RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

YEAR ENDED SEPTEMBER 30, 2019

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

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RRHA
Richmond Redevelopment & Housing Authority
BUILDING VIBRANT COMMUNITIES

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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, 2019, 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.

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Basis for Qualified Opinion

As more fully described in Notes 11, 13, and 14 to the financial statements, the Authority has recognized their net pension liability under Governmental Accounting Standards Board (GASB) Statement No. 68 and net OPEB liability related to group life insurance (GLI) and disability insurance (DI) under Governmental Accounting Standards Board (GASB) Statement No. 75 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, GLI, and DI 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, net OPEB liabilities, and the measurement date.

The Authority has included the financial effects of the GASB 68 and GASB 75 actuarial valuation reports provided by VRS based on a measurement date of June 30, 2018, the most recent available report published by VRS. These effects impacted net pension liability, net OPEB liability, and deferred outflows of resources, deferred inflows of resources and pension and OPEB expense. Although an updated actuarial valuation report with a measurement date of September 30, 2018 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 net pension liability and net OPEB liability related to GLI and DI 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, 2019, 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.

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 4-12, the schedule of the Authority's share of net GLI OPEB liability, the schedule of the Authority's contributions – VRS GLI plan, the schedule of the Authority's share of net VLDP OPEB liability, the schedule of the Authority's contributions – VLDP plan the schedule of changes in the Authority's total OPEB liability and related ratios, the schedule of changes in the Authority's net pension liability and related ratios, and the schedule of Authority's contributions – VRS Plan on pages 56-62 be presented to supplement the financial statements. Such information, although not a part of the basic financial statements, is required by GASB who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The financial data schedules and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepared 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 accounting standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material aspects, 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 October 14, 2020, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Arlington, Virginia
October 14, 2020

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, 2019. 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 and deferred outflow of resources of RRHA exceeded its liabilities and deferred inflows of resources by $123.7 million (net position). Of this amount, $26.5 million (unrestricted net position) may be used to meet ongoing obligations to creditors, $84.7 million is invested in capital assets, net of debt and $12.5 million is restricted for specific purposes (restricted net position).

- RRHA's total net position increased by $6.8 million or 5.83% compared to fiscal year 2018.

- RRHA's total assets increased by $8.2 million from the prior year while RRHA's total liabilities increased by $2.9 million from the prior year. During fiscal year 2019 RRHA's assets increased primarily as the result of an increase in capital assets due to addressing heating, water, and sewer line issues at various properties and an increase in operating cash as a result of additional operating subsidy.

- Liabilities increased as a result of a increase in the accounts payable of $1.5 million, an increase in pension liability of $ .5 million, and an increase in debt of $757 thousand.

- RRHA's liquidity remains stable at 5.75 to 1. This means that RRHA has the ability to pay its current liabilities at least 6 times over. See discussion of RRHA's liquidity on page 9.

- RRHA's operating revenue exceeded operating expenses by $ .2 million.

Statement of Revenues, Expenses, and Changes in Net Position

- HUD receipts increased due to increase in operating subsidy of $1.5 million, and an increase in HAP funding of $1.0 million.

- HAP expenses exceed HAP revenues by $ .5 million

- The operating epxenses include depreciation expense of $4.0 million primarily associated with the LIPH properties.

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, 2019. 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 supplementary 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, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between assets plus deferred outflows of resources and liabilities plus 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 the Authority's Share of Net GLI OPEB Liability on page 56, The Schedule of The Authority's Contributions – VRS GLI plan on page 57, The Schedule of the Authority's Share of Net VLDP OPEB Liability on page 58, The Schedule of The Authority's Contributions – VLDP plan on page 58, The Schedule of changes in the Authority's Total OPEB Liability and Related Ratios included on page 60, The Schedule of Changes in the Authority's Net Pension Liability and Related Ratios and Schedule of Authority's Contributions for the VRS Pension Plan are on pages 61 through 62, reflects RRHA's position as it related to funding its obligation to provide pension and OPEB benefits to its employees. Additionally, the other supplementary information included on pages 63 through 70 presents a Financial Data Schedule.

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 and deferred outflow of resources exceeded liabilities and deferred inflow of resources by $123.7 million at September 30, 2019.

Net position in capital assets totaling $84.7 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 are 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 RRHA's net position totaling $12.5 million represents resources that are subject to external restrictions on how they may be used. The remaining balance is unrestricted net position totaling $26.5 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, 2019 and 2018.

Table 1
Schedule of Net Position

	2019	2018	$ Increase/ (Decrease)	% Increase/ (Decrease)
Current and Other Assets	$ 65,642,643	$ 62,679,211	$ 2,963,432	4.73%
Capital Assets	84,683,593	79,395,456	5,288,137	6.66%
Total Assets	150,326,236	142,074,667	8,251,569	5.81%
Deferred Outflows of Resources	1,455,557	1,170,611	284,946	24.34%
Current and Other Liabilities	25,925,007	23,707,535	2,217,472	9.35%
Long-Term Debt Outstanding	1,521,813	765,000	756,813	98.93%
Total Liabilities	27,446,820	24,472,535	2,974,285	12.15%
Deferred Inflows of Resources	673,957	1,920,660	(1,246,703)	(64.91)%
Net Position:				
Net Investment in Capital Assets	84,683,593	79,395,456	5,288,137	6.66%
Restricted	12,486,035	14,284,194	(1,798,159)	(12.59)%
Unrestricted	26,491,388	23,172,433	3,318,955	14.32%
Total Net Position	$ 123,661,016	$ 116,852,083	$ 6,808,933	5.83%

Net position changed as a result of the following:

- Current and Other Assets increased by $2.9 million or 4.7%. Primarily due to an increase in operating cash as a result of additional operating subsidy.
- Capital assets increased by $5.3 million or 6.7%. RRHA assets increased as a result of normal depreciation expense of $4.0 million which was offset by an increase in capital spending of $9.3 million.
- Current and other liabilities increased by $2.2 million or 9.4%. The increase is due an increase in accounts payable of $1.2 million, 2) an increase in pension liability of $.5 million, and 3) an increase of accrued interest and deferred receivables of $.6 million.
- Restricted net position decreased by $1.8 million or 12.6% as a result of reclass mortgage cash from restricted to unrestricted classification

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

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

	2019	2018	$ Increase/ (Decrease)	% Increase/ (Decrease)
Operating Revenues:				
Rental Revenue	$ 11,053,739	$ 10,645,201	$ 408,538	3.84%
HUD Grants	52,151,985	49,780,970	2,371,015	4.76%
Other Governmental Grants	667,302	234,940	432,362	184.03%
Other Revenue	3,788,349	4,456,988	(668,639)	(15.00)%
Total Operating Revenues	67,661,375	65,118,099	2,543,276	3.91%
Program Expenses:				
Administrative	10,435,695	9,449,900	985,795	10.43%
Tenant Services	501,645	586,023	(84,378)	(14.40)%
Utilities	12,949,274	12,585,826	363,448	2.89%
Ordinary Maintenance & Operation	8,897,261	7,617,630	1,279,631	16.80%
General Expenses	3,684,856	3,254,975	429,881	13.21%
Housing Assistance Payments	27,077,529	25,608,215	1,469,314	5.74%
Cost of Property Sold	57,519	1,925,628	(1,868,109)	(97.01)%
Depreciation	3,960,175	3,769,709	190,466	5.05%
Total Program Expenses	67,563,954	64,797,906	2,766,048	4.27%
Nonoperating Revenues (Expenses)				
Investment Income	118,855	42,718	76,137	178.23%
Total Nonoperating Revenues (Expenses)	118,855	42,718	76,137	(178.23)%
Income (Loss) Before Contributions and Transfers	216,276	362,911	(146,635)	(40.41)%
Capital Grants	6,592,657	7,109,672	(517,015)	(7.27)%
Change in Net Position	6,808,933	7,472,583	(663,650)	(8.88)%
Net Position	116,852,083	109,379,500	7,472,583	6.83%
Net Position, September 30	$ 123,661,016	$ 116,852,083	$ 6,808,933	5.83%

- HUD Grants and subsidies increased by $2.4 million or 4.8% as a result of an increase in HAP funding of $1.0 million and an increase in operating subsidy of $1.5 million. This is offset by a decrease in HOPEVI and Capital Spending of $.5 million.

- Other Governmental Grants revenue increased by .4 million or 184.03% as a result of increased funding for the SRAP voucher program. The number of vouchers increased.

- Administrative expenses increased by $1.0 million or 10.4% as a result of an incease in employee benefits related to the increase in pension expense.

- Ordinary Maintenance & Operations decreased by $1.3 million, or 16.8%, as a result of increases in employee benefits related to the increase in pension expense.

- General expenses increased by $.4 million or 13.2% due to a increase in compensated absences of $46 thousand, and a increase in bad debt of $.6 million.

- Housing Assistance Payments increased by $1.5 million or 5.7% due to increase in leasing.

- Cost of Property sold decreased by $1.9 million or 97.0%. In prior year sold Greenwalk , NHI and Battery Park homes that did not occur in the current fiscal year.

- Capital grants decreased by $.5 million 7.27% due to increase in funds used for roofing projects that occurred during the year versus prior year offset by a decrease in funding received from other governments for capital improvements.

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 3
Working Capital and Current Ratio

	2019	2018
Current Assets	$ 39,007,989	$ 36,820,220
Less: Current Liabilities	(6,819,630)	(4,922,446)
Working Capital	$ 32,188,359	$ 31,897,774
Current Assets	$ 39,007,989	$ 36,820,220
Divided by: Current Liabilities	6,819,630	4,922,446
Current Ratio	7.44:1	7.44:1

RRHA is financially stable as evidenced by its working capital of $32.3 million and its 5.75:1 ratio of current assets to current liabilities at September 30, 2019. 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 2018 by $.4 million while the current ratio decreased. Current assets increaseddecreased at a faster rate than current liabilities. Decrease in current assets is primarily due to a decrease in cash of $1.5 million primarily related to infrastructure spending related to Dove and Armstrong projects. Decrease in current liabilities is due primarily due the settlement of excess utilities legal issues.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of September 30, 2019, RRHA's capital assets totaled $84,683,593 (net of accumulated depreciation). Included in the capital assets are land, land improvements, buildings and structures, equipment, and construction in progress. See footnote 5 for further details.

Table 4
Capital Assets

	2019	2018
Land	$ 8,003,619	$ 8,108,857
Buildings	154,821,428	152,959,970
Furniture, Equipment, and Machinery	18,541,900	15,205,533
Accumulated Depreciation	(107,166,595)	(103,542,550)
Construction in Progress	10,483,241	6,663,646
Total	$ 84,683,593	$ 79,395,456

Long-Term Debt

As of September 30, 2019, RRHA had net outstanding notes, bonds and loans payable totaling $8.1 million. See footnote 7 for further details.

Table 5
Long-Term Debt

	2019	2018
4th and Grace Place Note Payable	$ 765,000	$ 765,000
COCC/LRPH Repayment	6,135,544	6,245,544
COCC/LRPH Repayment	432,225	440,225
RDC Armstrong LLC Note Payable to City	756,813	-
Subtotal	8,089,582	7,450,769
Less: Eliminations	(6,567,769)	(6,685,769)
Total Outstanding Debt	$ 1,521,813	$ 765,000

ECONOMIC CONDITIONS AND NEXT YEAR'S BUDGET

While the U.S. economy has improved and continues to be stable, there continues to be concerns around a possible trades war with China, tensions in the Middle East and fears over the health of the global economy. All of which has led the Federal Reserve to reduce the Federal interest rate three times during 2019. It is anticipated that the Federal Reserve will not increase rates until 2021.

In spite of these activities, it was projected that the U.S. economic outlook would be healthy. It was anticipated that the economy will grow more slowly for fiscal 2020, 2.0% in 2020 versus 2.2% for 2019. Inflation would remain consistent at 1.9% for 2020, compared to 2019 but was expected to increase to 2% for 2021 and 2022. Unemployment was expected to remain low; decrease slightly to 3.5% from about 3.7%. The national unemployment rate for 2019 remained flat from the prior year of about 3.5% while the City of Richmond's unemployment rate improved slightly for the same time period from about 2.9% to 2.6%. The City of Richmond's unemployment rate remains lower than the national average.

However, with the global crisis of the coronavirus pandemic significantly impacting the world, the economy in has been in turmoil, with the stock market fluctuating and employment rates sky rocketing. In December 2019, an outbreak of a novel stain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other counties, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as pandemic. In addition, multiple jurisdictions in the U.S. have declared a state of emergency. It is anticipated that these impacts will continue for some time.

Future potential impacts on the Housing Authority may include disruptions or restrictions on employee's ability to work or the tenant's ability to pay the required monthly rent. Operating functions that may be changed include intake, recertification's, and maintenance. Changes in the operating environment may increase operating cost. Additional impacts may include the ability of tenants to continue making pre COVID rent payments as a result of job loss or other pandemic related issues.

A coronavirus (COVID-19) relief bill had passed the Senate and the House, been signed by the President on March 27, 2020. The relief bill includes additional funds for Public and Indian Housing, Community Planning and Development, and Office of Housing Programs. The U.S Department of Housing and Urban Development has issued Notice PIH 2020-5 "COVID-19 Statutory and Regulatory Waivers for the Public Housing, Housing Choice Voucher, Indian Housing Block Grant and Indian Community Development Block Grant programs, Suspension of Public Housing Assessment System and Section Eight Management Assessment Program." The Housing Authority has implemented all applicable waivers identified in the notice that were appropriate and necessary operations and in the best interest of the residents and participants service. The future effects of these are unknown.

