

BRISTOL REDEVELOPMENT
AND HOUSING AUTHORITY

Bristol, Virginia

REPORT ON EXAMINATION
OF FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION

FOR THE FISCAL YEAR ENDED
MARCH 31, 2015

**NORDMAN
& ASSOCIATES LLC**

August 24, 2015

Nordman & Associates, LLC
CPA Firm

**BRISTOL REDEVELOPMENT
AND HOUSING AUTHORITY**

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

FOR THE FISCAL YEAR ENDED MARCH 31, 2015

TABLE OF CONTENTS

| | Page |
|---|-------------|
| Accountants' Report on Financial Statements | 1-3 |
| Management's Discussion & Analysis | 4-12 |
| AUTHORITY WIDE FINANCIAL STATEMENTS | |
| Statement of Net Position | 13 |
| Statement of Liabilities and Net Position | 14 |
| Statement of Revenues, Expenses & Changes in Fund Net Position | 15 |
| Statement of Cash Flows | 16 |
| Notes to Financial Statements | 17-33 |
| SUPPLEMENTAL INFORMATION | |
| Financial Data Submission Summary – Net Position Accounts | 34-35 |
| Financial Data Submission Summary – Income Statement Accounts | 36-39 |
| Schedule of Expenditures of Federal Financial Awards | 40 |
| Notes to Schedule of Expenditures of Federal Awards | 41 |
| SINGLE AUDIT SECTION | |
| Report On Internal Control Structure Over Financial Reporting And On Compliance And Other Matters Based On an Audit Of Financial Statements In Accordance with Government Auditing Standards | 42-43 |
| Independent Auditor's Report on Compliance with Requirements that Could Have A Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 | 44-45 |
| Status of Prior Audit Findings | 46 |
| Schedule of Findings and Questioned Costs | 46 |
| OTHER SUPPLEMENTARY INFORMATION | |
| STATEMENT OF ACTUAL MODERNIZATION Annual Contributions Contract P-152 PHASE VA36P02501-08 and PHASE VA36R002502-08 | 47 |
| PHASE VA36P002501-10 and PHASE VA36P002501-09 | 48 |
| PHASE VA36P002501-11 | 49 |

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INDEPENDENT AUDITORS' REPORT

To The Board of Commissioners
Bristol Redevelopment and Housing Authority
Bristol, Virginia 24201-4385

Report on Financial Statements

We have audited the accompanying financial statements of the Bristol Redevelopment and Housing Authority, Bristol, VA, as of March 31, 2015, and the related notes to the financial statements, which collectively comprise the Bristol Redevelopment and Housing Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Our responsibility is to express opinions on these financial statements based on our audits. We did not audit the financial statements of Sapling Grove Apartments, L.L.C., a component unit of the Authority, whose statements reflect total assets constituting 34 percent of total assets at March 31, 2015, and total revenues constituting .04 percent of total operating revenues for the year then ended. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Sapling Grove Apartments, L.L.C, is based solely on the report of the other auditors. We conducted our audits 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Bristol Redevelopment and Housing Authority, as of March 31, 2015 and the respective changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis 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 audits 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 evidence sufficient to express an opinion or provide any assurance.

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Other Information

Our audit was conducted for the purpose of forming opinions on the basic financial statements that collectively comprise the Bristol Redevelopment and Housing Authority's basic financial statements. The accompanying Supplemental Information and Schedule of Expenditures of Federal Awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, the Financial Data Schedule, and the other supplemental information presented on pages 34 through 41 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Supplemental Information presented on pages 34 through 41 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplemental Information presented on pages 34 through 41 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have issued our report dated August 24, 2015 on our consideration of the Bristol Redevelopment and Housing Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audits.

Nordman & Associates LLC

Nordman & Associates LLC
DeLand, FL
August 24, 2015

BRISTOL REDEVELOPMENT AND HOUSING AUTHORITY
Bristol, Virginia

MANAGEMENT DISCUSSION AND ANALYSIS
March 31, 2015

The Bristol Redevelopment and Housing Authority, Virginia (hereafter the “Authority”) presents its Annual Report for the year ended March 31, 2015, developed in compliance with Statement of Governmental Accounting Standard No. 34, entitled “Basic Financial Statements – and Management’s Discussion and Analysis – For State and Local Governments” (hereafter “GASB 34”), and related standards. The Authority’s management’s discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Authority’s financial activity, (c) identify changes in the Authority’s financial position, and (d) identify individual funds’ issues or concerns.

The discussion and analyses of the Bristol Redevelopment and Housing Authority, Virginia (the Authority) is intended to provide an overview of the Authority’s financial activities for the fiscal year ended March 31, 2015. Please read it in conjunction with the Authority’s financial statements, notes and supplemental schedules that follow this section.

Principal Officials

Commissioners as of March 31, 2015

Scott Otis, Chair

Gary Poulton, Vice Chairman

Jerry Chorosevic, Commissioner

Karen Hamilton, Commissioner

Larry Neese, Commissioner

Administrative Staff

Dave Baldwin, Executive Director/CEO

Diana Carter, VP Housing Operations

Todd Musick, VP Capital Improvements

Harry Zulauf, Finance Director

This analysis should be considered in conjunction with the financial statements.

Financial Highlights

- The Authority was awarded a new capital fund (CFP) grant from the Department of Housing and Urban Development (HUD) of \$470,264 during fiscal year 2015. Total capital grant expenditures during the fiscal year were \$545,775.

BRISTOL REDEVELOPMENT AND HOUSING AUTHORITY
Bristol, Virginia

MANAGEMENT DISCUSSION AND ANALYSIS
March 31, 2015

- The Authority received HUD Public Housing operating subsidy \$1,467,662.
- The Authority received funding for the Housing Choice Voucher Program in the amount of \$910,312.
- The Authority reduced \$538,646 of outstanding debt during fiscal year 2015.

Overview of Annual Financial Statements

Management's Discussion and Analysis (MD&A) serves as an introduction to, and should be read in conjunction with, the basic audited financial statements and supplementary information. The MD&A represents management's examination and analysis of the Authority's financial condition and performance.

The financial statements report information about the Authority by using full accrual accounting methods as utilized by similar business activities in the private sector. In management's opinion, the financial statements present fairly, in all material respects, the financial position, results of operations and cash flows of the Authority in conformity with generally accepted accounting principles.

