

**HARRISONBURG REDEVELOPMENT
AND HOUSING AUTHORITY**

**AUDITED
FINANCIAL STATEMENTS**

**FOR THE PERIOD ENDED
DECEMBER 31, 2017**

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Dooley & Vicars
Certified Public Accountants, L.L.P.

Daniel J. Dooley, C.P.A.
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INDEPENDENT AUDITORS' REPORT

The Board of Commissioners
Harrisonburg Redevelopment
and Housing Authority
Harrisonburg, Virginia

We have audited the accompanying financial statements of the business-type activities which comprise the major fund of the Harrisonburg Redevelopment and Housing Authority as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities which comprise the major fund of the Harrisonburg Redevelopment and Housing Authority at December 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

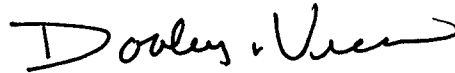
Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements.

The accompanying Schedule of Expenditures of Federal Awards, Financial Data Schedule, and other supplementary information as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the U.S. Department of Housing and Urban Development, are presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

**INDEPENDENT AUDITORS' REPORT
(CONTINUED)**

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 19, 2018, on our consideration of the Harrisonburg Redevelopment and Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Harrisonburg Redevelopment and Housing Authority's internal control over financial reporting and compliance.



Dooley & Vicars
Certified Public Accountants, L.L.P.

Richmond, Virginia
September 19, 2018

Management Discussion and Analysis (MD&A)

Harrisonburg Redevelopment and Housing Authority December 31, 2017

As management of the Harrisonburg Redevelopment and Housing Authority, we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for fiscal year ended December 31, 2017. We encourage readers to consider the information presented here and in conjunction with the Authority's financial statements.

The Authority's Mission

To promote adequate and affordable housing, economic opportunity, and a suitable living environment free from discrimination; and to foster redevelopment of blighted areas to ensure the economic, social and housing vitality of our community. This is accomplished through the following programs:

- Housing Choice Voucher (HCV)
- Family Unification Program (FUP)
- Rental Assistance for Non-Elderly Persons with Disabilities (NED)
- HUD-Veterans Affairs Supportive Housing (HUD-VASH)
- Project Based Housing, Franklin Heights LLC
- Project Based Housing, Commerce Village LLC
- Community Development Block Grant Funds
- Section 8 New Construction (JR "Polly" Lineweaver Apartments)
- Lineweaver Annex Apartments (LIHTC)
- Service Coordinator Grant Funds
- Continuum of Care (COC), HMIS Grant Funds
- Virginia Homeless Solutions Program, VHSP Grant Funds
- Local Community Development/Business Activities
- Shenandoah Housing Corporation
- Lineweaver Annex Corporation
- 150 South Main/Children's Museum
- Commerce Village Management, LLC

Program services are provided under the following philosophy: to treat all individuals with respect and dignity, to base all decisions on rational and provable data, and to operate with efficiency in the delivery of all services.

Financial Highlights

- The assets of the Authority exceeded its liabilities by \$9.3M.
- The Authority's net position decreased by less than 7%.
- The revenue income decreased by less than 7% (includes loss on sale of capital assets).
- The expenses of the Authority increased by less than 4%.

Our analysis begins by determining if the Authority is financially better or worse off as a result of this year's activities. We believe that improvements made through purchasing and renovating our assets and the overall operations of the Authority in general do show that we are better off than we were a year ago. However, with the uncertainty of federal support from HUD for the Housing Choice Voucher Program, it continues to be a challenge to manage the program with the appropriate staff needed without the appropriate financial support.

Condensed Comparative Financial Statements

| | 2017 | 2016 | 2015 |
|---|---------------------------|---------------------------|----------------------------|
| Total Assets | \$22,417,871 | \$23,654,403 | \$22,807,330 |
| Total Liabilities | \$13,077,889 | \$13,741,797 | \$13,935,398 |
| Total Net Positon | <u>\$9,339,982</u> | <u>\$9,912,606</u> | <u>\$8,871,932</u> |
| Total Liabilities & Net Position | \$22,417,871 | \$23,654,403 | \$22,807,330 |
| Total Revenue | \$8,801,446 | \$9,392,725 | \$5,635,656 |
| Total Expenses | <u>\$9,524,070</u> | <u>\$9,227,218</u> | <u>\$9,150,491</u> |
| Net Income (Loss) | <u>-\$722,624</u> | <u>\$165,507</u> | <u>-\$3,514,835</u> |

This discussion and analysis is intended to serve as an introduction to the Authority's annual financial report. The financial report consists of the management's discussion and analysis, the basic financial statements, notes to financial statement, and other supplemental information. The financial statements in this annual report are presented on a full accrual basis of accounting and it is based on an Enterprise Method presentation. There are three types of financial statements used to help analyze the financial status of the Authority as one entity-wide organization

- **Statement of Net Position** - reports the assets and liabilities, with the difference between the two reported as netposition
- **Statement of Revenue, Expenses and Changes in Fund Net Position** - reports the operating and non-operating revenue by major source along with operating and non-operating expenses, with the difference between the two reported as a profit/loss
- **Comparison of Budget versus Actual** - reports the actual operating revenues and expenses versus the budgeted amounts

Statement of Net Position

The following table shows you the breakdown of assets, liabilities, and net position in all the program areas and how they changed from the prior year.

Statement of Net Position

| Assets | 2017 | 2016 | Net Change |
|--------------------------------------|---------------------|---------------------|----------------------|
| Housing Choice Voucher | \$201,267 | \$1,025,439 | (\$824,172) |
| JR "Polly" Lineweaver Apts./S8NC | \$1,180,807 | \$1,307,148 | (\$126,341) |
| Local Comm Dev/Bus Activities | \$4,117,532 | \$3,825,423 | \$292,109 |
| Component Units-Franklin Heights | \$11,750,178 | \$12,204,483 | (\$454,305) |
| Component Units-Discretely Presented | <u>\$5,168,087</u> | <u>\$5,291,910</u> | <u>(\$123,823)</u> |
| Total Assets | \$22,417,871 | \$23,654,403 | (\$1,236,532) |

Liabilities

| | | | |
|--------------------------------------|---------------------|---------------------|--------------------|
| Housing Choice Voucher | \$103,719 | \$628,548 | (\$524,829) |
| JR "Polly" Lineweaver Apts./S8NC | \$1,467,926 | \$1,552,923 | (\$81,063) |
| Local Comm Dev/Bus Activities | \$721,118 | \$54,445 | \$666,673 |
| Component Units-Franklin Heights | \$8,965,501 | \$9,468,124 | \$41,831 |
| Component Units-Discretely Presented | <u>\$1,819,625</u> | <u>\$2,037,757</u> | <u>(\$218,132)</u> |
| Total Liabilities | \$13,077,889 | \$13,741,797 | (\$663,908) |

Net Position

| | | | |
|---|---------------------|---------------------|----------------------|
| Housing Choice Voucher | \$97,548 | \$396,891 | (\$299,343) |
| JR "Polly" Lineweaver Apts./S8NC | (\$291,053) | (\$245,775) | (\$45,278) |
| Local Comm Dev/Bus Activities | \$3,944,802 | \$4,295,823 | (\$351,021) |
| Component Units-Franklin Heights | \$2,240,223 | \$2,211,514 | \$28,709 |
| Component Units-Discretely Presented | <u>\$3,348,462</u> | <u>\$3,254,153</u> | <u>\$94,309</u> |
| Total Net Position | \$9,339,982 | \$9,912,606 | (\$572,624) |
| Total Liabilities & Net Position | \$22,417,871 | \$23,654,403 | (\$1,236,532) |

The assets decreased in the Housing Choice Voucher Program due to HUD paying HAP in December 2016 for January 2017. In Local Community Development, the assets increased due to the renovation of the Bridgeport Building. The assets decreased in JR "Polly" Lineweaver and Franklin Heights, and Component Units-Discretely Presented due to accumulated depreciation.

The liabilities increased in Local Community Development due to the borrowing of funds to renovate the Bridgeport Building. The liabilities decreased in JR "Polly" Lineweaver and Component Units-Discretely Presented due to paying down debt.

Statement of Revenue, Expenses and Changes in Fund Net Position

The following table shows you an overview of all the programs' revenue and expenses as compared to the previous year.

| Revenue | 2017 | 2016 | Net Change |
|---|--------------------|--------------------|--------------------|
| Housing Choice Voucher (14.871) | \$5,673,784 | \$6,229,821 | (\$556,037) |
| JR "Polly" Lineweaver/S8NC (14.182) | \$445,767 | \$422,170 | \$23,597 |
| Service Coordinator Grant (14.191) | \$72,222 | \$69,718 | \$2,504 |
| Local Community Dev/Bus Activities | \$708,059 | \$808,643 | (\$100,584) |
| Supportive Housing for Persons with Disabilities (14.181) | \$101,378 | \$84,072 | \$17,306 |
| Component Units-Franklin Heights | \$1,400,912 | \$1,418,195 | (\$17,283) |
| Component Units-Discretely Presented | \$259,324 | \$220,106 | \$39,218 |
| Community Development Block Grant | <u>\$140,000</u> | <u>\$140,000</u> | <u>\$0</u> |
| Total Revenue | \$8,801,446 | \$9,392,725 | (\$591,279) |

Expenses

| | | | |
|--------------------------------------|--------------------|--------------------|------------------|
| Housing Choice Voucher (14.871) | \$5,973,127 | \$6,004,614 | (\$31,487) |
| JR "Polly" Lineweaver/S8NC (14.182) | \$491,045 | \$442,396 | \$48,649 |
| Service Coordinator Grant (14.191) | \$72,222 | \$69,718 | \$2,504 |
| Local Community Dev/Bus Activities | \$1,068,009 | \$761,197 | \$306,812 |
| Supportive Housing for Persons | \$92,449 | \$93,001 | (\$552) |
| Component Units-Franklin Heights | \$1,372,203 | \$1,365,013 | \$7,190 |
| Component Units-Discretely Presented | \$315,015 | \$351,278 | (\$36,263) |
| Community Development Block Grant | <u>\$140,000</u> | <u>\$140,000</u> | <u>\$0</u> |
| Total Expenses | \$9,524,070 | \$9,227,217 | \$296,853 |

| | | | |
|--|--------------------|------------------|--------------------|
| Excess of Revenue Over Expenses | (\$722,624) | \$165,508 | (\$888,132) |
|--|--------------------|------------------|--------------------|

The revenue decreased in the Housing Choice Voucher Program due to the prepaid contributions that HUD paid in the previous year for the current year. The revenue decreased in Local Community Development due to the loss on sale of property.

The expenses increased in JR "Polly" Lineweaver Apartments due to a substantial increase in Maintenance Costs consisting of labor, benefits and contract costs for extermination and miscellaneous contracts. The expenses increased in Local Community Development due to expenses incurred from the renovation that had not been reimbursed.

The Authority continues to make significant efforts to analyze all expenditures and make changes to continue to operate in the most efficient manner possible.

