

**NORTON REDEVELOPMENT
AND HOUSING AUTHORITY
ANNUAL REPORT
FOR THE YEAR ENDING
MARCH 31, 2025**

**NORTON REDEVELOPMENT AND HOUSING AUTHORITY
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED MARCH 31, 2025**

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Members of the Board of Commissioners of
Norton Redevelopment and Housing Authority

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of the Norton Redevelopment and Housing Authority, hereinafter the Authority, as of and for the year ended March 31, 2025, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund, and the aggregate remaining fund information of the Authority, as of March 31, 2025, 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4–9 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The financial data schedule and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the financial data schedule and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2025, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Lucker, Brandenburg & Company, PLLC

Lebanon, Virginia
November 19, 2025

**MANAGEMENT'S DISCUSSION
AND ANALYSIS**

**NORTON REDEVELOPMENT AND HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2025**

The management of the Norton Redevelopment and Housing Authority offers the readers of the Authority's financial statements this narrative overview and analysis of the Authority's financial activities for the year ended March 31, 2025. This discussion and analysis are designed to assist the reader in focusing on significant financial issues, provide an overview of the Authority's financial activity, identify changes in the Authority's financial position, and identify individual fund issues or concerns. Readers should consider the information presented here in conjunction with the Authority's financial statements to fully understand its financial position.

This management discussion and analysis is presented per the requirements of the Governmental Accounting Standards Board Statement No. 34 (GASB 34). While we recognize that comparative statements are not required under the first year of GASB 34, we have made every effort to provide prior year data that allows the reader to understand the Authority's annual operating results and financial position as of March 31, 2025.

Questions concerning the information provided in this discussion or requests for additional information should be addressed to the Authority's Executive Director.

Financial Highlights

- The assets of the Authority exceeded its liabilities at the close of the most recent fiscal year by \$6,620,061 (net assets) as opposed to \$6,591,864 for the prior fiscal year.
- The Authority's cash and investments balance as of March 31, 2025, was \$1,821,181, representing an increase of \$277,765 from March 31, 2024.
- The Authority had operating revenues of \$ 2,295,879 and total expenses of \$ 2,447,682 for the year ended March 31, 2025.
- The Authority expended \$79,244 in Capital Funding to improve the Public Housing sites. The Authority now operates 218 public housing units.
- The Authority also operates a Section 8 Housing Voucher Program consisting of 113 units.

Overview of the Financial Reports

The following outline describes the integral parts of this financial presentation and is a guideline for understanding its components:

- I. MD&A
 - Serves as an introduction to the Authority's basic financial statements
- II. Basic Financial Statements
 - Authority-wide financial statements
 - Fund financial statements
 - Notes to the financial statements
- III. Other Required Supplementary Information

**NORTON REDEVELOPMENT AND HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2025**

The financial statements in this report are those of a special purpose government entity engaged in a business type activity. The following statements are included:

- Statement of Net Position (Balance Sheet) – presents information about the Authority's assets and liabilities and is similar to a balance sheet. The Statement of Net Position reports all financial and capital resources for the Authority. The statement is presented in the format where assets, minus liabilities, equal "Net Position," formerly known as equity. Assets and liabilities are presented in order of liquidity and are classified as "current" (convertible to cash within one year), and "non-current." Increases or decreases in net assets will serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.
- Statement of Revenues, Expenses and Changes in Net Position – reports the authority's revenues by source and type and its expenses by category to substantiate the change in net position for the fiscal year.
- Statement of Cash Flows – discloses net cash provided by, or used for operating activities, non-capital financing activities, and capital and related financing activities.

Our analysis of the Authority as a whole follows with the most important question, "Has the Authority's financial health improved or worsened as a result of the year's activities?" The following analysis of entity-wide net assets, revenues, and expenses is provided to assist with answering the above question. This analysis includes all assets and liabilities using the accrual method of accounting, which recognizes revenue when earned and expenses when incurred regardless of when cash is received or paid.

Analysis of Authority-wide Net Position (Statement of Net Position)

	2025	2024	Change
Assets			
Cash and Investments	\$ 1,821,181	\$ 1,543,416	\$ 277,765
Other Current Assets	47,936	40,363	7,573
Capital Assets	4,885,603	5,135,912	(250,309)
Total Assets	<u>\$ 6,754,720</u>	<u>\$ 6,719,691</u>	<u>\$ 35,029</u>
Liabilities			
Current Liabilities	\$ 118,216	\$ 115,977	\$ 2,239
Non-Current Liabilities	16,443	11,850	4,593
Total Liabilities	<u>134,659</u>	<u>127,827</u>	<u>6,832</u>
Net Position			
Net Investment in Capital Assets	4,885,603	5,135,912	(250,309)
Unrestricted	1,718,668	1,416,598	302,070
Restricted	15,790	39,354	(23,564)
Total Net Position	<u>6,620,061</u>	<u>6,591,864</u>	<u>28,197</u>
Total Liabilities and Net Position	<u>\$ 6,754,720</u>	<u>\$ 6,719,691</u>	<u>\$ 35,029</u>

**NORTON REDEVELOPMENT AND HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2025**

Cash and Investments increased \$277,765 from last year. Other Current Assets increased \$7,573 primarily due to increased interest receivable. Capital Assets decreased to \$4,885,603, a \$250,309 decrease resulting from fewer Capital Improvements made through the Capital Fund Program.

The increase of \$2,239 in current liabilities was primarily due to the overall increase in accounts payable.

Net position increased by \$28,197, outlined in detail on the Statement of Revenues, Expenses, and Changes in Net Assets.

Analysis of Entity-Wide Revenue and Expenses (Statement of Activities)

The Authority's net assets increased by \$28,197 compared to FY 2024. The current year's activities resulted in an increase of \$28,197.

The federal government continued its historic under-funding of operating subsidy. With no signs of improvement in federal funding or economic conditions in the foreseeable future, the Authority adopted proactive measures to control expenses in future years by adopting an FY 2009 plan to eliminate further losses. The Authority continuously looks for new ways to improve operations, control costs, maximize effectiveness, and demonstrate accountability.

The following table illustrates changes in revenue from FY 2024 to FY 2025.

	<u>2025</u>	<u>2024</u>	<u>Change</u>
Revenue			
Tenant Revenue	\$ 458,242	\$ 414,831	\$ 43,411
Operating Grants	1,581,417	1,473,588	107,829
Capital Grants	79,244	1,617,024	(1,537,780)
Investment Income	61,292	61,614	(322)
Other Revenue	<u>115,684</u>	<u>486,373</u>	<u>(370,689)</u>
Total Revenue	<u>\$ 2,295,879</u>	<u>\$ 4,053,430</u>	<u>\$ (1,757,551)</u>

Total Revenue decreased \$1,757,551 from FY2024. The change in revenue resulted mostly from the \$1,537,780 decrease in HUD Capital Grants.

