, 2015

Line Item #	Account Description	LIPH 14.850/872	HCVP 14.871	HOPE VI 14.866	Blended Comp Unit	State/Local	Business Activities	CDBG 14.218
	CURRENT ASSETS							
	Cash:							
111	Unrestricted	$ 1,578,156	$ 217,863	$ -	$ 109,207	$ 65,762	$ 473,896	$ 280,317
112	Restricted - modernization and development	-	-	-	-	-	-	-
113	Other restricted	-	136,685	-	116,891	129,795	2,236,940	59,460
114	Tenant security deposits	604,452	-	-	-	-	-	-
115	Restricted for payment of current liabilities	50,462	32,520	-	-	530,689	969,496	160,607
100	Total cash	2,233,070	387,068	-	226,098	726,246	3,680,332	500,384
	Accounts and notes receivable:							
122	HUD other projects	1,124,036	-	60,644	-	-	20	-
124	Other government	-	-	-	-	11,084	-	87,301
125	Miscellaneous	2,720,624	321,237	-	1,181	27,522	173,854	86,642
126	Tenants	553,009	-	-	-	620	-	-
126.1	Allowance for doubtful accounts - tenants	(149,877)	-	-	-	-	-	-
127	Notes, loans & mortgages receivable, current	-	-	229,824	-	1,589	65,320	48,628
128	Fraud recovery	-	28,191	-	-	-	-	-
129	Accrued interest receivable	-	-	-	-	-	-	-
120	Total receivables, net of allowances for uncollectibles	4,247,792	349,428	290,468	1,181	40,815	239,194	222,571
131	Investments - unrestricted	-	-	-	-	511	-	-
132	Investments - restricted	-	-	-	157,561	-	540,515	-
135	Investments - restricted for current liability	-	-	-	-	358,876	741,553	-
	Total current investments	-	-	-	157,561	359,387	1,282,068	-
142	Prepaid expenses and other assets	17,880	4,766	-	-	-	2,574	-
143	Inventories	292,787	-	-	-	-	-	-
143.1	Allowance for obsolete inventories	(29,276)	-	-	-	-	-	-
144	Interprogram - due from	-	-	-	-	-	-	-
145	Assets held for sale	62,344	-	1,370,617	-	4,211,230	2,117,303	1,654,350
150	Total current assets	6,824,597	741,262	1,661,085	384,840	5,337,678	7,321,471	2,377,305
	NONCURRENT ASSETS							
	Fixed assets:							
161	Land	2,598,102	-	-	-	1,720,816	3,047,194	-
162	Buildings	138,371,739	-	-	-	13,775,000	-	-
163	Furniture, equipment & machinery - dwellings	1,594,260	-	-	-	-	-	-
164	Furniture, equipment & machinery - admin.	3,429,174	308,680	-	-	-	31,735	-
165	Leasehold improvements	8,747,707	-	-	-	-	-	-
166	Accumulated depreciation	(91,199,256)	(223,071)	-	-	(6,543,124)	(23,335)	-
167	Construction in progress	445,812	-	861,226	-	-	500	27,117
160	Total fixed assets, net of accumulated depreciation	63,987,538	85,609	861,226	-	8,952,692	3,056,094	27,117
171	Notes, loans and mortgages receivable - noncurrent	12,088,312	-	8,011,631	-	510,206	2,682,125	3,132,873
174	Other assets	-	-	-	-	-	-	-
176	Investment in joint ventures	-	-	-	441,728	-	-	-
180	Total noncurrent assets	76,075,850	85,609	8,872,857	441,728	9,462,898	5,738,219	3,159,990
200	Deferred Outflow of Resources	572,365	64,924	4,434	-	11,286	71,388	32,368
290	**TOTAL ASSETS AND DEFERRED OUTFLOWS**	$ 83,472,812	$ 891,795	$ 10,538,376	$ 826,568	$ 14,811,862	$ 13,131,078	$ 5,569,663

RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
FINANCIAL DATA SCHEDULE
SEPTEMBER 30, 2015

Line Item #	Account Description	ROSS 14.870	HOME	Other Project PFSS	Section 8 Mod Rehab 14.856	COCC	Eliminations	Total
	CURRENT ASSETS							
	Cash:							
111	Unrestricted	$ -	$ -	$ -	$ -	$ 1,001	$ -	$ 2,726,202
112	Restricted - modernization and development	-	-	-	-	-	-	-
113	Other restricted	-	16,115	-	-	-	-	2,695,886
114	Tenant security deposits	-	-	-	-	-	-	604,452
115	Restricted for payment of current liabilities	-	-	-	-	-	-	1,743,774
100	Total cash	-	16,115	-	-	1,001	-	7,770,314
	Accounts and notes receivable:							
122	HUD other projects	27,787	-	-	-	-	-	1,212,487
124	Other government	-	-	-	-	-	-	98,385
125	Miscellaneous	-	120,356	-	-	3,904,234	(6,541,987)	813,663
126	Tenants	-	-	-	-	1,075	-	554,704
126.1	Allowance for doubtful accounts - tenants	-	-	-	-	-	-	(149,877)
127	Notes, loans & mortgages receivable, current	-	52,647	-	-	1,216	(1,216)	398,008
128	Fraud recovery	-	-	-	-	-	-	28,191
129	Accrued interest receivable	-	-	-	-	-	-	-
120	Total receivables, net of allowances for uncollectibles	27,787	173,003	-	-	3,906,525	(6,543,203)	2,955,561
131	Investments - unrestricted	-	-	-	-	-	-	511
132	Investments - restricted	-	-	-	-	901,143	-	1,599,219
135	Investments - restricted for current liability	-	-	-	-	-	-	1,100,429
	Total current investments	-	-	-	-	901,143	-	2,700,159
142	Prepaid expenses and other assets	-	-	-	-	101,076	-	126,296
143	Inventories	-	-	-	-	201,332	-	494,119
143.1	Allowance for obsolete inventories	-	-	-	-	(19,169)	-	(48,445)
144	Interprogram - due from	-	-	-	-	-	-	-
145	Assets held for sale	-	16,036	-	-	-	-	9,431,880
150	Total current assets	27,787	205,154	-	-	5,091,908	(6,543,203)	23,429,884
	NONCURRENT ASSETS							
	Fixed assets:							
161	Land	-	-	-	-	-	-	7,366,112
162	Buildings	-	-	-	-	-	-	152,146,739
163	Furniture, equipment & machinery - dwellings	-	-	-	-	-	-	1,594,260
164	Furniture, equipment & machinery - admin.	-	-	-	-	3,719,262	-	7,488,851
165	Leasehold improvements	-	-	-	-	-	-	8,747,707
166	Accumulated depreciation	-	-	-	-	(3,514,379)	-	(101,503,165)
167	Construction in progress	-	-	-	-	-	-	1,334,655
160	Total fixed assets, net of accumulated depreciation	-	-	-	-	204,883	-	77,175,159
171	Notes, loans and mortgages receivable - noncurrent	-	1,414,308	-	-	-	(6,490,253)	21,349,202
174	Other assets	-	-	-	-	-	-	-
176	Investment in joint ventures	-	-	-	-	-	-	441,728
180	Total noncurrent assets	-	1,414,308	-	-	204,883	(6,490,253)	98,966,089
200	Deferred Outflow of Resources	-	-	-	-	495,867	-	1,252,632
290	**TOTAL ASSETS AND DEFERRED OUTFLOWS**	$ 27,787	$ 1,619,462	$ -	$ -	$ 5,792,658	$ (13,033,456)	$ 123,648,605

RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
FINANCIAL DATA SCHEDULE
SEPTEMBER 30, 2015

Line Item #	Account Description	LIPH 14.850/872	HCVP 14.871	HOPE VI 14.866	Blended Comp Unit	State/Local	Business Activities	CDBG 14.218
	CURRENT LIABILITIES							
311	Bank overdraft	$ -	$ -	$ -	$ -	$ -	$ -	$ -
312	Accounts payable <= 90 days	2,556,537	181,154	226,360	143,580	71,607	154	7,459
313	Accounts payable > 90 days	-	-	-	-	187,336	2,477,419	162,291
321	Accrued wage/payroll taxes payable	186,248	21,806	3,314	-	2,876	15,276	7,551
322	Accrued compensated absences - current portion	294,406	29,105	-	-	-	67,991	-
324	Accrued contingency liability	-	-	-	-	-	-	-
325	Accrued interest payable	-	-	-	-	-	-	-
331	Accounts payable - HUD PHA programs	68,924	-	-	-	-	-	-
333	Accounts payable - other government	11,369	-	-	-	871,690	-	73,983
341	Tenant security deposits	601,550	-	-	-	-	-	-
342	Deferred revenues	87,640	11,809	-	-	9,852	-	278,639
343	Current portion of LT debt - capital projects / mortg	-	-	-	36		211,114	-
344	Current portion of LT debt - operating	-	-	-	1,189	-	-	-
345	Other current liabilities	12,567	1,635	-	5,152	50	2,215	6,044
346	Accrued liabilities - other	834,936	4,262	-	92	646	7,892	886
347	Interprogram (due to)	-	-	-	-	-	-	-
348	Loan liability - current	-	-	-	-	-	429,339	-
310	Total current liabilities	4,654,177	249,771	229,674	150,049	1,144,057	3,211,400	536,853
	NONCURRENT LIABILITIES							
351	LT debt, net of current - capital projects/mortg	-	-	-	-	-	-	-
352	LT debt, net of current - operating	-	-	-	1,216	-	-	-
353	Noncurrent liabilities - other	2,033,007	32,520	936,547	211,716	305,067	738,644	2,773,912
354	Accrued compensated absences - noncurrent	-	-	-	-	-	-	-
355	Loan liability - noncurrent	-	-	-	-	-	327,796	765,000
357	Accrued pension and OPEB liability	3,654,775	513,071	24,100	-	61,339	477,417	175,916
350	Total noncurrent liabilities	5,687,782	545,591	960,647	212,932	366,406	1,543,857	3,714,828
300	Total liabilities	10,341,959	795,362	1,190,321	362,981	1,510,463	4,755,257	4,251,681
400	Deferred Inflow of Resources	1,654,087	187,624	12,815	-	32,616	206,304	93,541
	NET POSITION							
508.1	Net investment in capital assets	63,987,538	85,609	861,226	(36)	8,952,692	2,844,980	27,117
511.1	Restricted net position	-	-	-	274,452	148,919	4,488,504	159,677
512.1	Unrestricted net position	7,489,228	(176,800)	8,474,014	189,171	4,167,172	836,033	1,037,647
513	Total net position	71,476,766	(91,191)	9,335,240	463,587	13,268,783	8,169,517	1,224,441
600	**TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION**	$ 83,472,812	$ 891,795	$ 10,538,376	$ 826,568	$ 14,811,862	$ 13,131,078	$ 5,569,663

RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
FINANCIAL DATA SCHEDULE
SEPTEMBER 30, 2015