Overview of Program Budgets**Comparison
of Budget
versus
Actual**

| | Housing Choice Voucher | | JR Polly Lineweaver | | Local Community Development | | Component Units-Blended (FH) | | Component Units-Discretely Presented | |
|-----------------|------------------------|--------------------|---------------------|------------------|-----------------------------|------------------|------------------------------|--------------------|--------------------------------------|------------------|
| | Actuals | Budget | Actuals | Budget | Actuals | Budget | Actuals | Budget | Actuals | Budget |
| Income | | | | | | | | | | |
| Rent | \$0 | \$0 | \$174,263 | \$167,863 | \$467,812 | \$481,943 | \$1,368,750 | \$1,369,775 | \$184,384 | \$177,394 |
| HAP | \$5,606,076 | \$5,937,131 | \$248,806 | \$251,794 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Grants | \$0 | \$24,232 | \$72,222 | \$72,222 | \$146,370 | \$146,370 | \$0 | \$0 | \$0 | \$0 |
| CDBG Funds | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$140,000 | \$140,000 | \$0 | \$0 |
| Investment Inc | \$0 | \$25 | \$0 | \$0 | \$1 | \$0 | \$0 | \$50 | \$96 | \$12 |
| Other/Misc. | \$67,708 | \$30,000 | \$22,698 | \$6,000 | \$195,254 | \$204,303 | \$32,162 | \$10,000 | \$74,844 | \$69,168 |
| Total | \$5,673,784 | \$5,991,388 | \$517,989 | \$497,879 | \$809,437 | \$832,616 | \$1,540,912 | \$1,519,825 | \$259,324 | \$246,574 |
| Expenses | | | | | | | | | | |
| Administration | \$453,551 | \$433,961 | \$94,845 | \$80,410 | \$539,786 | \$475,355 | \$283,142 | \$246,605 | \$45,527 | \$30,200 |
| Tenant Services | \$0 | \$0 | \$72,929 | \$72,929 | \$662 | \$1,000 | \$268 | \$1,500 | \$29,666 | \$15,000 |
| Utilities | \$0 | \$4,500 | \$91,787 | \$107,200 | \$88,539 | \$118,340 | \$18,668 | \$19,000 | \$35,249 | \$56,200 |
| Maintenance | \$0 | \$38,800 | \$138,209 | \$101,369 | \$255,924 | \$190,136 | \$345,370 | \$375,840 | \$28,113 | \$45,500 |
| General | \$33,954 | \$10,200 | \$14,449 | \$12,000 | \$94,520 | \$21,370 | \$71,390 | \$58,320 | \$6,823 | \$14,824 |
| Interest | \$0 | \$0 | \$47,846 | \$52,452 | \$4,180 | \$0 | \$335,227 | \$306,600 | \$33,316 | \$0 |
| Depreciation | \$2,999 | \$2,999 | \$103,203 | \$103,203 | \$176,847 | \$176,847 | \$458,138 | \$458,138 | \$136,322 | \$136,322 |
| HAP Expenses | \$5,482,623 | \$5,309,996 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Total | \$5,973,127 | \$5,800,456 | \$563,267 | \$529,563 | \$1,160,458 | \$983,048 | \$1,512,203 | \$1,466,003 | \$315,015 | \$298,046 |

The income was higher than budgeted for JR "Polly" Lineweaver Apartments, Franklin Heights, and Component Units-Discretely Presented. For the Housing Choice Voucher program, the lower than budgeted income was due to HAP funding from HUD, for which, the Authority has no control over.

The Housing Choice Voucher Program did spend more HAP than was budgeted. This is not considered an issue since the spending goes directly to the housing of participants in the program. The General expenses did increase due to a bad debt write-off entry and Administration due to adding staff to the program.

The JR "Polly" Lineweaver Apartments shows an over budgeted amount in Administration and Maintenance which is due to the reallocation of salaries and benefits.

The Local Community Development shows an over budgeted amount in Administration and Maintenance which is due to the reallocation of salaries and benefits. The over budget amount for General expenses was due to a GAAP entry for bad debt.

The Component Units-Discretely Presented shows an over budgeted increase in Administration and Tenant Services. The over budget amount for Administration was for management and partnership fees. The over budget increase in Tenant Services was due to the hiring of a full-time Coordinator instead of part-time for Commerce Village.

Capital Asset and Long-Term Debt Activity

Planned initiatives which will impact the Authority's financial status include:

- Initiation of an affordable homeownership and blighted property removal program
- Develop (4) one or two bedroom units specifically targeted for the veterans, homeless, aging out foster youth, victims of domestic violence and Developmental Disabled and Intellectual Disabled within the Department of Justice settlement with the Commonwealth
- Replace roofs on project based housing units (10-15 units per year)
- Upgrade and replacement of elevators at the JR Polly Lineweaver Apartments
- Development of an exterior renovation and new roof plan to replace exterior Fascia siding and address the need for roof replacement for the Lineweaver Annex Apartments

The Authority will continue to seek grant funds in partnership with other community agencies to address gaps and needs in our local community and to identify additional resources that will assist Authority's residents in becoming more financially self-sufficient.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This financial report is to provide users with a general overview of the Authority's finances, and to show the Authority's accountability for the money it receives. If you have questions about this report or need additional information, contact the Executive Director at PO Box 1071, Harrisonburg, VA 22803, by telephone 540-434-7386, or by fax at 540-432-1113.

Harrisonburg Redevelopment and Housing Authority

Statement of Net Position

December 31, 2017

| ASSETS | Enterprise Fund | Component Units |
|---|----------------------|---------------------|
| Current Assets | | |
| Cash and Cash Equivalents | \$ 492,617 | \$ 22,548 |
| Restricted Cash, Cash Equivalents | 340,946 | 17,048 |
| Investments | - | 16,607 |
| Receivables, Net | 65,104 | 2,001 |
| Inventories - Net of Allowance | 2,845 | - |
| Prepaid Charges and Other Assets | 71,715 | 6,273 |
| Interprogram Due From | 78,993 | - |
| Total Current Assets | <u>1,052,220</u> | <u>64,477</u> |
| Non-current Assets | | |
| Capital Assets | | |
| Land | 1,644,886 | 376,000 |
| Buildings | 17,623,280 | 3,583,015 |
| Furniture Equipment & Machinery- Dwellings | 206,641 | 53,339 |
| Furniture Equipment & Machinery- Admin | 364,554 | 42,518 |
| Leasehold Improvements | 7,639,799 | 711,216 |
| Less: Accumulated Depreciation | (12,250,234) | (527,795) |
| Construction in Progress | 396,533 | - |
| Fixed Assets - Net | <u>15,625,459</u> | <u>4,238,293</u> |
| Notes, Loans, & Mortgages Receivable | 413,505 | - |
| Other Assets | <u>158,600</u> | <u>865,317</u> |
| Total Non-current Assets | <u>16,197,564</u> | <u>5,103,610</u> |
| Deferred Outflow of Resources | | |
| Deferred Outflow of Resources | <u>-</u> | <u>-</u> |
| Total Assets and Deferred Outflow of Resources | <u>\$ 17,249,784</u> | <u>\$ 5,168,087</u> |

The accompanying notes are an integral part of these financial statements.

Harrisonburg Redevelopment and Housing Authority

Statement of Net Position December 31, 2017

| | Enterprise Fund | Component Units |
|--|----------------------|---------------------|
| LIABILITIES | | |
| Current Liabilities | | |
| Accounts Payable | \$ 53,368 | \$ 4,788 |
| Accrued Liabilities | 163,090 | 2,688 |
| Tenant Security Deposits | 145,015 | 15,179 |
| Current Portion Long-term Debt | 625,262 | 61,697 |
| Unearned Revenue and Other Liabilities | - | 259 |
| Interprogram Due To | - | 78,993 |
| Total Current Liabilities | <u>986,735</u> | <u>163,604</u> |
| Noncurrent Liabilities | | |
| Long-term Debt | 10,031,679 | 1,247,275 |
| Loan Liability | - | - |
| Accrued Absences - Long-term | 60,830 | 1,204 |
| Non-current Other | 179,020 | 407,542 |
| Total Non-current Liabilities | <u>10,271,529</u> | <u>1,656,021</u> |
| Total Liabilities | <u>11,258,264</u> | <u>1,819,625</u> |
| Deferred Inflow of Resources | | |
| Deferred Inflow of Resources | - | - |
| Net Position | | |
| Invested in Capital Assets, Net of Related Debt | 4,968,518 | 2,929,321 |
| Restricted Net Position | 122,521 | - |
| Unrestricted Net Position | 900,481 | 419,141 |
| Total Net Position | <u>5,991,520</u> | <u>3,348,462</u> |
| Total Liabilities, Deferred Inflow of Resources, and Net Position | <u>\$ 17,249,784</u> | <u>\$ 5,168,087</u> |

The accompanying notes are an integral part of these financial statements.

Harrisonburg Redevelopment and Housing Authority

Statement of Revenues, Expenses, and Changes in Fund Net Position For The Year Ended December 31, 2017

| | Enterprise Fund | Component Units |
|--|---------------------|---------------------|
| Revenues | | |
| Tenant Revenue | \$ 2,070,963 | \$ 189,497 |
| Program Grants/Subsidies | 6,028,482 | - |
| Other Governmental Grants | 44,992 | - |
| Other Income | 332,684 | 69,731 |
| Total Revenues | 8,477,121 | 259,228 |
| Expenses | | |
| Administrative | 1,371,324 | 45,527 |
| Tenant Services | 73,859 | 29,666 |
| Utilities | 198,994 | 35,249 |
| Maintenance | 739,503 | 28,113 |
| General | 214,312 | 6,822 |
| Housing Assistance Payments | 5,482,623 | - |
| Depreciation | 741,187 | 136,322 |
| Total Expenses | 8,821,802 | 281,699 |
| Net Income (Loss) | (344,681) | (22,471) |
| Non-Operating Revenues (Expenses) | | |
| Capital Grant | 140,000 | - |
| Interest Expense | (387,253) | (33,316) |
| Gain/(Loss) on Sale of Fixed Assets | (75,000) | - |
| Interest and Investment Revenue | 1 | 96 |
| Total Nonoperating Revenues (Expenses) | (322,252) | (33,220) |
| Income (Loss) before Contributions and Transfers | (666,933) | (55,691) |
| Change in Net Position | (666,933) | (55,691) |
| Beginning of Year Net Position | 6,658,453 | 3,254,153 |
| Capital Contribution | - | 150,000 |
| Total Ending Net Position | \$ 5,991,520 | \$ 3,348,462 |

The accompanying notes are an integral part of these financial statements.

Harrisonburg Redevelopment and Housing Authority

Statement of Cash Flows For The Year Ended December 31, 2017

| | Enterprise Fund | Component Units |
|---|--------------------|--------------------|
| Cash Flows from Operating Activities: | | |
| Cash Received from Tenants | \$ 2,089,686 | \$ 188,267 |
| Cash Received from Operating Grants | 6,073,474 | - |
| Cash Received from Other Sources | 362,146 | 69,146 |
| Cash Paid for Goods and Services | (961,205) | (222,678) |
| Cash Paid for Employees and Administrative | (1,445,183) | (75,193) |
| Housing Assistance Payments | (5,482,623) | - |
| Cash Paid for Other | (681,159) | (6,414) |
| Net Cash Provided (Used) By Operating Activities | <u>(44,864)</u> | <u>(46,872)</u> |
| Cash Flows from Capital and Related Financing Activities: | | |
| Capital Grants received | 140,000 | - |
| Proceeds from the Sale of Assets | (75,000) | - |
| Purchases, Sales, and Construction of Capital Assets | (327,982) | (1) |
| Principal Paid on Capital Debt | (73,362) | (59,224) |
| Proceeds from Capital Debt | 140,471 | - |
| Capital Contributions | - | 150,000 |
| Interest Paid on Capital Debt | (387,253) | (33,316) |
| Net Cash Provided (Used) for Capital and Related Financing Activities | <u>(583,126)</u> | <u>57,459</u> |
| Cash Flows from Investing Activities: | | |
| Interest and Dividends | 1 | 96 |
| Purchase/Sale of investments | - | (858) |
| Net Cash Provided (Used) By Investing Activities | <u>1</u> | <u>(762)</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | (627,989) | 9,825 |
| Cash and Cash Equivalents at Beginning of Year | 1,461,552 | 29,771 |
| Cash and Cash Equivalents at End of Year | <u>\$ 833,563</u> | <u>\$ 39,596</u> |
| Cash and Cash Equivalents: | | |
| Unrestricted | \$ 492,617 | \$ 22,548 |
| Restricted | 340,946 | 17,048 |
| Total Cash and Cash Equivalents | <u>\$ 833,563</u> | <u>\$ 39,596</u> |

The accompanying notes are an integral part of these financial statements.