The Authority is engaged only in "Business-Type Activities" and is considered a "Special Purpose" government under Paragraph 138 of GASB 34. The Authority will present its financial statements according to Paragraph 138 of GASB 34 and will consist of the following: (a) Balance Sheet (b) Statement of Revenues, Expenses and Changes in Net Position (income statement), and (c) Statement of Cash Flows. In addition to the basic financial statements, the Authority will present notes to the financial statements and required supplementary information.

The **Statement of Net Position** presents information on all of the Authority's assets and liabilities, with the difference between the two as Net Position. Assets and liabilities are presented in order of liquidity, and are classified as "Current" (convertible into cash within one year), and "Non-Current". Over time, increases and decreases in Net Position serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The **Statement of Revenues, Expenses, and Changes in Net Position** (income statement) presents the results of the business activities of the Authority over the course of the fiscal year. The focus of this statement is the "Change in Net Position", which is similar to Net Income or Loss. All changes in Net Position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

The **Statement of Cash Flows** presents changes in cash and cash equivalents, resulting from operating, financing, and investing activities. This statement presents cash receipts and cash disbursement information, without consideration of the earnings event, when an obligation arises, or depreciation of capital assets.

BRISTOL REDEVELOPMENT AND HOUSING AUTHORITY
Bristol, Virginia

MANAGEMENT DISCUSSION AND ANALYSIS
March 31, 2015

The **Notes to the Financial Statements** provide required disclosures and other information that are essential to a full understanding of material data provided in the statements. The notes present information about the Authority's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies and subsequent events, if any. Also, included is the required **Supplemental Information** containing items such as budget to actual comparisons, debt information, and grant activity.

The financial statements were prepared by the Authority's staff from the detailed general ledgers and supporting documentation for each fund in conformity with generally accepted accounting principles (GAAP). The financial statements were audited and adjusted, if material, during the independent external audit process.

Summary of Organization and Business

The Bristol Redevelopment and Housing Authority (the "Authority") is a public body and a body corporate and politic organized under the laws of the State of Virginia by the City of Bristol for the purpose of providing adequate housing for qualified low-income individuals in accordance with the rules and regulations prescribed by the Department of Housing and Urban Development.

The Authority is governed by a Board of Commissioners appointed by the City of Bristol and has governance responsibilities over all activities related to the Authority. The Board of Commissioners has full decision-making authority and the power to designate the management of the Authority. The Authority's Board elects its own chairperson. The City of Bristol has no influence over the management, budget, or policies of the Authority. The Authority is a legally separate entity that is fiscally independent of other governments, and there are no other entities that are to be reported as component units of the Authority. The Authority is not included in the City of Bristol' financial reports. Therefore, the Authority reports independently.

The Authority operates and manages several different programs and presents financial statements from an enterprise fund perspective. Many of the funds maintained by the Authority are required by the Department of Housing and Urban Development and others are segregated to enhance accountability and control. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain Authority functions. Each fund is a separate accounting entity with a self-balancing set of accounts. The Authority's funds or programs are as follows:

- Business Activities Programs
- Capital Fund Grant Program
- Housing Choice Voucher Program
- Low Income Public Housing
- Resident Opportunities and Self Sufficiency Program

BRISTOL REDEVELOPMENT AND HOUSING AUTHORITY
Bristol, Virginia

MANAGEMENT DISCUSSION AND ANALYSIS
March 31, 2015

The Business Activities Programs are non-federally aided programs administered by the Authority which include the following:

- Component Unit – Sapling Grove Apartments, LLC

Financial Analysis

This section presents the Authority's financial statements and management's analysis of the Authority's financial condition and activities for this fiscal year. This analysis should be considered in conjunction with the financial statements and notes to the financial statements.

Bristol Redevelopment & Housing Authority
Combined Statement of Net Position
TABLE I

| <u>Account Descriptions</u> | <u>2015</u> | <u>2014</u> | <u>Total Change</u> | <u>% Change</u> |
|---|------------------|------------------|---------------------|-----------------|
| Current Assets | 1,519,784 | 2,209,277 | (689,493) | -31.21% |
| Noncurrent Assets | 285,068 | 252,992 | 32,076 | 12.68% |
| Capital Assets | 7,025,236 | 7,494,114 | (468,878) | -6.26% |
| Total Assets | 8,830,088 | 9,956,383 | (1,126,295) | -11.31% |
| | 8,830,088 | 9,956,383 | (1,126,295) | -11.31% |
| Current Liabilities | 297,105 | 615,437 | (318,332) | -51.72% |
| Noncurrent Liabilities | 466,384 | 884,807 | (418,423) | -47.29% |
| Total Liabilities | 763,489 | 1,500,244 | (736,755) | -49.11% |
| Investment in Capital Assets | 5,768,370 | 5,698,602 | 69,768 | 1.22% |
| Restricted Net Position | 32,771 | 17,477 | 15,294 | 87.51% |
| Unrestricted Net Position | 2,265,458 | 2,740,060 | (474,602) | -17.32% |
| Total Net Position | 8,066,599 | 8,456,139 | (389,540) | -4.61% |
| Total Liabilities & Net Position | 8,830,088 | 9,956,383 | (1,126,295) | -11.31% |

BRISTOL REDEVELOPMENT AND HOUSING AUTHORITY
Bristol, Virginia

MANAGEMENT DISCUSSION AND ANALYSIS
March 31, 2015

Major Factors Affecting the Combined Statement of Net Position (the Balance Sheet)

Current assets decreased by \$(689,493) reflecting significant decreases in cash used to liquidate short and long-term debt.

Noncurrent assets increased by \$32,076 reflecting unspent Housing Choice Voucher funding restricted for housing assistance payments.

Capital assets decreased by \$(468,878) as the Authority expended over \$206,000 HUD funds for construction and renovation work, retired over \$23,000 of assets, and recognized over \$652,000 of depreciation of capital assets. See the capital asset section below and within the notes to the financial statements for further analysis and explanation. See the cash flow section of the report for more detail.

Current liabilities decreased by \$(318,332) due to several factors. Current liabilities decreased as a result of liquidating a \$175,000 short-term operating loan for business activities and liquidating BRHA's energy performance contract short-term collateralized debt.

Noncurrent liabilities decreased by \$(418,432). The main reason for the changes within this category relates to liquidating BRHA's energy performance contract long-term collateralized debt.

Net Position decreased by \$(389,332) due to the above factors indicated; it is comprised of these types:

Unrestricted Net Position funds are not as restricted as the restricted net position category but remain subject to varying degrees of restrictions.