**NORTON REDEVELOPMENT AND HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2025**

The following table illustrates changes in expenses from FY 2024 to FY 2025:

	<u>2025</u>	<u>2024</u>	<u>Change</u>
EXPENSES			
Administration	\$ 641,237	\$ 486,343	\$ 154,894
Tenant Services	5,772	5,950	(178)
Utilities	91,328	100,647	(9,319)
Ordinary Maintenance	627,189	545,854	81,335
General Expenses	<u>132,588</u>	<u>119,194</u>	<u>13,394</u>
Total Operating Expenses	<u>1,498,114</u>	<u>1,257,988</u>	<u>240,126</u>
Housing Assistance Payments	620,015	609,279	10,736
Depreciation Expense	<u>329,553</u>	<u>318,688</u>	<u>10,865</u>
Total Non-operating expenses	<u>949,568</u>	<u>927,967</u>	<u>21,601</u>
Total Expenses	<u><u>\$ 2,447,682</u></u>	<u><u>\$ 2,185,955</u></u>	<u><u>\$ 261,727</u></u>

Total expenses across all Authority programs increased by \$261,727 from FY 2024 to FY 2025. Major components included an increase in Operating Expenses of \$240,126, an increase in Depreciation Expense of \$10,865, and an increase in HAP Expense.

Capital Assets and Debt Administration

	<u>2025</u>	<u>2024</u>	<u>Change</u>
Land	\$ 567,693	\$ 567,693	\$ -
Buildings	19,452,214	19,452,214	-
Equipment	1,353,337	1,274,093	79,244
Accumulated Depreciation	<u>(16,487,641)</u>	<u>(16,158,088)</u>	<u>(329,553)</u>
	<u><u>\$ 4,885,603</u></u>	<u><u>\$ 5,135,912</u></u>	<u><u>\$ (250,309)</u></u>

Capital Assets decreased during the year to \$4,885,603, a decrease of \$250,309 due to less Capital Improvements through the Capital Fund Program.

**NORTON REDEVELOPMENT AND HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2025**

Debt Outstanding

The Authority does not have any debt outstanding. HUD has assumed the liability for the debt which built the projects through the Annual Contributions Contract.

Comparison Budget vs. Actual – Low Income Public Housing

The Authority adopts an annual budget of its Low Rent program through approval by its Board of Commissioners. The budget is based upon a format prescribed by the U.S. Department of Housing and Urban Development that differs in some respects from GAAP (Generally Accepted Accounting Principles) with regard to capital expenditures and extraordinary maintenance expenditures that result in capital improvements. Under GAAP, these items are recorded as assets rather than expenses, while the HUD format dictates that they are shown as expenses. Consequently, Results of Operations (the "bottom line") as reflected under the HUD format shows a different number than the Statement of Revenue and Expenses and Changes in Net Assets.

The following is an actual to budget comparison for the Low Rent program FY 2025:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Tenant Rental Income	\$ 448,000	\$ 458,242	\$ (10,242)
Interest Income	15,000	58,701	(43,701)
Other Operating Receipts	27,500	19,954	7,546
Total Operating Income	490,500	536,897	(46,397)
HUD Operating Subsidy	751,460	910,476	(159,016)
Total Revenue	1,241,960	1,447,373	(205,413)
Administration	536,490	375,992	160,498
Tenant Services	14,500	5,772	8,728
Utilities	103,000	91,328	11,672
Ordinary Maintenance	569,510	627,189	(57,679)
General Expenses	163,300	132,588	30,712
Total Operating Expenses	1,386,800	1,232,869	153,931
Total Expenses	1,386,800	1,232,869	153,931
Surplus (Deficit)	<u>\$ (144,840)</u>	<u>\$ 214,504</u>	<u>\$ (359,344)</u>

**NORTON REDEVELOPMENT AND HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2025**

Economic Factors

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

- The Department of Housing and Urban Development has historically underestimated the subsidy needs of public housing authorities. We do not expect this trend to change.
- A significant change in the funding system for low-rent public housing is imminent as the 1998 Housing Act requires. Harvard University recently completed a congressionally mandated study of the costs necessary to operate a well-run public housing authority. The Harvard Cost Study predicts these costs through a statistical model based on the costs of administering similarly situated Federal Housing Administration properties. While the effects of the Study are quantifiable, it is unclear how the Department of Housing and Urban Development will implement Harvard's recommendations.
- Budget deficits and funding for the Departments of Defense and Homeland Security will probably result in reduced appropriations for domestic program spending.
- At the close of FY 2024, the funding of low-rent public housing end-of-year utility adjustments is uncertain at best.
- Health care and other insurance costs are expected to increase dramatically over the next several years.
- HUD's reduced administrative fees and the new way of computing amounts available for HAP payments have made the Housing Choice Voucher Program very difficult to administer/monitor.

Financial Contact

Questions concerning any of the information provided in this Management Discussion & Analysis should be addressed to:

Kimberly Clisso
Executive Director
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Housing Authority
200 6th Street NW
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276-679-0020

BASIC FINANCIAL STATEMENTS

NORTON REDEVELOPMENT AND HOUSING AUTHORITY
ENTERPRISE FUNDS
STATEMENT OF NET POSITION
MARCH 31, 2025

	Business-type Activities			
	Low Income Housing	Section Eight Vouchers	Non-major fund: VHDA	Totals
Current assets				
Cash and cash equivalents	\$ 1,697,334	\$ 57,334	\$ 50,723	\$ 1,805,391
Accounts receivable, net of allowance	35	-	-	35
Interest receivable	12,395	-	-	12,395
Prepaid expenses	35,506	-	-	35,506
Total current assets	1,745,270	57,334	50,723	1,853,327
Restricted assets				
Cash and cash equivalents	-	15,790	-	15,790
Noncurrent assets				
Land	567,693	-	-	567,693
Buildings	19,452,214	-	-	19,452,214
Machinery and equipment	1,353,337	-	-	1,353,337
	21,373,244	-	-	21,373,244
Less accumulated depreciation	(16,487,641)	-	-	(16,487,641)
Total noncurrent assets	4,885,603	-	-	4,885,603
Total assets	\$ 6,630,873	\$ 73,124	\$ 50,723	\$ 6,754,720
Current liabilities				
Accounts payable	\$ 14,095	\$ -	\$ -	\$ 14,095
Due to other governments	38,709	-	-	38,709
Deferred revenue	5,821	-	-	5,821
Customer deposits	48,629	-	-	48,629
Employee leave liability	10,962	-	-	10,962
Total current liabilities	118,216	-	-	118,216
Noncurrent Liabilities				
Accrued compensated absences	16,443	-	-	16,443
Total noncurrent liabilities	16,443	-	-	16,443
Total liabilities	134,659	-	-	134,659
Net Assets				
Invested in capital assets, net of related debt	4,885,603	-	-	4,885,603
Restricted	-	15,790	-	15,790
Unrestricted	1,610,611	57,334	50,723	1,718,668
Total net position	6,496,214	73,124	50,723	6,620,061
Total liabilities and net position	\$ 6,630,873	\$ 73,124	\$ 50,723	\$ 6,754,720