In spite of the pandemic, the major objective in Richmond is to ensure its downtown is vibrant and healthy Numerous community and economic development initiatives continue to create investment opportunities. As the largest landowner in the city of Richmond, RRHA is a partner of the City's efforts. RRHA receives a significant portion of its funding from the U.S. Department of Housing and Urban Development (HUD). With those resources, RRHA administers programs that include Low Income Public Housing (LIPH), Housing Choice Voucher Programs (HCVP), Capital Grants, and HOPE VI.

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

Therefore, the FY 2020 budget is conservatively based and is reflective of 2019 federal legislative mandates. The fiscal year (FY) 2020 budget assumes HUD will fund Public Housing Operations at 88% of projected need, fund Housing Assistant Payments at 99.5% of projected need, and fund the Administrative needs of the Housing Choice Voucher Program at 80%. The projected funding levels for both the Public Housing Operations and Housing Assistant Payments are consistent with prior years.

The FY2020 budget also reflects the goals of the Board of Commissioners, Executive Staff and senior leadership of RRHA. The 2020 budget reflects the Authority's commitment to our residents by funding initiatives which will ensure stability and preservation of our existing communities, improve the quality of life for RRHA residents and provide an ever-broader range of housing operations. The budget includes continuation of revitalizing of FAY Towers (Jackson Ward Senior and Baker School), planning revitalization for Creighton, and Rental Assistance Demonstration (RAD) redevelopment efforts for about 500 family and senior units.

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 Stacey L. Daniels-Fayson, Interim Chief Executive Officer with assistance from:

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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, 2019

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	
CURRENT ASSETS	
Cash and Cash Equivalents (Note 2)	$ 16,480,412
Restricted Cash and Cash Equivalents (Note 2)	12,758,280
Short-Term Investment (Note 2)	620,257
Accounts Receivables, Net of Allowance of $781,114 (Note 3)	2,068,542
Mortgage Loans and Notes Receivable - Current, Net of Allowance of $112,751 (Note 4)	604,991
Land Held for Resale, Net of Allowance of $1,039,592 (Note 6)	5,534,869
Other Assets, Net of Allowance of $74,538	940,638
Total Current Assets	39,007,989
NONCURRENT ASSETS	
Capital Assets - Nondepreciable (Note 5)	
Land	8,003,619
CIP	10,483,241
Total Capital Assets - Nondepreciable	18,486,860
Capital Assets - Depreciable (Note 5)	
Buildings and Improvements	154,821,428
Furniture and Equipment	18,541,900
Accumulated Depreciation	(107,166,595)
Total Capital Assets - Depreciable	66,196,733
Capital Assets, Net	84,683,593
Mortgage Loans and Notes Receivable - Noncurrent, Net of Allowance of $27,499 (Note 4)	26,634,654
Total Noncurrent Assets	111,318,247
Total Assets	150,326,236
DEFERRED OUTFLOW OF RESOURCES	
OPEB Related Inflows	166,900
Pension Related Outflows	1,288,657
Total Deferred Outflows of Resources	1,455,557
Total Assets and Deferred Outflows of Resources	$ 151,781,793
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	
CURRENT LIABILITIES	
Accounts Payable (Note 9)	$ 2,664,293
Due to Other Governments, Current (Note 9)	536,556
Compensated Absences, Current (Note 9)	654,215
Accrued Liabilities (Note 9)	1,770,111
Tenant Security Deposits/FSS Escrows (Note 9)	662,018
Other Current Liabilities (Note 9)	14,985
Unearned Revenues (Note 9)	517,452
Total Current Liabilities	6,819,630
NONCURRENT AND OTHER LIABILITIES	
Long-Term Debt, Net of Current (Note 7)	1,521,813
Other Noncurrent Liabilities (Note 9)	12,763,882
Accrued Pension and OPEB Liability (Notes 11,12, &13)	6,341,495
Total Noncurrent and Other Liabilities	20,627,190
Total Liabilities	27,446,820
DEFERRED INFLOWS OF RESOURCES	
OPEB Related Inflows	253,596
Pension Related Inflows	420,361
Total Deferred Inflows of Resources	673,957
NET POSITION	
Net Investment in Capital Assets	84,683,593
Restricted	12,486,035
Unrestricted	26,491,388
Total Net Position	123,661,016
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 151,781,793

See accompanying Notes to Financial Statements.

RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED SEPTEMBER 30, 2019

OPERATING REVENUES	
Dwelling Rental	$ 11,053,739
HUD Grants and Subsidies	52,151,985
Other Government Grants and Subsidies	667,302
Sale of Property	244,897
Other Income	3,407,700
Mortgage Interest	135,752
Total Operating Revenues	67,661,375
OPERATING EXPENSES	
Administration	10,435,695
Tenant Services	501,645
Utilities	12,949,274
Maintenance and Operation	8,897,261
General Expenses	3,684,856
Housing Assistance Payments	27,077,529
Cost of Property Sold	57,519
Depreciation	3,960,175
Total Operating Expenses	67,563,954
Total Operating Income	97,421
Nonoperating Revenues (Expenses):	
Investment Income	118,855
Total Nonoperating Revenues (Expenses)	118,855
Income Before Capital Grants	216,276
Capital Grants	6,592,657
CHANGE IN NET POSITION	6,808,933
Net Position - Beginning of Year	116,852,083
NET POSITION - END OF YEAR	$ 123,661,016

See accompanying Notes to Financial Statements.

RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2019

CASH FLOWS FROM OPERATING ACTIVITIES		
Rental Receipts	$	9,856,476
Direct HUD Subsidies		53,487,800
Other Government Grants and Subsidies		667,302
Charges for Services		3,227,933
Payments to Employees		(12,835,536)
Housing Operations and Tenant Services		(22,706,490)
Housing Assistance Payments		(27,077,529)
Net Cash Proved by Operating Activities		4,619,956
CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES		
Issuance of Notes Payable		756,813
Net Cash Provided by Non Capital Financing Activiites		756,813
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Acquisition of Capital Assets		(9,791,901)
Proceeds from Sale of Capital Assets		-
Disposal of Capital Assets		543,589
Capital Contributions		6,592,657
Net Cash Used by Capital Financing Activities		(2,655,655)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of Land Held for Resale		(56,711)
Loss on Disposal of Land Held for Resale		(4,222)
Interest Income		118,855
Net Cash Provided by Investing Activities		57,922
NET INCREASE IN CASH AND CASH EQUIVALENTS		2,779,036
Cash and Cash Equivalents - Beginning of Year		26,459,656
CASH AND CASH EQUIVALENTS - END OF YEAR	$	29,238,692
CLASSIFIED AS		
Cash and Cash Equivalents	$	16,480,412
Restricted Cash		12,758,280
Total	$	29,238,692
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Net Operating Income	$	97,421
Adjustments to Reconcile Cash and Cash Equivalents Provided by Operating Activities:		
Depreciation		3,960,175
Bad Debt Expense		1,221,017
Effects of Changes in Operating Assets and Liabilities, Net of Business Combination and Noncash Items:		
Accounts Receivable		557,117
Mortgage Loans, Net		(1,191,702)
Other Assets		(709,895)
Accounts Payable		1,474,606
Unearned Revenue		213,405
Tenant Security Deposits		(684)
Accrued Liabilities		147,337
Other Liabilities		(345)
OPEB Liabilities		(65,957)
Pension Liability		449,110
Deferred Inflow - Pension		(3,595,256)
Deferred Inflow - OPEB		(23,472)
Deferred Outflow - Pension		2,181,279
Deferred Outflow - OPEB		(94,200)
Net Cash Provided by Operating Activities	$	4,619,956

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 21 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.

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

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.

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. The Authority's financial statements include those of the Authority and component units. In determining how to define the reporting entity, management has considered all potential component units. The decision to include a component unit in the reporting entity was made by applying the criteria set forth by the Governmental Accounting Standards Board (GASB). These criteria include manifestation of oversight responsibility including financial accountability, imposition of will, financial benefit to or burden on a primary organization, and financial accountability as a result of fiscal dependency.

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

Financial Reporting Entity (Continued)

On the basis of the application of these criteria, Randolph Place Associated, L.P. and Richmond Development Corporation are entities that are required to be reported as blended component units of the Authority. There are no other component units.

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. On November 1, 2007, the 50-unit apartment was sold to a subsidiary of Better Housing Coalition. The Randolph Place Associates Limited Partnership has been repurposed to carry out for-profit development but currently has limited activity. The Partnership has a June 30 fiscal year end.

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. The Corporation has a December 31 fiscal year end.

RDC is the sole member of RDC Armstrong, LLC, a limited liability company forms to engage in community development activities. The activity of RDC Armstong, LLC is consolidated under the blended component unit RDC.

These entities are deemed blended component units and therefore the operating activities are included in the Authority’s basic financial statements. 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, 2019.

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 five years. Donated fixed assets are stated at their acquisition 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 to 50 Years
Building Improvements	15 to 40 Years
Equipment	5 to 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 to 9 Years	26 Days	30 Days	30 Days
10 to14 Years	26 Days	36 Days	36 Days
15 or More Years	29.25 Days	42 Days	42 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. Nonexchange 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 position 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.

Nonoperating 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 nonoperating revenues and expenses. RRHA reports as nonoperating 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, 2019. 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 (expense) until the future period. The Authority recognizes deferred outflows for contributions made subsequent to the measurement date related to pensions and the difference between projected and actual earnings on pension plan investments.

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

Deferred Outflows/Inflows of Resources (Continued)

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 expected and actual experience, changes in assumptions, and net differences between projected and actual earnings on Pension plan related to Pension and OPEB.

Group Life Insurance

The Virginia Retirement System (VRS) Group Life Insurance Program is a multiple employer, cost-sharing plan. It provides coverage to state employees, teachers, and employees of participating political subdivisions. The Group Life Insurance Program was established pursuant to §51.1-500 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. The Group Life Insurance Program is a defined benefit plan that provides a basic group life insurance benefit for employees of participating employers. For purposes of measuring the net Group Life Insurance Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the Group Life Insurance Program OPEB, and Group Life Insurance Program OPEB expense, information about the fiduciary net position of the Virginia Retirement System (VRS) Group Life Insurance program OPEB and the additions to/deductions from the VRS Group Life Insurance Program OPEB's net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Disability Program

The Virginia Retirement System (VRS) Political Subdivision Employee Virginia Local Disability Program is a multiple-employer, cost-sharing plan. For purposes of measuring the net Political Subdivision Employee Virginia Local Disability Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the Political Subdivision Employee Virginia Local Disability Program OPEB, and the Political Subdivision Employee Virginia Local Disability Program OPEB expense, information about the fiduciary net position of the Virginia Retirement System (VRS) Political Subdivision Employee Virginia Local Disability Program; and the additions to/deductions from the VRS Political Subdivision Employee Virginia Local Disability Program's net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Income Taxes

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

NOTE 2 CASH AND CASH EQUIVALENTS AND INVESTMENTS

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.

Cash

At September 30, 2019, cash on hand, cash items and petty cash totaled $29,833,677 and the value of RRHA's deposits with financial institutions totaled $29,678,795.

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 "establish 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].

Custodial Credit Risk – Deposits (Continued)

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, 2019, 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 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. RRHA also invests in a liquid federal trust fund consisting of U.S. Treasury and Agency debt which matures within 1 year. The balance of cash equivalents and investments at September 30, 2019 was $2,252,831.

NOTE 2 CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

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.

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, 2019 with maturities less than one year:

	Fair Value			S&P
	Unrestricted	Restricted	Total	Ratings
Petty Cash	$ 1,000	$ -	$ 1,000	N/A
Checking and Savings Accounts	16,479,412	11,125,706	27,605,118	N/A
Money Market Funds	-	2,180,535	2,180,535	Aaa-mf
Short-Term Investments:				
Federal Home Loan Banks	-	7,438	7,438	AAAm
Federal Farm Credit Banks	-	25,291	25,291	AAAm
U.S. Treasuries	-	39,567	39,567	AAAm
Total	$ 16,480,412	$ 13,378,537	$ 29,858,949	

NOTE 2 CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Cash Equivalents and Investments (Continued)

Fair Value Measurements

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

As of September 30, 2019, fair value of investments are as follows:

		Fair Value Measurements Using	
	09/30/19	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Investment by Fair Value Level			
Debt Securities:			
Federal Home Loan Banks	$ 7,438	$ -	$ 7,438
Federal Farm Credit Banks	25,291	-	25,291
U.S. Treasuries	39,567	39,567	-
Total Investments by Fair Value Level	$ 72,296	$ 39,567	$ 32,729

NOTE 3 ACCOUNTS RECEIVABLE

Accounts receivable including applicable allowances for uncollectible accounts at September 30, 2019 consisted of the following:

Tenants (Net of Allowance of 730,940)	$ 541,084
Accounts Receivable - HUD	1,164,805
Miscellaneous (Net of Allowance of $50,174)	362,653
Total	$ 2,068,542

NOTE 4 MORTGAGE LOANS

The composition of RRHA's mortgage loan portfolio, by collateral type, as of September 30, 2019, is as follows:

	Principal	Accrued Interest	Total
Single-Family Real Estate	$ 4,048,207	$ -	$ 4,048,207
Multi-Family Real Estate	10,957,406	2,194,982	13,152,388
Commercial Real Estate	7,290,000	2,989,300	10,279,300
Total Mortgage Loans	22,295,613	5,184,282	27,479,895
Less: Allowance	(240,250)	-	(240,250)
Total Mortgage Loans, Net	22,055,363	5,184,282	27,239,645
Less: Current Mortgage Loans	(604,991)	-	(604,991)
Noncurrent Mortgage Loans	$ 21,450,372	$ 5,184,282	$ 26,634,654

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	$ 1,239,276	$ 7,764,276
City of Richmond Cooperative Agreements:			
4th and Grace Street	765,000	1,750,024	2,515,024
Total Commercial Loans	$ 7,290,000	$ 2,989,300	$ 10,279,300

Related liabilities consist of the following:

Notes Payable - 4th and Grace Street	$ 765,000
Accrued Interest - 4th and Grace Street	1,750,024
Due to City of Richmond - Mortgage Loans	1,800,971
Total	$ 4,315,995

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

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.