Restricted Net Position funds are restricted by HUD or other outside controlling documents and/or entities. These restricted funds are eligible for specific program and project needs and cannot be used for general Authority purposes.

Investment in Capital Asset funds are net investments in capital assets net of capital debt. These funds are utilized for capital projects and purchase of debt for long-term financing of capital needs.

BRISTOL REDEVELOPMENT AND HOUSING AUTHORITY
Bristol, Virginia

MANAGEMENT DISCUSSION AND ANALYSIS
March 31, 2015

Combined Statement of Revenues, Expenses and Change in Net Position
TABLE II

| <u>Account Descriptions</u> | <u>2015</u> | <u>2014</u> | <u>Total Change</u> | <u>% Change</u> |
|-----------------------------|------------------|------------------|---------------------|-----------------|
| Tenant Revenue | 973,015 | 1,111,681 | (138,666) | -12.47% |
| Grant Funding | 3,005,949 | 2,951,765 | 54,184 | 1.84% |
| Interest Income | 232 | 336 | (104) | -30.95% |
| Other Income | 48,103 | 28,724 | 19,379 | 67.47% |
| Total Revenue | 4,027,299 | 4,092,506 | (65,207) | -1.59% |
| Administration | 1,245,323 | 1,101,030 | 144,293 | 13.11% |
| Tenant Services | 136,132 | 141,598 | (5,466) | -3.86% |
| Utilities | 502,548 | 519,371 | (16,823) | -3.24% |
| Maintenance | 841,412 | 768,914 | 72,498 | 9.43% |
| Protective services | 10,801 | 8,275 | 2,526 | 30.53% |
| Insurance Expense | 97,111 | 80,212 | 16,899 | 21.07% |
| General expense | 103,600 | 103,626 | (26) | -0.03% |
| Housing Assistance Payments | 785,211 | 886,514 | (101,303) | -11.43% |
| Interest expense | 19,520 | 41,264 | (21,744) | -52.69% |
| Loss of sale of assets | 23,084 | - | 23,084 | 100.00% |
| Depreciation | 652,097 | 626,088 | 26,009 | 4.15% |
| Total Expenses | 4,416,839 | 4,276,892 | 139,947 | 3.27% |
| Prior year adjustments | - | 1,941,140 | (1,941,140) | -100.00% |
| Change in Net Position | (389,540) | 1,756,754 | (2,146,294) | -122.17% |
| Beginning Net Position | 8,456,139 | 6,699,385 | 1,756,754 | 26.22% |
| Ending Net Position | 8,066,599 | 8,456,139 | (389,540) | -4.61% |

Major Factors Affecting the Statement of Revenues, Expenses and Changes in Net Position

Total Revenues decreased slightly by \$(65,207) or (1.59) % from the prior year. Tenant revenues decreased by \$(138,666) or (12.47) % mainly due to moving residents out of 39 units that are to be demolished at Bonham Circle. However, governmental grants and subsidy from HUD increased by \$54,184 and other income increased \$19,379. The below table gives us a comparative year by year breakdown of the HUD grant programs:

BRISTOL REDEVELOPMENT AND HOUSING AUTHORITY
Bristol, Virginia

MANAGEMENT DISCUSSION AND ANALYSIS
March 31, 2015

Table III
HUD Funding Comparative

| Year | Public Housing | HCVP | CFP | ROSS | Totals |
|-------------------|------------------|--------------------|------------------|-------------------|------------------|
| 2015 | 1,467,662.00 | 910,312.00 | 545,775.00 | 82,200.00 | 3,005,949.00 |
| 2014 | 1,420,604.00 | 972,647.00 | 468,898.00 | 89,616.00 | 2,951,765.00 |
| Net Change | 47,058.00 | (62,335.00) | 76,877.00 | (7,416.00) | 54,184.00 |
| % Change | 3.31% | -6.41% | 16.40% | -8.28% | 1.84% |

The HUD funding increase relates to a slightly higher proration of funding to public housing authorities for capital grant type programs as well as public housing operating subsidy, with an decrease of funding for housing choice voucher housing assistance payments that are passed on to voucher holders and landlords. These changes are expected to continue in the near future with less than 100% funding in public housing operating subsidy and capital grant programs and with slight increases in funding for voucher holders.

Total Expenses increased by \$139,947 or 3.27% over the previous year.

Administrative expenses increased by \$144,293 or 13.11 %. The driving factor in the increase was increases in administrative salaries and fringe benefits related to yearly performance evaluations, filling previously vacant public housing positions, and purchasing new administrative computer equipment.

Tenant Services decreased by \$(5,466) or (3.86) %. This decrease was due to staff turnover of Resident Services staff.

Utilities decreased by \$(16,823) or (3.24) %. The authority will continue to monitor utility consumption and expense.

Maintenance expenses increased by \$72,498 or 9.43 %. These increases were directly related to a new pavilion at Stan Hall, landscaping, and preparing 39 units at Bonham Circle for demolition.

Protective services expense, first incurred in FY2014, increased slightly as the Authority continued foot patrols in the developments by off-duty local law enforcement officers.

Insurance expenses increased \$16,899 or 21.07 % due to premium increases for property insurance and workers compensation coverage.

Housing Assistance Payment (HAP) for the Housing Choice Voucher Program decreased by \$(101,303) or (11.43) % over the prior year due to HUD funding cuts.

BRISTOL REDEVELOPMENT AND HOUSING AUTHORITY
Bristol, Virginia

MANAGEMENT DISCUSSION AND ANALYSIS
March 31, 2015

Interest expense decreased by \$(21,744) or (52.69) % as a result of liquidating short-term borrowing in other business activities and liquidating the Authority's energy performance contract short-term collateralized debt.

Depreciation expense increased by \$26,009 or 4.15 % as a result of placing new assets into service.

Capital Assets

At year end, the Authority had \$7.025 million in capital assets, which represented a (6.26) % net decrease (additions, reductions, and depreciation) from the \$7.494 million balance in FY 2014. During the year, there was \$183,219 in net capital fund and operational additions, as well as the demolition of 39 of 65 Bonham Circle public housing units. Total depreciation expense for the fiscal year was \$652,097. The following table shows the comparative change in asset categories from 2014 to 2015.