The Accompanying Notes to Financial Statements are an integral part of this statement.

NORTON REDEVELOPMENT AND HOUSING AUTHORITY
ENTERPRISE FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED MARCH 31, 2025

	Business-type Activities			Totals
	Low Income Housing	Section Eight Vouchers	Non-major fund: VHDA	
Revenue				
Rental income	\$ 458,242	\$ -	\$ -	\$ 458,242
Miscellaneous	19,954	-	-	19,954
	<u>478,196</u>	<u>-</u>	<u>-</u>	<u>478,196</u>
Expenses				
Administration	258,283	85,245	-	343,528
Tenant services	5,772	-	-	5,772
Utilities	91,328	-	-	91,328
Maintenance	423,489	-	-	423,489
General	453,997	-	-	453,997
Housing, utility assistance payments	-	620,015	-	620,015
Depreciation	329,553	-	-	329,553
Total operating expenses	<u>1,562,422</u>	<u>705,260</u>	<u>-</u>	<u>2,267,682</u>
Operating income (loss)	<u>(1,084,226)</u>	<u>(705,260)</u>	<u>-</u>	<u>(1,789,486)</u>
Other nonoperating income (expenses)				
Interest income	58,701	-	2,591	61,292
Operating grants and subsidies	910,476	670,941	95,730	1,677,147
Operating transfers in (out)	95,730	-	(95,730)	-
Net non-operating income (expenses)	<u>1,064,907</u>	<u>670,941</u>	<u>2,591</u>	<u>1,738,439</u>
Income before contributions and transfers	(19,319)	(34,319)	2,591	(51,047)
Capital contributions - grants	<u>79,244</u>	<u>-</u>	<u>-</u>	<u>79,244</u>
Change in net position	<u>59,925</u>	<u>(34,319)</u>	<u>2,591</u>	<u>28,197</u>
Net assets at March 31, 2024	<u>6,436,289</u>	<u>107,443</u>	<u>48,132</u>	<u>6,591,864</u>
Net assets at March 31, 2025	<u><u>\$ 6,496,214</u></u>	<u><u>\$ 73,124</u></u>	<u><u>\$ 50,723</u></u>	<u><u>\$ 6,620,061</u></u>

The Accompanying Notes to Financial Statements are an integral part of this statement.

NORTON REDEVELOPMENT AND HOUSING AUTHORITY
STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
FOR THE YEAR ENDED MARCH 31, 2025

	Business-type Activities			
	Low Income Housing	Section Eight Vouchers	Non-major fund: VHDA	Totals
Cash flows from operating activities:				
Receipts from customers and users	\$ 481,011	\$ -	\$ -	\$ 481,011
Payments to suppliers	(749,222)	(649,479)	-	(1,398,701)
Payments to employees	(480,287)	(55,781)	-	(536,068)
Net cash provided (used) by operating activities	(748,498)	(705,260)	-	(1,453,758)
Cash flows from noncapital financing activities:				
Transfer (to) from other funds	95,730	-	(95,730)	-
Subsidies, grants from state and federal governments	910,476	670,941	95,730	1,677,147
Net cash provided (used) by noncapital financing activities	1,006,206	670,941	-	1,677,147
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(79,244)	-	-	(79,244)
Capital grants received	79,244	-	-	79,244
Net cash provided (used) by capital and related financing activities	-	-	-	-
Cash flows received from investing activities:				
Interest received	51,785	-	2,591	54,376
Net cash provided (used) by investing activities	51,785	-	2,591	54,376
Net increase in cash and cash equivalents	309,493	(34,319)	2,591	277,765
Cash and equivalents, March 31, 2024	1,387,841	107,443	48,132	1,543,416
Cash and equivalents, March 31, 2025	\$ 1,697,334	\$ 73,124	\$ 50,723	\$ 1,821,181
Reconciliation to Statements of Net Position:				
Cash and Cash Equivalents	\$ 1,697,334	\$ 57,334	\$ 50,723	\$ 1,805,391
Restricted Cash and Cash Equivalents	-	15,790	-	15,790
Total Cash and Cash Equivalents	\$ 1,697,334	\$ 73,124	\$ 50,723	\$ 1,821,181
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income	\$ (1,084,226)	\$ (705,260)	\$ -	\$ (1,789,486)
Adjustments to reconcile net income to net cash provided (used) by operating activities:				
Depreciation	329,553	-	-	329,553
Accounts receivable	1,408	-	-	1,408
Prepaid insurance	(2,065)	-	-	(2,065)
Accounts payable	(2,538)	-	-	(2,538)
Customer deposits	199	-	-	199
Due to other governments	6,891	-	-	6,891
Compensated absences	1,072	-	-	1,072
Deferred revenue	1,208	-	-	1,208
Net cash provided (used) by operating activities	\$ (748,498)	\$ (705,260)	\$ -	\$ (1,453,758)

The Accompanying Notes to Financial Statements are an integral part of this statement.

**NOTES TO FINANCIAL
STATEMENTS**

NORTON REDEVELOPMENT AND HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2025

Note 1. Summary of Significant Accounting Policies

The Norton Redevelopment & Housing Authority was organized as a political subdivision of the Commonwealth of Virginia under Title 36 of the *Code of Virginia*. The Authority operates under a Board of Commissioners appointed by the Norton City Council and provides the following services as authorized by its charter: acquisition, construction, maintenance, and operation of a low-income public housing project.

The Authority extends credit to its customers in the normal course of business and this credit is limited to the geographic area surrounding the Authority and is considered a concentration of credit in one geographic area.