Harrisonburg Redevelopment and Housing Authority

Statement of Cash Flows For The Year Ended December 31, 2017

| | Enterprise Fund | Component Units |
|---|--------------------|--------------------|
| Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) By Operating Activities: | | |
| Operating Income (Loss) | \$ (344,681) | \$ (22,471) |
| Adjustments to Reconcile Operating Income to Net Cash Provided (Used) By Operating Activities: | | |
| Depreciation Expense | 741,187 | 136,322 |
| Changes in Assets and Liabilities: | | |
| (Increase) Decrease in Receivables | 18,723 | (1,230) |
| (Increase) Decrease in Inventories | (214) | - |
| (Increase) Decrease in Prepaid Expenses | 5,487 | (585) |
| (Increase) Decrease in Interprogram Due From | (26,837) | - |
| (Increase) Decrease in Notes Receivable | 50,812 | - |
| Increase (Decrease) in Accounts Payable | 17,485 | 3,029 |
| Increase (Decrease) in Accrued Expenses | 17,153 | (17,730) |
| Increase (Decrease) in Tenant Security Deposits | (557) | 408 |
| Increase (Decrease) in Other Liabilities | (21,225) | (175,000) |
| Increase (Decrease) in Unearned Revenue | (35,907) | (10,254) |
| Increase (Decrease) in Deferred Inflows | (482,962) | - |
| Increase (Decrease) in Interprogram Due To | 23,543 | 3,294 |
| Increase (Decrease) in Non-current Liabilities | (6,871) | 37,345 |
| Net Cash Provided (Used) By Operating Activities | <u>\$ (44,864)</u> | <u>\$ (46,872)</u> |

The accompanying notes are an integral part of these financial statements.

HARRISONBURG REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- a. Reporting Entity - The Harrisonburg Redevelopment and Housing Authority (HRHA) was established by the Council of the City of Harrisonburg (City) as a political subdivision of the Commonwealth of Virginia. HRHA is responsible for operating a low rent housing program which provides housing for eligible families, for operating redevelopment and conservation programs and for the delivery of services to citizens of low rent housing and urban renewal areas through the encouragement and development of social and economic opportunities. The Commissioners of HRHA are appointed by City Council. As required by GAAP, these statements present the programs, activities and functions of HRHA (the primary government) and its component units. The component units discussed below are included in HRHA's reporting entity because of the significance of its operational and financial relationship with HRHA.
- b. Component Units -- The Component Units purpose is to provide housing and social and economic opportunities for the benefit of low to moderate income people. They are component units of HRHA because of the significance of their operational and financial relationships with HRHA. The disclosure requirements of GASB 61 are met by the combined financial statement presentation of the sole Component Unit. Footnotes regarding the policies of HRHA apply to the Component Unit unless otherwise noted. The Component Units consist of:
 1. Lineweaver Annex Corporation is a nonstock nonprofit Virginia corporation organized in 1991. The corporation is controlled by one member, the Shenandoah Housing Corporation. The Directors of the Lineweaver Annex Corporation and the Shenandoah Housing Corporation are the same as the Harrisonburg Redevelopment and Housing Authority's Board of Commissioners. Complete financial statements of the Lineweaver Annex Corporation are included in this report.
 2. Shenandoah Housing Corporation is a non-stock, non-membership Virginia corporation organized in 1991. The principal activity of the corporation is being the controlling member of the Lineweaver Annex Corporation. The Directors of the Shenandoah Housing Corporation are the same as the Harrisonburg Redevelopment and Housing Authority's Board of Commissioners. Complete financial statements of the Shenandoah Housing Corporation are included in this report.

HARRISONBURG REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

b. Component Units - continued

3. One Fifty South Main, L.L.C. is a limited liability company organized on April 7, 2005. The company is controlled by the Harrisonburg Redevelopment and Housing Authority. The principal activity of the company is to purchase and renovate property in Harrisonburg, Virginia for the purpose of establishing the Harrisonburg Children's Museum. Complete financial statements of the One Fifty South Main, L.L.C. are included in this report.
4. Franklin Heights, L.L.C. is a limited liability company organized on October 17, 2008. The company is controlled by the Harrisonburg Redevelopment and Housing Authority. The principal activity of the company is to provide housing to low and moderate income individuals. Complete financial statements of Franklin Heights, L.L.C. are included in this report.
5. Commerce Village, L.L.C. is a limited liability company organized on March 5, 2013. The company is controlled by the Harrisonburg Redevelopment and Housing Authority. The principal activity of the company is to provide housing to low and moderate income individuals. Complete financial statements of Commerce Village, L.L.C. are included in this report.
6. Commerce Village Management, L.L.C. is a limited liability company organized on October 24, 2014. The company is controlled by the Harrisonburg Redevelopment and Housing Authority. The principal activity of the company is owning a managing interest in Commerce Village, L.L.C. Complete financial statements of Commerce Village Management, L.L.C. are included in this report.

All the component units are discretely presented, except for Franklin Heights, L.L.C., which is blended due to HRHA management having operational responsibility for Franklin Heights, L.L.C.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

- c. Measurement Focus, Basis of Accounting, and Financial Statement Presentation – The financial statements of the Housing Authority have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Authority is a Special Purpose Government entity engaged only in business-type activities and therefore, presents only the financial statements required for the enterprise fund, in accordance with GASB 34.

The Authority has multiple programs which are accounted for in one enterprise fund, which is presented as the "enterprise fund" in the basic financial statements as follows:

HARRISONBURG REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

c. Measurement Focus, Basis of Accounting, and Financial Statement Presentation – Continued

Enterprise Fund – In accordance with the Enterprise Fund Method, activity is recorded using the accrual basis of accounting and the measurement focus is on the flow of economic resources. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. This required the Housing Authority to account for operations in a manner similar to private business or where the Board has decided that the determination of revenues earned, costs incurred and/or net income necessary for management accountability.

Enterprise funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of all the Authority's enterprise funds are governmental grants used for maintaining and operating low income housing assistance programs. Operating expenses for these enterprise funds include administrative expenses, utilities and maintenance of housing units and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of all the Authority's enterprise funds are governmental grants used for maintaining and operating low income housing assistance programs. Operating expenses for these enterprise funds include administrative expenses, utilities and maintenance of housing units and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

HARRISONBURG REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

- d. Use of Estimates - The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingencies at the date of the financial statements, and revenues and expenses recognized during the reporting period. Actual results could differ from those estimates.
- e. Cash and Cash Equivalents - Highly liquid investments with initial maturities of three months or less from date of purchase are considered cash equivalents.
- f. Investments - Investments are carried at fair value, with changes in fair value recognized as a component of investment income. Fair value is determined by reference to quoted market prices.
- g. Notes Receivable - Deed of Trust and rental rehabilitation loans are carried at their unpaid principal balance. No allowance for loan losses is considered necessary.
- h. Due from/Due to Other Programs - During the course of its operations, HRHA has numerous transactions between funds to finance operations and provide services, and the Component Unit may or may not have such transactions. To the extent that certain transactions between funds had not been paid or received as of December 31, 2017, balances of inter-programs amounts receivable and payable have been recorded.
- i. Land, Structures, and Equipment - Land, structures, and equipment are capitalized at cost with depreciation calculated on the straight-line basis over the following estimated useful lives:

| | |
|--------------------------------|----------|
| Real Property | 40 years |
| Site Improvement | 15 years |
| Office Furniture and Equipment | 5 years |
| Data Processing Equipment | 5 years |
| Automobiles | 5 years |
| Maintenance Equipment | 3 years |

When assets are retired, demolished, or sold, their costs are removed from the accounts and the proceeds, if any, are reflected in revenues currently.

- j. Other Assets - Buildings held for resale are listed as "Other Assets" and are stated at the lower of cost or fair market value as of the acquisition or renovation completion date. Total land and redevelopment costs, where applicable, are allocated to total salable acreage under redevelopment, and are charged to the expense of sale on a prorated basis when the property is sold.
- k. Annual Contributions and Operating Subsidies - In accordance with the annual contributions contracts, HRHA receives operating subsidies from HUD. Such amounts are included as grant revenues from the federal government in the financial statements.

HARRISONBURG REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

- l. Compensated Absences - Employees earn annual vacation leave at a rate ranging from 12 days per year, up to a maximum of 18 days per year after 20 years of service. Vacation leave shall be approved in advance by the Executive Director and shall be taken within one year after its accrual. The maximum carryover per year shall be 30 days. At termination, employees are paid for any accumulated annual vacation leave. The amount is included in the accrued liabilities of the Authority.

- m. Pension Plans - HRHA participates in a defined contribution plan administered John Hancock Retirement Plan Services. All Employees are vested at 20% after the first year of service and an additional 20% each year up to five years. The Authority contributes 7.5% of each eligible employee's salary. The Authority's contribution and pension expense for the year ending December 31, 2017; December 31, 2016; and December 31, 2015 were \$64,942; \$59,708; and \$59,672 respectively. As of December 31, 2017, the Authority had no liability related to the defined contribution plan.

The Authority also maintains a 457-deferred compensation plan administered by the ICMA retirement Corporation. The Authority does not contribute to this plan. Contributions are voluntary.

- n. Income Taxes - As a political subdivision of the State of Virginia, HRHA is exempt from Federal and State income taxes. The Component Units are exempt from Federal and State income tax under Internal Revenue Code Section 501(c)(3).
- o. Indirect Costs - Certain indirect costs are allocated to expenses in the various programs in accordance with cost allocation plans. These plans were approved by the appropriate grantors as of HRHA's overall operations budget for the fiscal year.
- p. Subsequent Events – Management has evaluated subsequent events through September 19, 2018, the date on which the financial statements were available to be issued.
- q. Inventories - The inventories consist principally of maintenance supplies and are valued at cost (first-in, first-out). Inventories are recognized as expenditures when consumed or sold. Franklin Heights, a Blended Component Unit, maintains an inventory balance.
- r. Net Position - Net Position balances are designated by the Housing Choice Voucher program and Non-Major program for future expenses, or must be returned to the grantor, and generally may not be used in any manner by HRHA except as specified under their respective contracts. The Net Position balance of the Business Activities program, and of the Component Unit are designated to provide for financial resource utilization in future periods. Deficit balances in net assets are primarily attributable to accumulated depreciation charges on fixed assets.

HARRISONBURG REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

- s. Deferred outflows/inflows of resources - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Authority has no items that meet the criterion for this category. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Authority has no items that meet the criterion for this category.

NOTE 2: CASH, CASH EQUIVALENTS AND INVESTMENTS

At December 31, 2017, the carrying amount of the Authority's deposits was \$873,159 and the bank balance was \$905,383. Of the bank balance, \$905,383 was covered by Federal Depository Insurance or collateralized in accordance with the Virginia Security for Public Deposits Act (the Act) and HUD requirements. Under the Act, banks holding public deposits in excess of the amounts insured by federal depository insurance must pledge collateral in the amount of 50% of excess deposits to a collateral pool in the name of the State Treasury Board. Savings and loan institutions are required to collateralize 100% of deposits in excess of federal depository insurance limits under the Act, while HUD requires collateralization of 100% of deposits in excess of federal depository insurance from all banks, savings and loan, and investment institutions for all cash deposits and for investment vehicles not directly held. The State Treasury Board requires HRHA to obtain additional collateral from participating financial institutions to cover collateral shortfalls in the event of default and is responsible for monitoring compliance with the collateralization and reporting requirements of the Act and for notifying local governments of noncompliance by banks and savings and loan institutions. HRHA follows HUD's guidelines for investment policy.