Bristol Redevelopment & Housing Authority
Combined Statement of Capital Assets
TABLE IV

| <u>Account Descriptions</u> | <u>2015</u> | <u>2014</u> | <u>Total Change</u> | <u>% Change</u> |
|-----------------------------|------------------|------------------|---------------------|-----------------|
| Land | 821,618 | 794,636 | 26,982 | 3.40% |
| Buildings & improvements | 30,516,572 | 33,741,964 | (3,225,392) | -9.56% |
| Equipment | 761,143 | 749,989 | 11,154 | 1.49% |
| | 32,099,333 | 35,286,589 | (3,187,256) | -9.03% |
| Accumulated Depreciation | (25,074,097) | (27,792,475) | 2,718,378 | -9.78% |
| Total Capital Assets | 7,025,236 | 7,494,114 | (468,878) | -6.26% |

Current and Long-Term Debt Outstanding

The Authority's Current and Long-Term Debt at March 31, 2014 totaled \$405,546 as compared to \$944,192 at the end of the previous year, representing a decrease in debt of \$(538,646). The decrease was related to the normal amortization of long and short-term debt obligations and liquidating the Authority's energy performance contract long-term collateralized debt. The remaining debt at the end of fiscal year 2015 relates to the Authority's component unit Sapling Grove Apartments, LLC.

The Authority utilizes operating debt for the purpose of funding short-term revitalization needs in surrounding neighborhoods. In fiscal year 2015, the Authority liquidated \$175,000 of this type of debt. Table V is a summary of activity of all debt liabilities:

BRISTOL REDEVELOPMENT AND HOUSING AUTHORITY
Bristol, Virginia

MANAGEMENT DISCUSSION AND ANALYSIS
March 31, 2015

Table V
Outstanding Debt Schedule

| | <u>2015</u> | <u>2014</u> | <u>Net Change</u> |
|--------------------------------------|-----------------------|-----------------------|-------------------------|
| Current Portion of Long Term Debt \$ | 8,255 | 124,174 | (115,919) |
| Long Term Debt, Net of \$ | <u>397,291</u> | <u>820,018</u> | <u>(422,727)</u> |
| Totals | <u>405,546</u> | <u>944,192</u> | <u>(538,646)</u> |

ECONOMIC FACTORS AND EVENTS AFFECTING OPERATIONS:

Several factors will affect the financial position of the authority in subsequent fiscal years. These factors include:

- (1) Current local market conditions directly affect the Authority's families and will impact FY 2016 expense. Bristol's unemployment rate continues to hover around 5.8 percent, exceeding the national average of approximately 5.5 percent, resulting in many Authority-assisted families continuing to face company downsizing and layoffs. A drop in participant income would result in an increase in the amount the Authority would pay for housing assistance payments for Housing Choice Vouchers and, conversely, a decrease in operating subsidy from HUD, since participants contribute 30 percent of their adjusted income toward rent and utilities.
- (2) In 2011, President Obama signed into law the Budget Control Act of 2011 (BCA), which resulted in reduced funding for federal departments beginning March 2013. Based on recent HUD budgets, the Authority has seen reductions in funding related to all HUD funded programs. Due to continuing resolutions being used by Congress to fund HUD, the Authority does not see any major changes to current funding formulas for the near future. In fiscal year 2015 the Authority saw a 3.31% increase for Public Housing Subsidy and a 6.41 % decrease in HCVP subsidy.

Financial Contact

Questions concerning any of the information presented in this Management's Discussion & Analysis or the audit portion should be addressed in writing to:

Dave Baldwin, Executive Director
The Bristol Redevelopment and Housing Authority, Virginia
809 Edmond Street

**BRISTOL REDEVELOPMENT
AND HOUSING AUTHORITY
Bristol, Virginia**

**AUTHORITY WIDE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 2015**

BRISTOL REDEVELOPMENT & HOUSING AUTHORITY
Bristol , Virginia

STATEMENT OF NET POSITION
MARCH 31, 2015

ASSETS

Current Assets

| | |
|--|----------------------|
| Cash & cash equivalents | \$ 1,095,765 |
| Investments | 181,477 |
| Accounts receivable (net of allowance) | 215,418 |
| Prepaid expenses | <u>27,124</u> |
| Total Current Assets | <u>1,519,784</u> |

Noncurrent Assets

| | |
|--------------------------------------|---------|
| Restricted cash and cash equivalents | 285,068 |
|--------------------------------------|---------|

Capital Assets

| | |
|--------------------------------|---------------------|
| Land | 821,618 |
| Buildings & improvements | 30,211,623 |
| Furniture & Equipment | 761,143 |
| Construction in progress | <u>304,949</u> |
| | 32,099,333 |
| Less: Accumulated depreciation | <u>(25,074,097)</u> |
| Capital Assets, net | 7,025,236 |
| Total noncurrent assets | <u>7,310,304</u> |

| | |
|-------------------------------|----------|
| Deferred inflows of resources | <u>-</u> |
|-------------------------------|----------|

TOTAL ASSETS \$ 8,830,088

LIABILITIES & NET POSITION

Current Liabilities

| | |
|---|--------------------|
| Accounts payable | \$ 32,231 |
| Accrued wages and current portion of compensated absences | 75,600 |
| Interest payable | 1,183 |
| Other current liabilities | 102,937 |
| Tenant security deposits/escrow deposits | 69,125 |
| Unearned revenue | 7,774 |
| Bonds, notes and loans payable - capital | <u>8,255</u> |
| Total Current Liabilities | <u>297,105</u> |

Noncurrent Liabilities

| | |
|--|--------------------|
| Bonds, notes and loans payable - capital | 397,291 |
| Accrued expenses - noncurrent | 47,093 |
| Other noncurrent liabilities | <u>22,000</u> |
| Total Long Term Liabilities | <u>466,384</u> |
| Total Liabilities | <u>763,489</u> |

Net Position

| | |
|---|---------------------------------------|
| Net Investment in capital assets | 5,768,370 |
| Restricted net position | 32,771 |
| Unrestricted net position | <u>2,265,458</u> |
| TOTAL NET POSITION | <u>8,066,599</u> |
| TOTAL LIABILITIES & NET POSITION | \$ <u><u>8,830,088</u></u> |

BRISTOL REDEVELOPMENT & HOUSING AUTHORITY
Bristol , Virginia

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED MARCH 31, 2015

Operating Revenues

| | | |
|------------------------------------|----|-----------|
| Dwelling rent | \$ | 973,015 |
| HUD grants and other contributions | | 2,837,782 |
| Other income | | 48,103 |
| | | 48,103 |
| Total Operating Revenue | | 3,858,900 |