NOTE 5 CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2019 is as follows:

	Balance October 1, 2018	Increases	Decreases	Transfers/ Capitalizations	Balance September 30, 2019
Capital Assets Not Being Depreciated:					
Land	$ 8,108,857	$ -	$ (105,238)	$ -	$ 8,003,619
Construction in Progress (CIP)	6,663,646	9,694,410	-	(5,874,815)	10,483,241
Total Capital Assets Not Being Depreciated	14,772,503	9,694,410	(105,238)	(5,874,815)	18,486,860
Capital Assets Being Depreciated:					
Land Improvements	12,187,284	73,149	(13,838)	1,187,840	13,434,435
Building and Structures	140,772,686	-	(729,087)	1,343,394	141,386,993
Equipment	15,205,533	24,342	(31,556)	3,343,581	18,541,900
Total Capital Assets Being Depreciated	168,165,503	97,491	(774,481)	5,874,815	173,363,328
Less: Accumulated Depreciation	103,542,550	3,960,175	(336,130)	-	107,166,595
Total Capital Assets Being Depreciated, Net	64,622,953	(3,862,684)	(438,351)	5,874,815	66,196,733
Total Capital Assets, Net	$ 79,395,456	$ 5,831,726	$ (543,589)	$ -	$ 84,683,593

NOTE 6 LAND HELD FOR RESALE

Activity in the land held for resale account for the year ended September 30, 2019 is as follows:

	Balance October 1, 2018	Increases	Decreases	Transfers	Balance September 30, 2019
Land Held for Resale	$ 6,542,749	$ 56,711	$ (25,000)	$ -	$ 6,574,460
Less: Allowance	(1,068,813)	-	29,222	-	(1,039,591)
Total Land Held for Resale, Net	$ 5,473,936	$ 56,711	$ 4,222	$ -	$ 5,534,869

NOTE 7 DEBT OBLIGATIONS

Changes in the total long-term debt during the year ended September 30, 2019 are summarized below. These debt obligations of RRHA are not held or guaranteed by HUD.

	Balance October 1, 2018	Additions	Forgiveness/ Reductions	Balance September 30, 2019	Due Within One Year
4th & Grace Place Note[1]	$ 765,000	$ -	$ -	$ 765,000	$ -
COCC/LRPH Repayment[2]	6,245,544	-	(110,000)	6,135,544	-
COCC/LRPH Repayment[3]	440,225	-	(8,000)	432,225	-
RDC Armstrong LLC Note Payable to City[4]	-	756,813	-	756,813	-
Subtotal	7,450,769	756,813	(118,000)	8,089,582	-
Less: Eliminations	(6,685,769)	-	118,000	(6,567,769)	-
Grand Total	$ 765,000	$ 756,813	$ -	$ 1,521,813	$ -

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

[2] Amended agreement dated September 11, 2017, interest rate of 0.0%. This loan is between the Central Office Cost Center (COCC) and the Low Income Public Housing Program (LIPH) and is therefore eliminated for financial statement purposes.

[3] Amended agreement dated December 28, 2017, interest rate of 0.0%. This loan is between the Central Office Cost Center (COCC) and the Low Income Public Housing Program (LIPH) and is therefore eliminated for financial statement purposes.

[4] Agreement dated February 8, 2018, interest rate of 3.5%, maturing February 8, 2038. This loan is between RDC Armstrong LLC and Economic Development Authority of the City of Richmond

The principal payment obligations related to bonds and loans payable for the five years commencing October 1, 2019, and thereafter are as follows:

	Notes and Loans	
Year Ended September 30,	Principal	Interest
2021	$ 765,000	$ -
2038	756,813	-
	$ 1,521,813	$ -

NOTE 8 HUD REPAYMENT AGREEMENT

As shown in Note 7, on July 6, 2016, RRHA entered into a repayment agreement with HUD in the amount of $6,132,638. This agreement was amended on September 11, 2017 increasing the amount by $507,800 to a new total of $6,465,544. On December 28, 2017, the agreement was amended again increasing the amount by $448,225. The agreement is the result of the unallowable transfer of funds from the Low Rent Public Housing program to the Central Office Cost Center. RRHA is to make the required annual installment repayment over a period of 63 years commencing on October 1, 2016 out of non-HUD, non-federal funds. For the $6,465,544 amount amended on September 11, 2017, payments will be made as follows: two annual installments of $51,352 beginning on October 1, 2016 and the second on October 1, 2017; sixty annual installments of $110,000; and the final installment of $29,934 due on October 1, 2078. In addition to these amounts, the agreement also requires repayment of management fees in the amount of $48,648 on October 1, 2016 and October 1, 2017. For the $448,225 amount amended on December 28, 2017, payments will be made as follows: 56 annual installments of $8,000 beginning on October 1, 2018, and the final installment of $225 due on October 1, 2075. These amounts represent amounts owed between two programs of RRHA, so the receivable and payable amounts are eliminated for financial reporting purposes.

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 2019 was as follows:

	Balance October 1, 2018	Increases	Reductions	Balance September 30, 2019	Due Within One Year
Accounts Payable	$ 1,189,687	$ 67,262,087	$ (65,787,481)	$ 2,664,293	$ 2,664,293
Due to Other Governments	2,326,227	1,653,882	(2,173,558)	1,806,551	536,556
Accrued Liabilities	1,665,107	42,612,591	(42,507,587)	1,770,111	1,770,111
Compensated Absences	611,882	791,661	(749,328)	654,215	654,215
Tenant Security Deposits	662,702	372,056	(372,740)	662,018	662,018
Unearned Revenues	8,685,680	1,098,446	(171,773)	9,612,353	517,452
Other Current Liabilities	9,756	13,036	(7,807)	14,985	14,985
Other Noncurrent Liabilities	2,598,152	151,280	(350,446)	2,398,986	-
Pension and OPEB Liability	5,958,342	449,112	(65,959)	6,341,495	-
Total	$ 23,707,535	$ 114,404,151	$ (112,186,679)	$ 25,925,007	$ 6,819,630

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 $101,812,260 as of September 30, 2019.

NOTE 11 VIRGINIA RETIREMENT SYSTEM (VRS) POLITICAL SUBDIVISION 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, 2018 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, 2018 in the case of the Authority. Therefore, the valuation report issued by VRS is outdated for the Authority's September 30, 2019 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, 2018 financial statements no updated report was available.

The Authority has included the financial effects of the GASB 68 valuation report with the June 30, 2018 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

All full-time, salaried permanent employees of the Authority are automatically covered by VRS Retirement Plan upon employment. This cost sharing plan is administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the Code of Virginia, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

The system administers three different benefit structures for covered employees – Plan 1, Plan 2, and Hybrid. Each of these benefit structures has different eligibility criteria.

NOTE 11 VIRGINIA RETIREMENT SYSTEM (VRS) POLITICAL SUBDIVISION PLAN (CONTINUED)

Employees Covered by Benefit Terms

As of the June 30, 2017 actuarial valuation, the following employees were covered by the benefits terms of the pension plan:

Active Members	176
Inactive Members:	
Member or their Beneficiaries Receiving Benefits	263
Members Active Elsewhere in VRS	86
Nonvested Members	66
Vested Members	64
Subtotal Inactive Members	479
Total Members	655

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding options provided by the Virginia General Assembly. Employees are required to contribute 5% of their compensation toward their retirement. Prior to July 1, 2012, all or part of the 5% member contribution may have been assumed by the employer. Beginning July 1, 2012, new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5% member contribution. This could be phased in over a period of up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution.

The Authority's contractually required contribution rate was 9.62% of covered employee compensation for the period July 1, 2017 and 8.26% for period July 1, 2018 through June 30, 2019. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. Effective July 1, 2019 the required contribution rate was 9.26% of covered employees compensation.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by the employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Authority were $917,622 and $1,097,913 for the years ended September 30, 2019 and, 2018, respectively.

Net Pension Liability

The Authority's net pension liability was measured as of June 30, 2017. The total pension liability used to calculate net pension liability was determined by an actuarial valuation performed as of June 30, 2016, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017.

Actuarial Assumptions – General Employees

The total pension liability for General Employees in the Authority's retirement plan was based on an actuarial valuation as of June 30, 2017, using the Entry Age normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

NOTE 11 VIRGINIA RETIREMENT SYSTEM (VRS) POLITICAL SUBDIVISION PLAN (CONTINUED)

Actuarial Assumptions – General Employees (Continued)

Inflation:	2.5%
Salary increases, including inflation:	3.5% -5.35%
Investment rate of return	7.0%, net of pension plan investment expenses, including inflation*

*Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a project plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify the preparation of pension liabilities.

Mortality rates: 15% of deaths are assumed to be service related

All Employers

Pre-Retirement

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

All Employers

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

NOTE 11 VIRGINIA RETIREMENT SYSTEM (VRS) POLITICAL SUBDIVISION PLAN (CONTINUED)

Long-Term Expected Rate of Return

The long-term expected rate of return on System investments 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 System investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation percentage and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	100.00%		4.80%
		Inflation	2.50%
		* Expected arithmetic nominal return	7.30%

* The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; political subdivisions were also provided with an opportunity to use an alternate employer contribution rate.

Through the fiscal year ended September 30, 2019, the rate contributed by the Authority for the Political Subdivision Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From October 1, 2019 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 11 VIRGINIA RETIREMENT SYSTEM (VRS) POLITICAL SUBDIVISION PLAN (CONTINUED)

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at September 30, 2018	$ 64,480,258	$ 59,474,460	$ 5,005,798
Changes for the Year:			
Service Cost	775,925	-	775,925
Interest	4,357,419	-	4,357,419
Changes of Assumptions	-	-	-
Differences Between Expected and Actual Experience	797,566	-	797,566
Contributions - Employer	-	825,631	(825,631)
Contributions - Employee	-	384,393	(384,393)
Refund of Contribution	-	-	-
Net Investment Income	-	4,314,723	(4,314,723)
Benefit Payments, Including Refunds	(4,462,832)	(4,462,832)	-
Administrative Expenses	-	(39,195)	39,195
Other Changes	-	(3,752)	3,752
Net Changes	1,468,078	1,018,968	449,110
Balances at September 30, 2019	$ 65,948,336	$ 60,493,428	$ 5,454,908

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Authority's Net Pension Liability	$ 12,440,729	$ 5,454,908	$ (473,356)

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

For the year ended September 30, 2019, the Authority recognized pension expense of $(964,863). At September 30, 2019, the Authority reported deferred inflows and outflows of resources related to pensions from the following sources:

NOTE 11 VIRGINIA RETIREMENT SYSTEM (VRS) POLITICAL SUBDIVISION PLAN (CONTINUED)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	$ -	$ 420,361
Difference Between Expected and Actual Experience	371,036	-
Authority Contributions Subsequent to the Measurement Date	917,621	-
Total	$ 1,288,657	$ 420,361

Sensitivity of the Net Pension Liability to Changes in the Discount Rate (Continued)

The $917,621 reported as deferred outflows of resources related to pensions resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended September 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year Ended September 30,	Amount
2020	$ 635,443
2021	(12,734)
2022	(618,663)
2023	(53,371)
2024	-
Total	$ (49,325)

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at http://www.varetire.org/Pdf/Publications/2017-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Additional disclosures on changes in net pension liability, related ratios, and employer contributions can be found in the required supplementary information following the notes to the financial statements.

NOTE 12 POSTRETIREMENT BENEFITS OTHER THAN PENSION BENEFITS

Plan Description

The post-retirement benefits plan is a 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. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

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.

Employees Covered by Benefits Term

At September 30, 2019, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefit Payments	9
Inactive Employees Entitled to But Not Yet Receiving Benefit Payments	-
Active Employees	84
Total	93

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.

Total OPEB Liability

RRHA's total OPEB liability of $231,587 was measured as of September 30, 2018, and was determined by an actuarial valuation as of that date.

NOTE 12 POSTRETIREMENT BENEFITS OTHER THAN PENSION BENEFITS (CONTINUED)

Actuarial assumptions and other inputs. The total OPEB liability in the September 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	3.00%
Healthcare cost trend rates	The medical trend assumptions used in the valuation were developed using the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model. The SOA model was released in December 2007. Version 2018_c was used for the 2017 valuation. The following assumptions were used as input variables into the model: Rate of Inflation 2.50% Rate of Growth in Real Income/GDP per capita 1.0% Income Multiplier for Health Spending 1.0 Health Share of GDP Resistance Point 25% Year for Limiting Cost Growth to GDP Growth 2075
Retirees' share of benefit-related cost	72.5 to 74.9% of projected health insurance premiums for retirees

<u>Changes in the Net OPEB Liability</u>

	Total OPEB Liability (a)
Balances at 9/30/18	$ 273,544
Changes for the Year:	
Service Cost	19,897
Interest	9,157
Differences Between Expected and Actual Experience	(25,687)
Assumptions Changes	-
Benefit Payments	(45,323)
Net Changes	(41,956)
Balances at 9/30/19	$ 231,588

Changes of assumptions and other inputs reflect a change in the discount rate from 3.00% in 2014 to 3.55% in 2017.