Investments - As of December 31, 2017, the Authority had no investments.

Interest Rate Risk - The Authority does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of Credit Risk - The Authority places no limit on the amount the Authority may invest in any one issuer. The Authority had no investments at December 31, 2017.

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority does not have a deposit policy for custodial credit risk. As of December 31, 2017, all of the Authority's investments were in U.S. Government Securities held in the Authority's name.

HARRISONBURG REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 3: RESTRICTED CASH

The following is a summary of the portion of the cash referred to in Note 2 which is classified as restricted:

| | |
|-------------------------------|-------------------|
| Enterprise Fund | |
| Security Deposits | \$ 149,160 |
| HCV - Restricted Net Position | 122,521 |
| FSS Escrows | 69,265 |
| | <u>\$ 340,946</u> |
| Component Units | |
| Security Deposits | \$ 17,048 |

NOTE 4: RECEIVABLES

Receivables as of year-end for the Authority and Component Units, including the applicable allowances for uncollectible accounts, are as follows:

| | Enterprise Fund | Component Units |
|------------------------------------|--------------------|--------------------|
| Receivables | | |
| Tenants | \$ 116,340 | \$ 3,180 |
| Gross Receivables | <u>116,340</u> | <u>3,180</u> |
| Other Receivables | | |
| Miscellaneous | 902 | - |
| Fraud Recovery | 65,978 | - |
| Less: Allowance for Uncollectibles | <u>(118,116)</u> | <u>(1,179)</u> |
| Total Receivables | <u>\$ 65,104</u> | <u>\$ 2,001</u> |
| L/T Notes and Mortgage Receivables | <u>\$ 413,505</u> | <u>\$ -</u> |

HARRISONBURG REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 5: CAPITAL ASSETS

The following is a summary of changes in the Capital Assets during the fiscal year ended December 31, 2017:

| Enterprise Fund | 1/1/2017 | Increases | Decreases | 12/31/2017 |
|----------------------------|----------------------|---------------------|--------------------|----------------------|
| Land | \$ 1,719,886 | \$ - | \$ (75,000) | \$ 1,644,886 |
| Buildings | 17,623,280 | - | - | 17,623,280 |
| Equipment - Dwelling | 200,671 | 6,309 | (339) | 206,641 |
| Equipment - Administration | 359,586 | 6,140 | (1,172) | 364,554 |
| Leasehold Improvements | 7,639,799 | - | - | 7,639,799 |
| Construction in Progress | - | 396,533 | - | 396,533 |
| Accumulated Depreciation | (11,510,558) | (741,187) | 1,511 | (12,250,234) |
| | <u>\$ 16,032,664</u> | <u>\$ (332,205)</u> | <u>\$ (75,000)</u> | <u>\$ 15,625,459</u> |

| Component Units | 1/1/2017 | Increases | Transfers | 12/31/2017 |
|----------------------------|---------------------|---------------------|------------------|---------------------|
| Land | \$ 376,000 | \$ - | \$ - | \$ 376,000 |
| Building | 3,583,015 | - | - | 3,583,015 |
| Equipment - Dwelling | 53,339 | - | - | 53,339 |
| Equipment - Administration | 42,518 | - | - | 42,518 |
| Leasehold Improvements | 711,216 | - | - | 711,216 |
| Accumulated Depreciation | (391,474) | (136,321) | - | (527,795) |
| | <u>\$ 4,374,614</u> | <u>\$ (136,321)</u> | <u>\$ -</u> | <u>\$ 4,238,293</u> |

NOTE 6: PREPAID CHARGES

Prepaid charges at December 31, 2017 consisted of the following:

| | Enterprise Fund | Component Units |
|------------------------------|----------------------------|----------------------------|
| Prepaid Insurance | \$ 6,930 | \$ 6,273 |
| Prepaid Expense - Other | 64,785 | - |
| Total Prepaid Charges | <u>\$ 71,715</u> | <u>\$ 6,273</u> |

HARRISONBURG REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 7: OTHER ASSETS

Other Assets as of December 31, 2017 consisted of the investment in DP Apartments, L.P. by Shenandoah Housing Corporation for the purpose of assisting and developing in low income housing. As of December 31, 2017, the value of the investment was \$865,317. The Authority entered into a capital lease agreement during 2010 in the amount of \$200,000. As of December 31, 2017, the balance remaining on the capital lease was \$158,600.

NOTE 8: CURRENT LIABILITIES

Current liabilities at December 31, 2017, consisted of the following:

| | | | |
|----------------------------------|-------------------|----------------------------------|-------------------|
| Accounts Payable | \$ 53,368 | Accounts Payable | \$ 4,788 |
| Current Portion - Long Term Debt | 625,262 | Current Portion - Long Term Debt | 61,697 |
| Due to Affiliates | - | Due to Affiliate | 78,993 |
| Accrued Liabilities | 163,090 | Accrued Liabilities | 2,688 |
| Unearned Revenue | - | Unearned Revenue | 259 |
| Tenant Security Deposits | <u>145,015</u> | Tenant Security Deposits | <u>15,179</u> |
| Total Current Liabilities | <u>\$ 986,735</u> | Total Current Liabilities | <u>\$ 163,604</u> |

Interfund accounts of \$548,388 have been eliminated from the consolidated financial statements.

NOTE 9: CONTINGENCIES AND OTHER MATTERS

a. Litigation and Other Matters

Certain claims, suits and complaints may arise in the ordinary course of business. In the opinion of the Authority's management, any such matters are adequately covered by insurance.

b. Grants

The Authority has received various other grants for specific purposes. These grants are subject to financial and compliance audits. Such audits could result in requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. The Authority management is of the opinion that disallowances, if any, will not be material.

HARRISONBURG REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 10: INSURANCE AND RISK MANAGEMENT

The Authority 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. The Authority has purchased commercial insurance for all claims.

NOTE 11: ECONOMIC DEPENDENCY

The Housing Choice Voucher Program is economically dependent on annual contributions and grants from HUD. The program operates at a loss prior to receiving the contributions and grants.

NOTE 12: IMPAIRMENT OF CAPITAL ASSETS

In accordance with new financial reporting standards issued by the Government Accounting Standards Board's, "Statement No. 42, "Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries" requires certain note disclosures. There were no permanent impairments experienced by the Authority that required material adjustments to the Statement of Net Assets.

NOTE 13: INTERFUND RECEIVABLES AND PAYABLES

The following interfund activity was incurred during normal operating activities:

| | Due To | Due From |
|------------------------|------------------|------------------|
| Business Activities | \$ 544,454 | \$ 627,381 |
| Component Units | 78,993 | - |
| Non-Major Funds | 3,934 | - |
| Interfund Eliminations | (548,388) | (548,388) |
| | <u>\$ 78,993</u> | <u>\$ 78,993</u> |

HARRISONBURG REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 14: DEFINED CONTRIBUTION PENSION PLAN

The Authority offers a defined contribution pension plan for eligible full-time employees administered by the John Hancock Retirement Plan Services. A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individuals' account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account, the returns earned on investments of those contributions, and the forfeitures of other participants' benefits that may be allocated to such participant's account. All "full-time Employees" shall participate in the Plan on the first day of the month after attaining age 21 and completing one year of continuous and uninterrupted employment. Participating employees shall vest in the employer's contributions at the rate of twenty percent for each full year of continuous employment. Forfeitures of the accounts of partially vested terminated participants in excess of plan expenses shall be reallocated among the accounts of remaining participants. There were no forfeitures during fiscal year ended December 31, 2017, and no outstanding liability due to the plan.

The Authority contributes an amount equal to 7.5% of each participating employee's annual compensation to the plan. Pension costs are expensed as incurred and the Authority recognized total pension expense of \$64,942 for the year ended December 31, 2017. The total covered payroll for the year ended December 31, 2017, was \$865,893.

NOTE 15: NONCURRENT LIABILITIES

Noncurrent liabilities at December 31, 2017, consisted of the following:

| | Balance 12/31/2016 | Increases | Decreases | Long-Term Balance 12/31/2017 | Current Portion |
|---------------------------------|-----------------------|---------------------|-----------------------|------------------------------------|--------------------|
| Long-Term Debt, Net of Current | \$ 11,330,223 | \$ 8,173,727 | \$ (8,224,996) | \$ 11,278,954 | \$ 686,959 |
| Long-Term Compensated Absences | 53,610 | 22,651 | (14,227) | 62,034 | 6,892 |
| Non-Current Liabilities - Other | 564,512 | 37,009 | (14,959) | 586,562 | - |
| Total Non-Current Liabilities | <u>\$ 11,948,345</u> | <u>\$ 8,233,387</u> | <u>\$ (8,254,182)</u> | <u>\$ 11,927,550</u> | <u>\$ 693,851</u> |

HARRISONBURG REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 15: NONCURRENT LIABILITIES – Continued

Notes Payable: Section 8 New

The Authority originally issued a Renovation and Refinancing Project Revenue bond in 2011, in the amount of \$1,730,000 to finance the complete renovations and refinance debt on the 61-unit JR Polly Lineweaver building. The bonds are payable through United Bank. The bond was refinanced in 2017 in the amount of \$1,347,171. The first principal and interest payment (3.10% per annum) is due monthly beginning August 21, 2017 and ends October 21, 2031. As of December 31, 2017, the balance on the bond was \$1,315,781.

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------|---------------------|-------------------|---------------------|
| 2018 | \$ 76,275 | \$ 39,721 | \$ 115,996 |
| 2019 | 78,673 | 37,322 | 115,995 |
| 2020 | 81,147 | 34,849 | 115,996 |
| 2021 | 83,698 | 32,297 | 115,995 |
| 2022 | 86,330 | 29,665 | 115,995 |
| 2023 to 2027 | 474,118 | 105,859 | 579,977 |
| 2028 to 2032 | 435,540 | 28,142 | 463,682 |
| | <u>\$ 1,315,781</u> | <u>\$ 307,855</u> | <u>\$ 1,623,636</u> |

Franklin Heights: The \$3,500,000 General Obligation Public Improvement Bonds, Series 2006, will be used to renovate certain housing units that it owns and to refinance loans in the Local Community Development Fund. The Bond was issued by the City of Harrisonburg. The bond is payable through Davenport & Company, L.L.C., and principal payments start February 2010 and end February 2033 with an average interest cost of 4.3%. As of December 31, 2017, the Authority owes \$2,420,000 to the City of Harrisonburg on the bonds.

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------|---------------------|-------------------|---------------------|
| 2018 | \$ 123,734 | \$ 101,549 | \$ 225,283 |
| 2019 | 129,048 | 96,235 | 225,283 |
| 2020 | 134,591 | 90,692 | 225,283 |
| 2021 | 140,372 | 84,911 | 225,283 |
| 2022 | 146,401 | 78,882 | 225,283 |
| 2023 to 2027 | 831,908 | 294,507 | 1,126,415 |
| 2028 to 2032 | 913,946 | 99,828 | 1,013,774 |
| | <u>\$ 2,420,000</u> | <u>\$ 846,604</u> | <u>\$ 3,266,604</u> |

HARRISONBURG REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 15: NONCURRENT LIABILITIES – Continued

Notes Payable: Business Activities – Continued

The \$6,436,515 General Obligation Public Improvement Bonds, Series 2009A-2, will be used to renovate certain housing units that it owns and to refinance the Authority's outstanding Revenue Note issued to Newbridge Bank in the original principal amount of \$2,000,000. The Bond was issued by the City Of Harrisonburg. The bond is payable through Davenport & Company, L.L.C., and principal payments start February 2010 and end August 2029 with an average interest cost of 4.5%. As of December 31, 2017, the Authority owes \$4,370,000 to the City of Harrisonburg on the bonds.