The accounting policies of the Authority relating to the funds included in the accompanying financial statements conform to generally accepted accounting principles applicable to governmental units. The Authority complies with generally accepted accounting principles and applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. In addition, the Authority applies Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The Authority has elected not to follow FASB pronouncements since that date.

The Authority also adopted the provisions of GASB Statement No. 34 *Basic Financial Statements - and Management's Discussion and Analysis-for State and Local Governments* in fiscal year 2003. Statement 34 established standards for external financial reporting for all state and local governmental entities, which includes a management's discussion and analysis section, a statement of net assets, a statement of activities and changes in net assets and a statement of cash flows. It requires the classification of net assets into three components – invested in capital assets, net of related debt; restricted; and unrestricted.

The adoption of Statements 33 and 34 had no effect on the basic financial statements except for the classification of net assets, the reflection of capital contributions as a change in net assets and the inclusion of Management's Discussion and Analysis (MD&A) section providing an analysis of the Authority's overall financial position and results of operations.

Financial Reporting Entity

The Authority complies with GASB Statement No. 14, *The Financial Reporting Entity*. This statement establishes standards for defining and reporting on the financial reporting entity. It defines component units as legally separate organizations for which the elected officials of the primary government are financially accountable and other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity financial statements to be misleading or incomplete.

The Authority considered all potential component units in determining what organizations should be included in the financial statements. Based on these criteria, there are no component units to include in the Authority's financial statements.

Basis of Presentation

The Authority's funds are enterprise funds. Enterprise funds are proprietary funds used to account for business like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. The Authority has two major enterprise funds: Low Income Housing and Section Eight Housing Choice Vouchers.

NORTON REDEVELOPMENT AND HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2025

Note 1. Summary of Significant Accounting Policies (continued)

Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe *which* transactions are recorded within the various financial statements. Basis of accounting refers to *when* transactions are recorded regardless of the measurement focus applied.

The proprietary funds utilize an *economic resources* measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or non-current) associated with their activities are reported. Proprietary fund equity is classified as net assets.

All proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority's enterprise funds are charged to customers for rental of apartments. Operating expenses for enterprise funds include the cost of maintaining the units, administrative expenses, 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 government's policy to use restricted resources first, then unrestricted resources as they are needed.

Cash and Cash Equivalent

The Authority considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Property, Plant, and Equipment

Fixed Assets: Property, plant, and equipment are stated at cost. Expenditures for maintenance, repairs and minor renewals are charged to expense as incurred; major improvements or betterments are capitalized. Depreciation is provided over estimated useful lives of the respective assets on the straight-line basis as follows:

Buildings and improvements	10 – 40 years
Machinery and equipment	3 – 7 years
Office equipment	3 – 10 years

Construction in Progress

Construction work in progress represents costs accumulated to the replacements or additions of the Authority's apartment units and other projects that were not completed at year end.

NORTON REDEVELOPMENT AND HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2025

Note 1. Summary of Significant Accounting Policies (continued)

Measurement Focus and Basis of Accounting (continued)

Compensated Absences

It is the Authority's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Employees may, depending on level and length of service, be paid for various amounts of their total accrued leave upon termination or retirement. The Authority accrues a liability for leave hours that meets the criteria for payment at the eligible employee's current rates of pay. The accrual for compensated absences at March 31, 2025, was \$27,405.

Equity Classifications

Equity is classified as net assets and displayed in three components:

Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations or other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position – All other net position that do not meet the definition of "restricted" or "invested in capital assets."

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Note 2. Cash and Investments

Deposits

All cash of the primary government are maintained in accounts collateralized in accordance with state statutes or covered by federal depository insurance. All accounts would be classified as Category 1 – insured or collateralized with securities held by the entity or by its agent in the entity's name.

Restricted Cash

Restricted cash of \$15,790 is reflected in the financial statements for the business-type activities. The \$15,790 represents the amount set aside for unexpended grant funds in the Housing Choice Voucher fund.

Investments

Statutes authorize the Authority to invest in obligations of the United States or agencies thereof, obligations of political subdivisions thereof, certain municipal depository funds and local government investment pools (provided that all investments made by those funds or pools are on the HUD approved list of investment securities), bankers' acceptance, repurchase agreements (30 days or less) and the State Treasurer's Local Government Investment Pool (LGIP).

NORTON REDEVELOPMENT AND HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2025

Note 2. Cash and Investments (continued)

The Authority's investment policies require that all investments be made in accordance with the stated objectives of capital preservation, optimum liquidity, and return, while conforming to all applicable statutes and regulations.

Since the Authority reports all of its investments at fair value, no additional disclosure is required under GASB Technical Bulletin No. 2003-1, *Disclosure Requirements for Derivatives Not Reported at Fair Value on the Statement of Net Assets*.

The Authority intends to adhere fully to its investment policy, which expressly prohibits the making of speculative or leveraged investments and requires that all investments be made prudently and with due care to ensure compliance with all statutes and regulations.

Custodial Risk

Custodial risk is the risk that in the event of failure of the counterparty to a transaction, the Authority will not be able to recover the value of the investments. As of March 31, 2025, all investments were insured or registered, and held by the Authority or its agent in the Authority's name, or investment pools that are not classified since the investments are not evidenced by securities that exist in physical or book entry form. Therefore, the investments are not exposed to custodial risk.

Concentration of Credit Risk and Interest Rate Risk

Concentration of credit risk is the risk of loss that may occur due to the amount of investments in a single issuer (not including investments issued or guaranteed by the U.S. government, investments in a mutual fund, or external investment pools).

Credit risk of investments is the risk that the issuer or other counterparty will not meet its obligations. The credit risk is measured by the credit quality rating of investments in debt securities, as described by a national statistical rating organization such as Standard and Poor's (S&P). The Authority's policy provides that investments in fixed income securities have a rating of A or better, and be guaranteed by the State or Federal government.

Interest rate risk is the risk that changes in the interest rates will adversely affect the fair value of an investment. The Authority's policy is to select investments of varied maturities to mitigate this risk.