NOTE 12 POSTRETIREMENT BENEFITS OTHER THAN PENSION BENEFITS (CONTINUED)

Sensitivity of the net OPEB liability to changes in the discount rate. The following presents the total OPEB liability of RRHA, as well as what RRHA's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.55%) or 1-percentage-point higher (4.55%) than the current discount rate:

	1% Decrease 2.55%	Discount Rate 3.55%	1% Increase 4.55%
Net OPEB Liability (Asset)	$ 231,603	$ 231,588	$ 230,941

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (4.50% decreasing to 4.09%) or 1-percentage-point higher (6.50% increasing to 4.50%) than the current healthcare cost trend rates:

	1% Decrease (Varied Decreasing to 4.09%)	Healthcare Cost Trend Rates (Varied Decreasing to 5.09%)	1% Increase (Varied Decreasing to 6.09%)
Net OPEB Liability (Asset)	$ 228,955	$ 231,588	$ 234,321

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

For the year ended September 30, 2019, RRHA recognized negative OPEB expense of $(2,824). At September 30, 2019, RRHA reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ -	$ 160,106
Changes of Assumptions	-	490
Total	$ -	$ 160,596

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

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Year Ended September 30,	Amount
2020	$ 66,160
2021	66,160
2022	28,276
2023	-

NOTE 13 GROUP LIFE INSURANCE PROGRAM

Modification of Opinion

The most recent actuarial valuation report provided by the Virginia Retirement System (VRS) related to GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,* used a measurement date of June 30, 2018 to determine the total group life insurance (GLI) OPEB liability. GASB 75 requires a measurement date no earlier than the end of the employer's prior fiscal year, or September 30, 2018 in the case of the Authority. Therefore, the valuation report issued by VRS is outdated for the Authority's September 30, 2019 financial statements.

VRS provides group life insurance to multiple employers in the state of Virginia and is responsible for procuring the actuarial valuation report used to determine the total GLI OPEB 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, 2019 financial statements no updated report was available.

The Authority has included the financial effects of the GASB 75 valuation report with the June 30, 2018 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

All full-time, salaried permanent employees of the Authority are automatically covered by the VRS Group Life Insurance Program upon employment. This plan is administered by the Virginia Retirement System (the System), along with pensions and other OBEB plans, for public employer groups in the Commonwealth of Virginia.

In addition to the Basic Group Life Insurance benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional Group Life Insurance Program. For members who elect the optional group life insurance coverage, the insurer bills employers directly for the premiums. Employers deduct these premiums from members' paychecks and pay the premiums to the insurer. Since this is a separate and fully insured program, it is not included as part of the Group Life Insurance Program OPEB.

NOTE 13 GROUP LIFE INSURANCE PROGRAM (CONTINUED)

The specific information for Group Life Insurance Program OPEB, including eligibility, coverage and benefits is set out in the table below:

GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS

Eligible Employees

The Group Life Insurance Program was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program.

Basic group life insurance coverage is automatic upon employment. Coverage end for employees who leave their position before retirement eligibility or who take a refund of their member contributions and accrued interest.

Benefit Amounts

The benefits payable under the Group Life Insurance Program have several components.

- **Natural Death Benefit** – The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled.
- **Accidental Death Benefit** – The accidental death benefit is double the natural death benefit.
- **Other Benefit Provisions** – In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include:
  - o Accidental dismemberment benefit
  - o Safety belt benefit
  - o Repatriation benefit
  - o Felonious assault benefit
  - o Accelerated death benefit option

Reduction in benefit Amounts

The benefit amounts provided to members covered under the Group Life Insurance Program are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value.

Minimum Benefit Amount and Cost-of-Living Adjustment (COLA)

For covered members with at least 30 years of creditable service, there is a minimum benefit payable under the Group Life Insurance Program. The minimum benefit was set at $8,000 by statute. This amount is increased annually based on the VRS Plan 2 cost-of-living adjustment and is currently $8,111.

NOTE 13 GROUP LIFE INSURANCE PROGRAM (CONTINUED)

Contributions

The contribution requirements for the Group Life Insurance Program are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the Group Life Insurance Program was 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% (1.31% X 60%) and the employer component was 0.52% (1.31% X 40%). Employers may elect to pay all or part of the employee contribution, however the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2019 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contribution to the Group Life Insurance Program from the Authority were $52,215 and $53,700 for the years ended September 30, 2019 and 2018, respectively.

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Group Life Insurance Program OPEB

At September 30, 2019, the Authority reported a liability of $648,000 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2018 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation as of that date. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the Group Life Insurance Program for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At September 30, 2019, the participating employer's proportion was .04270% as compared to .04510% at September 30, 2018.

For the year ended September 30, 2019, the participating employer recognized GLI OPEB expense of $(39,515). Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

NOTE 13 GROUP LIFE INSURANCE PROGRAM (CONTINUED)

At June 30, 2019, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experiences	$ 32,000	$ 12,000
Net Difference Between Projected and Actual Earnings on GLI OPEB Program Investments	-	21,000
Changes in Assumptions	-	27,000
Changes in Proportion	15,000	34,000
Authority Contributions Subsequent to Measurement Date	95,470	-
Total	$ 142,470	$ 94,000

$95,470 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the Fiscal Year ending September 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ended September 30,	Amount
2020	$ (12,000)
2021	(12,000)
2022	(12,000)
2023	(7,000)
2024	(4,000)
Thereafter	-

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2017, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

Inflation	2.5%
Salary increases, including inflation – Locality – General Employees	3.5% – 5.35%
Investment rate of return	7.0%, net of investment expenses, including inflation*

NOTE 13 GROUP LIFE INSURANCE PROGRAM (CONTINUED)

Actuarial Assumptions (Continued)

*Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of the OPEB liabilities.

Mortality Rates – Non-Largest Ten Locality Employers – General Employees

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward three years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward two years, 110% of rates; females 125% of rates.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 25%

Net GLI OPEB Liability

The net OPEB liability (NOL) for the Group Life Insurance Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position.

NOTE 13 GROUP LIFE INSURANCE PROGRAM (CONTINUED)

Net GLI OPEB Liability (Continued)

As of June 30, 2018, NOL amounts for the Group Life Insurance Program is as follows (amounts expressed in thousands):

	Group Life Insurance OPEB Program
Total GLI OPEB Liability	$ 3,113,508
Plan Fiduciary Net Position	1,594,773
Employers' Net GLI OPEB Liability (Asset)	$ 1,518,735
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	51.22%

The total GLI OPEB liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net GLI OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System's notes to the financial statements and required supplementary information.

Long-Term Expected Rate of Return

The long-term expected rate of return on the System's investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of System's investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	100.00%		4.80%
		Inflation	2.50%
		* Expected arithmetic nominal return	7.30%

* The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%.

NOTE 13 GROUP LIFE INSURANCE PROGRAM (CONTINUED)

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2019, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 on, employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

Sensitivity of the Employer's Proportionate Share of the Net GLI OPEB Liability to Changes in the Discount Rate

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

	1% Decrease 6.00%	Discount Rate 7.00%	1% Increase 8.00%
The Authority's proportionate share of the Group Life Insurance Program Net OPEB Liability	$ 846,853	$ 648,000	$ 486,546

Group Life Insurance Program Fiduciary Net Position

Detailed information about the Group Life Insurance Program's Fiduciary Net Position is available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at http://www.varetire.org/Pdf/Publications/2018-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500

NOTE 14 DISABILITY PROGRAM

Modification of Opinion

The most recent actuarial valuation report provided by the Virginia Retirement System (VRS) related to GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,* used a measurement date of June 30, 2018 to determine the total Virgina Local Diability program (VLDP) OPEB liability. GASB 75 requires a measurement date no earlier than the end of the employer's prior fiscal year, or September 30, 2018 in the case of the Authority. Therefore, the valuation report issued by VRS is outdated for the Authority's September 30, 2019 financial statements.

VRS provides group disability insurance to multiple employers in the state of Virginia and is responsible for procuring the actuarial valuation report used to determine the total GLI OPEB 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, 2019 financial statements no updated report was available.

The Authority has included the financial effects of the GASB 75 valuation report with the June 30, 2018 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

All full-time, salaried general employees; including local law enforcement officers, firefighters, or emergency medical technicians of political subdivisions who do not provide enhanced hazardous duty benefits; who are in the VRS Hybrid Retirement Plan benefit structure and whose employer has not elected to opt out of the VRS-sponsored program are automatically covered by the VRS Political Subdivision Employee Virginia Local Disability Program. This plan is administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for eligible public employer groups in the Commonwealth of Virginia. Political subdivisions are required by Title 51.1 of the Code of Virginia, as amended to provide short-term and long-term disability benefits for their Hybrid employees either through a local plan or through the Virginia Local Disability Program (VLDP).

The specific information for each plan and the eligibility for covered groups within each plan are set out in the table below:

NOTE 14 DISABILITY PROGRAM (CONTINUED)

POLITICAL SUBDIVISION EMPLOYEE VIRGINIA LOCAL DISABILITY PROGRAM (VLDP) PLAN PROVISIONS

Eligible Employees

The Political Subdivision Employee Virginia Local Disability Program was implemented January 1, 2014 to provide short-term and long-term disability benefits for non-work-related and work-related disabilities for employees with Hybrid retirement benefits Eligible employees are enrolled automatically upon employment, unless their employer has elected to provide comparable coverage. They include:

- Full-time general employees; including local law enforcement officers, firefighters, or emergency medical technicians who do not have enhanced hazardous duty benefits; of public political subdivisions covered under VRS

Benefit Amounts

The Political Subdivision Employee Virginia Disability Local Program (VLDP) provides the following benefits for eligible employees:

Short-Term Disability –

- The program provides a short-term disability benefit beginning after a sevencalendar-day waiting period from the first day of disability. Employees become eligible for non-work-related short-term disability coverage after one year of continuous participation in VLDP with their current employer.
- During the first five years of continuous participation in VLDP with their current employer, employees are eligible for 60% of their pre-disability income if they go out on non-work-related of work-related disability.
- Once the eligibility period is satisfied, employees are eligible for higher income replacement levels

Long-Term Disability –

- The VLDP program provides a long-term disability benefit beginning after 125 workdays of short-term disability. Members are eligible if they are unable to work at all or are working fewer than 20 hours per week.
- Members approved for long-term disability will receive 60% of their pre-disability income. If approved for work-related long-term disability, the VLDP benefit will be offset by the workers' compensation benefit. Members will not receive a VLDP benefit if their workers' compensation benefit is greater than the VLDP benefit.

Virginia Local Disability Program Notes

- Members approved for short-term or long-term disability at age 60 or older will be eligible for a benefit, provided they remain medically eligible
- VLDP Long-Term Care Plan is a self-funded program that assists with the cost of covered long-term care services.

Contributions

The contribution requirement for active Hybrid employees is governed by §51.1-1178(C) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to political subdivisions by the Virginia General Assembly. Each political subdivision's contractually required employer contribution rate for the year ended June 30, 2019 was 0.72% of covered employee compensation for employees in the VRS Political Subdivision Employee Virginia Local Disability Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the political subdivision to the VRS Political Subdivision Employee Virginia Local Disability Program were $24,430 and $13,215 for the years ended September 30, 2019 and September 30, 2018, respectively.

NOTE 14 DISABILITY PROGRAM (CONTINUED)

Political Subdivision Employee Virginia Local Disability Program OPEB Liabilities, Political Subdivision Employee Virginia Local Disability Program OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Political Subdivision Employee Virginia Local Disability Program OPEB

At September 30, 2019, the political subdivision reported a liability of $ 7,000 for its proportionate share of the VRS Political Subdivision Employee Virginia Local Disability Program Net OPEB Liability. The Net VRS Political Subdivision Employee Virginia Local Disability Program OPEB Liability was measured as of June 30, 2018 and the total VRS Political Subdivision Employee Virginia Local Disability Program OPEB liability used to calculate the Net VRS Political Subdivision Employee Virginia Local Disability Program OPEBLiability was determined by an actuarial valuation as of that date. The political subdivision's proportion of the Net VRS Political Subdivision Employee Virginia Local Disability Program OPEB Liability was based on the political subdivision's actuarially determined employer contributions to the VRS Political Subdivision Employee Virginia Local Disability Program OPEB plan for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At September 30, 2018, the political subdivision's proportion of the VRS Political Subdivision Employee Virginia Local Disability Program was .95160% as compared to .87909% at September 30, 2017.

For the year ended September 30, 2019, the political subdivision recognized VRS Political Subdivision Employee Virginia Local Disability Program OPEB expense of $(11,623). Since there was a change in proportionate share between measurement dates a portion of the VRS Political Subdivision Employee Virginia Local Disability Program Net OPEB expense was related to deferred amounts from changes in proportion.