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------|---------------------|---------------------|---------------------|
| 2018 | \$ 292,532 | \$ 190,665 | \$ 483,197 |
| 2019 | 305,971 | 177,227 | 483,198 |
| 2020 | 320,027 | 163,170 | 483,197 |
| 2021 | 334,729 | 148,468 | 483,197 |
| 2022 | 350,107 | 133,091 | 483,198 |
| 2023 to 2027 | 2,007,088 | 408,901 | 2,415,989 |
| 2028 to 2032 | 759,546 | 29,696 | 789,242 |
| | <u>\$ 4,370,000</u> | <u>\$ 1,251,218</u> | <u>\$ 5,621,218</u> |

On December 21, 2010, Franklin Heights, L.L.C. purchased property for the purpose of renovating 25 affordable housing units. The property was purchased for \$1,700,000 of which Franklin Heights has a seller financed note payable to Forkovitch Family in the amount of \$1,300,000. Principal and interest (5.0% per annum) is due monthly beginning January 21, 2011 and ending December 21, 2030. As of December 31, 2017, the Authority owes the Forkovitch Family \$1,024,711.

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------|---------------------|-------------------|---------------------|
| 2018 | \$ 57,425 | \$ 49,931 | \$ 107,356 |
| 2019 | 60,363 | 46,993 | 107,356 |
| 2020 | 63,451 | 43,905 | 107,356 |
| 2021 | 66,697 | 40,659 | 107,356 |
| 2022 | 70,109 | 37,247 | 107,356 |
| 2023 to 2027 | 408,165 | 128,615 | 536,780 |
| 2028 to 2032 | 298,501 | 23,567 | 322,068 |
| | <u>\$ 1,024,711</u> | <u>\$ 370,917</u> | <u>\$ 1,395,628</u> |

HARRISONBURG REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 15: NONCURRENT LIABILITIES – Continued

Notes Payable: Business Activities - Continued

The Authority originally issued Acquisition and Renovation Revenue bonds in 2011, in the amount of \$1,200,000 to finance the remainder of Franklin Heights, L.L.C.'s property purchase price and the cost of renovations. The bonds are payable through United Bank. The bonds were refinanced in 2017 in the amount of \$946,675. The first principal and interest payment (3.10% per annum) is due monthly beginning August 21, 2017 and ends January 21, 2031. As of December 31, 2017, the balance on the loan was \$882,684.

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------|-------------------|-------------------|---------------------|
| 2018 | \$ 51,157 | \$ 26,640 | \$ 77,797 |
| 2019 | 52,765 | 25,032 | 77,797 |
| 2020 | 54,424 | 23,373 | 77,797 |
| 2021 | 56,136 | 21,661 | 77,797 |
| 2022 | 57,901 | 19,896 | 77,797 |
| 2023 to 2027 | 317,987 | 70,999 | 388,986 |
| 2028 to 2032 | 292,314 | 18,875 | 311,189 |
| | <u>\$ 882,684</u> | <u>\$ 206,476</u> | <u>\$ 1,089,160</u> |

On September 21, 2017, The Authority issued a Bank Qualified Series 2017 Revenue bond in the amount of \$650,000 at 2.60% to finance the renovation of the basement of the Bridgeport Building in order to lease such space to the Harrisonburg Rockingham Social Services District. The bonds are payable through Bank of the James, with principal and interest being payable in 240 monthly installments commencing on October 21, 2017. As of December 31, 2017, the balance on the bond was \$643,765.

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------|-------------------|-------------------|-------------------|
| 2018 | \$ 25,318 | \$ 16,440 | \$ 41,758 |
| 2019 | 25,887 | 15,776 | 41,663 |
| 2020 | 26,568 | 15,095 | 41,663 |
| 2021 | 27,267 | 14,396 | 41,663 |
| 2022 | 27,985 | 13,678 | 41,663 |
| 2023 to 2027 | 151,363 | 56,951 | 208,314 |
| 2028 to 2032 | 172,353 | 35,961 | 208,314 |
| 2033 to 2037 | 187,024 | 12,076 | 199,100 |
| | <u>\$ 643,765</u> | <u>\$ 180,373</u> | <u>\$ 824,138</u> |

HARRISONBURG REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 15: NONCURRENT LIABILITIES – Continued

Notes Payable: Component Units

On April 22, 2005, One Fifty South Main L.L.C. issued a Bank Qualified Series 2005 Bonds in the amount of \$750,000 at 4.14% interest in order to acquire and renovate a building for the purpose of opening a children's museum. The bonds will be paid in full in 2020. The property deed of trust and revenues generated from the property serve as security for the bonds. The City of Harrisonburg has pledged a non-binding moral obligation pledge to pay costs of operating; insuring and maintaining the property, including debt service on the borrowed funds, to the extent revenues are insufficient to pay such costs. The loan calls for semi-annual payments to SunTrust Bank in the amount of \$33,834. As of December 31, 2017, the balance of the bond was \$158,972.

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|------|-------------------|------------------|-------------------|
| 2018 | \$ 61,719 | \$ 5,950 | \$ 67,669 |
| 2019 | 64,300 | 3,368 | 67,668 |
| 2020 | 32,953 | 682 | 33,635 |
| | <u>\$ 158,972</u> | <u>\$ 10,000</u> | <u>\$ 168,972</u> |

Commerce Village, L.L.C.

HRHA is also owed a note payable by CV in the amount of \$58,000 for the permanent financing of the project. The note is secured by a deed of trust in the project and accrues interest at 1.50% per annum. At December 31, 2017, the balance of accrued interest is \$1,677. The note is administered by the Virginia Department of Housing and Community Development (DHCD) through the Permanent Supportive Housing grant program.

CV also has a DHCD HOME loan in the amount of \$342,000 and is secured by a deed of trust. The loan has a stated interest rate of 1.50% and interest only payments of \$428 are due monthly and the mortgage is due and payable in full on March 1, 2036.

CV has another DHCD Housing Trust Fund loan in the amount of \$750,000 and is secured by a deed of trust and has a stated interest rate of 1.50%. Interest only payments of \$938 are due monthly and the mortgage is due and payable in full on March 1, 2036.

HARRISONBURG REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 15: NONCURRENT LIABILITIES – Continued

Conduit Debt:

HRHA serves as a financing conduit for the issuance of Tax Exempt Revenue Bonds used for the development of various Housing Projects. HRHA receives an origination fee as well as yearly administration fees for performing this service. The respective properties are used as collateral for payment of these bonds and HRHA is not liable for payment in the event of default. All principal is guaranteed, as to principal payment, through Governmental insurance (ex. FHA) or private insurance. All projects are for 103b(4)A Housing projects. The Bonds issued to date, which are not part of these financial statements, are as follows:

| Revenue Bonds | Date Issued | Amount of Issue | Balance Outstanding |
|----------------------|----------------|----------------------|------------------------|
| Huntington Village | 6/1/2001 | \$ 10,400,000 | \$ 8,090,000 |
| Williamsburg Village | 12/1/2001 | 4,850,000 | 3,235,000 |
| Cold Harbor Garden | 12/13/2004 | 8,800,000 | 6,988,410 |
| Woodman West Apts. | 2/12/2008 | 9,950,000 | 9,950,000 |
| Oakmeade Apts. | 2/9/2012 | 4,700,000 | 4,420,000 |
| TOTAL | | <u>\$ 38,700,000</u> | <u>\$ 32,683,410</u> |

NOTE 16: COMPONENT UNITS

A condensed presentation of the component units financial statements can be found on the following page.

HARRISONBURG REDEVELOPMENT AND HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 16: COMPONENT UNITS – Continued

| | Shenandoah Housing Corp | Lineweaver Annex Corp | Commerce Village Mgt, LLC | 150 South Main, LLC | Commerce Village, LLC | Discretely Presented Component Units TOTAL |
|---|----------------------------|--------------------------|------------------------------|------------------------|--------------------------|--|
| <u>Statement of Net Assets- Balance Sheet</u> | | | | | | |
| Cash | \$ - | \$ - | \$ - | \$ - | \$ 39,596 | \$ 39,596 |
| Other Current Assets | - | - | 92 | - | 24,789 | 24,881 |
| Noncurrent Assets | 865,225 | - | - | 478,549 | 3,759,836 | 5,103,610 |
| Total Assets | 865,225 | - | 92 | 478,549 | 3,824,221 | 5,168,087 |
| <u>Liabilities</u> | | | | | | |
| Current Liabilities | 701 | 36,197 | 1,210 | 104,079 | 21,417 | 163,604 |
| Long Term Liabilities | - | - | - | 97,275 | 1,558,746 | 1,656,021 |
| Total Liabilities | 701 | 36,197 | 1,210 | 201,354 | 1,580,163 | 1,819,625 |
| <u>Net Assets - Equity</u> | | | | | | |
| Net Assets | \$ 864,524 | \$ (36,197) | \$ (1,118) | \$ 277,195 | \$ 2,244,058 | \$ 3,348,462 |
| <u>Statement of Activities - Income Statement</u> | | | | | | |
| Revenues | \$ - | \$ - | \$ - | \$ - | \$ 189,497 | \$ 189,497 |
| Investment | - | - | - | - | 96 | 96 |
| Other | 582 | - | - | 67,668 | 1,481 | 69,731 |
| Total Revenue | 582 | - | - | 67,668 | 191,074 | 259,324 |
| <u>Expenses</u> | | | | | | |
| Administrative | 1,336 | 1,161 | 525 | 350 | 42,155 | 45,527 |
| Maintenance and Operations | - | - | - | 7,377 | 93,028 | 100,405 |
| General | - | 100 | - | - | 32,661 | 32,761 |
| Depreciation | - | - | - | 25,456 | 110,866 | 136,322 |
| Total Expenses | 1,336 | 1,261 | 525 | 33,183 | 278,710 | 315,015 |
| Income <Loss> | (754) | (1,261) | (525) | 34,485 | (87,636) | (55,691) |
| Beginning Net Assets (Equity) | 865,278 | (34,936) | (593) | 242,710 | 2,181,694 | 3,254,153 |
| Equity Transfer/Prior Year Adjustment | - | - | - | - | 150,000 | 150,000 |
| Ending Net Assets (Equity) | \$ 864,524 | \$ (36,197) | \$ (1,118) | \$ 277,195 | \$ 2,244,058 | \$ 3,348,462 |