The following chart shows the Authority's exposure to these risks:

	<u>S&P Rating</u>	<u>1 Year or Less</u>	<u>1-5 Years</u>	<u>Totals</u>
LGIP	AAAm	\$ 774,224	\$ -	\$ 774,224
Total Investments		<u>\$ 774,224</u>	<u>\$ -</u>	<u>\$ 774,224</u>

NORTON REDEVELOPMENT AND HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2025

Note 3. Property, Plant and Equipment

A summary of changes in fixed assets follows:

	Balance			Balance
	March 31, 2024	Additions	Retirements	March 31, 2025
Land	\$ 567,693	\$ -	\$ -	\$ 567,693
Buildings	19,452,214	-	-	19,452,214
Furniture & Equipment	1,274,093	79,244	-	1,353,337
	21,294,000	79,244	-	21,373,244
Accumulated Depreciation	16,158,088	329,553	-	16,487,641
Net Fixed Assets	<u>\$ 5,135,912</u>	<u>\$ (250,309)</u>	<u>\$ -</u>	<u>\$ 4,885,603</u>

Note 4. Risk Management

The Risk Management Programs of the Authority are as follows:

Workers' Compensation

Workmen's compensation insurance is provided through VACORP Insurance Company. Management estimates the liability for unpaid claims at March 31, 2025 to be immaterial.

General Liability and Other

The Authority has purchased general liability and other insurance through VACORP Insurance Company.

Healthcare

Healthcare insurance coverage is provided to the employees of the Authority through policies with Anthem Insurance.

There were no significant reductions in insurance coverage from the prior year and no settlements that exceeded the amount of insurance coverage during the last three fiscal years.

Public Officials and Employees Liability

Public officials and employees liability insurance is provided through the Housing Authority Risk Retention Group, Inc.

Fidelity Coverage

The Authority has purchased fidelity coverage in the amount of \$200,000 from the Hartford Insurance Company. Another \$25,000 of coverage for Notary Services had been provided by Western Surety.

NORTON REDEVELOPMENT AND HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2025

Note 5. Retirement Plan

The Authority contributes to the Norton Redevelopment and Housing Authority retirement plan, which is a defined contribution pension plan. Metropolitan Life is currently acting as the plan sponsor. A defined contribution plan provides pension benefits in return for services rendered. Provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive.

Under a defined benefit contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account, the returns earned on the investments of those contributions, and forfeitures of other participants' benefits that may be allocated to such participants' account.

As established by the Board all full time employees may participate in the plan once the employee has attained age twenty-one and has completed ninety days of service with the Authority. Contributions made by the Authority vest after five years. An employee who leaves the employment of the Authority is entitled to his or her contributions, if any, and the Authority's contributions if vesting requirements are satisfied. As determined by the Board, the Authority contributes 12% of its eligible employee wages to the pension plan. Currently employees are not required to contribute to the plan any amount additional to the 12% remitted by the Authority.

During the year, the Authority's required and actual contributions amounted to \$60,091, which was 12% of its current year covered payroll. Total wages paid by the Authority was \$531,368 of which \$500,750 was subject to pension contributions.

No pension provision changes occurred during the year that affected the required contributions to be made by the Authority or its employees.

The Norton Redevelopment and Housing Authority retirement plan holds no securities of the Authority or other related parties during the year or as of the close of the fiscal year.

Note 6. Compensated Absences

Compensated absences are absences for which employees will be paid, i.e., sick leave, vacation, and other approved leaves. In accordance with *GASB Statement No. 16, Accounting for Compensated Absences*, the Authority accrues the liability for those absences that the employee has earned the rights to the benefits. Accrued amounts are based on the current salary rates. Full-time, permanent employees are granted vacation and sick benefits in varying amounts to specified maximums depending on tenure with the Authority. Vacation and sick pay is recorded as an expense and related liability in the year ended by employees.

	March 31, 2024	Increases	Decreases	March 31, 2025
Employees leave liability	\$ 26,333	\$ 1,072	\$ -	\$ 27,405
Current	14,483	-	(3,521)	10,962
Net long term	\$ 11,850	\$ 1,072	\$ 3,521	\$ 16,443

Note 7. New Accounting Standards

There are several new GASB Statements that have been issued that will be effective in future years. Management hasn't evaluated the effects, if any, of adopting these standards, but does not expect them to be material.

NORTON REDEVELOPMENT AND HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2025

Note 8. Impairment of Capital Assets

In accordance with the new reporting standards issued by the Governmental Accounting Standards Board's, "Statement No. 42," *Accounting and Financial Reporting for Impairment of Capital Assets for Insurance Recoveries*, requires certain note disclosures. During the fiscal year ended March 31, 2025, the Norton Redevelopment and Housing Authority experienced no impairments.

Note 9. Contingencies

The Authority participates in certain federal and state assisted grant programs. Grant funds are subject to audit by the funding agencies to determine compliance with various grant requirements. Should any expenditure be disallowed, they must be refunded to the granting agencies. Any liability for reimbursement, which may arise as the result of the audit, is not believed to be material.

Note 10. Deferred Revenue

Deferred revenue represents amounts for which asset recognition criteria has been met, but for which revenue recognition has not been met. Under the accrual basis of accounting, such amounts are measurable, but not available. Deferred revenue totaling \$5,821 is comprised of the following:

Deferred Rent Revenue

This represents a liability incurred by the Authority for funds accepted from tenants for prepaid rents. The liability is reduced and revenue recorded when rents come due. Prepaid rents amounted to \$5,821.

Note 11. Restricted Net Position

Business Type Activities:

Restricted for unspent grant funds	\$ -
Restricted for Housing Assistance Payments	<u>15,790</u>
Total Net Restricted Net Position	<u><u>\$ 15,790</u></u>

**SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS**

**NORTON REDEVELOPMENT AND HOUSING AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED MARCH 31, 2025**

<u>Federal Granting Agency</u>	<u>Assistance Listing Number</u>	<u>Disbursement Expenditures</u>
U.S. Department of HUD		
Direct Programs		
Low Rent Public Housing Program		
Low Income Housing Annual Operating Subsidy	14.850 (1)	\$ 841,065
Housing Voucher Cluster		
Section 8 Housing Choice Vouchers		
Section 8 Housing Choice Vouchers	14.871	670,941
Total Housing Voucher Cluster		<u>670,941</u>
Public Housing Capital Fund (CFP)		
Public Housing Capital Fund (FCP)	14.872	148,655
Total Direct Programs		<u>1,660,661</u>
Total U. S. Department of HUD		<u>1,660,661</u>
Total Federal Assistance		<u>\$ 1,660,661</u>

Notes to federal assistance schedule:

- 1) Major program
- 2) The accompanying schedule of expenditures of federal awards includes the activity of Norton Redevelopment and Housing Authority (the Authority) under programs of the federal government for the year ended March 31, 2025. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.
- 3) Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- 4) Amounts reported in the accompanying schedule agree with amounts reported in the related federal financial reports except for changes made to reflect amounts in accordance with generally accepted principles.
- 5) The Authority did not elect to use a 10% de minimus indirect cost rate allowed under section 2 CFR 200.33(a)(4).