Operating Expenses

| | | |
|-----------------------------------|--|-----------|
| Administration | | 1,245,323 |
| Tenant services | | 136,132 |
| Utilities | | 502,548 |
| Ordinary maintenance & operations | | 798,751 |
| Protective services | | 10,801 |
| Insurance expense | | 97,111 |
| General expense | | 103,600 |
| Housing assistance payments | | 785,211 |
| Extraordinary maintenance | | 42,661 |
| Depreciation expense | | 652,097 |
| | | 652,097 |
| Total Operating Expense | | 4,374,235 |

NET (LOSS) FROM OPERATIONS (515,335)

Nonoperating Revenues

| | | |
|-------------------------------------|--|----------|
| Interest expense | | (19,520) |
| Investment income | | 232 |
| Loss on write off of Capital Assets | | (23,084) |
| | | (23,084) |

Net Nonoperating Revenues (42,372)

Net Income (loss) before contributions (557,707)

Capital grants 168,167

Net loss (389,540)

Total Net Position - beginning 8,456,139

Total Net Position - ending \$ 8,066,599

The accompanying notes are an integral part of the financial statements

BRISTOL REDEVELOPMENT & HOUSING AUTHORITY
Bristol , Virginia

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2015

CASH FLOWS FROM OPERATING ACTIVITIES

| | |
|---|--------------------|
| Receipts from receipts | \$ 936,910 |
| Other receipts | (85,109) |
| Payments to suppliers | (82,534) |
| Payments for housing assistance | (785,211) |
| Payments to employees | <u>8,327</u> |
| NET CASH USED BY OPERATING ACTIVITIES | <u>(7,617)</u> |

CASH FLOWS FROM INVESTING ACTIVITIES

| | |
|---|---------------|
| Investments purchased during fiscal year | (189) |
| Interest received | <u>232</u> |
| NET CASH PROVIDED FROM INVESTING ACTIVITIES | <u>43</u> |

CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES

| | |
|---|----------------------|
| Operational additions to capital assets | (38,136) |
| Repayment of bonds, notes, and loans payable | (538,646) |
| Repayment of operating debt | (175,000) |
| Payment of interest on debt | (21,328) |
| Additions to capital assets - Capital Grant | (168,167) |
| Governmental grant funds received | <u>168,167</u> |
| NET CASH USED BY CAPITAL & RELATED FINANCING ACTIVITIES | <u>(773,110)</u> |

| | |
|--|-------------------------|
| NET DECREASE IN CASH & CASH EQUIVALENTS | (780,684) |
| CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD | <u>2,161,517</u> |
| CASH & CASH EQUIVALENTS AT END OF PERIOD | <u>\$ 1,380,833</u> |

The accompanying notes are an integral part of the financial statements

HOUSING AUTHORITY OF THE CITY OF BRISTOL

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2015

NOTE A - ORGANIZATION:

The Housing Authority of the City of Bristol Redevelopment and Housing Authority is an independent municipal entity created by the City of Bristol in 1937 pursuant to Virginia state law and the National Housing Act of 1937. Although the Authority maintains close ties with the City of Bristol in several respects, the Authority is not a component unit of the City, as defined by the Governmental Accounting Standards Board, since the City is not financially accountable for the operations of the authority, has no responsibility to fund its deficits or receive its surpluses, and has not guaranteed the Authority's debt. The Authority operates under a Board of Commissioner form of government to provide safe and decent housing for eligible low and moderate income families and elderly individuals. The Board is comprised of five members, all Bristol residents, appointed by the Mayor of Bristol. The Board appoints an Executive Director who acts as the Secretary and Treasurer of the Authority.

The Authority's financial statements include the accounts of all of the Authority's operations. The Authority maintains its accounting records by program and operates the following programs:

Low Income Public Housing – (Asset Management Projects (AMP)) – This program accounts for all activities relating to the leasing and operation of apartments in buildings that were constructed and are owned by the Authority. These units are rented to low income families and low income elderly, disabled, and special needs individuals. The properties were constructed with grants and/or loans provided by the U.S. Department of Housing and Urban Development (HUD). The Authority receives grants from HUD to subsidize operating costs. Tenants are charged rents based on a percentage of their income. HUD subsidizes 411 federal public housing units through this program.

Public Housing Capital Fund – HUD provides grant funds to authorities with Low Rent Public Housing units on a formula basis. The funds are predominantly used to make physical improvements to buildings and dwelling units owned by the Authority under the Low Income Public Housing Program. A designated portion of these funds may also be used to support operations and to make improvements in the management and operation of the Authority's Low Income Public Housing Program.

Housing Choice Voucher Program (HCVP/Section 8) – HUD provides grants to the Authority to subsidize rents paid by low income families and individuals who rent dwelling units from private landlords. Under this program, qualified applicants are issued vouchers affording them choices in renting from private landlords. The Authority subsidizes the landlord for the difference between the rent requested and the tenant's share of the rent not to exceed a predetermined payment standard. This program provides rental assistance to approximately 254 families and individuals.

Resident Opportunities and Self Sufficiency (ROSS) – ROSS links public housing residents with supportive services, resident empowerment activities, and assistance in becoming economically self-sufficient. Grants are received from HUD pursuant to a detailed application submitted by the Authority.

HOUSING AUTHORITY OF THE CITY OF BRISTOL

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2015

NOTE A - ORGANIZATION: (Cont'd)

Component Units– To manage its business and financial affairs more effectively, the Authority has created an affiliate entity to support its various ventures. While the Authority, as the parent entity, manages federal, state and local programs, the affiliate entity support the various LIHTC developments.

The affiliate entity are considered component units in accordance with generally accepted accounting principles. The criteria for including organizations as component units within the Authority's reporting entity, as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the Authority holds the corporate powers of the organization
- the Authority appoints a voting majority of the organization's board
- the Authority is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the Authority
- there is fiscal dependency by the organization on the Authority

Based on the aforementioned criteria and because of the nature and significance of their operational or financial relationships with the Authority, the component units are included in the Authority's reporting entity. These blended component units, although legally separate entities are, in substance, part of the Authority's operations.