HARRISONBURG REDEVELOPMENT AND HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 16: COMPONENT UNITS – Continued

| | Shenandoah Housing Corp | Lineweaver Annex Corp | Commerce Village Mgt, LLC | 150 South Main, L.L.C. | Commerce Village, L.L.C. | Discretely Presented Component Units |
|--|----------------------------|--------------------------|------------------------------|---------------------------|-----------------------------|---|
| Cash flows from operating activities: | | | | | | |
| Cash received from tenants | \$ - | \$ - | \$ - | \$ - | \$ 190,135 | \$190,135 |
| Cash received from other sources | 1,336 | - | - | 68,018 | 1,577 | 70,931 |
| Cash paid for goods and services | - | - | - | - | - | - |
| Cash paid for employees and administrative | (1,336) | - | - | (8,793) | (182,067) | (192,196) |
| Net cash provided (used) by operating activities | - | - | - | 59,225 | 9,645 | 68,870 |
| Cash flows from capital and related financing activities: | | | | | | |
| Purchases, sales and construction of capital assets | - | - | - | - | - | - |
| Principal paid on capital debt | - | - | - | (59,225) | - | (59,225) |
| Payment of Developer Fee | - | - | - | - | (165,000) | (165,000) |
| Capital Contribution | - | - | - | - | 150,000 | 150,000 |
| Net cash (used) for capital and related financing activities | - | - | - | (59,225) | (15,000) | (74,225) |
| Cash flows from investing activities: | | | | | | |
| (Increase) Decrease in Investments | - | - | - | - | (9,096) | (9,096) |
| Net cash provided by investing activities | - | - | - | - | (9,096) | (9,096) |
| Net increase (decrease) in cash and cash equivalents | - | - | - | - | (14,451) | (14,451) |
| Cash and cash equivalents at beginning of year | - | - | - | - | 54,047 | 54,047 |
| Cash and cash equivalents at end of year | \$ - | \$ - | \$ - | \$ - | \$ 39,596 | \$ 39,596 |
| Cash and Cash Equivalents: | | | | | | |
| Unrestricted | \$ - | \$ - | \$ - | \$ - | \$ 22,548 | \$ 22,548 |
| Restricted | - | - | - | - | 17,048 | 17,048 |
| Total Cash and Cash Equivalents | \$ - | \$ - | \$ - | \$ - | \$ 39,596 | \$ 39,596 |
| Noncash Investing, Capital, and Financing Activities | | | | | | |
| Accrued Contingent liability | | | | | | |
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities: | | | | | | |
| Operating income (loss) | \$ (754) | \$ (1,261) | \$ (525) | \$ 34,485 | \$ (87,636) | \$ (55,691) |
| Adjustments to reconcile operating income to net cash provided (used) by operating activities: | | | | | | |
| Depreciation expense | - | - | - | 25,456 | 110,866 | 136,322 |
| Non-Cash Interest | - | - | - | - | 11,549 | 11,549 |
| Changes in assets and liabilities: | | | | | | |
| (Increase) Decrease in Receivables | - | - | - | - | (1,231) | (1,231) |
| (Increase) Decrease in Inventories | - | - | - | - | - | - |
| (Increase) Decrease in Deferred Charges | - | - | - | - | (585) | (585) |
| Increase (Decrease) in Accounts payable | - | - | - | - | 3,305 | 3,305 |
| Increase (Decrease) in Accrued expenses | - | - | - | (1,066) | (6,580) | (7,646) |
| Increase (Decrease) in Tenant Security Deposits | - | - | - | - | (1,869) | (1,869) |
| Increase (Decrease) in Other liabilities | - | - | - | - | (2,540) | (2,540) |
| Increase (Decrease) in Interprogram due to | 754 | 1,261 | 525 | 350 | (15,634) | (12,744) |
| Net cash provided (used) by operating activities | \$ - | \$ - | \$ - | \$ 59,225 | \$ 9,645 | \$ 68,870 |

SUPPLEMENTAL INFORMATION

Harrisonburg Redevelopment & Housing Authority (VA014)

Harrisonburg, VA

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2017

| | 14.071 Housing Choice Vouchers | 6.1 Component Unit - Discretely Presented | 6.2 Component Unit - Blended | 14.102 N/C S/R Section 8 Programs | 2 State/Local | 1 Business Activities | 14.191 Multifamily Housing Service Coordinators | 14.219 Community Development Block Grants/Small Cities Program | 14.267 Continuum of Care Program | Subtotal | ELIM | Total |
|---|-----------------------------------|---|---------------------------------|--------------------------------------|---------------|--------------------------|---|---|-------------------------------------|---------------|------------|---------------|
| 111 Cash - Unrestricted | \$7,702 | \$22,548 | | | | \$484,915 | | | | \$515,165 | | \$515,165 |
| 112 Cash - Restricted - Modernization and Development | \$0 | | | | | | | | | \$0 | | \$0 |
| 113 Cash - Other Restricted | \$191,786 | | | | | | | | | \$191,786 | | \$191,786 |
| 114 Cash - Tenant Security Deposits | | \$17,048 | \$104,172 | \$15,809 | | \$28,179 | | | | \$166,208 | | \$166,208 |
| 115 Cash - Restricted for Payment of Current Liabilities | \$0 | | | | | | | | | \$0 | | \$0 |
| 100 Total Cash | \$199,488 | \$39,596 | \$104,172 | \$15,809 | \$0 | \$514,094 | \$0 | \$0 | \$0 | \$873,159 | \$0 | \$873,159 |
| 121 Accounts Receivable - PHA Projects | | | | | | | | | | | | |
| 122 Accounts Receivable - HUD Other Projects | | | | | | | | | | | | |
| 124 Accounts Receivable - Other Government | | | | | | | | | | | | |
| 125 Accounts Receivable - Miscellaneous | | | | | | \$902 | | | | \$902 | | \$902 |
| 126 Accounts Receivable - Tenants | | \$3,180 | \$85,173 | \$10,455 | | \$20,712 | | | | \$119,520 | | \$119,520 |
| 126.1 Allowance for Doubtful Accounts - Tenants | | -\$1,179 | -\$38,211 | -\$4,437 | | -\$9,490 | | | | -\$53,317 | | -\$53,317 |
| 126.2 Allowance for Doubtful Accounts - Other | | | | | | \$0 | | | | \$0 | | \$0 |
| 127 Notes, Loans, & Mortgages Receivable - Current | | | | | | | | | | | | |
| 128 Fraud Recovery | \$65,978 | | | | | | | | | \$65,978 | | \$65,978 |
| 128.1 Allowance for Doubtful Accounts - Fraud | -\$65,978 | | | | | | | | | -\$65,978 | | -\$65,978 |
| 129 Accrued Interest Receivable | | | | | | \$0 | | | | \$0 | | \$0 |
| 120 Total Receivables, Net of Allowances for Doubtful Accounts | \$0 | \$2,001 | \$46,962 | \$6,018 | \$0 | \$12,124 | \$0 | \$0 | \$0 | \$67,105 | \$0 | \$67,105 |
| 131 Investments - Unrestricted | | | | | | | | | | | | |
| 132 Investments - Restricted | \$0 | \$16,607 | | | | | | | | \$16,607 | | \$16,607 |
| 135 Investments - Restricted for Payment of Current Liability | \$0 | | | | | | | | | \$0 | | \$0 |
| 142 Prepaid Expenses and Other Assets | \$1,779 | \$6,273 | \$2,034 | \$65,421 | | \$2,461 | | | | \$77,968 | | \$77,968 |
| 143 Inventories | | | \$3,161 | | | | | | | \$3,161 | | \$3,161 |
| 143.1 Allowance for Obsolete Inventories | | | -\$316 | | | | | | | -\$316 | | -\$316 |
| 144 Inter Program Due From | | | | | | \$627,381 | | | | \$627,381 | -\$548,388 | \$78,993 |
| 145 Assets Held for Sale | | | | | | | | | | | | |
| 150 Total Current Assets | \$201,267 | \$64,477 | \$156,013 | \$87,248 | \$0 | \$1,156,080 | \$0 | \$0 | \$0 | \$1,665,085 | -\$548,388 | \$1,116,697 |
| 161 Land | | \$376,000 | \$900,064 | \$225,580 | | \$519,242 | | | | \$2,020,886 | | \$2,020,886 |
| 162 Buildings | | \$3,583,015 | \$10,741,570 | \$1,853,881 | | \$5,027,829 | | | | \$21,206,296 | | \$21,206,296 |
| 163 Furniture, Equipment & Machinery - Dwellings | \$60,773 | \$53,339 | \$104,065 | \$41,803 | | | | | | \$259,980 | | \$259,980 |
| 164 Furniture, Equipment & Machinery - Administration | \$1,530 | \$42,518 | \$80,132 | \$8,845 | | \$274,047 | | | | \$407,072 | | \$407,072 |
| 165 Leasehold Improvements | | \$711,216 | \$6,625,023 | \$1,014,776 | | | | | | \$8,351,015 | | \$8,351,015 |
| 166 Accumulated Depreciation | -\$62,303 | -\$527,795 | -\$6,856,689 | -\$2,051,326 | | -\$3,279,916 | | | | -\$12,778,029 | | -\$12,778,029 |
| 167 Construction in Progress | | | | | | \$396,533 | | | | \$396,533 | | \$396,533 |
| 168 Infrastructure | | | | | | | | | | | | |
| 160 Total Capital Assets, Net of Accumulated Depreciation | \$0 | \$4,238,293 | \$11,594,165 | \$1,093,559 | \$0 | \$2,937,735 | \$0 | \$0 | \$0 | \$19,863,752 | \$0 | \$19,863,752 |
| 171 Notes, Loans and Mortgages Receivable - Non-Current | | | | | | \$413,505 | | | | \$413,505 | | \$413,505 |
| 172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due | | | | | | | | | | | | |
| 173 Grants Receivable - Non Current | | | | | | | | | | | | |
| 174 Other Assets | | \$865,317 | | | | \$158,600 | | | | \$1,023,917 | | \$1,023,917 |
| 176 Investments in Joint Ventures | | | | | | | | | | | | |
| 180 Total Non-Current Assets | \$0 | \$5,103,610 | \$11,594,165 | \$1,093,559 | \$0 | \$3,509,840 | \$0 | \$0 | \$0 | \$21,301,174 | \$0 | \$21,301,174 |
| 200 Deferred Outflow of Resources | | | | | | | | | | | | |

| | | | | | | | | | | | | |
|---|-----------|-------------|--------------|-------------|-----|-------------|-----|-----|-----|--------------|------------|--------------|
| 290 Total Assets and Deferred Outflow of Resources | \$201,267 | \$5,168,087 | \$11,750,178 | \$1,180,807 | \$0 | \$4,665,920 | \$0 | \$0 | \$0 | \$22,966,259 | -\$548,388 | \$22,417,871 |
| 311 Bank Overdraft | | | | | | | | | | | | |
| 312 Accounts Payable <= 90 Days | \$1,520 | \$4,788 | \$17,576 | \$17,190 | | \$17,082 | | | | \$58,156 | | \$58,156 |
| 313 Accounts Payable >90 Days Past Due | | | | | | | | | | | | |
| 321 Accrued Wage/Payroll Taxes Payable | \$12,183 | \$1,057 | \$12,687 | \$3,846 | | \$11,795 | | | | \$41,568 | | \$41,568 |
| 322 Accrued Compensated Absences - Current Portion | \$2,075 | \$134 | \$2,043 | \$649 | | \$1,991 | | | | \$6,892 | | \$6,892 |
| 324 Accrued Contingency Liability | | | | | | | | | | | | |
| 325 Accrued Interest Payable | | \$1,497 | \$115,821 | | | | | | | \$117,318 | | \$117,318 |
| 331 Accounts Payable - HUD PHA Programs | | | | | | | | | | | | |
| 332 Account Payable - PHA Projects | | | | | | | | | | | | |
| 333 Accounts Payable - Other Government | | | | | | | | | | | | |
| 341 Tenant Security Deposits | | \$15,179 | \$101,587 | \$14,861 | | \$28,567 | | | | \$160,194 | | \$160,194 |
| 342 Unearned Revenue | | \$259 | | | | | | | | \$259 | | \$259 |
| 343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue | | \$61,697 | \$523,669 | \$76,275 | | \$25,318 | | | | \$686,959 | | \$686,959 |
| 344 Current Portion of Long-term Debt - Operating Borrowings | | | | | | | | | | | | |
| 345 Other Current Liabilities | | | | | | | | | | | | |
| 346 Accrued Liabilities - Other | | | | | | | | | | | | |
| 347 Inter Program - Due To | | \$78,993 | \$544,454 | \$3,934 | | | | | | \$627,381 | -\$548,388 | \$78,993 |
| 348 Loan Liability - Current | | | | | | | | | | | | |
| 310 Total Current Liabilities | \$15,778 | \$163,604 | \$1,317,837 | \$116,755 | \$0 | \$84,753 | \$0 | \$0 | \$0 | \$1,698,727 | -\$548,388 | \$1,150,339 |
| 351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue | | \$1,247,275 | \$8,173,727 | \$1,239,506 | | \$618,446 | | | | \$11,278,954 | | \$11,278,954 |
| 352 Long-term Debt, Net of Current - Operating Borrowings | | | | | | | | | | | | |
| 353 Non-current Liabilities - Other | \$69,265 | \$407,542 | | \$109,755 | | | | | | \$586,562 | | \$586,562 |
| 354 Accrued Compensated Absences - Non Current | \$18,676 | \$1,204 | \$18,391 | \$5,844 | | \$17,919 | | | | \$62,034 | | \$62,034 |
| 355 Loan Liability - Non Current | | | | | | | | | | | | |
| 356 FASB 5 Liabilities | | | | | | | | | | | | |
| 357 Accrued Pension and OPEB Liabilities | | | | | | | | | | | | |
| 350 Total Non-Current Liabilities | \$87,941 | \$1,656,021 | \$8,192,118 | \$1,355,105 | \$0 | \$636,365 | \$0 | \$0 | \$0 | \$11,927,550 | \$0 | \$11,927,550 |
| 300 Total Liabilities | \$103,719 | \$1,819,625 | \$9,509,955 | \$1,471,860 | \$0 | \$721,118 | \$0 | \$0 | \$0 | \$13,626,277 | -\$548,388 | \$13,077,889 |
| 400 Deferred Inflow of Resources | | | | | | | | | | | | |
| 508.4 Net Investment in Capital Assets | | \$2,929,321 | \$2,896,769 | -\$222,222 | | \$2,293,971 | | | | \$7,897,839 | | \$7,897,839 |
| 511.4 Restricted Net Position | \$122,521 | | | | \$0 | | | | | \$122,521 | | \$122,521 |
| 512.4 Unrestricted Net Position | -\$24,973 | \$419,141 | -\$656,546 | -\$68,831 | \$0 | \$1,650,831 | \$0 | \$0 | \$0 | \$1,319,622 | | \$1,319,622 |
| 513 Total Equity - Net Assets / Position | \$97,548 | \$3,348,462 | \$2,240,223 | -\$291,053 | \$0 | \$3,944,802 | \$0 | \$0 | \$0 | \$9,339,982 | \$0 | \$9,339,982 |
| 600 Total Liabilities, Deferred Inflows of Resources and Equity - Net | \$201,267 | \$5,168,087 | \$11,750,178 | \$1,180,807 | \$0 | \$4,665,920 | \$0 | \$0 | \$0 | \$22,966,259 | -\$548,388 | \$22,417,871 |