**FINANCIAL DATA
SCHEDULE**

Norton Redevelopment & Housing Authority (VA015)

NORTON, VA

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2025

	Project Total	2 State/Local	14.871 Housing Choice Vouchers	Subtotal	Total
111 Cash - Unrestricted	1,648,705	50,723	57,334	1,756,762	1,756,762
113 Cash - Other Restricted	-	-	15,790	15,790	15,790
114 Cash - Tenant Security Deposits	48,629	-	-	48,629	48,629
100 Total Cash	1,697,334	50,723	73,124	1,821,181	1,821,181
				-	-
126 Accounts Receivable - Tenants	285	-	-	285	285
126.1 Allowance for Doubtful Accounts - Tenants	(250)	-	-	(250)	(250)
129 Accrued Interest Receivable	12,395	-	-	12,395	12,395
120 Total Receivables, Net of Allowances for Doubtful Accounts	12,430	-	-	12,430	12,430
				-	-
142 Prepaid Expenses and Other Assets	35,506	-	-	35,506	35,506
150 Total Current Assets	1,745,270	50,723	73,124	1,869,117	1,869,117
				-	-
161 Land	567,693	-	-	567,693	567,693
162 Buildings	19,452,214	-	-	19,452,214	19,452,214
163 Furniture, Equipment & Machinery - Dwellings	1,125,551	-	-	1,125,551	1,125,551
164 Furniture, Equipment & Machinery - Administration	227,786	-	-	227,786	227,786
166 Accumulated Depreciation	(16,487,641)	-	-	(16,487,641)	(16,487,641)
160 Total Capital Assets, Net of Accumulated Depreciation	4,885,603	-	-	4,885,603	4,885,603
				-	-
180 Total Non-Current Assets	4,885,603	-	-	4,885,603	4,885,603
				-	-
290 Total Assets and Deferred Outflow of Resources	6,630,873	50,723	73,124	6,754,720	6,754,720
				-	-
312 Accounts Payable <= 90 Days	14,095	-	-	14,095	14,095
322 Accrued Compensated Absences - Current Portion	10,962	-	-	10,962	10,962
333 Accounts Payable - Other Government	38,709	-	-	38,709	38,709
341 Tenant Security Deposits	48,629	-	-	48,629	48,629
342 Unearned Revenue	5,821	-	-	5,821	5,821
310 Total Current Liabilities	118,216	-	-	118,216	118,216
				-	-
354 Accrued Compensated Absences - Non Current	16,443	-	-	16,443	16,443
350 Total Non-Current Liabilities	16,443	-	-	16,443	16,443
				-	-
300 Total Liabilities	134,659	-	-	134,659	134,659
				-	-
508.4 Net Investment in Capital Assets	4,885,603	-	-	4,885,603	4,885,603
511.4 Restricted Net Position	-	-	15,790	15,790	15,790
512.4 Unrestricted Net Position	1,610,611	50,723	57,334	1,718,668	1,718,668
513 Total Equity - Net Assets / Position	6,496,214	50,723	73,124	6,620,061	6,620,061
				-	-
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	6,630,873	50,723	73,124	6,754,720	6,754,720

Norton Redevelopment & Housing Authority (VA015)

NORTON, VA

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2025

	Project Total	2 State/Local	14.871 Housing Choice Vouchers	Subtotal	Total
70300 Net Tenant Rental Revenue	458,242	-	-	458,242	458,242
70500 Total Tenant Revenue	458,242	-	-	458,242	458,242
				-	-
70600 HUD PHA Operating Grants	910,476	-	670,941	1,581,417	1,581,417
70610 Capital Grants	79,244	-	-	79,244	79,244
				-	-
70800 Other Government Grants	-	95,730	-	95,730	95,730
71100 Investment Income - Unrestricted	58,701	2,591	-	61,292	61,292
71500 Other Revenue	19,954	-	-	19,954	19,954
70000 Total Revenue	1,526,617	98,321	670,941	2,295,879	2,295,879
				-	-
91100 Administrative Salaries	207,464	-	55,781	263,245	263,245
91200 Auditing Fees	4,400	-	1,100	5,500	5,500
91500 Employee Benefit contributions - Administrative	103,875	-	22,198	126,073	126,073
91600 Office Expenses	34,633	-	5,686	40,319	40,319
91700 Legal Expense	6,357	-	480	6,837	6,837
91800 Travel	19,263	-	-	19,263	19,263
91000 Total Operating - Administrative	375,992	-	85,245	461,237	461,237
				-	-
92100 Tenant Services - Salaries	5,772	-	-	5,772	5,772
92500 Total Tenant Services	5,772	-	-	5,772	5,772
				-	-
93100 Water	32,352	-	-	32,352	32,352
93200 Electricity	58,976	-	-	58,976	58,976
93000 Total Utilities	91,328	-	-	91,328	91,328
				-	-
94100 Ordinary Maintenance and Operations - Labor	268,123	-	-	268,123	268,123
94200 Ordinary Maintenance and Operations - Materials and Other	116,708	-	-	116,708	116,708
94300 Ordinary Maintenance and Operations Contracts	106,812	-	-	106,812	106,812
94500 Employee Benefit Contributions - Ordinary Maintenance	135,546	-	-	135,546	135,546
94000 Total Maintenance	627,189	-	-	627,189	627,189

Norton Redevelopment & Housing Authority (VA015)

NORTON, VA

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2025

	Project Total	2 State/Local	14.871 Housing Choice Vouchers	Subtotal	Total
96110 Property Insurance	64,026	-	-	64,026	64,026
96120 Liability Insurance	8,489	-	-	8,489	8,489
96130 Workmen's Compensation	7,703	-	-	7,703	7,703
96140 All Other Insurance	8,808	-	-	8,808	8,808
96100 Total insurance Premiums	89,026	-	-	89,026	89,026
				-	-
96210 Compensated Absences	1,072	-	-	1,072	1,072
96300 Payments in Lieu of Taxes	38,709	-	-	38,709	38,709
96400 Bad debt - Tenant Rents	3,781	-	-	3,781	3,781
96000 Total Other General Expenses	43,562	-	-	43,562	43,562
				-	-
96900 Total Operating Expenses	1,232,869	-	85,245	1,318,114	1,318,114
				-	-
97000 Excess of Operating Revenue over Operating Expenses	293,748	98,321	585,696	977,765	977,765
				-	-
97300 Housing Assistance Payments	-	-	620,015	620,015	620,015
97400 Depreciation Expense	329,553	-	-	329,553	329,553
90000 Total Expenses	1,562,422	-	705,260	2,267,682	2,267,682
				-	-
10010 Operating Transfer In	95,730	-	-	95,730	95,730
10020 Operating transfer Out	-	(95,730)	-	(95,730)	(95,730)
10100 Total Other financing Sources (Uses)	95,730	(95,730)	-	-	-
				-	-
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	59,925	2,591	(34,319)	28,197	28,197
				-	-
11030 Beginning Equity	6,436,289	48,132	107,443	6,591,864	6,591,864
11170 Administrative Fee Equity	-	-	57,334	57,334	57,334
				-	-
11180 Housing Assistance Payments Equity	-	-	15,790	15,790	15,790
11190 Unit Months Available	2,616	-	1,356	3,972	3,972
11210 Number of Unit Months Leased	2,598	-	1,285	3,883	3,883
11270 Excess Cash	1,507,782	-	-	1,507,782	1,507,782
11630 Furniture & Equipment - Dwelling Purchases	10,104	-	-	10,104	10,104
11640 Furniture & Equipment - Administrative Purchases	69,140	-	-	69,140	69,140