Separate financial information for following blended component units is presented in Note Q:

Sapling Grove Apartments LLC – This entity is a Virginia limited liability company formed in 2007 to construct and operate thirteen buildings in Bristol, Virginia. The buildings consist of 26 residential rental apartments, of which ten are public housing units. As of December 31, 2014, the Company has three members – Virginia Affordable Housing Management Corporation owns .001% special member interest, SGA Management, LLC owns a .009% managing member interest, and the Housing Equity Fund of Virginia XI, LLC owns a 99.99% investor member interest. Profit, losses, tax credits, and cash disbursements are allocated among the members on their respective ownership interest.

HOUSING AUTHORITY OF THE CITY OF BRISTOL

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2015

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

1. **Basis of Presentation and Accounting**

The Authority is a special-purpose government entity engaged only in business-type activities and, as such, the financial statements are presented as a single enterprise fund.

The Authority's financial statements are prepared in accordance with GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* ("GASB 34") and GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* ("GASB 63"). GASB 34 and GASB 63 require the basic financial statements to be prepared using the economic resources measurement focus and the accrual basis of accounting and requires the presentation of a Statement of Net Position, a Statement of Revenues, Expenses, and Changes in Net Position, and a Statement of Cash Flows. GASB 34 requires the Authority to include Management's Discussion and Analysis as part of the Required Supplementary Information.

GASB 63 requires the Authority to report deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures.

The Authority's primary source of nonexchange revenue relates to grants and subsidies. Grants and subsidies revenue is recognized at the time eligible program expenditures occur and/or the Authority has complied with the grant and subsidy requirements, in accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*. Grants received in advance of expenditures are recorded as a liability until earned.

In accordance with GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Activities That Use Proprietary Fund Accounting*, the Authority applies all applicable GASB pronouncements as well as FASB Statements and Interpretations, APB Opinions, and ARB's issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The more significant accounting policies of the Authority are described in the following paragraphs.

New Accounting Standards Adopted

During 2014, the Authority adopted GASB Statement No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The objective of this Statement is to provide guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. As a result of the implementation of GASB 63, the term "net assets" has been replaced with "net position" which is defined as the residual of all other elements presented in a statement of financial position or as the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources.

HOUSING AUTHORITY OF THE CITY OF BRISTOL

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2015

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Cont'd)

2. Cash and Investments:

Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the Authority. Investments are stated at cost which approximates market.

3. Buildings and Equipment:

Capital assets are stated at historical cost. Donated capital assets are stated at their fair value on the date donated. This includes site acquisition and improvement, structures and equipment. All infrastructure assets were capitalized at the conclusion of development then dedicated to the City in which the development is located for maintenance and repairs. Depreciation of exhaustible capital assets used by proprietary funds is charged as an expense against operations, and accumulated depreciation is reported on the statement of net assets.

The estimated useful lives for each major class of depreciable capital assets are as follows:

| | |
|--------------------------|-------------|
| Buildings & improvements | 10-27 years |
| Machinery & equipment | 3-5 years |
| Office equipment | 3-5 years |

4. Grants & subsidies:

Operating grants and subsidy are recorded as operating revenue on the Statement of Revenues and Expense, while grants for capital improvements are included in the non-operating section of this statement.

5. Income Taxes:

The Bristol Redevelopment and Housing Authority is a quasi-governmental entity. The Authority is not subject to Federal or State income taxes.

HOUSING AUTHORITY OF THE CITY OF BRISTOL

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2015

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Cont'd)

6. 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 and disclosure of contingent assets and liabilities at the date of the financial statements.

7. Compensation for Future Absences:

It is the Authority's policy to permit employees to accumulate earned but unused vacation benefits, up to 288 hours, which will be paid to the employees upon separation from Authority service. The Authority's policy does allow for payment of accrued sick leave, up to \$2500, upon retirement. The benefits applicable to governmental fund types have been accrued and recorded in the general fund.

8. Operating Revenue:

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 the Authority are charges to customers for rents. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Subsidies received from HUD or other grantor agencies, for operating purposes, are recorded as operating revenue in the operating statement while capital grant funds are added to the net assets below the nonoperating revenue and expense.

9. New Accounting Pronouncements:

Also during 2014, the Authority adopted GASB Statement No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The objective of this Statement is to provide guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. As a result of the implementation of GASB 63, the term "net assets" has been replaced with "net position" which is defined as the residual of all other elements presented in a statement of financial position or as the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. The Authority had no deferred inflows or outflows to be reported.

HOUSING AUTHORITY OF THE CITY OF BRISTOL

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2015

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Cont'd)

10. Collection Losses:

Collection losses on accounts receivable are expensed, in the appropriate Fund, on the specific write-off method.

11. Insurance:

The primary technique used for risk financing is the purchase of insurance policies from commercial insurers that include a large deductible amount. The use of a large deductible clause reduces the cost of insurance, but, should losses occur, the portion of the uninsured loss is not expected to be significant with respect to the financial position of the Authority. The Authority secures required insurance coverage through the competitive bid process. As of the date of the field work, the Authority had required coverage in force.

12. Inventories:

Materials inventories are recorded at average cost. The consumption method is used to account for inventories. Under the consumption method, inventories are charged to expense when consumed.

Assets held for sale are recorded at the lower of cost or market.

13. Net Position:

Net Position balances are designated by the Low Rent Fund, Section 8 Housing Choice Voucher Fund, Other Federal Grants Fund, Business Activities and State/Local Fund for future expenses, or must be returned to the grantor, and generally may not be used in any manner by ARHA except as specified under their respective contracts. The Net Position balance of the Business Activities Fund 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.

14. Pension Plans:

Bristol participates in a defined contribution pension plan administered by VRS. It is the Authority's policy to fund the normal cost and amortization of unfunded prior service cost (over 30 years). Expenses are recognized as incurred.

HOUSING AUTHORITY OF THE CITY OF BRISTOL

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2015

NOTE C – NET POSITION: RESTRICTED

Restricted net position is designed to reflect net position that are subject to restrictions that are beyond the Authority's control, such as those restrictions that are externally imposed by grantors or contributors or those that are imposed by law. At March 31, 2015, restrictions on net position are those funds restricted by HUD related to the Housing Choice Voucher Program to be used for future HAP payments and reserves of Sapling Grove Apartments, LLC restricted by investors.