Harrisonburg Redevelopment & Housing Authority (VA014)

Harrisonburg, VA

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2017

| | 14.871 Housing Choice Vouchers | 6.1 Component Unit - Discretely Presented | 6.2 Component Unit - Blended | 14.182 N/C S/R Section 8 Programs | 2 State/Local | 1 Business Activities | 14.191 Multifamily Housing Service Coordinators | 14.219 Community Development Block Grants/Small Cities Program | 14.267 Continuum of Care Program | Subtotal | ELIM | Total |
|---|-----------------------------------|---|---------------------------------|--------------------------------------|---------------|--------------------------|---|---|-------------------------------------|-------------|------|-------------|
| 70300 Net Tenant Rental Revenue | | \$184,384 | \$1,368,750 | \$174,263 | | \$467,812 | | | | \$2,195,209 | | \$2,195,209 |
| 70400 Tenant Revenue - Other | | \$5,113 | \$32,162 | \$19,123 | | \$8,853 | | | | \$65,251 | | \$65,251 |
| 70500 Total Tenant Revenue | \$0 | \$189,497 | \$1,400,912 | \$193,386 | \$0 | \$476,665 | \$0 | \$0 | \$0 | \$2,260,460 | | \$2,260,460 |
| 70600 HUD PHA Operating Grants | \$6,606,076 | | | \$248,806 | | | \$72,222 | | \$101,378 | \$6,028,482 | | \$6,028,482 |
| 70610 Capital Grants | | | | | | | | \$140,000 | | \$140,000 | | \$140,000 |
| 70710 Management Fee | | | | | | | | | | | | |
| 70720 Asset Management Fee | | | | | | | | | | | | |
| 70730 Book Keeping Fee | | | | | | | | | | | | |
| 70740 Front Line Service Fee | | | | | | | | | | | | |
| 70750 Other Fees | | | | | | | | | | | | |
| 70700 Total Fee Revenue | | | | | | | | | | | | |
| 70800 Other Government Grants | | | | | \$44,992 | | | | | \$44,992 | | \$44,992 |
| 71100 Investment Income - Unrestricted | | | | | | \$1 | | | | \$1 | | \$1 |
| 71200 Mortgage Interest Income | | | | | | | | | | | | |
| 71300 Proceeds from Disposition of Assets Held for Sale | | | | | | | | | | | | |
| 71310 Cost of Sale of Assets | | | | | | | | | | | | |
| 71400 Fraud Recovery | \$59,914 | | | | | | | | | \$59,914 | | \$59,914 |
| 71500 Other Revenue | \$7,794 | \$69,731 | | \$3,575 | | \$261,401 | | | | \$342,501 | | \$342,501 |
| 71600 Gain or Loss on Sale of Capital Assets | | | | | | -\$75,000 | | | | -\$75,000 | | -\$75,000 |
| 72000 Investment Income - Restricted | | \$96 | | | | | | | | \$96 | | \$96 |
| 70000 Total Revenue | \$6,673,784 | \$259,324 | \$1,400,912 | \$445,767 | \$44,992 | \$663,067 | \$72,222 | \$140,000 | \$101,378 | \$8,801,446 | | \$8,801,446 |
| 91100 Administrative Salaries | \$319,004 | \$13,890 | \$180,202 | \$64,580 | \$22,398 | \$179,262 | | | \$43,232 | \$812,568 | | \$812,568 |
| 91200 Auditing Fees | \$7,340 | \$2,400 | \$1,500 | \$1,700 | | \$3,400 | | | | \$16,340 | | \$16,340 |
| 91300 Management Fee | | | | | | | | | | | | |
| 91310 Book-keeping Fee | | | | | | | | | | | | |
| 91400 Advertising and Marketing | | | | | | | | | | | | |
| 91500 Employee Benefit Contributions - Administrative | \$86,772 | \$3,873 | \$54,417 | \$16,301 | \$9,600 | \$47,119 | | | \$14,673 | \$232,755 | | \$232,755 |
| 91600 Office Expenses | \$3,706 | \$877 | \$3,496 | \$1,828 | | \$14,311 | | | \$2,747 | \$26,965 | | \$26,965 |
| 91700 Legal Expense | | \$2,715 | \$7,580 | \$1,440 | | \$18,553 | | | | \$30,288 | | \$30,288 |
| 91800 Travel | \$3,376 | \$1,193 | \$4,503 | \$2,544 | \$536 | \$23,638 | | | \$8,219 | \$44,009 | | \$44,009 |
| 91810 Allocated Overhead | | | | | | | | | | | | |
| 91900 Other | \$33,353 | \$20,579 | \$31,444 | \$16,452 | | \$128,798 | | | \$23,300 | \$253,926 | | \$253,926 |
| 91000 Total Operating - Administrative | \$453,551 | \$45,527 | \$283,142 | \$94,845 | \$32,534 | \$415,081 | \$0 | \$0 | \$92,171 | \$1,416,851 | | \$1,416,851 |
| 92000 Asset Management Fee | | | | | | | | | | | | |
| 92100 Tenant Services - Salaries | | \$23,061 | | | | | \$50,497 | | | \$73,558 | | \$73,558 |
| 92200 Relocation Costs | | | | | | | | | | | | |
| 92300 Employee Benefit Contributions - Tenant Services | | \$44 | | | | | \$12,633 | | | \$12,677 | | \$12,677 |
| 92400 Tenant Services - Other | | \$6,561 | \$268 | \$707 | | \$662 | \$9,092 | | | \$17,290 | | \$17,290 |
| 92500 Total Tenant Services | \$0 | \$29,666 | \$268 | \$707 | \$0 | \$662 | \$72,222 | \$0 | \$0 | \$103,525 | | \$103,525 |
| 93100 Water | | \$3,570 | \$1,518 | \$8,189 | | \$9,100 | | | | \$22,377 | | \$22,377 |
| 93200 Electricity | | \$18,885 | \$10,882 | \$59,856 | | \$54,259 | | | | \$142,882 | | \$142,882 |
| 93300 Gas | | \$1,732 | \$1,667 | | | \$1,197 | | | | \$4,596 | | \$4,596 |
| 93400 Fuel | | | | | | | | | | | | |

| | | | | | | | | | | | |
|---|-------------|-----------|-------------|-----------|-----------|-------------|----------|------------|----------|-------------|-------------|
| 93500 Labor | | | | | | | | | | | |
| 93600 Sewer | | \$11,062 | \$4,601 | \$24,742 | | | | | | \$40,405 | \$40,405 |
| 93700 Employee Benefit Contributions - Utilities | | | | | | | | | | | |
| 93800 Other Utilities Expense | | | | | | \$23,983 | | | | \$23,983 | \$23,983 |
| 93000 Total Utilities | \$0 | \$35,249 | \$18,668 | \$91,787 | \$0 | \$88,639 | \$0 | \$0 | \$0 | \$234,243 | \$234,243 |
| 94100 Ordinary Maintenance and Operations - Labor | | \$6,178 | \$141,590 | \$41,129 | | \$66,321 | | | | \$255,218 | \$255,218 |
| 94200 Ordinary Maintenance and Operations - Materials and Other | | \$1,345 | \$45,150 | \$12,000 | | \$24,751 | | | | \$83,246 | \$83,246 |
| 94300 Ordinary Maintenance and Operations Contracts | | \$18,918 | \$120,335 | \$73,523 | | \$146,024 | | | | \$358,800 | \$358,800 |
| 94500 Employee Benefit Contributions - Ordinary Maintenance | | \$1,672 | \$38,295 | \$11,557 | | \$18,828 | | | | \$70,352 | \$70,352 |
| 94000 Total Maintenance | \$0 | \$28,113 | \$345,370 | \$138,209 | \$0 | \$255,924 | \$0 | \$0 | \$0 | \$767,616 | \$767,616 |
| 95100 Protective Services - Labor | | | | | | | | | | | |
| 95200 Protective Services - Other Contract Costs | | | | | | | | | | | |
| 95300 Protective Services - Other | | | | | | | | | | | |
| 95500 Employee Benefit Contributions - Protective Services | | | | | | | | | | | |
| 95000 Total Protective Services | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 96110 Property Insurance | \$55 | \$3,501 | \$25,722 | \$5,054 | | \$5,846 | | | | \$40,178 | \$40,178 |
| 96120 Liability Insurance | \$14 | \$1,500 | \$5,007 | \$1,637 | | \$1,459 | | | | \$9,617 | \$9,617 |
| 96130 Workmen's Compensation | \$5,148 | | \$5,884 | \$1,215 | | \$5,554 | | \$278 | | \$18,079 | \$18,079 |
| 96140 All Other Insurance | \$4,421 | \$326 | \$2,223 | \$3,224 | | \$3,239 | | | | \$13,433 | \$13,433 |
| 96100 Total Insurance Premiums | \$9,638 | \$5,327 | \$38,836 | \$11,130 | \$0 | \$16,098 | \$0 | \$0 | \$278 | \$81,307 | \$81,307 |
| 96200 Other General Expenses | \$4,482 | \$12 | \$22,539 | | | | | | | \$27,033 | \$27,033 |
| 96210 Compensated Absences | | | | | | | | | | | |
| 96300 Payments in Lieu of Taxes | | | | | | | | | | | |
| 96400 Bad debt - Tenant Rents | | \$1,383 | \$10,015 | \$3,318 | | \$5,802 | | | | \$20,518 | \$20,518 |
| 96500 Bad debt - Mortgages | | | | | | | | | | | |
| 96600 Bad debt - Other | \$19,834 | \$100 | | | | \$72,342 | | | | \$92,276 | \$92,276 |
| 96800 Severance Expense | | | | | | | | | | | |
| 96000 Total Other General Expenses | \$24,316 | \$1,495 | \$32,554 | \$3,318 | \$0 | \$78,144 | \$0 | \$0 | \$0 | \$139,827 | \$139,827 |
| 96710 Interest of Mortgage (or Bonds) Payable | | \$33,316 | \$335,227 | \$47,846 | | \$4,180 | | | | \$420,569 | \$420,569 |
| 96720 Interest on Notes Payable (Short and Long Term) | | | | | | | | | | | |
| 96730 Amortization of Bond Issue Costs | | | | | | | | | | | |
| 96700 Total Interest Expense and Amortization Cost | \$0 | \$33,316 | \$335,227 | \$47,846 | \$0 | \$4,180 | \$0 | \$0 | \$0 | \$420,569 | \$420,569 |
| 96900 Total Operating Expenses | \$487,505 | \$178,693 | \$1,054,065 | \$387,842 | \$32,534 | \$858,628 | \$72,222 | \$0 | \$92,449 | \$3,163,938 | \$3,163,938 |
| 97000 Excess of Operating Revenue over Operating Expenses | \$5,186,279 | \$80,631 | \$346,847 | \$57,925 | \$12,458 | -\$195,561 | \$0 | \$140,000 | \$8,929 | \$5,637,508 | \$5,637,508 |
| 97100 Extraordinary Maintenance | | | | | | | | | | | |
| 97200 Casualty Losses - Non-capitalized | | | | | | | | | | | |
| 97300 Housing Assistance Payments | \$5,482,623 | | | | | | | | | \$5,482,623 | \$5,482,623 |
| 97350 HAP Portability-In | | | | | | | | | | | |
| 97400 Depreciation Expense | \$2,999 | \$136,322 | \$458,138 | \$103,203 | | \$176,847 | | | | \$877,509 | \$877,509 |
| 97500 Fraud Losses | | | | | | | | | | | |
| 97600 Capital Outlays - Governmental Funds | | | | | | | | | | | |
| 97700 Debt Principal Payment - Governmental Funds | | | | | | | | | | | |
| 97800 Dwelling Units Rent Expense | | | | | | | | | | | |
| 90000 Total Expenses | \$5,973,127 | \$315,015 | \$1,512,203 | \$491,045 | \$32,534 | \$1,035,475 | \$72,222 | \$0 | \$92,449 | \$9,524,070 | \$9,524,070 |
| 10010 Operating Transfer In | | | \$140,000 | | | \$21,387 | | | | \$161,387 | \$161,387 |
| 10020 Operating transfer Out | | | | | -\$12,458 | | | -\$140,000 | -\$8,929 | -\$161,387 | -\$161,387 |
| 10030 Operating Transfers from/to Primary Government | | | | | | | | | | | |
| 10040 Operating Transfers from/to Component Unit | | | | | | | | | | | |