**COMPLIANCE
SECTION**

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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

To the Honorable Members of the Board of Commissioners of
Norton Redevelopment and Housing Authority

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of Norton Redevelopment and Housing Authority, hereinafter the Authority, as of and for the year ended March 31, 2025 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated November 19, 2025.

Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Lucker, Brandenburg & Company, PLLC

Lebanon, Virginia
November 11, 2025

Tucker, Brandenburg & Company, PLLC

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

To the Honorable Members of the Board of Commissioners of
Norton Redevelopment and Housing Authority

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Norton Redevelopment and Housing Authority's, hereinafter the Authority, compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended March 31, 2025. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended March 31, 2025.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Authority's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

Lucker, Brandenburg & Company, PLLC

Lebanon, Virginia
November 19, 2025

**SCHEDULE OF FINDINGS
AND QUESTIONED COSTS**

**NORTON REDEVELOPMENT AND HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED MARCH 31, 2025**

Section I - Summary of Auditor Results

Financial Statements

Type of auditor's opinion issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiencies in internal control were disclosed by the audit of the financial statements:	No
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiencies in internal control were disclosed by the audit of the financial statements:	No
Type of auditor's opinion issued on compliance for major programs:	Unmodified
Any findings disclosed that are required to be reported in accordance with 2 CFR § 200.516(a)?	No

Major programs identified:

	<u>CFDA</u>
Low Rent Public Housing	14.850
Dollar threshold used to distinguish between Type A and Type B Programs:	\$ 750,000
Auditee qualified as low risk under 2 CFR §200.520?	Yes

Section II - Financial Statement Findings:

None Reported

Section III - Federal Awards Findings and Questioned Costs

None Reported

Prior Year Findings

None Reported

STATISTICAL SECTION

**NORTON REDEVELOPMENT AND HOUSING AUTHORITY
NET POSITION BY COMPONENT – PRIMARY GOVERNMENT
LAST TEN FISCAL YEARS (UNAUDITED)**

FISCAL YEAR ENDED MARCH 31	INVESTED IN CAPITAL ASSETS	RESTRICTED	UNRESTRICTED	TOTAL
2016	\$ 4,509,226	\$ 243	\$ 981,007	\$ 5,490,476
2017	4,393,275	2,180	859,957	5,255,412
2018	3,892,240	-	894,899	4,787,139
2019	3,538,498	4,401	880,817	4,423,716
2020	3,127,233	18,328	911,836	4,057,397
2021	2,833,291	-	1,056,288	3,889,579
2022	3,203,127	29,087	1,152,029	4,384,243
2023	2,892,241	25,081	1,827,931	4,745,253
2024	5,135,912	39,354	1,416,598	6,591,864
2025	4,885,603	15,790	1,718,668	6,620,061

**NORTON REDEVELOPMENT AND HOUSING AUTHORITY
CHANGE IN NET POSITION – PRIMARY GOVERNMENT
LAST TEN FISCAL YEARS (UNAUDITED)**

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Operating revenues:										
Rental income	\$ 323,944	\$ 304,746	\$ 304,036	\$ 327,245	\$ 363,561	\$ 364,112	\$ 342,703	\$ 384,248	\$ 414,831	\$ 458,242
Miscellaneous	33,620	23,945	25,862	30,671	33,327	30,258	26,713	23,388	26,484	19,954
Total operating revenues:	<u>357,564</u>	<u>328,691</u>	<u>329,898</u>	<u>357,916</u>	<u>396,888</u>	<u>394,370</u>	<u>369,416</u>	<u>407,636</u>	<u>441,315</u>	<u>478,196</u>
Operating Expenses:										
Administration	357,481	397,114	410,418	417,591	336,898	391,832	413,126	352,850	384,042	343,528
Tenant services	6,006	2,210	6,038	7,065	7,270	47,677	5,400	5,400	5,950	5,772
Utilities	77,234	86,758	97,220	94,379	89,742	87,598	90,167	78,250	100,647	91,328
Maintenance	451,873	532,237	471,329	505,904	373,393	374,676	503,027	363,532	395,054	423,489
General	105,989	101,551	108,029	111,682	339,557	233,299	115,866	425,449	372,295	453,997
HAP payments	493,325	506,529	499,298	482,502	489,690	519,354	549,334	543,740	609,279	620,015
Depreciation	559,759	551,914	549,802	537,774	543,727	505,076	356,785	388,482	318,688	329,553
Total operating expenses	<u>2,051,667</u>	<u>2,178,313</u>	<u>2,142,134</u>	<u>2,156,897</u>	<u>2,180,280</u>	<u>2,159,512</u>	<u>2,033,706</u>	<u>2,157,703</u>	<u>2,185,955</u>	<u>2,267,682</u>
Operating income (loss)	<u>(1,694,103)</u>	<u>(1,849,622)</u>	<u>(1,812,236)</u>	<u>(1,798,981)</u>	<u>(1,783,392)</u>	<u>(1,765,142)</u>	<u>(1,664,290)</u>	<u>(1,750,067)</u>	<u>(1,744,640)</u>	<u>(1,789,486)</u>
Other nonoperating income (expenses):										
Interest income	2,116	2,836	3,122	6,392	10,709	6,775	3,091	12,241	61,614	61,292
Operating grants and subsidies	1,080,915	1,176,003	1,286,497	1,245,134	1,273,903	1,428,439	1,436,388	1,785,814	1,933,477	1,677,147
Miscellaneous nonoperating income	-	-	-	-	-	-	-	214,561	-	-
Gain or loss on disposal of equipment	-	-	5,577	-	-	5,102	-	-	-	-
Net non-operating income (expenses)	<u>1,083,031</u>	<u>1,178,839</u>	<u>1,295,196</u>	<u>1,251,526</u>	<u>1,284,612</u>	<u>1,440,316</u>	<u>1,439,479</u>	<u>2,012,616</u>	<u>1,995,091</u>	<u>1,738,439</u>
Income before contributions and transfers	<u>(611,072)</u>	<u>(670,783)</u>	<u>(517,040)</u>	<u>(547,455)</u>	<u>(498,780)</u>	<u>(324,826)</u>	<u>(224,811)</u>	<u>262,549</u>	<u>250,451</u>	<u>(51,047)</u>
Capital contributions - grants	<u>11,101</u>	<u>435,962</u>	<u>48,767</u>	<u>184,032</u>	<u>132,462</u>	<u>170,725</u>	<u>726,621</u>	<u>77,597</u>	<u>1,617,024</u>	<u>79,244</u>
Change in net position	<u>(599,971)</u>	<u>(234,821)</u>	<u>(468,273)</u>	<u>(363,423)</u>	<u>(366,318)</u>	<u>(154,101)</u>	<u>501,810</u>	<u>340,146</u>	<u>1,867,475</u>	<u>28,197</u>
Net position at beginning of year	6,090,447	5,490,233	5,255,412	4,787,139	4,423,716	4,057,398	3,903,297	4,384,243	4,724,389	6,591,864
Net change in accounting estimates	-	-	-	-	-	-	-	-	-	-
Net position at end of the year	<u>\$ 5,490,476</u>	<u>\$ 5,255,412</u>	<u>\$ 4,787,139</u>	<u>\$ 4,423,716</u>	<u>\$ 4,057,398</u>	<u>\$ 3,903,297</u>	<u>\$ 4,405,107</u>	<u>\$ 4,724,389</u>	<u>\$ 6,591,864</u>	<u>\$ 6,620,061</u>