At September 30, 2019, the political subdivision reported deferred outflows of resources and deferred inflows of resources related to the VRS Political Subdivision Employee Virginia Local Disability Program OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	$ -	$ 1,000
Authority Contributions Subsequent to Measurement Date	24,430	-
Total	$ 24,430	$ 1,000

$24,430 reported as deferred outflows of resources related to the Political Subdivision Employee VLDP OPEB resulting from the political subdivision's contributions subsequent to the measurement date will be recognized as a reduction of the Net Political Subdivision Employee VLDP OPEB Liability in the Fiscal Year ending September 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Political Subdivision Employee VLDP OPEB will be recognized in the Political Subdivision Employee VLDP OPEB expense in future reporting periods as follows:

NOTE 14 DISABILITY PROGRAM (CONTINUED)

Year Ended September 30,	Amount
2020	$ 1,000
2021	-
2022	-
2023	-
2024	-
Thereafter	-

Actuarial Assumptions

The total Political Subdivision Employee VLDP OPEB liability for the VRS Political Subdivision Employee Virginia Local Disability Program was based on an actuarial valuation as of June 30, 2017, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

Inflation	2.5 percent
Salary increases, including inflation – Political Subdivision Employees	3.5 percent – 5.35 percent
Investment rate of return	7.0 percent, net of plan investment expenses, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of OPEB liabilities.

Mortality Rates – Non-Largest Ten Locality Employers – General Employees

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; femails set forward 3 years.

Post-Disablement:

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward two years; unisex 100% male.

NOTE 14 DISABILITY PROGRAM (CONTINUED)

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 25%

Net Political Subdivision Employee VLDP OPEB Liability

The net OPEB liability (NOL) for the Political Subdivision Employee Virginia Local Disability Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2018, NOL amounts for the VRS Political Subdivision Employee Virginia Local Disability Program is as follows (amounts expressed in thousands):

	Group Life Insurance OPEB Program
Total GLI OPEB Liability	$ 1,588
Plan Fiduciary Net Position	816
Employers' Net GLI OPEB Liability (Asset)	$ 772
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	51.39%

The total Political Subdivision Employee VLDP OPEB liability is calculated by the System's actuary, and the plan's fiduciary net position is reported in the System's financial statements. The net Political Subdivision Employee VLDP OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System's notes to the financial statements and required supplementary information.

Long-Term Expected Rate of Return

The long-term expected rate of return on VRS System investments was determined using a lognormal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of VRS System investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

NOTE 14 DISABILITY PROGRAM (CONTINUED)

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	100.00%		4.80%
		Inflation	2.50%
		* Expected arithmetic nominal return	7.30%

* The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total Political Subdivision Employee VLDP OPEB was 7.00%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2018, the rate contributed by the political subdivision for the VRS Political Subdivision Employee Virginia Local Disability Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2018 on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Political Subdivision Employee VLDP OPEB plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Political Subdivision Employee VLDP OPEB liability.

NOTE 14 DISABILITY PROGRAM (CONTINUED)

Sensitivity of the Political Subdivision's Proportionate Share of the Political Subdivision Employee VLDP Net OPEB Liability to Changes in the Discount Rate

The following presents the political subdivision's proportionate share of the VRS Political Subdivision Employee Virginia Local Disability Program net VLDP OPEB liability using the discount rate of 7.00%, as well as what the political subdivision's proportionate share of the net VLDP OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	1% Decrease 6.00%	Discount Rate 7.00%	1% Increase 8.00%
The Authority's proportionate share of the Group Life Insurance Program Net OPEB Liability	$ 8,251	$ 7,000	$ 5,930

Political Subdivision Employee VLDP OPEB Fiduciary Net Position

Detailed information about the VRS Political Subdivision Employee Virginia Local Disability Program's Fiduciary Net Position is available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at http://www.varetire.org/Pdf/Publications/2018-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

NOTE 15 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, 2019.

NOTE 16 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.

NOTE 16 CONTINGENCIES AND OTHER MATTERS (CONTINUED)

Grants

Federal grant programs in which RRHA participates have been audited in accordance with the provisions of the Office of Management and Budget Uniform Guidance. 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.

NOTE 17 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 18 LEASES

RRHA is obligated under certain leases, which are accounted for as operating leases. Rental expense for the year ended September 30, 2019 was $xxx,xxx. Rental obligations under operating leases for each of the years through September 30, 2020 are as follows:

Year Ended September 30,	Rental Obligation
2020	$ 192,123
2021	160,552
Total	$ 352,675

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 18 LEASES (CONTINUED)

The Authority also leased land to Church Hill North Phase I, LLC for the Armstrong project. The lease is for $976,000 of which $73,200 was paid and is for a term of 40 years commencing on January 24, 2017. The land was leased to develop 60 family apartments.
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The Authority also leased land to Baker School LLC for the Fay Towers project. The lease required a one-time up-front prepaid rent of $825,000. $82,500 was received with the execution of the lease. The remaining $742,500 will be paid in the form of a promissory note. The term of 75 years commencing on December 28, 2017. The land was leased to develop 51 senior housing units.

NOTE 19 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.

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%
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%
RDC Armstrong LLC	Armstrong	3/5/2015	Member	100.00%
RDC Church Hill North 1 LLC	Church Hill	2/13/2015	Nonmanaging Member	25.00%
RDC Church Hill North 1B LLC	Church Hill	8/24/2017	Nonmanaging Member	25.00%

NOTE 20 ECONOMIC DEPENDENCY

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

NOTE 21 CONDENSED COMBINING INFORMATION FOR BLENDED COMPONENT UNITS

Condensed combining information for blended component units and primary government is provided as follows:

	Blended Component Units				
	Richmond Development Corporation				
	Richmond Development Corporation	RDC Armstrong LLC	Randolph Place Associates, L.P	Primary Government	Total
ASSETS					
Current Assets	$ 623,004	$ -	$ -	$ 38,384,985	$ 39,007,989
Capital Assets	-	-	-	84,683,593	84,683,593
Noncurrent Assets	-	756,813	-	25,877,841	26,634,654
Total Assets	623,004	756,813	-	148,946,419	150,326,236
DEERRED OUTFLOW OF RESOURCES	-	-	-	1,455,557	1,455,557
Total Assets and Deferred Outflows of Resources	$ 623,004	$ 756,813	$ -	$ 150,401,976	$ 151,781,793
LIABILITIES					
Current Liabilities	$ 5,014	$ -	$ -	$ 6,814,616	$ 6,819,630
Noncurrent Liabilities	-	756,813	-	19,870,377	20,627,190
Total Liabilities	5,014	756,813	-	26,684,993	27,446,820
DEFERRED INFLOW OF RESOURCES	-	-	-	673,957	673,957
NET POSITION					
Net Investment in Capital Assets	-	-	-	84,683,593	84,683,593
Restricted Net Position	-	-	-	12,486,035	12,486,035
Unrestricted Net Position	617,990	-	-	25,873,398	26,491,388
Total Net Position	617,990	-	-	123,043,026	123,661,016
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 623,004	$ 756,813	$ -	$ 150,401,976	$ 151,781,793

NOTE 21 CONDENSED COMBINING INFORMATION FOR BLENDED COMPONENT UNITS (CONTINUED)

	Blended Component Units				
	Richmond Development Corporation				
	Richmond Development Corporation	RDC Armstrong LLC	Randolph Place Associates L.P.	Primary Government	Total
OPERATING REVENUES					
Total Operating Revenues	$ -	$ -	$ -	$ 67,661,375	$ 67,661,375
OPERATING EXPENSES					
Total Operating Expenses	6,141	-	-	67,557,813	67,563,954
Total Operating Income	(6,141)	-	-	103,562	97,421
Total Nonoperating Revenues (Expense)	3,557	-	1,797	113,501	118,855
CHANGE IN NET POSITION BEFORE CAPITAL GRANTS	(2,584)	-	1,797	217,063	216,276
Capital Grants	-	-	-	6,592,657	6,592,657
CHANGE IN NET POSITION	(2,584)	-	1,797	6,809,720	6,808,933
Net Position - Beginning of Year	620,574	-	(1,797)	116,233,306	116,852,083
NET POSITION - END OF YEAR	$ 617,990	$ -	$ -	$ 123,043,026	$ 123,661,016

	Blended Component Units				
	Richmond Development Corporation				
	Richmond Development Corporation	RDC Armstrong LLC	Randolph Place Associates, L.P.	Primary Government	Total
NET CASH PROVIDED (USED) BY					
Operating Activities	$ (1,597)	$ (1,797)	$ (756,813)	$ 5,380,163	$ 4,619,956
Noncapital Financing Activities	-	-	756,813	-	756,813
Capital and Related Financing Activities	-	-	-	(2,655,655)	(2,655,655)
Investing Activities	3,557	1,797	-	52,568	57,922
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,960	-	-	2,777,076	2,779,036
Cash and Cash Equivalents - Beginning of Year	621,044	-	-	25,838,612	26,459,656
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 623,004	$ -	$ -	$ 28,615,688	$ 29,238,692

NOTE 22 PENDING GASB STANDARDS

The following pending GASB Pronouncements will be effective for the Authority in future years. The Authority is currently assessing the impact of these Statements:

- GASB Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. This Statement is effective for reporting periods beginning after June 15, 2019.

- GASB Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement is effective for reporting periods beginning after December 15, 2019.

- GASB Statement No. 87, *Leases,* is required to be implemented for the fiscal year ended June 15, 2021. The primary objective of this Statement is to better meet the informational needs of financial statement users by improving the accounting and financial reporting for leases by governments.

- GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement is effective for reporting periods beginning after June 15, 2019.

- GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement is effective for reporting periods beginning after December 15, 2020.

- GASB Statement No. 90, *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61.* The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. This Statement is effective for reporting periods beginning after December 15, 2019.

The Authority is currently evaluating the effect of the implementation of these Statements.

NOTE 23 SUBSEQUENT EVENTS

Subsequent to fiscal year end, a pandemic of the Corona Virus (COVID-19) was declared by the World Health Organization. In addition, multiple jurisdictions in the U.S. have declared a state of emergency. It is anticipated that these impacts will continue for some time. This could have an impact on transactions relating to tenants, grantors, and vendors subsequent to fiscal year end. In addition, both domestic and international equity markets have experienced significant declines due to COVID-19.

A coronavirus aid, relief, and economic security act (CARES ACT) bill has passed the Senate and the House, been signed by the President on March 27, 2020. The relief bill includes additional funds for Public and Indian Housing, Community Planning and Development, and Office of Housing Programs. The U.S Department of Housing and Urban Development has issued Notice PIH 2020-5 “COVID-19 Statutory and Regulatory Waivers for the Public Housing, Housing Choice Voucher, Indian Housing Block Grant and Indian Community Development Block Grant programs, Suspension of Public Housing Assessment System and Section Eight Management Assessment Program.” The Housing Authority will implement all applicable waivers identified in the notice that are appropriate and necessary operations and in the best interest of the residents and participants service.

The CARES act imposed a temporary moratorium on evictions. This moratorium went into effect immediately upon the enactment on March 27, 2020 and last for 120 days through July 24, 2020. The temporary moratorium on: (1) evictions for nonpayment of rent and (2) fees and penalties related to nonpayment of rent, applies to all tenants, regardless of whether employment was affected by COVID-19. Tenants will have the ability to repay any unpaid rent after the moratorium has ended in a lump sum to avoid eviction. If the household is unable to pay a lump sum, the Authority or owner is encouraged to set up a repayment agreement with reasonable payments spread over time.

As of October 14, 2020, the amount and likelihood of loss relating to these events is not determined.

RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
SCHEDULE OF AUTHORITY'S SHARE OF NET GLI OPEB LIABILITY
SEPTEMBER 30, 2019

	2019*	2018	2017	2016	2015	2014	2013	2012	2011	2010
Authority's Proportion of the Net GLI OPEB Liability (Asset)	0.0427%	0.0451%								
Authority's Proportionate Share of the Net GLI OPEB Liability (Asset)	$ 648,000	$ 679,000								
Authority's Covered Payroll	$ 7,881,449	$ 8,318,127	Information prior to fiscal year 2018 was not available. The Authority will accumulate each year until 10 years of data becomes available.							
Authority's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of its Covered Payroll	8.22%	8.16%								
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	51.22%	48.86%								

Notes to Schedule:

* The amounts presented have a measurement date of June 30, 2018.

Changes of benefit terms – There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions – The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75.
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14 to 15%

RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
SCHEDULE OF AUTHORITY'S CONTRIBUTIONS
VRS GLI PLAN
SEPTEMBER 30, 2019

Date	Contractually Required Contributions	Contributions in Relation to Contractually Required Contributions	Contributions Deficiency (Excess)	Authority's Covered Payroll	Contributions as a % of Covered Payroll
2019*	$ 40,984	$ 40,984	$ -	$ 7,881,449	0.52%
2018	43,254	43,254	-	8,318,127	0.52%
2017					
2016					
2015					
2014	Information prior to fiscal year 2018 was not available. The Authority will accumulate each year until 10 years of data becomes available.				
2013					
2012					
2011					
2010					

RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
SCHEDULE OF AUTHORITY'S SHARE OF NET VLDP OPEB LIABILITY
SEPTEMBER 30, 2019

	2019*	2018	2017	2016	2015	2014	2013	2012	2011	2010
Authority's Proportion of the Net GLI OPEB Liability (Asset)	0.9516%									
Authority's Proportionate Share of the Net GLI OPEB Liability (Asset)	$ 7,000									
Authority's Covered Payroll	$ 2,940,607	Information prior to fiscal year 2019 was not available. The Authority will accumulate each year until 10 years of data becomes available.								
Authority's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of its Covered Payroll	0.24%									
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	51.39%									

Notes to Schedule:

* The amounts presented have a measurement date of June 30, 2018.