Line Item #	Account Description	ROSS 14.870	HOME	Other Project PFSS	Section 8 Mod Rehab 14.856	COCC	Eliminations	Total
	CURRENT LIABILITIES							
311	Bank overdraft	$ -	$ -	$ -	$ -	$ -	$ -	$ -
312	Accounts payable <= 90 days	27,787	599	-	-	142,617	(2,047,957)	1,309,897
313	Accounts payable > 90 days	-	2,107	-	-	8,149,978	(10,979,131)	-
321	Accrued wage/payroll taxes payable	-	-	-	-	106,964	-	344,035
322	Accrued compensated absences - current portion	-	-	-	-	323,682	-	715,184
324	Accrued contingency liability	-	-	-	-	-	-	-
325	Accrued interest payable	-	-	-	-	-	-	-
331	Accounts payable - HUD PHA programs	-	-	-	-	-	-	68,924
333	Accounts payable - other government	-	82,316	-	-	-	-	1,039,358
341	Tenant security deposits	-	-	-	-	-	-	601,550
342	Deferred revenues	-	-	-	-	-	-	387,940
343	Current portion of LT debt - capital projects / mortg	-	-	-	-	-	-	211,150
344	Current portion of LT debt - operating	-	-	-	-	-	-	1,189
345	Other current liabilities	-	-	-	-	802	(5,152)	23,313
346	Accrued liabilities - other	-	-	-	-	5,469	-	854,183
347	Interprogram (due to)	-	-	-	-	-	-	-
348	Loan liability - current	-	-	-	-	-	-	429,339
310	Total current liabilities	27,787	85,022	-	-	8,729,512	(13,032,240)	5,986,062
	NONCURRENT LIABILITIES							
351	LT debt, net of current - capital projects/mortg	-	-	-	-	-	-	-
352	LT debt, net of current - operating	-	-	-	-	-	(1,216)	-
353	Noncurrent liabilities - other	-	1,567,866	-	-	-	-	8,599,279
354	Accrued compensated absences - noncurrent	-	-	-	-	-	-	-
355	Loan liability - noncurrent	-	-	-	-	-	-	1,092,796
357	Accrued pension and OPEB liability	-	-	-	-	4,150,204	-	9,056,822
350	Total noncurrent liabilities	-	1,567,866	-	-	4,150,204	(1,216)	18,748,897
300	Total liabilities	27,787	1,652,888	-	-	12,879,716	(13,033,456)	24,734,959
400	Deferred Inflow of Resources	-	-	-	-	1,433,013	-	3,620,000
	NET POSITION							
508.1	Net investment in capital assets	-	-	-	-	204,883	-	76,964,009
511.1	Restricted net position	-	-	-	-	901,143	-	5,972,695
512.1	Unrestricted net position	-	(33,426)	-	-	(9,626,097)	-	12,356,942
513	Total net position	-	(33,426)	-	-	(8,520,071)	-	95,293,646
600	**TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION**	$ 27,787	$ 1,619,462	$ -	$ -	$ 5,792,658	$ (13,033,456)	$ 123,648,605

RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
FINANCIAL DATA SCHEDULE
YEAR ENDED SEPTEMBER 30, 2015

Line Item #	Account Description	LIPH 14.850/872	HCVP 14.871	HOPE VI 14.866	Blended Comp Unit	State/Local	Business Activities	CDBG 14.218
	REVENUE							
70300	Net tenant rental revenue	$ 9,004,709	$ -	$ -	$ -	$ -	$ -	$ -
70400	Tenant revenue - other	1,612,788	-	-	-	-	-	-
70500	Total tenant revenue	10,617,497	-	-	-	-	-	-
70600	HUD PHA operating grants	20,781,568	21,904,140	170,193	-	-	-	-
70610	Capital grants	1,582,358	-	655,955	-	-	-	-
70710	Management fee	-	-	-	-	-	-	-
70720	Asset management fee	-	-	-	-	-	-	-
70730	Bookkeeping fee	-	-	-	-	-	-	-
70740	Front line service fee	-	-	-	-	-	-	-
70750	Other fees	-	-	-	-	-	375,784	-
70800	Other governmental grants	-	-	-	-	-	-	194,597
71100	Investment income - unrestricted	187	-	-	95	1	1,043	-
71200	Mortgage interest income	-	-	-	-	-	87,591	-
71300	Proceeds from disposition of assets held for sale	-	-	-	-	-	700,680	300,921
71310	Cost of sales of assets	-	-	(234,883)	-	(1,092,745)	(585,747)	(406,324)
71400	Fraud recovery	-	51,184	-	-	-	-	-
71500	Other revenue	313,120	27,160	-	748,823	733,687	647,654	75,000
71600	Gain or loss on the sale of fixed assets	-	-	-	-	-	-	-
72000	Investment income - restricted	-	-	-	159	127	269	-
70000	Total revenue	33,294,730	21,982,484	591,265	749,077	(358,930)	1,227,274	164,194
	EXPENSES							
	Administrative:							
91100	Administrative salaries	1,583,619	706,592	104,069	-	67,457	362,053	131,911
91200	Auditing fees	65,722	63,500	8,890	1,411	11,112	-	-
91300	Management fee	4,075,647	404,580	-	-	-	-	-
91310	Bookkeeping fee	343,058	-	-	-	-	-	-
91400	Advertising and marketing	3,916	4,819	-	-	-	1,575	-
91500	Employee benefit contributions - administrative	393,647	146,460	31,183	-	9,274	69,870	21,116
91600	Office expenses	742,235	154,935	41,037	7,595	532,169	51,314	11,943
91700	Legal expense	192,360	22,607	16,703	-	7,783	88,835	67,443
91800	Travel	-	-	-	-	-	-	-
91900	Other	258,714	36,336	-	9,550	500	437	-
91000	Total administrative	7,658,918	1,539,829	201,882	18,556	628,295	574,084	232,413
92000	Asset management fee	426,000	-	-	-	-	-	-
	Tenant services:							
92100	Salaries	-	-	-	-	-	-	-
92200	Relocation costs	23,840	-	-	-	-	-	-
92300	Employee benefit contributions	-	-	-	-	-	-	-
92400	Other	866,482	86,981	-	-	-	-	-
92500	Total tenant services	890,322	86,981	-	-	-	-	-
	Utilities:							
93100	Water	2,008,707	-	-	-	-	372	163
93200	Electricity	2,739,118	-	-	-	-	1,732	196
93300	Gas	2,142,210	-	-	-	-	-	-
93400	Fuel	-	-	-	-	-	-	-
93600	Sewer	3,517,860	-	-	-	-	377	-
93800	Other utilities expense	268,370	-	-	-	3,100	26,167	2,680
93000	Total utilities	10,676,265	-	-	-	3,100	28,648	3,039
	Ordinary maintenance & operations:							
94100	Labor	2,244,322	-	-	-	-	-	-
94200	Materials and other	956,555	-	-	-	133	173	-
94300	Contracts	3,930,391	-	-	-	-	711	-
94500	Employee benefits contribution	724,864	-	-	-	-	-	-
94000	Total ordinary maintenance & operations	7,856,132	-	-	-	133	884	-
	Protective services:							
95100	Labor	-	-	-	-	-	-	-
95200	Other contract costs	485,425	-	-	-	-	-	-
95300	Other	980	-	-	-	-	1,071	-
95500	Employee benefit contributions	-	-	-	-	-	-	-
95000	Total protective services	486,405	-	-	-	-	1,071	-

RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
FINANCIAL DATA SCHEDULE
YEAR ENDED SEPTEMBER 30, 2015

Line Item #	Account Description	ROSS 14.870	HOME	Other Project PFSS	Section 8 Mod Rehab 14.856	COCC	Eliminations	Total
	REVENUE							
70300	Net tenant rental revenue	$ -	$ -	$ -	$ -	$ -	$ -	$ 9,004,709
70400	Tenant revenue - other	-	-	-	-	-	-	1,612,788
70500	Total tenant revenue	-	-	-	-	-	-	10,617,497
70600	HUD PHA operating grants	60,479	-	56,372	-	-	-	42,972,752
70610	Capital grants	-	-	-	-	-	-	2,238,313
70710	Management fee	-	-	-	-	3,552,962	(3,552,962)	-
70720	Asset management fee	-	-	-	-	426,000	(426,000)	-
70730	Bookkeeping fee	-	-	-	-	343,058	(343,058)	-
70740	Front line service fee	-	-	-	-	1,532,993	(1,532,993)	-
70750	Other fees	-	-	-	-	1,299,822	(1,675,279)	327
70800	Other governmental grants	-	-	-	-	-	-	194,597
71100	Investment income - unrestricted	-	-	-	-	62	(9,509)	(8,121)
71200	Mortgage interest income	-	-	-	-	-	-	87,591
71300	Proceeds from disposition of assets held for sale	-	-	-	-	-	-	1,001,601
71310	Cost of sales of assets	-	(28,746)	-	-	-	-	(2,348,445)
71400	Fraud recovery	-	-	-	-	-	-	51,184
71500	Other revenue	-	144,000	-	-	116,289	(925,189)	1,880,544
71600	Gain or loss on the sale of fixed assets	-	-	-	-	-	-	-
72000	Investment income - restricted	-	-	-	-	318	-	873
70000	Total revenue	60,479	115,254	56,372	-	7,271,504	(8,464,990)	56,688,713
	EXPENSES							
	Administrative:							
91100	Administrative salaries	6,042	-	42,174	-	3,174,978	-	6,178,895
91200	Auditing fees	-	-	-	-	(22,225)	-	128,410
91300	Management fee	-	-	-	-	-	(3,928,746)	551,481
91310	Bookkeeping fee	-	-	-	-	-	(343,058)	-
91400	Advertising and marketing	-	-	-	-	9,269	-	19,579
91500	Employee benefit contributions - administrative	2,500	-	14,198	-	745,077	-	1,433,325
91600	Office expenses	-	-	-	-	964,915	-	2,506,143
91700	Legal expense	-	764	-	-	678,822	-	1,075,317
91800	Travel	-	-	-	-	-	-	-
91900	Other	-	-	-	-	347,774	(189,920)	463,391
91000	Total administrative	8,542	764	56,372	-	5,898,610	(4,461,724)	12,356,541
92000	Asset management fee	-	-	-	-	-	(426,000)	-
	Tenant services:							
92100	Salaries	40,680	-	-	-	288,744	-	329,424
92200	Relocation costs	-	-	-	-	-	-	23,840
92300	Employee benefit contributions	11,257	-	-	-	73,028	-	84,285
92400	Other	-	-	-	-	350	(886,279)	67,534
92500	Total tenant services	51,937	-	-	-	362,122	(886,279)	505,083
	Utilities:							
93100	Water	-	-	-	-	-	-	2,009,242
93200	Electricity	-	-	-	-	-	-	2,741,046
93300	Gas	-	-	-	-	-	-	2,142,210
93400	Fuel	-	-	-	-	-	-	-
93600	Sewer	-	-	-	-	-	-	3,518,237
93800	Other utilities expense	-	-	-	-	-	-	300,317
93000	Total utilities	-	-	-	-	-	-	10,711,052
	Ordinary maintenance & operations:							
94100	Labor	-	-	-	-	1,211,075	-	3,455,397
94200	Materials and other	-	-	-	-	58,677	-	1,015,538
94300	Contracts	-	-	-	-	10,762	(1,255,521)	2,686,343
94500	Employee benefits contribution	-	-	-	-	337,322	-	1,062,186
94000	Total ordinary maintenance & operations	-	-	-	-	1,617,836	(1,255,521)	8,219,464
	Protective services:							
95100	Labor	-	-	-	-	-	-	-
95200	Other contract costs	-	-	-	-	-	-	485,425
95300	Other	-	-	-	-	59,671	(979)	60,743
95500	Employee benefit contributions	-	-	-	-	-	-	-
95000	Total protective services	-	-	-	-	59,671	(979)	546,168

RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
FINANCIAL DATA SCHEDULE
YEAR ENDED SEPTEMBER 30, 2015

Line Item #	Account Description	LIPH 14.850/872	HCVP 14.871	HOPE VI 14.866	Blended Comp Unit	State/Local	Business Activities	CDBG 14.218
	EXPENSES (Continued)							
	Insurance premiums:							
96110	Property insurance	536,675	-	346	-	4,305	6,188	3,357
96120	Liability insurance	222,944	16,810	58	-	581	757	570
96130	Workmen's compensation	93,891	11,835	-	-	-	7,890	-
96140	All other insurance	117,816	8,384	-	-	-	15,833	-
96100	Total insurance premiums	971,326	37,029	404	-	4,886	30,668	3,927
	Other general expenses:							
96200	Other general expenses	840,823	16,519	2,091	2,297	1,793,356	476,385	938,311
96210	Compensated absences	(12,866)	(5,020)	-	-	-	4,930	-
96300	Payments in lieu of taxes	-	-	-	-	-	-	-
96400	Bad debt - tenants rent	386,586	-	-	-	-	-	-
96500	Bad debt - mortgages	-	-	442,873	-	-	36,933	-
96600	Bad debt - other	-	-	-	-	-	754,122	-
96800	Severance expense	2,325	-	-	-	-	-	-
96000	Total other general expenses	1,216,868	11,499	444,964	2,297	1,793,356	1,272,370	938,311
	Interest expense and amortization costs							
96710	Interest on mortgage/bonds payable	-	-	-	-	-	-	-
96720	Interest on notes payable	-	-	-	108	-	38,662	-
96730	Amortization of bond issue costs	-	-	-	-	-	-	-
96700	Total interest expense and amortization costs	-	-	-	108	-	38,662	-
96900	Total operating expenses	30,182,236	1,675,338	647,250	20,961	2,429,770	1,946,387	1,177,690
97000	Excess of operating revenue over operating expenses	3,112,494	20,307,146	(55,985)	728,116	(2,788,700)	(719,113)	(1,013,496)
97100	Extraordinary maintenance	-	-	-	-	-	-	-
97200	Casualty losses - non capitalized	-	-	-	-	-	-	-
97300	Housing assistance payments	31,057	21,721,051	-	-	-	-	-
97350	HAP portability in	-	-	-	-	-	-	-
97400	Depreciation expense	3,650,468	35,420	-	-	275,500	29,336	-
90000A	Total other expenses	3,681,525	21,756,471	-	-	275,500	29,336	-
90000	Total expenses	33,863,761	23,431,809	647,250	20,961	2,705,270	1,975,723	1,177,690
	Other financing sources (uses):							
10010	Operating transfer in	934,886	-	-	-	-	-	-
10020	Operating transfer out	(934,886)	-	-	-	-	-	-
10030	Operating transfers from / to primary government	-	-	-	-	-	-	-
10070	Extraordinary items, net gain / loss	-	-	-	-	-	-	-
10091	InterProject exces cash transfer in	1,690,307	-	-	-	-	-	-
10092	InterProject exces cash transfer out	(1,690,307)	-	-	-	-	-	-
10093	Transfer from program and project - in	-	-	-	-	-	-	-
10100	Total other financing sources (uses)	-	-	-	-	-	-	-
10000	**EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENSES**	(569,031)	(1,449,325)	(55,985)	728,116	(3,064,200)	(748,449)	(1,013,496)
	Memo Account Information							
11020	Required annual debt principal payments	-	-	-	1,189	-	640,453	-
11030	Beginning equity	76,383,699	1,873,458	9,707,426	(38,206)	18,069,091	7,508,481	2,527,486
11040	Prior period adjustments, equity transfers & correction	(4,337,902)	(515,324)	(316,201)	(226,323)	(1,736,108)	1,409,485	(289,549)
11170	Administrative fee equity	-	(72,482)	-	-	-	-	-
11180	Housing assistance payments equity	-	(18,709)	-	-	-	-	-
11190	Unit months available	48,288	33,885	-	-	-	-	-
11210	Unit months leased	45,949	33,885	-	-	-	-	-
11270	Excess cash	(540,248)	-	-	-	-	-	-
11610	Land purchases	341,802	-	-	-	-	-	-
11620	Building purchases	-	-	-	-	-	-	-
11630	Furniture & equipment - dwelling purchases	375,450	-	-	-	-	-	-
11640	Furniture & equipment - administrative purchases	-	-	-	-	-	-	-
11650	Leasehold improvements	-	-	-	-	-	-	-
11660	Infrastructure purchases	1,582,359	-	-	-	-	-	-

RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
FINANCIAL DATA SCHEDULE
YEAR ENDED SEPTEMBER 30, 2015

Line Item #	Account Description	ROSS 14.870	HOME	Other Project PFSS	Section 8 Mod Rehab 14.856	COCC	Eliminations	Total
	EXPENSES (Continued)							
	Insurance premiums:							
96110	Property insurance	$ -	$ -	$ -	$ -	$ 7,328	$ -	$ 558,199
96120	Liability insurance	-	-	-	-	(5,124)	-	236,596
96130	Workmen's compensation	-	-	-	-	74,168	-	187,784
96140	All other insurance	-	-	-	-	96,617	-	238,650
96100	Total insurance premiums	-	-	-	-	172,989	-	1,221,229
	Other general expenses							
96200	Other general expenses	-	144,921	-	3,421	88,061	(670,857)	3,635,328
96210	Compensated absences	-	-	-	-	(23,049)	-	(36,005)
96300	Payments in lieu of taxes	-	-	-	-	-	-	-
96400	Bad debt - tenants rent	-	-	-	-	-	-	386,586
96500	Bad debt - mortgages	-	-	-	-	-	-	479,806
96600	Bad debt - other	-	-	-	-	-	(767,143)	(13,021)
96800	Severance expense	-	-	-	-	266,184	-	268,509
96000	Total other general expenses	-	144,921	-	3,421	331,196	(1,438,000)	4,721,203
	Interest expense and amortization costs							
96710	Interest on mortgage/bonds payable	-	-	-	-	-	-	-
96720	Interest on notes payable	-	-	-	-	-	3,513	42,283
96730	Amortization of bond issue costs	-	-	-	-	-	-	-
96700	Total interest expense and amortization costs	-	-	-	-	-	3,513	42,283
96900	Total operating expenses	60,479	145,685	56,372	3,421	8,442,424	(8,464,990)	38,323,023
97000	Excess of operating revenue over operating expenses	-	(30,431)	-	(3,421)	(1,170,920)	-	18,365,690
97100	Extraordinary maintenance	-	-	-	-	-	-	-
97200	Casualty losses - non capitalized	-	-	-	-	-	-	-
97300	Housing assistance payments	-	-	-	-	-	-	21,752,108
97350	HAP portability in	-	-	-	-	-	-	-
97400	Depreciation expense	-	-	-	-	122,407	-	4,113,131
90000A	Total other expenses	-	-	-	-	122,407	-	25,865,239
90000	Total expenses	60,479	145,685	56,372	3,421	8,564,831	(8,464,990)	64,188,262
	Other financing sources (uses):							
10010	Operating transfer in	-	-	-	-	-	(934,886)	-
10020	Operating transfer out	-	-	-	-	-	934,886	-
10030	Operating transfers from / to primary government	-	-	-	-	-	-	-
10070	Extraordinary items, net gain / loss	-	-	-	-	-	-	-
10091	InterProject exces cash transfer in	-	-	-	-	-	-	1,690,307
10092	InterProject exces cash transfer out	-	-	-	-	-	-	(1,690,307)
10093	Transfer from program and project - in	-	-	-	-	-	-	-
10100	Total other financing sources (uses)	-	-	-	-	-	-	-
10000	**EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENSES**	$ -	$ (30,431)	$ -	$ (3,421)	$ (1,293,327)	$ -	$ (7,499,549)
	Memo Account Information							
11020	Required annual debt principal payments	$ -	$ -	$ -	$ -	$ -	$ -	$ 641,642
11030	Beginning equity	-	(3,160)	-	-	(3,292,490)	-	112,735,785
11040	Prior period adjustments, equity transfers & correction	-	165	-	3,421	(3,934,254)	-	(9,942,590)
11170	Administrative fee equity	-	-	-	-	-	-	(72,482)
11180	Housing assistance payments equity	-	-	-	-	-	-	(18,709)
11190	Unit months available	-	-	-	-	-	-	82,173
11210	Unit months leased	-	-	-	-	-	-	79,834
11270	Excess cash	-	-	-	-	-	-	(540,248)
11610	Land purchases	-	-	-	-	-	-	341,802
11620	Building purchases	-	-	-	-	-	-	-
11630	Furniture & equipment - dwelling purchases	-	-	-	-	-	-	375,450
11640	Furniture & equipment - administrative purchases	-	-	-	-	-	-	-
11650	Leasehold improvements	-	-	-	-	-	-	-
11660	Infrastructure purchases	-	-	-	-	-	-	1,582,359

RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
STATEMENT AND CERTIFICATION OF ACTUAL MODERNIZATION COSTS
MODERNIZATION PROJECT NUMBER VA36P007501-11
FROM INCEPTION THROUGH SEPTEMBER 30, 2015

Operations	$ 1,064,076
Management Improvements	1,231,305
Administration	648,000
Audit	45,771
Fees and Costs	161,331
Site Improvement	274,570
Dwelling Structures	2,755,093
Non-Dwelling Structures	153,844
Non-Dwelling Equipment	129,359
Relocation Costs	16,986
Total Development Costs	$ 6,480,335

The total amount of modernization costs at September 30, 2015 as shown above agree with the Annual Performance and Evaluation Form submitted to HUD on October 28, 2015.

RRHA

Richmond Redevelopment & Housing Authority

BUILDING VIBRANT COMMUNITIES

SINGLE AUDIT REPORT

CliftonLarsonAllen

CliftonLarsonAllen LLP
www.CLAconnect.com

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

Board of Commissioners
Richmond Redevelopment and Housing Authority
Richmond, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Richmond Redevelopment and Housing Authority (the Authority), as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated June 21, 2016.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a deficiency in internal control that we consider to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as finding 2015-001 to be a material weakness.

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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2015-001.

Authority's Response to 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 result 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Arlington, Virginia
June 21, 2016

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Commissioners
Richmond Redevelopment and Housing Authority
Richmond, Virginia

Report on Compliance for Each Major Federal Program

We have audited Richmond Redevelopment and Housing Authority's (the Authority) compliance with the types of compliance requirements described in the OMB Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended September 30, 2015. 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.

Auditors' Responsibility

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

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

Basis for Qualified Opinion on Low Rent Public Housing Program

As described in the accompanying schedule of findings and questioned costs, the Authority did not comply with requirements regarding CFDA 14.850 Low Rent Public Housing Program as described in finding number 2015-001 for Allowable Costs. Compliance with such requirements is necessary, in our opinion, for the Authority to comply with the requirements applicable to that program.

Qualified Opinion on Low Rent Public Housing Program

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Low Rent Public Program for the year ended September 30, 2015.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs for the year ended September 30, 2015.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2015-002 and 2015-003. Except as noted above, our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2015-001 to be a material weakness.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2015-002 through 2015-003 to be significant deficiencies.

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

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 result of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Arlington, Virginia
June 21, 2016

RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2015

	Federal Catalog Number	Federal Expenditures
U.S. Department of Housing and Urban Development (HUD)		
Public and Indian Housing Operating subsidy	14.850	$ 18,176,119
HOPE VI - Urban Revitalization Development	14.866	826,148
Housing Choice Voucher Program	14.871	23,431,809
Capital Fund Program	14.872	4,187,808
PIH Family Self-Sufficiency Program	14.896	56,372
Resident Opportunity Support Services	14.870	49,455
Total HUD Financial Assistance		46,727,711
State/Local Financial Pass-Through Assistance		
City of Richmond:		
HOME Investment Partnerships Program	14.239	1,610,955
Community Development Block Grant	14.218	3,093,677
Total Expenditures of Federal Awards		$ 51,432,343

This schedule is an integral part of the accompanying notes.

RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
SEPTEMBER 30, 2015

NOTE 1 BASIS OF PRESENTATION

The Schedule of Expenditures of Federal Awards (SEFA) is presented on the accrual basis of accounting and includes all expenditures of federal awards administered by the Richmond Redevelopment and Housing Authority (the Authority). Several programs are funded jointly by the City and State in accordance with requirements of the various federal grants. Costs incurred for such programs are applied to Federal grant funds in accordance with the terms of the related Federal grants with the remainder applied to funds provided by the City and State. The current year presents the balances of loan programs outstanding on the SEFA whereas in prior years these balances were only reflected in the notes.

All costs charged to Federal Awards are determined based on the applicable Federal grants and OMB Circular A-87, *Costs Principles Applicable to Grants and Contracts with State and Local Governments*.

NOTE 2 FEDERAL COGNIZANT AGENCY

The Federal cognizant agency for the Authority is the U.S. Department of Housing and Urban Development (HUD).

NOTE 3 FINDINGS AND QUESTIONED COSTS

The findings and questioned costs identified in connection with the 2015 Single Audit are disclosed in Schedule II and III and the status of the prior year findings and questioned costs are disclosed in Schedule IV.

HUD has conducted several reviews of the Authority and has issued their reports on the results of some of these reviews. The Authority has responded to the reviews for which reports have been issued.

NOTE 4 LOANS OUTSTANDING

The Authority had the following loan balances outstanding at September 30, 2015. No new loans were disbursed during the year ended September 30, 2015.

	Federal CFDA Number	Amount Outstanding
Community Development Block Grant	14.218	$ 2,899,080
HOME	14.239	1,466,955
Total		$ 4,366,035

This information is an integral part of the accompanying schedule.

RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2015

I. Summary of Independent Auditors' Results

Financial Statements

Type of auditors' report issued: **Modified**

Internal control over financial reporting:

• Material weakness(es) identified?	____	Yes	X	No
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	____	Yes	X	None reported
• Noncompliance material to financial statements noted?	____	Yes	X	No

Federal Awards

Internal control over major programs:

• Material weakness(es) identified?	X	Yes	____	No
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	X	Yes	____	None reported

Type of auditors' report issued on compliance for major programs:
Modified - Low Rent Public Housing
Unmodified – Section 8 Housing Choice Voucher, Capital Fund Program, HOME

• Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?	X	Yes	____	No

Identification of Major Programs

Name of Federal Program	CFDA Number
Low Rent Public Housing Program	14.850
Section 8 Housing Choice Voucher Cluster	14.871
Capital Fund Program	14.872
HOME	14.239

Dollar threshold used to distinguish between type A and type B programs $1,542,970

Auditee qualified as low-risk auditee?	____	Yes	X	No

II. Financial Statement Findings

None noted.

III. Federal Award Findings and Questioned Costs

Finding 2015-001:	**Low Rent Public Housing, CFDA #14.850 (2014-002)**
Federal Agency:	**U.S. Department of Housing and Urban Development**
Compliance Requirement:	**Allowable Costs**
Type of Finding:	**Noncompliance, Material Weakness**

Condition
Testing of receivable balances owed to the Low Rent Public Housing (LRPH) program from the Central Office Cost Center (COCC) indicated potential unallowable uses of LRPH grant funds to pay for salary and other vendor payables on behalf of the COCC.

Criteria
The Operating Fund is designed to make assistance available to PHA's for the operation and management of public housing. PHA's are precluded from providing temporary loans to other programs, and interfund transactions indicate the existence of temporary loans, especially if they are not satisfied on a timely basis. Any funds transferred out of the operating fund require proper authorization from HUD and should be documented in accordance with 42 USC 1437g(e).

Cause
The COCC has not generated sufficient income to maintain the cash balances necessary to cover their expenses.

Effect
It appears LRPH grant funds were used to cover expenses of the COCC. This is considered an unallowable use of grant funds and could be subject to repayment.

Questioned Costs
$6,674,789

Recommendation
We recommend the Authority continue working with HUD to determine the full extent of any unallowable grant expenditures and establish a repayment agreement if necessary. In addition, we recommend the Authority evaluate the operations of the COCC to determine where they can generate cost savings to better leverage the revenue the COCC generates.

RRHA Response
The Authority has worked with HUD to determine the full-extent of any unallowable grant expenditures and has recommended a repayment agreement between the COCC and the LIPH program. The recommended repayment plan is 61 years with annual payments of $100,000, to be revisited every 5 years based on the Authority’s ability to pay more or less. In addition, the Authority has undertaken a thorough, critical analysis of its operations which resulted in a lean budget for fiscal 2017 whereby all programs show positive cash flow. The Authority will continue to monitor the operations of the Authority, particularly the COCC and implement cost savings measures where applicable.

Finding 2015-002:	**Low Rent Public Housing, CFDA #14.850 (2014-004, 2013-003)**
Federal Agency:	**U.S. Department of Housing and Urban Development**
Compliance Requirement:	**Reporting (Public and Indian Housing Information Center)**
Type of Finding:	**Noncompliance, Significant Deficiency**

Condition
Testing of 40 Low Rent Public Housing tenant files for reporting purposes found exceptions in 7 files where HUD-50058 forms were uploaded to the Public and Indian Housing Information Center (PIC) more than 60 days after the effective date.

Criteria
PIH Notice 2011-65 issued on November 30, 2011 clarified the reporting requirements for PIC by stating that the form must be submitted no later than 60 calendar days from the effective date of the HUD-50058.

Cause
The Authority did not properly monitor controls to ensure HUD-50058 forms were uploaded to HUD's PIC system in a timely manner or were processed timely.

Effect
Late uploads to the PIC system do not provide accurate data to HUD for use in funding decisions.

Questioned Costs
Unable to determine.

Recommendation
We recommend the Authority continue to revise their procedures to ensure all annual recertifications and other certifications are submitted to PIC in a timely manner.

RRHA Response
As noted in the HUD Recovery Team Report provided in September 2014, staffing shortages and frequent turnover have adversely impacted operations within the LIPH management offices and resulted in late reexaminations. This issue continued well into FY 2015 and as a result, this created work backlog, low morale, and inconsistent work processes and quality. RRHA has taken steps to permanently fill key vacancies within the LIPH program in an effort to correct this issue, with most positions being filled by August 2015.

Despite these challenges, RRHA continues to maintain a 98% or better reporting rate for reexaminations agency-wide for the LIPH program within the PIH Information Center (PIC). RRHA holds monthly meetings with management staff and will continue to review the PIC delinquency report and monitor timely reexamination completion. RRHA will also amend its Admissions and Continued Occupancy Policy (ACOP) to incorporate guidance contained within Notice PIH 2016 -05 to increase efficiencies and streamline the reexamination process. LIPH staff is receiving training as part of the HUD Technical Assistance (TA) Activity being conducted at RRHA which began October 1, 2015. RRHA will continue to seek additional training opportunities through webinars, industry resources and technical assistance from the local HUD office to ensure compliance

Finding 2015-003:	**Housing Choice Voucher Program, CFDA #14.871 (2014-005, 2013-002, 2012-01, 2011-02, 2010-02, 2009-04, 2008-03, 2007-03, 2006-01)**
Federal Agency:	**U.S. Department of Housing and Urban Development**
Compliance Requirement:	**Eligibility, Reporting (PIC), Special Tests (QC Inspections)**
Type of Finding:	**Noncompliance, Significant Deficiency**

Condition

Testing of 40 Housing Choice Voucher (HCV) tenant files for reporting requirements found exceptions in 7 files. The exceptions include the following:

- 6 HUD-50058 forms were not uploaded to PIC within 60 days of the effective date.
- 1 file had a 50058 annual recertification that was not performed within a year.

A separate sample of 4 Housing Choice Voucher (HCV) tenant files for Quality Control (QC) Inspection requirements found exceptions in 1 file where the QC Inspection was performed over 3 months after the initial inspection.

Criteria

24 CFR 982.158 requires the Authority to submit the HUD-50058 form electronically in PIC each time the Authority completes a new HUD-50058 form for any action. PIH Notice 2011-65 issued on November 30, 2011 clarified the reporting requirements by stating that the form must be submitted no later than 60 calendar days from the effective date of the HUD-50058. 24 CFR 982.405 requires the Authority to conduct supervisory quality control HQS inspections.