**NORTON REDEVELOPMENT AND HOUSING AUTHORITY
OPERATING REVENUES BY SOURCE – PRIMARY GOVERNMENT
LAST TEN FISCAL YEARS (UNAUDITED)**

FISCAL YEAR ENDED MARCH 31	TENANT RENTALS AND SALES		GRANT SUBSIDIES		OTHER		TOTALS	
	AMOUNT	PERCENT OF TOTAL	AMOUNT	PERCENT OF TOTAL	AMOUNT	PERCENT OF TOTAL	AMOUNT	PERCENT OF TOTAL
2016	\$ 323,944	22.52%	\$ 1,080,915	75.14%	\$ 33,620	2.34%	\$ 1,438,479	100.00%
2017	304,746	20.25%	1,176,003	78.16%	23,945	1.59%	1,504,694	100.00%
2018	304,036	18.81%	1,286,497	79.59%	25,862	1.60%	1,616,395	100.00%
2019	327,245	20.41%	1,245,134	77.67%	30,671	1.91%	1,603,050	100.00%
2020	363,561	21.76%	1,273,903	76.25%	33,327	1.99%	1,670,791	100.00%
2021	364,112	19.98%	1,428,439	78.36%	30,258	1.66%	1,822,809	100.00%
2022	342,703	18.98%	1,436,388	79.54%	26,713	1.48%	1,805,804	100.00%
2023	384,248	17.52%	1,785,814	81.42%	23,388	1.07%	2,193,450	100.00%
2024	414,831	17.47%	1,933,477	81.42%	26,484	1.12%	2,374,792	100.00%
2025	458,242	21.26%	1,677,147	77.81%	19,954	0.93%	2,155,343	100.00%

**NORTON REDEVELOPMENT AND HOUSING AUTHORITY
NON-OPERATING REVENUES BY SOURCE – PRIMARY GOVERNMENT
LAST TEN FISCAL YEARS (UNAUDITED)**

FISCAL YEAR ENDED MARCH 31	CAPITAL FUNDS		INTEREST EARNED		OTHER		TOTALS	
	AMOUNT	PERCENT OF TOTAL	AMOUNT	PERCENT OF TOTAL	AMOUNT	PERCENT OF TOTAL	AMOUNT	PERCENT OF TOTAL
2016	\$ 11,101	83.99%	\$ 2,116	16.01%	\$ -	0.00%	\$ 13,217	100.00%
2017	435,962	99.35%	2,836	0.65%	-	0.00%	438,798	100.00%
2018	48,767	84.86%	3,122	5.43%	5,577	9.70%	57,466	100.00%
2019	184,032	96.64%	6,392	3.36%	-	0.00%	190,424	100.00%
2020	132,462	92.52%	10,709	7.48%	-	0.00%	143,171	100.00%
2021	170,725	93.50%	6,775	3.71%	5,102	2.79%	182,602	100.00%
2022	726,621	99.58%	3,091	0.42%	-	0.00%	729,712	100.00%
2023	77,597	86.37%	12,241	13.63%	-	0.00%	89,838	100.00%
2024	1,617,024	96.33%	61,614	3.67%	-	0.00%	1,678,638	100.00%
2025	79,244	56.39%	61,292	43.61%	-	0.00%	140,536	100.00%

**NORTON REDEVELOPMENT AND HOUSING AUTHORITY
DWELLING UNIT COMPOSITION**

Low Income Housing

Name of Development	Address	Number of Units	Year Built or Acquired
Regency Towers	200 Sixth Street, Norton, VA	90	1981
Pine Hills	Various	27	1974
Hawthorne	Various	51	1983
Ramsey/ Southside	Various	50	1960

Section 8

Name of Development	Address	Number of Units	Year Built or Acquired
Housing Choice Vouchers	Various	110	1977

**NORTON REDEVELOPMENT AND HOUSING AUTHORITY
REGULAR STAFF HEADCOUNT BY DEPARTMENT
LAST TEN FISCAL YEARS (UNAUDITED)**

FISCAL YEAR	HOUSING					TOTALS
	EXECUTIVE	DEVELOPMENT	MANAGEMENT	ADMISSIONS	FINANCE	
2016	1	-	1	1	1	4
2017	1	-	1	1	1	4
2018	1	-	1	1	1	4
2019	1	-	1	1	1	4
2020	1	-	1	1	1	4
2021	1	-	1	1	1	4
2022	1	-	1	1	1	4
2023	1	-	1	1	1	4
2024	1	-	1	1	1	4
2025	1	-	1	1	1	4