Changes of benefit terms – There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions – The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75.
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14 to 15%

RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
SCHEDULE OF AUTHORITY'S CONTRIBUTIONS
VLDP PLAN
SEPTEMBER 30, 2019

Date	Contractually Required Contributions	Contributions in Relation to Contractually Required Contributions	Contributions Deficiency (Excess)	Authority's Covered Payroll	Contributions as a % of Covered Payroll
2019*	$ 21,172	$ 21,172	$ -	$ 2,940,607	0.72%
2018					
2017					
2016					
2015					
2014					
2013					
2012					
2011					
2010					

Information prior to fiscal year 2019 was not available. The Authority will accumulate each year until 10 years of data becomes available.

RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
SCHEDULE OF CHANGES IN THE AUTHORITY'S TOTAL OPEB LIABILITY AND RELATED RATIOS
SEPTEMBER 30, 2019

Last 10 Fiscal Years

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Total OPEB liability										
Service Cost	$ 19,897	$ 38,742								
Interest	9,157	17,922								
Changes of Benefit Terms	-	-								
Differences Between Expected and Actual Experience	(25,687)	(259,654)	Information prior to fiscal year 2018 was not available. The Authority will accumulate each year until 10 years of data becomes available.							
Changes of Assumptions	-	(902)								
Benefit Payments	(45,323)	(142,838)								
Net Change in Total OPEB Liability	(41,956)	(346,730)								
Total OPEB Liability - Beginning	273,544	620,274								
Total OPEB Liability - Ending (a)	$ 231,588	$ 273,544								
Covered-Employee Payroll	$ 4,377,485	$ 5,022,510								
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	5.3%	5.4%								

Notes to Schedule:

Benefit changes - None

Changes of assumptions - The discount rate was changed to 3.55%. In the prior (2014) valuation, the discount rate was 3.00%.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
SCHEDULE OF CHANGES IN THE AUTHORITY'S NET PENSION LIABILITY AND RELATED RATIOS
SEPTEMBER 30, 2019

	2019	2018	2017	2016	2015
Total Pension Liability					
Service Cost	$ 775,925	$ 763,574	$ 858,337	$ 980,501	$ 1,113,926
Interest	4,357,419	4,423,847	4,453,853	4,412,693	4,330,100
Change in Assumptions	-	(149,304)	-	-	-
Refund of Contributions	-	-	-	-	-
Differences Between Expected and Actual Experience	797,566	(1,618,861)	(1,415,200)	(467,761)	-
Benefit Payments, Including Refunds	(4,462,832)	(4,273,624)	(4,377,683)	(4,297,159)	(4,231,119)
Net Change in Total Pension Liability	1,468,078	(854,368)	(480,693)	628,274	1,212,907
Total Pension Liability - Beginning	64,480,258	65,334,626	65,815,319	65,187,045	63,974,138
Total Pension Liability - Ending (a)	$ 65,948,336	$ 64,480,258	$ 65,334,626	$ 65,815,319	$ 65,187,045
Plan Fiduciary Net Position					
Contributions - Employer	$ 825,631	$ 847,574	$ 940,113	$ 1,022,623	$ 1,189,819
Contributions - Employee	384,393	397,480	383,716	414,364	490,888
Refund of Contributions	-	-	-	-	-
Net Investment Income	4,314,723	6,633,050	927,825	2,599,500	8,133,010
Benefit Payments, Including Refunds	(4,462,832)	(4,273,624)	(4,377,683)	(4,297,159)	(4,231,119)
Administrative Expenses	(39,195)	(40,464)	(37,325)	(37,922)	(45,600)
Other Changes	(3,752)	(5,812)	(411)	(541)	429
Net Change in Plan Fiduciary Net Position	1,018,968	3,558,204	(2,163,765)	(299,135)	5,537,427
Plan Fiduciary Net Position - Beginning	59,474,460	55,916,256	58,080,021	58,379,156	52,841,729
Plan Fiduciary Net Position - Ending (b)	$ 60,493,428	$ 59,474,460	$ 55,916,256	$ 58,080,021	$ 58,379,156
Authority's Net Pension Liability - Ending (a) - (b)	$ 5,454,908	$ 5,005,798	$ 9,418,370	$ 7,735,298	$ 6,807,889
Plan Fiduciary Net Position as a % of Total Pension Liability	91.73%	92.24%	85.58%	88.25%	89.56%
Covered Payroll	$ 7,773,422	$ 8,431,972	$ 8,020,439	$ 11,478,856	$ 10,303,718
Authority's Net Pension Liability as a % of Covered Payroll	70.17%	59.37%	117.43%	67.39%	66.07%

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

RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
SCHEDULE OF AUTHORITY'S CONTRIBUTIONS
VRS PENSION PLAN
LAST 10 FISCAL YEARS
SEPTEMBER 30, 2019

	2019	2018	2017	2016	2015
Contractually Required Contributions	$ 917,621	$ 1,097,913	$ 1,090,534	$ 1,022,623	$ 1,189,819
Contributions in Relation to Contractually Required Contributions	$ 917,621	$ 1,097,913	$ 1,090,534	$ 1,022,623	$ 1,189,819
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Authority's Covered Employee Payroll	$ 9,114,336	$ 7,702,268	$ 8,431,972	$ 8,020,439	$ 11,478,856
Contributions as a % of Covered Employee Payroll	10.07%	14.25%	12.93%	12.75%	10.37%

* Schedule is intended to show information for 10 years. The Authority implemented GASB 68 during fiscal year 2015. As such, only five years of information is available. Additional years will be included as they become available.

Changes of benefit terms – There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions – The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016.

- Mortality Rates (Pre-retirement, postretirement healthy, and disabled - Update to a more current mortality table – RP-2014 projected to 2020
- Retirement Rates - Increased age 50 rates, and lowered rates at older ages
- Withdrawal Rates - Adjusted rates to better fit experience at each year age and service through 9 years of service
- Disability Rates - Adjusted rates to better fit experience
- Salary Scale - No change
- Line of Duty Disability - Decrease rate from 60% to 45%

RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
FINANCIAL DATA SCHEDULE
SEPTEMBER 30, 2019

Line Item #	Account Description	LIPH 14.850/872	HCVP 14.871	HOPE VI 14.866	Blended Comp Unit	State/Local	Business Activities
	CURRENT ASSETS						
	Cash:						
111	Unrestricted	$ 9,456,801	$ 146,459	$ -	$ 622,955	$ 702,501	$ 2,325,584
112	Restricted - Modernization and Development	-	-	-	49	6,800,454	2,720,981
113	Other Restricted	-	-	-	-	907,547	288,950
114	Tenant Security Deposits	647,455	-	-	-	-	4,689
115	Restricted for Payment of Current Liabilities	64,325	29,022	-	-	-	-
100	Total Cash	10,168,581	175,481	-	623,004	8,410,502	5,340,204
	Accounts and Notes Receivable:						
122	HUD Other Projects	1,145,551	4,450	-	-	-	-
125	Miscellaneous	760	284,683	-	-	7,331	71,358
126	Tenants	1,268,981	-	-	-	620	2,423
126.1	Allowance for Doubtful Accounts - Tenants	(730,940)	-	-	-	-	-
126.2	Allowance for Doubtful Accounts - Other	-	(28,913)	-	-	(18,838)	(2,423)
127	Notes, Loans, & Mortgages Receivable, Current	118,001	-	26,597	-	30,859	248,071
128	Fraud Recovery	-	32,156	-	-	-	-
120	Total Receivables, Net of Allowances for Uncollectibles	1,802,353	292,376	26,597	-	19,972	319,429
132	Investments - Restricted	-	-	-	-	-	561,370
135	Investments - Restricted for Current Liability	-	-	-	-	-	58,887
	Total Current Investments	-	-	-	-	-	620,257
142	Prepaid Expenses and Other Assets	57,184	9,657	-	-	-	11,363
143	Inventories	545,336	-	-	-	-	-
143.1	Allowance for Obsolete Inventories	(52,000)	-	-	-	-	-
144	Interprogram - Due From	1,042,858	-	-	-	-	-
145	Assets Held for Sale	-	-	1,049,433	-	3,164,132	498,281
150	Total Current Assets	13,564,312	477,514	1,076,030	623,004	11,594,606	6,789,534
	NONCURRENT ASSETS						
	Fixed Assets:						
161	Land	4,877,937	25,914	-	-	1,343,400	233,000
162	Buildings	137,024,256	678,388	-	-	-	784,926
163	Furniture, Equipment, and Machinery - Dwellings	2,811,083	-	-	-	-	-
164	Furniture, Equipment, and Machinery - Admin.	11,526,937	494,265	-	-	-	58,763
165	Leasehold Improvements	13,225,706	73,690	-	-	-	-
166	Accumulated Depreciation	(100,764,169)	(923,851)	-	-	-	(86,415)
167	Construction in Progress	3,721,283	-	697,044	-	5,663,637	401,277
160	Total Fixed Assets, Net of Accumulated Depreciation	72,423,033	348,406	697,044	-	7,007,037	1,391,551
171	Notes, Loans, and Mortgages Receivable - Noncurrent	13,851,905	-	7,764,276	756,813	811,619	5,464,500
180	Total Noncurrent Assets	86,274,938	348,406	8,461,320	756,813	7,818,656	6,856,051
200	Deferred Outflows of Resources	719,332	95,295	-	-	-	100,383
290	**TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES**	$ 100,558,582	$ 921,215	$ 9,537,350	$ 1,379,817	$ 19,413,262	$ 13,745,968

RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
FINANCIAL DATA SCHEDULE
SEPTEMBER 30, 2019

Line Item #	Account Description	CDBG 14.218	HOME	Other Project PFSS	COCC	Eliminations	Authority Total
	CURRENT ASSETS						
	Cash:						
111	Unrestricted	$ 310,964	$ -	$ -	$ 2,915,148	$ -	$ 16,480,412
112	Restricted - Modernization and Development	-	-	-	920,706	-	10,442,190
113	Other Restricted	323,276	50,826	-	-	-	1,570,599
114	Tenant Security Deposits	-	-	-	-	-	652,144
115	Restricted for Payment of Current Liabilities	-	-	-	-	-	93,347
100	Total Cash	634,240	50,826	-	3,835,854	-	29,238,692
	Accounts and Notes Receivable:						
122	HUD Other Projects	-	-	14,804	-	-	1,164,805
125	Miscellaneous	9,019	6,699	25,999	(25,178)	-	380,671
126	Tenants	-	-	-	-	-	1,272,024
126.1	Allowance for Doubtful Accounts - Tenants	-	-	-	-	-	(730,940)
126.2	Allowance for Doubtful Accounts - Other	-	-	-	-	-	(50,174)
127	Notes, Loans, & Mortgages Receivable, Current	164,105	135,358	-	-	(118,000)	604,991
128	Fraud Recovery	-	-	-	-	-	32,156
120	Total Receivables, Net of Allowances for Uncollectibles	173,124	142,057	40,803	(25,178)	(118,000)	2,673,533
132	Investments - Restricted	-	-	-	-	-	561,370
135	Investments - Restricted for Current Liability	-	-	-	-	-	58,887
	Total Current Investments	-	-	-	-	-	620,257
142	Prepaid Expenses and Other Assets	-	-	-	165,339	-	243,543
143	Inventories	-	-	-	221,153	-	766,489
143.1	Allowance for Obsolete Inventories	-	-	-	(22,538)	-	(74,538)
144	Interprogram - Due From	-	-	-	944,448	(1,982,162)	5,144
145	Assets Held for Sale	823,023	-	-	-	-	5,534,869
150	Total Current Assets	1,630,387	192,883	40,803	5,119,078	(2,100,162)	39,007,989
	NONCURRENT ASSETS						
	Fixed Assets:						
161	Land	1,094,911	-	-	428,457	-	8,003,619
162	Buildings	-	-	-	2,899,423	-	141,386,993
163	Furniture, Equipment, and Machinery - Dwellings	-	-	-	-	-	2,811,083
164	Furniture, Equipment, and Machinery - Admin.	-	-	-	3,650,852	-	15,730,817
165	Leasehold Improvements	-	-	-	135,039	-	13,434,435
166	Accumulated Depreciation	-	-	-	(5,392,160)	-	(107,166,595)
167	Construction in Progress	-	-	-	-	-	10,483,241
160	Total Fixed Assets, Net of Accumulated Depreciation	1,094,911	-	-	1,721,611	-	84,683,593
171	Notes, Loans, and Mortgages Receivable - Noncurrent	3,740,866	694,444	-	-	(6,449,769)	26,634,654
174	Other Assets	-	-	-	-	-	-
176	Investment in Joint Ventures	-	-	-	-	-	-
180	Total Noncurrent Assets	4,835,777	694,444	-	1,721,611	(6,449,769)	111,318,247
200	Deferred Outflows of Resources	-	-	9,281	531,266	-	1,455,557
290	**TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES**	$ 6,466,164	$ 887,327	$ 50,084	$ 7,371,955	$ (8,549,931)	$ 151,781,793

RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
FINANCIAL DATA SCHEDULE
SEPTEMBER 30, 2019