NOTE D - CASH AND CASH EQUIVALENTS:

All the deposits of the Bristol Redevelopment and Housing Authority are either insured or collateralized by using the Dedicated Method whereby all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Authority's agents in these units' names. Funds are maintained in accordance with Virginia Security for Public Deposits Act, Section 2.2-4400 et. seq. of the Code of Virginia or covered by federal depository insurance. The Bristol Redevelopment and Housing Authority has no policy regarding custodial credit risk for deposits.

At March 31, 2015, the Authority's cash deposits had a carrying amount of \$1,394,176 and bank balances of \$1,440,435. Of the bank balances held in various financial institutions, \$500,000 was covered by federal depository insurance and the remainder was covered by collateral held under the dedicated method. At March 31, 2015, the Authority's petty cash/change funds totaled \$360.

Investments

Investments: Statutes authorize the Authority to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank) and Asian Development Bank, the African Development Bank, commercial paper rated A-1 by Standard and Poor's Corporation or P-1 by Moody's Commercial Paper Record, banker's acceptances, repurchase agreements and the State Treasurer's Local Government Investment Pool (LGIP).

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.

HOUSING AUTHORITY OF THE CITY OF BRISTOL

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2015

NOTE D - CASH AND CASH EQUIVALENTS: (Cont'd)

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, 2015, 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.

HOUSING AUTHORITY OF THE CITY OF BRISTOL

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2015

NOTE D - CASH AND CASH EQUIVALENTS: (Cont'd)

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:

| Name | S&P Rating | Year or Less | 1-5 Years | Totals |
|-------------|-----------------------|---------------------|------------------|---------------|
| LGIP | AAm | 181,477 | - | 181,477 |

Cash and investments at March 31, 2015 were as follows:

| | |
|---------------------------------|----------------------------|
| Checking/ Money Market accounts | \$ 1,380,473 |
| Certificate of Deposits | 181,477 |
| Petty cash | <u>360</u> |
| Totals | <u>\$ 1,562,121</u> |

The above balances are contained in the following types of accounts at various financial institutions:

Collateralization:

As of March 31, 2015 the Bristol Redevelopment and Housing Authority had all funds covered by FDIC insurance and excess funds within the Regions Bank, \$993,250 properly collateralized under the Virginia Security for Public Deposits Act (SPDA) and covered by the State Treasurer's office under rules of their program.

NOTE E - ACCOUNTS RECEIVABLE:

Accounts receivable at March 31, 2015, consisted of the following:

| | |
|--|--------------------------|
| HUD | \$ 178,820 |
| Miscellaneous | 25,715 |
| Tenants – (net of allowance (\$1,135)) | <u>10,880</u> |
| | <u>\$ 215,418</u> |

HOUSING AUTHORITY OF THE CITY OF BRISTOL

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2015

NOTE F - CAPITAL ASSETS:

The following is a summary of changes in the capital assets during the fiscal year ended March 31, 2015:

| | Beginning Balances | Increases | Decreases | Ending Balances |
|---|-----------------------|-------------------|-------------------|---------------------|
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Enterprise Activities | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 794,636 | \$ 26,982 | \$ - | \$ 821,618 |
| Construction in progress | 648,867 | 168,167 | 512,085 | 304,949 |
| Total capital assets not being depreciated | <u>1,443,503</u> | <u>195,149</u> | <u>512,085</u> | <u>1,126,567</u> |
| Buildings & improvements | 33,093,097 | 512,085 | 3,393,559 | 30,211,623 |
| Furniture & equipment | 749,989 | 11,154 | - | 761,143 |
| Total capital assets being depreciated | <u>33,843,086</u> | <u>523,239</u> | <u>3,393,559</u> | <u>30,972,766</u> |
| Less accumulated depreciation for: | | | | |
| Buildings & improvements | 27,153,516 | 608,023 | 3,370,475 | 24,391,064 |
| Furniture & equipment | 638,959 | 44,074 | - | 683,033 |
| Total accumulated depreciation | <u>27,792,475</u> | <u>652,097</u> | <u>3,370,475</u> | <u>25,074,097</u> |
| Total capital assets being depreciated | <u>6,050,611</u> | | | <u>5,898,669</u> |
| Enterprise activity capital assets, net | <u>\$ 7,494,114</u> | | | <u>\$ 7,025,236</u> |

HOUSING AUTHORITY OF THE CITY OF BRISTOL

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2015

NOTE G - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES:

Accounts payable and accrued liabilities consisted of the following at March 31, 2015:

| | | |
|--|----|----------------|
| Current liabilities | \$ | 102,937 |
| Tenant security deposits | | 69,125 |
| Accrued compensated absences - current | | 58,794 |
| Vendors payables | | 32,231 |
| Accrued salary and wages/payroll liabilities | | 16,806 |
| Current portion of Capital Debt | | 8,255 |
| Unearned revenue | | 7,774 |
| Accrued interest payable | | <u>1,183</u> |
| | \$ | <u>297,105</u> |

NOTE H – NONCURRENT LIABILITIES:

Non-current liabilities at June 30, 2014, consisted of the following:

| | Balance 04/01/14 | Increases | Decreases | Balance 03/31/15 | Long-Term Portion of Balance | Current Portion of Balance |
|-----------------------------|---------------------|------------------|---------------------|---------------------|---------------------------------|-------------------------------|
| Capital Debt | \$ 944,192 | \$ 0 | \$ (538,646) | \$ 405,546 | \$ 397,291 | 8,255 |
| Operating Debt | 175,000 | 0 | (175,000) | 0 | 0 | 0 |
| Compensated Absences | 95,083 | 32,621 | (21,817) | 105,887 | 47,093 | 58,794 |
| FSS escrow liability | <u>22,000</u> | <u>0</u> | <u>0</u> | <u>22,000</u> | <u>22,000</u> | <u>0</u> |
| Total long-term liabilities | \$ <u>1,236,275</u> | \$ <u>32,621</u> | \$ <u>(735,463)</u> | \$ <u>533,433</u> | \$ <u>466,384</u> | <u>67,049</u> |

At March 31, 2015, Sapling Grove Apartments, L.L.C. had the following notes:

Loan – VHDA \$ 405,546

The VHDA loan has a stated interest rate of 3.5%. Interest is payable monthly with all principle and unpaid interest due in full in 2043.