| | | | | | | | | | | | | |
|---|------------|-------------|-------------|------------|-----------|-------------|-----|------------|----------|-------------|--|-------------|
| 10050 Proceeds from Notes, Loans and Bonds | | | | | | | | | | | | |
| 10060 Proceeds from Property Sales | | | | | | | | | | | | |
| 10070 Extraordinary Items, Net Gain/Loss | | | | | | | | | | | | |
| 10080 Special Items (Net Gain/Loss) | | | | | | | | | | | | |
| 10091 Inter Project Excess Cash Transfer In | | | | | | | | | | | | |
| 10092 Inter Project Excess Cash Transfer Out | | | | | | | | | | | | |
| 10093 Transfers between Program and Project - In | | | | | | | | | | | | |
| 10094 Transfers between Project and Program - Out | | | | | | | | | | | | |
| 10100 Total Other financing Sources (Uses) | \$0 | \$0 | \$140,000 | \$0 | -\$12,458 | \$21,387 | \$0 | -\$140,000 | -\$8,929 | \$0 | | \$0 |
| 10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses | -\$299,343 | -\$55,691 | \$28,709 | -\$45,278 | \$0 | -\$351,021 | \$0 | \$0 | \$0 | -\$722,624 | | -\$722,624 |
| 11020 Required Annual Debt Principal Payments | \$0 | \$59,224 | \$502,778 | \$72,631 | \$0 | \$6,235 | \$0 | \$0 | \$0 | \$640,868 | | \$640,868 |
| 11030 Beginning Equity | \$396,891 | \$3,254,163 | \$2,211,514 | -\$246,775 | \$0 | \$4,295,823 | \$0 | \$0 | \$0 | \$9,912,606 | | \$9,912,606 |
| 11040 Prior Period Adjustments, Equity Transfers and Correction of Errors | | \$150,000 | \$0 | | | | | | | \$150,000 | | \$150,000 |
| 11050 Changes in Compensated Absence Balance | | | | | | | | | | | | |
| 11060 Changes in Contingent Liability Balance | | | | | | | | | | | | |
| 11070 Changes in Unrecognized Pension Transition Liability | | | | | | | | | | | | |
| 11080 Changes in Special Term/Severance Benefits Liability | | | | | | | | | | | | |
| 11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents | | | | | | | | | | | | |
| 11100 Changes in Allowance for Doubtful Accounts - Other | | | | | | | | | | | | |
| 11170 Administrative Fee Equity | -\$24,973 | | | | | | | | | -\$24,973 | | -\$24,973 |
| 11180 Housing Assistance Payments Equity | \$122,521 | | | | | | | | | \$122,521 | | \$122,521 |
| 11190 Unit Months Available | 10296 | 360 | 1548 | 732 | | 720 | | | | 13656 | | 13656 |
| 11210 Number of Unit Months Leased | 9220 | 353 | 1439 | 710 | | 698 | | | | 12420 | | 12420 |
| 11270 Excess Cash | | | | | | | | | | | | |
| 11610 Land Purchases | | | | | | | | | | | | |
| 11620 Building Purchases | | | | | | | | | | | | |
| 11630 Furniture & Equipment - Dwelling Purchases | | | | | | | | | | | | |
| 11640 Furniture & Equipment - Administrative Purchases | | | | | | | | | | | | |
| 11650 Leasehold Improvements Purchases | | | | | | | | | | | | |
| 11660 Infrastructure Purchases | | | | | | | | | | | | |
| 13510 CFFP Debt Service Payments | | | | | | | | | | | | |
| 13901 Replacement Housing Factor Funds | | | | | | | | | | | | |

HARRISONBURG REDEVELOPMENT AND HOUSING AUTHORITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2017

DIRECT FEDERAL ASSISTANCE

| <u>FEDERAL GRANTOR/PROGRAM</u> | <u>CFDA NUMBER</u> | <u>FEDERAL EXPENDITURES</u> |
|---|------------------------|---------------------------------|
| Grant Pass Thru Identification | | |
| <u>U.S. DEPARTMENT OF HUD</u> | | |
| Housing Choice Vouchers | 14.871* | \$ 5,606,076 |
| N/C S/R Section 8 Programs | 14.182 | 248,806 |
| Multifamily Housing Coordinator | 14.191 | 72,222 |
| Continuum of Care Program | 14.267 | <u>101,378</u> |
| TOTAL U.S. DEPARTMENT OF HUD | | <u>\$ 6,028,482</u> |
| Pass-Through from the City of Harrisonburg | | |
| Community Development Block Grants # - 18CDBG01 & 17CDBG01 | 14.218 | <u>\$ 140,000</u> |
| TOTAL CITY OF HARRISONBURG | | <u>\$ 140,000</u> |
| TOTAL FEDERAL ASSISTANCE | | <u>\$ 6,168,482</u> |

*Major program

HARRISONBURG REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2017Note 1: Basis of Accounting

The accompanying Schedule of Financial Assistance is prepared on the accrual basis of accounting. The information on this Schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

Note 2: Major Programs

The (*) to the right of a CFDA number identifies the grant as a major federal program as defined by the Uniform Guidance.

Note 3: Award Balance

On the Section 8 Vouchers/Certificate programs, the Authority receives annual funds based on an annual estimate of need. Unexpended grant funds are available to meet subsequent year HAP shortfalls.

Note 4: Program Costs

The amounts shown as current year expenditures represent only the federal portion of the actual program costs. Actual program costs, including the housing Authority's portion, may be more than shown.

Note 5: Indirect Cost Allocation

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

**FINANCIAL COMPLIANCE REPORTS
FOR
FEDERAL FUNDS**



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Board of Commissioners
Harrisonburg Redevelopment
and Housing Authority
Harrisonburg, Virginia

Report on Compliance for Each Major Federal Program

We have audited Harrisonburg Redevelopment and Housing Authority's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Harrisonburg Redevelopment and Housing Authority's major federal programs for the year ended December 31, 2017. Harrisonburg Redevelopment and Housing Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Harrisonburg Redevelopment and Housing 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 the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Harrisonburg Redevelopment and Housing 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 Harrisonburg Redevelopment and Housing Authority's compliance.

Opinion on Each Major Federal Program

In our opinion, Harrisonburg Redevelopment and Housing Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs identified above for the year ended December 31, 2017.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE
(CONTINUED)**

Report on Internal Control Over Compliance

Management of Harrisonburg Redevelopment and Housing 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 Harrisonburg Redevelopment and Housing Authority internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Harrisonburg Redevelopment and Housing Authority's internal control over compliance.

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

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

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



Dooley & Vicars
Certified Public Accountants

Richmond, Virginia
September 19, 2018



**INDEPENDENT AUDITOR'S 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
Harrisonburg Redevelopment
and Housing Authority
Harrisonburg, Virginia

We have audited, 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, the financial statements of Harrisonburg Redevelopment and Housing Authority, which comprise the balance sheet as of December 31, 2017, and the related statements of income (loss) and cash flows to the year then ended, and the related notes to the financial statements and have issued our report thereon on September 19, 2018.

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 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Authority'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 over financial reporting 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.

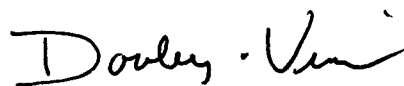
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Harrisonburg Redevelopment and Housing 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*.

**INDEPENDENT AUDITOR'S 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
(CONTINUED)**

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Harrisonburg Redevelopment and Housing 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.



Dooley & Vicars
Certified Public Accountants, L.L.P.

Richmond, Virginia
September 19, 2018

HARRISONBURG REDEVELOPMENT AND HOUSING AUTHORITY

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2017

There were no prior year audit findings.

HARRISONBURG REDEVELOPMENT AND HOUSING AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2017

Section I -- Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified: ____ yes x no
- significant deficiency(ies) identified
that are not considered to be
material weakness(es)? ____ yes x none reported
- Noncompliance material to financial
statements noted? ____ yes x no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified: ____ yes x no
- Reportable condition(s) identified
that are not considered to be
material weakness(es)? ____ yes x none reported

Type of auditor's report issued on
compliance for major programs: UnmodifiedAny audit findings disclosed that are
required to be reported in accordance
with section Title 2, Part 200 (Uniform Guidance): ____ yes x no

HARRISONBURG REDEVELOPMENT AND HOUSING AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(CONTINUED)

Identification of major programs:

*CFDA Number(s)**Name of Federal Program or Cluster*

14.871

Housing Choice Vouchers

Dollar threshold used to distinguish
between type A and B programs:\$ 750,000

Auditee qualified as low-risk auditee?

 x yes no

Section II -- Financial Statement Findings

There were no Financial Statement findings.

Section III -- Federal Awards Findings and Questioned Costs

There were no Federal Award findings or Questioned costs.