Line Item #	Account Description	LIPH 14.850/872	HCVP 14.871	HOPE VI 14.866	Blended Comp Unit	State/Local	Business Activities
	CURRENT LIABILITIES						
312	Accounts Payable <= 90 Days	$ 2,004,543	$ 78,082	$ -	$ -	$ 30,463	$ 19,794
321	Accrued Wage/Payroll Taxes Payable	313,888	38,871	-	-	-	25,123
322	Accrued Compensated Absences - Current Portion	272,999	34,019	-	-	-	23,989
331	Accounts Payable - HUD PHA Programs	-	5,580	-	-	-	-
333	Accounts Payable - Other Government	26,353	-	-	-	12,472	-
341	Tenant Security Deposits	657,329	-	-	-	-	4,689
342	Deferred Revenues	67,427	87,849	-	-	185,213	49,576
345	Other Current Liabilities	4,538	9,359	-	-	-	500
346	Accrued Liabilities - Other	1,074,020	6,051	-	657	489	-
347	Interprogram (Due to)	1,692,102	57,955	-	4,357	26,806	183,819
348	Loan Liability - Current	-	-	-	-	-	-
310	Total Current Liabilities	6,113,199	317,766	-	5,014	255,443	307,490
	NONCURRENT LIABILITIES						
353	Noncurrent Liabilities - Other	3,096,253	18,103	1,239,275	-	712,867	3,958,928
355	Loan Liability - Noncurrent	-	-	-	756,813	-	-
357	Accrued Pension and OPEB Liability	2,817,987	288,894	33,964	-	76,261	290,962
350	Total Noncurrent Liabilities	5,914,240	306,997	1,273,239	756,813	789,128	4,249,890
300	Total Liabilities	12,027,439	624,763	1,273,239	761,827	1,044,571	4,557,380
400	Deferred Inflows of Resources	336,187	43,037	-	-	-	40,465
	NET POSITION						
508.4	Net Investment in Capital Assets	72,423,033	348,406	697,044	-	7,007,037	1,391,551
511.4	Restricted Net Position	-	10,919	-	49	7,708,001	3,630,188
512.4	Unrestricted Net Position	15,771,923	(105,910)	7,567,067	617,941	3,653,653	4,126,384
513	Total Net Position	88,194,956	253,415	8,264,111	617,990	18,368,691	9,148,123
600	**TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION**	$ 100,558,582	$ 921,215	$ 9,537,350	$ 1,379,817	$ 19,413,262	$ 13,745,968

RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
FINANCIAL DATA SCHEDULE
SEPTEMBER 30, 2019

Line Item #	Account Description	CDBG 14.218	HOME	Other Project PFSS	COCC	Eliminations	Authority Total
	CURRENT LIABILITIES						
312	Accounts Payable <= 90 Days	$ -	$ -	$ -	$ 531,411	$ -	$ 2,664,293
321	Accrued Wage/Payroll Taxes Payable	-	-	3,468	289,102	-	670,452
322	Accrued Compensated Absences - Current Portion	-	-	-	323,208	-	654,215
331	Accounts Payable - HUD PHA Programs	-	-	-	-	-	5,580
333	Accounts Payable - Other Government	252,715	239,436	-	-	-	530,976
341	Tenant Security Deposits	-	-	-	-	-	662,018
342	Deferred Revenues	127,387	-	-	-	-	517,452
345	Other Current Liabilities	-	-	-	588	-	14,985
346	Accrued Liabilities - Other	720	-	-	17,722	-	1,099,659
347	Interprogram (Due to)	789	-	15,973	361	(1,982,162)	-
348	Loan Liability - Current	-	-	-	118,000	(118,000)	-
310	Total Current Liabilities	381,611	239,436	19,441	1,280,392	(2,100,162)	6,819,630
	NONCURRENT LIABILITIES						
353	Noncurrent Liabilities - Other	3,026,898	711,558	-	-	-	12,763,882
355	Loan Liability - Noncurrent	765,000	-	-	6,449,769	(6,449,769)	1,521,813
357	Accrued Pension and OPEB Liability	247,932	-	4,054	2,581,441	-	6,341,495
350	Total Noncurrent Liabilities	4,039,830	711,558	4,054	9,031,210	(6,449,769)	20,627,190
300	Total Liabilities	4,421,441	950,994	23,495	10,311,602	(8,549,931)	27,446,820
400	Deferred Inflows of Resources	-	-	3,267	251,001	-	673,957
	NET POSITION						
508.4	Net Investment in Capital Assets	1,094,911	-	-	1,721,611	-	84,683,593
511.4	Restricted Net Position	216,172	-	-	920,706	-	12,486,035
512.4	Unrestricted Net Position	733,640	(63,667)	23,322	(5,832,965)	-	26,491,388
513	Total Net Position	2,044,723	(63,667)	23,322	(3,190,648)	-	123,661,016
600	**TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION**	$ 6,466,164	$ 887,327	$ 50,084	$ 7,371,955	$ (8,549,931)	$ 151,781,793

RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
FINANCIAL DATA SCHEDULE
SEPTEMBER 30, 2019

Line Item #	Account Description	LIPH 14.850/872	HCVP 14.871	HOPE VI 14.866	Blended Comp Unit	State/Local	Business Activities
	REVENUE						
70300	Net Tenant Rental Revenue	$ 9,816,079	$ -	$ -	$ -	$ -	$ -
70400	Tenant Revenue - Other	1,237,660	-	-	-	-	-
70500	Total Tenant Revenue	11,053,739	-	-	-	-	-
70600	HUD PHA Operating Grants	25,112,949	26,975,374	453	-	-	-
70610	Capital Grants	6,510,999	-	81,658	-	-	-
70710	Management Fee	-	-	-	-	-	-
70720	Asset Management Fee	-	-	-	-	-	-
70730	Bookkeeping Fee	-	-	-	-	-	-
70740	Front Line Service Fee	-	-	-	-	-	-
70750	Other Fees	-	-	-	-	-	-
70800	Other Governmental Grants	-	-	-	-	667,302	-
71100	Investment Income - Unrestricted	9,728	2,322	-	3,556	28,367	26,082
71200	Mortgage Interest Income	-	-	-	-	-	101,861
71300	Proceeds from Disposition of Assets Held for Sale	-	-	-	-	57,300	187,597
71310	Cost of Sales of Assets	-	-	-	-	(25,000)	(32,519)
71400	Fraud Recovery	-	10,634	-	-	-	-
71500	Other Revenue	170,292	1,346,398	-	1,798	213,968	1,678,326
71600	Gain or Loss on the Sale of Fixed Assets	-	-	-	-	-	(511,070)
72000	Investment Income - Restricted	-	-	-	-	2,936	21,319
70000	Total Revenue	42,857,707	28,334,728	82,111	5,354	944,873	1,471,596
	EXPENSES						
	Administrative:						
91100	Administrative Salaries	1,570,739	549,555	-	-	11,397	362,558
91200	Auditing Fees	69,778	25,383	-	3,938	-	41,395
91300	Management Fee	4,065,618	449,946	-	-	-	160,366
91310	Bookkeeping Fee	322,395	281,216	-	-	-	-
91400	Advertising and Marketing	9,664	1,702	-	-	760	17,055
91500	Employee Benefit Contributions - Administrative	523,050	172,172	-	-	2,735	52,096
91600	Office Expenses	1,345,518	127,424	453	335	87,643	139,367
91700	Legal Expense	203,732	7,582	-	250	118,901	26,170
91900	Other	132,650	18,444	-	-	-	574
91000	Total Administrative	8,243,144	1,633,424	453	4,523	221,436	799,581
92000	Asset Management Fee	313,820	-	-	-	-	-
	Tenant Services:						
92100	Salaries	84,365	-	-	-	-	-
92200	Relocation Costs	116,066	-	-	-	-	-
92300	Employee Benefit Contributions	8,724	-	-	-	-	-
92400	Other	566,281	176,642	-	-	-	-
92500	Total Tenant Services	775,436	176,642	-	-	-	-
	Utilities:						
93100	Water	3,050,979	2,283	-	-	-	633
93200	Electricity	2,848,051	8,211	-	-	-	5,119
93300	Gas	1,803,571	1,752	-	-	-	32
93600	Sewer	4,886,544	3,471	-	-	-	1,003
93800	Other Utilities Expense	243,227	1,394	-	-	884	17,021
93000	Total Utilities	12,832,372	17,111	-	-	884	23,808
	Ordinary Maintenance & Operations:						
94100	Labor	2,729,574	-	-	-	5,760	-
94200	Materials and Other	1,335,993	527	-	-	-	742
94300	Contracts	4,188,809	11,592	-	-	31,143	34,435
94500	Employee Benefits Contribution	752,414	-	-	-	-	-
94000	Total Ordinary Maintenance & Operations	9,006,790	12,119	-	-	36,903	35,177
	Protective Services:						
95300	Other	1,132	-	-	-	-	-
95000	Total Protective Services	1,132	-	-	-	-	-

RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
FINANCIAL DATA SCHEDULE
YEAR ENDED SEPTEMBER 30, 2019

Line Item #	Account Description	CDBG 14.218	HOME	Other Project PFSS	COCC	Eliminations	Authority Total
	REVENUE						
70300	Net Tenant Rental Revenue	$ -	$ -	$ -	$ -	$ -	$ 9,816,079
70400	Tenant Revenue - Other	-	-	-	-	-	1,237,660
70500	Total Tenant Revenue	-	-	-	-	-	11,053,739
70600	HUD PHA Operating Grants	-	-	63,209	-	-	52,151,985
70610	Capital Grants	-	-	-	-	-	6,592,657
70710	Management Fee	-	-	-	4,300,598	(4,300,598)	-
70720	Asset Management Fee	-	-	-	313,820	(313,820)	-
70730	Bookkeeping Fee	-	-	-	603,611	(603,611)	-
70740	Front Line Service Fee	-	-	-	1,185,263	(1,185,264)	(1)
70750	Other Fees	-	-	-	1,991,482	(1,991,482)	-
70800	Other Governmental Grants	-	-	-	-	-	667,302
71100	Investment Income - Unrestricted	-	-	-	10,343	-	80,398
71200	Mortgage Interest Income	33,891	-	-	-	-	135,752
71300	Proceeds from Disposition of Assets Held for Sale	-	-	-	-	-	244,897
71310	Cost of Sales of Assets	-	-	-	-	-	(57,519)
71400	Fraud Recovery	-	-	-	-	-	10,634
71500	Other Revenue	336,177	155,126	-	47,038	(40,986)	3,908,137
71600	Gain or Loss on the Sale of Fixed Assets	-	-	-	-	-	(511,070)
72000	Investment Income - Restricted	-	-	-	14,202	-	38,457
70000	Total Revenue	370,068	155,126	63,209	8,466,357	(8,435,761)	74,315,368
	EXPENSES						
	Administrative:						
91100	Administrative Salaries	-	-	-	2,577,661	-	5,071,910
91200	Auditing Fees	-	-	-	16,506	-	157,000
91300	Management Fee	-	-	-	-	(4,340,870)	335,060
91310	Bookkeeping Fee	-	-	-	-	(603,611)	-
91400	Advertising and Marketing	-	-	-	9,206	-	38,387
91500	Employee Benefit Contributions - Administrative	-	-	-	538,397	-	1,288,450
91600	Office Expenses	-	-	-	1,160,603	-	2,861,343
91700	Legal Expense	573	-	-	14,269	-	371,477
91900	Other	-	-	-	160,400	-	312,068
91000	Total Administrative	573	-	-	4,477,042	(4,944,481)	10,435,695
92000	Asset Management Fee	-	-	-	-	(313,820)	-
	Tenant Services:						
92100	Salaries	-	-	51,658	153,534	-	289,557
92200	Relocation Costs	-	-	-	-	-	116,066
92300	Employee Benefit Contributions	-	-	12,094	42,880	-	63,698
92400	Other	-	-	-	80	(710,679)	32,324
92500	Total Tenant Services	-	-	63,752	196,494	(710,679)	501,645
	Utilities:						
93100	Water	-	-	-	5,540	-	3,059,435
93200	Electricity	-	-	-	43,825	-	2,905,206
93300	Gas	-	-	-	8,416	-	1,813,771
93600	Sewer	-	-	-	5,601	-	4,896,619
93800	Other Utilities Expense	1,737	-	-	9,980	-	274,243
93000	Total Utilities	1,737	-	-	73,362	-	12,949,274
	Ordinary Maintenance & Operations:						
94100	Labor	-	-	-	1,307,092	-	4,042,426
94200	Materials and Other	-	-	-	57,841	-	1,395,103
94300	Contracts	-	-	-	107,584	(1,992,196)	2,381,367
94500	Employee Benefits Contribution	-	-	-	325,922	-	1,078,336
94000	Total Ordinary Maintenance & Operations	-	-	-	1,798,439	(1,992,196)	8,897,232
	Protective Services:						
95300	Other	-	-	-	-	(1,132)	-
95000	Total Protective Services	-	-	-	-	(1,132)	-

RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
FINANCIAL DATA SCHEDULE
YEAR ENDED SEPTEMBER 30, 2019

Line Item #	Account Description	LIPH 14.850/872	HCVP 14.871	HOPE VI 14.866	Blended Comp Unit	State/Local	Business Activities
	EXPENSES (Continued)						
	Insurance Premiums:						
96110	Property Insurance	$ 569,718	$ 3,158	$ -	$ -	$ -	$ 11,737
96120	Liability Insurance	235,972	15,721	-	-	-	16,846
96130	Workers' Compensation	44,742	5,189	-	-	-	2,300
96140	All Other Insurance	48,587	3,196	-	-	-	1,814
96100	Total Insurance Premiums	899,019	27,264	-	-	-	32,697
	Other General Expenses:						
96200	Other General Expenses	988,003	52,361	-	1,618	1,918	422,167
96210	Compensated Absences	16,144	6,353	-	-	-	-
96400	Bad Debt - Tenants Rent	1,039,130	-	-	-	-	-
96500	Bad Debt - Mortgages	-	-	79,125	-	-	9,958
96600	Bad Debt - Other	-	2,299	-	-	382	42,164
96000	Total Other General Expenses	2,043,277	61,013	79,125	1,618	2,300	474,289
96900	Total Operating Expenses	34,114,990	1,927,573	79,578	6,141	261,523	1,365,552
97000	Excess of Operating Revenue Over Operating Expenses	8,742,717	26,407,155	2,533	(787)	683,350	106,044
97100	Extraordinary Maintenance	29	-	-	-	-	-
97300	Housing Assistance Payments	37,735	25,620,639	-	-	138,211	-
97350	HAP Portability in	-	1,280,944	-	-	-	-
97400	Depreciation Expense	3,815,060	40,490	-	-	-	16,450
90000A	Total Other Expenses	3,852,824	26,942,073	-	-	138,211	16,450
90000	Total Expenses	37,967,814	28,869,646	79,578	6,141	399,734	1,382,002
	Other Financing Sources (Uses):						
10010	Operating Transfer In	259,419	-	-	-	-	-
10020	Operating Transfer Out	(259,419)	-	-	-	-	-
10091	InterProject Excess Cash Transfer In	630,293	-	-	-	-	-
10092	InterProject Excess Cash Transfer Out	(630,293)	-	-	-	-	-
10100	Total Other Financing Sources (Uses)	-	-	-	-	-	-
10000	**EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENSES**	$ 4,889,893	$ (534,918)	$ 2,533	$ (787)	$ 545,139	$ 89,594
	Memo Account Information						
11020	Required Annual Debt Principal Payments	$ -	$ -	$ -	$ -	$ -	$ -
11030	Beginning Equity	83,848,653	692,266	8,500,593	618,777	17,819,633	8,281,828
11040	Prior Period Adjustments, Equity Transfers, & Correction	(543,590)	96,067	(239,015)	-	3,919	776,701
11170	Administrative Fee Equity	-	47,756	-	-	-	-
11180	Housing Assistance Payments Equity	-	205,659	-	-	-	-
11190	Unit Months Available	45,350	37,496	-	-	-	-
11210	Unit Months Leased	43,430	37,496	-	-	-	-
11270	Excess Cash	4,561,642	-	-	-	-	-
11610	Land Purchases	-	-	-	-	-	-
11620	Building Purchases	-	-	-	-	-	-
11630	Furniture & Equipment - Dwelling Purchases	-	-	-	-	-	-
11640	Furniture & Equipment - Administrative Purchases	-	-	-	-	-	-
11650	Leasehold Improvements	-	-	-	-	-	-
11660	Infrastructure Purchases	6,469,274	-	-	-	-	-
13901	Replacement Housing Factor Funds	-	-	-	-	-	-

RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
FINANCIAL DATA SCHEDULE
YEAR ENDED SEPTEMBER 30, 2019

Line Item #	Account Description	CDBG 14.218	HOME	Other Project PFSS	COCC	Eliminations	Authority Total
	EXPENSES (Continued)						
	Insurance Premiums:						
96110	Property Insurance	$ 7,636	$ -	$ -	$ 25,126	$ -	$ 617,375
96120	Liability Insurance	1,830	-	-	2,450	-	272,819
96130	Workers' Compensation	-	-	-	27,538	-	79,769
96140	All Other Insurance	-	-	-	56,921	-	110,518
96100	Total Insurance Premiums	9,466	-	-	112,035	-	1,080,481
	Other General Expenses:						
96200	Other General Expenses	39,612	31,536	-	246,082	(473,453)	1,309,844
96210	Compensated Absences	-	-	-	51,017	-	73,514
96400	Bad Debt - Tenants Rent	-	-	-	-	-	1,039,130
96500	Bad Debt - Mortgages	-	-	-	-	-	89,083
96600	Bad Debt - Other	39,250	7,634	-	1,075	-	92,804
96000	Total Other General Expenses	78,862	39,170	-	298,174	(473,453)	2,604,375
96900	Total Operating Expenses	90,638	39,170	63,752	6,955,546	(8,435,761)	36,468,702
97000	Excess of Operating Revenue Over Operating Expenses	279,430	115,956	(543)	1,510,811	-	37,846,666
97100	Extraordinary Maintenance	-	-	-	-	-	29
97300	Housing Assistance Payments	-	-	-	-	-	25,796,585
97350	HAP Portability in	-	-	-	-	-	1,280,944
97400	Depreciation Expense	-	-	-	88,175	-	3,960,175
90000A	Total Other Expenses	-	-	-	88,175	-	31,037,733
90000	Total Expenses	90,638	39,170	63,752	7,043,721	(8,435,761)	67,506,435
	Other Financing Sources (Uses):						
10010	Operating Transfer In	-	-	-	-	(259,419)	-
10020	Operating Transfer Out	-	-	-	-	259,419	-
10091	InterProject Excess Cash Transfer In	-	-	-	-	(630,293)	-
10092	InterProject Excess Cash Transfer Out	-	-	-	-	630,293	-
10100	Total Other Financing Sources (Uses)	-	-	-	-	-	-
10000	**EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENSES**	$ 279,430	$ 115,956	$ (543)	$ 1,422,636	$ -	$ 6,808,933
	Memo Account Information						
11020	Required Annual Debt Principal Payments	$ -	$ -	$ -	$ 118,000	$ (118,000)	$ -
11030	Beginning Equity	1,763,351	(179,666)	23,865	(4,517,217)	-	116,852,083
11040	Prior Period Adjustments, Equity Transfers, & Correction	1,942	43	-	(96,067)	-	-
11170	Administrative Fee Equity	-	-	-	-	-	47,756
11180	Housing Assistance Payments Equity	-	-	-	-	-	205,659
11190	Unit Months Available	-	-	-	-	-	82,846
11210	Unit Months Leased	-	-	-	-	-	80,926
11270	Excess Cash	-	-	-	-	-	4,561,642
11610	Land Purchases	-	-	-	-	-	-
11620	Building Purchases	-	-	-	-	-	-
11630	Furniture & Equipment - Dwelling Purchases	-	-	-	-	-	-
11640	Furniture & Equipment - Administrative Purchases	-	-	-	-	-	-
11650	Leasehold Improvements	-	-	-	-	-	-
11660	Infrastructure Purchases	-	-	-	-	-	6,469,274
13901	Replacement Housing Factor Funds	-	-	-	-	-	-

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 Richmond Redevelopment and Housing Authority (the Authority), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated October 14, 2020.

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.

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

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

Compliance and Other Matters

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

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
October 14, 2020

CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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 *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, 2019. 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on the Major Federal Program

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

Other Matters

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

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

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2019-001 that we consider to be material weaknesses.

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

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Arlington, Virginia
October 14, 2020

RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2019

Federal Grantor/ Pass through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
Department of Housing and Urban Development				
Public and Indian Housing	14.850	-	$ -	$ 23,112,926
HOPE VI - Urban Revitalization Development	14.866	-	-	82,111
Housing Choice Voucher Program	14.871	-	-	28,870,068
Capital Fund Program	14.872	-	-	8,511,024
PIH Family Self-Sufficiency Program	14.896	-	-	63,209
HOME Investment Partnerships Program	14.239	City of Richmond	-	829,802
Community Development Block Grant	14.218	City of Richmond	-	3,200,971
Total Department of Housing and Urban Development Programs				64,670,111
Total Expenditures of Federal Awards				$ 64,670,111

See accompanying Notes to Schedule of Expenditures of Federal Awards.

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Authority under programs of the federal government for the year ended September 30, 2019. The information in this Schedule is presented in accordance with the requirements of 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 INDIRECT COST RATE

The Authority has elected not to use the 10-percent de minimis indirect cost rate as allowed under Uniform Guidance.

NOTE 4 FINDINGS AND QUESTIONED COSTS

The findings and questioned costs identified in connection with the 2019 Single Audit are disclosed in Schedule III

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 5 SUBRECIPIENTS

The Authority did not pass-through any federal awards to subrecipients. The Authority was not a recipient of any amount of federal awards for the year ended September 30, 2019. See the accompanying schedule.

NOTE 6 NONCASH FEDERAL ASSISTANCE

The Authority did not receive any non-cash Federal assistance for the year ended September 30, 2019.

NOTE 7 LOANS OUTSTANDING

The Authority had the following loan balances outstanding at September 30, 2019. No new loans were disbursed during the year ended September 30, 2019.

	Federal CFDA Number	Amount Outstanding
Community Development Block Grant	14.218	$ 3,200,971
HOME	14.239	829,802
Total		$ 4,030,773

RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2019

Section I – Summary of Auditor's Results

Financial Statements

1. Type of auditors' report issued: Modified
2. Internal control over financial reporting:
   - Material weakness(es) identified? ______ yes __X__ no
   - Significant deficiency(ies) identified? ______ yes __X__ none reported
3. Noncompliance material to financial statements noted? ______ yes __X__ no

Federal Awards

1. Internal control over major federal programs:
   - Material weakness(es) identified? __X__ yes ______ no
   - Significant deficiency(ies) identified? ______ yes __X__ none reported
2. Type of auditors' report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ______ yes __X__ no

Identification of Major Federal Programs

CFDA Numbers	Name of Federal Program or Cluster
14.850	Public and Indian Housing
14.218	Community Development Block Grant

Dollar threshold used to distinguish between Type A and Type B programs: $ 1,936,422

Auditee qualified as low-risk auditee? ______ yes __X__ no

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

Section III – Findings and Questioned Costs – Major Federal Programs

2019 – 001

Federal agency: U.S. Department of Housing and Urban Development
Federal program title: Public and Indian Housing
CFDA Number: 14.850
Award Period: October 1, 2018 through September 30, 2019
Type of Finding: Material Weakness in Internal Control over Compliance

Criteria or specific requirement: 2 CFR § 990.280 (d) states In the case where a PHA chooses to centralize functions that directly support a project (e.g., central maintenance), it must charge each project using a fee-for-service approach. Each project shall be charged for the actual services received and only to the extent that such amounts are reasonable.

Condition: During our testing, we noted the Authority overcharged the LIPH program for central maintenance cost.

Questioned costs: $118

Context: During our testing, it was noted that the Authority overcharged the LIPH program for central maintenance cost in 4 of 25 transactions selected.

Cause: During the completion of the work order the incorrect labor rate was selected.

Effect: The Authority is not in compliance with asset management regulations related to fee reasonableness set by HUD.

Repeat Finding: No

Recommendation: We recommend the Authority review their controls over processing work orders to ensure an adequate review process is in place and correct rates are selected and charged to the programs.

Views of responsible officials: There is no disagreement with the audit finding.

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RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
PRIOR YEAR FINDINGS
YEAR ENDED SEPTEMBER 30, 2019

U.S. Department of Housing and Urban Development

Richmond Redevelopment and Housing Authority respectfully submits the following summary schedule of prior audit findings for the year ended September 30, 2018.

Audit period: October 1, 2017 to September 30, 2018

The findings from the prior audit's schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the prior year.

FINDINGS—FINANCIAL STATEMENT AUDIT
There were no financial statement findings in the prior year.

FINDINGS— FEDERAL AWARD PROGRAMS AUDITS

2018 – 001 Housing Choice Voucher Program

Condition: Testing of 40 housing choice voucher files for eligibility, we identified 3 exceptions which included the following:

- 2 files were not recertified annually
- 1 file did not have documentation of a letter sent to the tenant and landlord notifying them about a change in rent

Status: Cleared. The Assisted Housing Supervisor has continually worked with staff to ensure recertification's processed timely and accurately.

2018 – 002 Housing Choice Voucher Program

Condition: Testing of 40 housing choice voucher files for annual inspections identified 11 exceptions which included the following:

- 11 files contained annual inspections that occurred more than 24 months apart, which exceeds the policy stated in the Authority's HCVP Administrative Plan

Status: Cleared. The inspections that were performed were as a result of the corrections made during FY17 as noted in the 2017 audit. There were no exceptions noted for those unites sampled that had inspections due in FY19, as such there was no corrective action needed.

If the U.S. Department of Housing and Urban Development has questions regarding this plan, please call Kenyatta Green at 804-780-4375.

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RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY
CORRECTIVE ACTION PLAN
YEAR ENDED SEPTEMBER 30, 2019

U.S. Department of Housing and Urban Development

Richmond Redevelopment and Housing Authority respectfully submits the following corrective action plan for the year ended September 30, 2019.

Audit period: October 1, 2018 to September 30, 2019

The findings from the schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

FINDINGS—FINANCIAL STATEMENT AUDIT

There were no financial statement findings in the prior year.

FINDINGS—FEDERAL AWARD PROGRAMS AUDITS

U.S. Department of Housing and Urban Development

2019-001 Public and Indian Housing – CFDA No. 14.850

Recommendation: We recommend the Authority review their controls over processing work orders to ensure an adequate review process is in place and correct rates are selected and charged to the programs.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding: Finance conducted a full review for the fiscal year ending September 30, 2019 and discovered additional incorrect charges. As a result, the Central Maintenance reimbursed LIPH for a total amount of $14,006.42 in fiscal September 2020. Additionally, Finance will work with Central Maintenance to review the work order process to ensure work orders are billed at the appropriate rate and the correct year.

Name(s) of the contact person(s) responsible for corrective action: Tianna Wooldridge, Interim Controller and Joe Sarver, Facilities Maintenance Manager
Planned completion date for corrective action plan: 12/31/2020

If the U.S. Department of Housing and Urban Development has questions regarding this plan, please call Tianna Wooldridge at 804-780-5210.