Cause

The Authority did not adequately monitor the completion of annual recertifications or the timely submission of required information to HUD's PIC system. The Authority did not properly monitor controls to ensure QC inspections were performed timely in relation to annual inspections.

Effect

The late uploads to the PIC systems and annual recertifications do not provide accurate data to HUD for use in funding decisions. The QC inspections act as a control to ensure inspectors properly document all required deficiencies.

Questioned Costs

Unable to determine

Recommendation

We recommend that the Authority continue to revise their procedures to ensure all recertifications and QC inspections occur timely and the HUD-50058 forms are submitted in the required timeframe.

RRHA Response

As noted in the HUD Recovery Team Report provided in September 2014, staffing shortages and frequent turnover have adversely impacted operations within the HCVP and resulted in late reexaminations. This has been a constant challenge within RRHA's HCV program as evidenced by the audit findings listed above. As a result, this has created work backlog, low morale, and inconsistent work processes and quality. As noted in a Quadel Assessment performed in December 2014, under former HCV operations, RRHA caseloads averaged in excess of 600 per specialist. It was also noted that there were backlogs in annual reexaminations, interims, quality control corrections, and other key areas of operations. RRHA has taken steps to implement recommendations from the audit and the

Quadel and HUD Recovery Team reports to improve processes, remediate backlog, reduce and balance workloads and invest in staff retention and development in an effort to stabilize the program, ensure compliance and improve customer service.

RRHA has taken steps to permanently fill key vacancies within the HCV program in an effort to correct this issue. RRHA also hired additional temporary staff to assist with the waitlist opening, additional program responsibilities and inspections. RRHA holds weekly meetings with HCVP management staff and will continue to review the PIC delinquency and inspection reports and monitor timely completion.

HCVP staff will receive training as part of the HUD Technical Assistance (TA) Activity being conducted at RRHA beginning October 1, 2015. RRHA will continue to seek additional training opportunities through webinars, industry resources and technical assistance from the local HUD office to ensure compliance.

RRHA will ensure that the PIH Information Center (PIC) Multifamily Tenant Characteristics System (MTCS) delinquency reports are reviewed on a monthly basis as recommended. More frequent (monthly and weekly) centralized reporting has been implemented to monitor and track all relevant program transactions, to include annual reexaminations.

RRHA’s HCV Inspectors as well as HCV Management staff, LIPH Maintenance Supervisors and LIPH management staff attended Nan McKay Housing Quality Standards Inspector training on June 9-11, 2015. Fourteen RRHA staff, which included the HCV Inspectors, successfully completed the training and passed the certification exam. The HCV Inspectors and other RRHA staff also attended the Lead Based Paint training that was held at the Richmond HUD Office on July 9, 2015. The HCV Inspectors also attended an EPA Renovation, Repair and Painting Program and received certification in July 2012. HCV staff will also receive HQS training as part of the HUD TA Activity being conducted at RRHA beginning October 1, 2015. RRHA will continue to seek additional training opportunities through webinars, industry resources and technical assistance from the local HUD office to ensure compliance.

Quality control measures are being put in place to ensure that HQS control inspections are conducted for the correct sample size as stated in 24 CFR §985.2 and represents a cross section of neighborhoods and the work of a cross section of inspectors (24 CFR §982.405(b)). RRHA will continue to adopt processes and quality control measures to ensure that federal dollars are not spent on inadequate housing and that RRHA in its administration is in compliance with all applicable regulations and management tools that are available.

Finding 2014-001 – Financial Statement Finding – Material Weakness

Condition
Management reviewed the construction in progress accounts and discovered multiple errors related to prior fiscal years. A number of real property parcels sold or otherwise disposed of in a prior year had not been removed from the construction in progress accounts. In addition, significant amounts added to the construction in progress accounts in prior fiscal years were determined to be non-capitalizable items but were not properly expensed until the current fiscal year. These issues resulted in a restatement of prior year net position in the amount of $5,524,419.

Status
This finding was cleared in the current year.

Finding 2014-002- Low Rent Public Housing, CFDA #14.850

Condition
Testing of receivable balances owed to the Low Rent Public Housing (LRPH) program from the Central Office Cost Center (COCC) indicated potential unallowable uses of LRPH grant funds to pay for salary and other vendor payables on behalf of the COCC.

Status
This finding was noted in the current year. See finding 2015-001.

Finding 2014-003- Low Rent Public Housing, CFDA #14.850

Condition
The Authority has 15 tenant councils which equals 180 months of expenditures. Testing of 22 months of expenditures found 15 months with numerous unallowable or unsupported expenditures. The unallowable expenditures included excessive food/beverage costs, supplies for social events, and holiday bonuses to council leaders. The review of checks and support for expenditures noted many checks written to council presidents for payment of expenses with no supporting invoice or receipt for the expenses. In addition, 4 tenant councils did not properly prepare a budget for their use of tenant participation funds.

Status
This finding was cleared in the current year.

Finding 2014-005, 2013-002, 2012-01, 2011-02, 2010-02, 2009-04, 2008-03, 2007-03, 2006-01 – Housing Choice Voucher Program, CFDA #14.871

Condition
Testing of Housing Choice Voucher tenant files for all years revealed exceptions in numerous files related to the following items: missing Declaration of Section 214 Status forms; missing or incorrect documentation to support income, asset or expense amounts; improper calculation of tenant rent or HAP amounts; untimely annual recertifications; housing assistance payments in disagreement with the HUD-50058; missing general release forms and privacy act notices, missing annual HQS inspection documentation, and failed HQS inspections that could not be located or did not document the proper reinspection period.

Status
This finding was partially cleared in the current fiscal year. The issue for untimely annual recertifications still remains. See finding 2015-003.

Finding 2014-004, 2013-003 - Low Rent Public Housing, CFDA #14.850

Condition
Testing of 40 Low Rent Public Housing tenant files for reporting purposes found exceptions in 3 files where HUD-50058 forms were uploaded to the Public and Indian Housing Information Center (PIC) more than 60 days after the effective date.

Status
This finding was noted in the current year. See finding 2015-002.