HOUSING AUTHORITY OF THE CITY OF BRISTOL

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2015

NOTE H – NONCURRENT LIABILITIES: (Cont'd)

Estimated maturity of long-term debt for each of the five succeeding years and in the aggregate were as follows at March 31, 2015:

| <u>Fiscal Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Totals</u> |
|--------------------|------------------|-----------------|----------------|
| 2016 | 8,549 | 14,021 | 22,570 |
| 2017 | 8,853 | 13,717 | 22,570 |
| 2018 | 9,168 | 13,402 | 22,570 |
| 2019 | 9,799 | 12,771 | 22,570 |
| 2020 | 9,789 | 12,781 | 22,570 |
| 2021-2025 | 54,420 | 58,430 | 112,850 |
| 2026-2030 | 64,811 | 48,039 | 112,850 |
| 2031-2035 | 77,186 | 35,664 | 112,850 |
| 2036-2040 | 91,924 | 20,926 | 112,850 |
| 2041-2044 | 71,047 | 4,859 | 75,906 |
| | <u>405,546</u> | <u>234,610</u> | <u>640,156</u> |

NOTE I - DEFINED BENEFIT PENSION PLAN:

Plan Description

All full-time, salaried permanent employees of participating employers are automatically covered by VRS upon employment. Benefits vest after five years of service credit. Members earn one month of service credit for each month they are employed and their employer is paying into the VRS. Members are eligible to purchase prior public service, active duty military service, certain periods of leave and previously refunded VRS service as credit in their plan.

VRS administers two defined benefit plans for local government employees—Plan 1, Plan 2, and Hybrid Retirement Plan:

HOUSING AUTHORITY OF THE CITY OF BRISTOL

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2015

NOTE I - DEFINED BENEFIT PENSION PLAN: (Cont'd)

Members hired before July 1, 2010 and who have service credits before July 1, 2010 are covered under Plan 1. Non-hazardous duty members are eligible for an unreduced retirement benefit beginning at age 65 with at least five years of service credit or age 50 with at least 30 years of service credit. They may retire with a reduced benefit as early as age 55 with at least 5 years of service credit or age 50 with at least 10 years of service credit.

Members hired or rehired on or after July 1, 2010 and who have no service credits before July 1, 2010 are covered under Plan 2. Non-hazardous duty members are eligible for an unreduced benefit beginning at their normal Social Security retirement age with at least five years of service credit or when the sum of their age and service equals 90. They may retire with a reduced benefit as early as age 60 with at least five years of service credit.

Members hired on or after January 1, 2014 and who have no service credits before January 1, 2014 are covered under a Hybrid Retirement Plan, a combination of a defined benefit plan (similar to Plan 2) and a defined contribution plan (a mandatory 1% of compensation into a 401 (a) plan account). Non-hazardous duty members are eligible for an unreduced benefit beginning at their normal Social Security retirement age with at least five years of service credit or when the sum of their age and service equals 90. They may retire with a reduced benefit as early as age 60 with at least five years of service credit.

The VRS Basic Benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the member's average final compensation multiplied by the member's total service credit. Under Plan 1, average final compensation is the average of the member's 36 consecutive months of highest compensation. Under Plan 2 and Hybrid Retirement Plan's defined benefit portion, average final compensation is the average of the member's 60 consecutive months of highest compensation. The retirement multiplier for non-hazardous duty members is 1.70%. The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. The retirement multiplier for eligible political subdivision hazardous duty employees other than sheriffs and jail superintendents is 1.70% or 1.85% as elected by the employer. At retirement, members can elect the Basic Benefit, the Survivor Option, a Partial Lump-Sum Option Plan (PLOP) or the Advance Pension Option. A retirement reduction factor is applied to the Basic Benefit amount for members electing the Survivor Option, PLOP, or Advance Pension Option or those retiring with a reduced benefit.

Retirees are eligible for an annual cost-of-living adjustment (COLA) effective July 1 of the second calendar year of retirement. Under Plan 1, the COLA cannot exceed 5.00%; under Plan 2, the COLA cannot exceed 6.00%. During years of no inflation or deflation, the

HOUSING AUTHORITY OF THE CITY OF BRISTOL

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2015

NOTE I - DEFINED BENEFIT PENSION PLAN: (Cont'd)

COLA is 0.00%. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

The system issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for the plans administered by VRS. A copy of the most recent report may be obtained from the VRS Web site at <http://www.varetire.org/Pdf/Publications/2011-annual-report.pdf> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500

Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5% of their annual salary to the VRS. The employer has assumed this 5% member contribution. In addition, the Authority is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The Authority's contribution rate for the fiscal year ended 2015 was 12.55% of annual covered payroll.

Annual Pension Cost

For fiscal year ended June 30, 2015, the Authority's annual pension cost of \$102,258 was equal to the Authority's required and actual contributions. The FY 2015 required contribution was determined as part of the June 30, 2014 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2014 included (a) an investment rate of return (net of administrative expenses) of 7.00%, (b) projected salary increases ranging from 3.50% to 5.35% per year for general government employees and 3.50% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year. Both the investment rate of return and the projected salary increases also include an inflation component of 2.50%. The actuarial value of the Authority's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The Authority's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2014 for the Unfunded Actuarial Accrued Liability (UAAL) was 30 years.

HOUSING AUTHORITY OF THE CITY OF BRISTOL

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2015

NOTE I - DEFINED BENEFIT PENSION PLAN: (Cont'd)

Three Year Trend Information

| Fiscal Year Ending | Annual Pension Cost (APC) 1 |
|--------------------------|-----------------------------------|
| 3/31/2015 | \$ 102,258 |
| 3/31/2014 | \$ 104,236 |
| 3/31/2013 | \$ 99,710 |

1Employer Portion Only

NOTE J - CONTINGENCIES:

The entity is subject to possible examinations made by federal regulators who determine compliance with terms, conditions, laws and regulations governing grants given to the entity in the current and prior years. These examinations may result in required refunds by the entity to federal grantors and/or program beneficiaries.

NOTE K - RISK MANAGEMENT:

Litigation

The Authority is contingently liable with respect to lawsuits and other claims incidental to the ordinary course of its operations. Claims covered by the risk management program are reviewed and losses are accrued as required in the judgment of management. In the opinion of management, based on the advice of legal counsel, the ultimate disposition of lawsuits and claims will not have a material adverse effect on the financial position of the Authority.

Grants

Amounts received or receivable from the grantor agencies are subject to audit and adjustment by grantor agencies. If expenditures are disallowed as a result of these audits, the claims for reimbursement to the grantor agency would become a liability of the Authority. In the opinion of management, any such adjustments would not be significant.

HOUSING AUTHORITY OF THE CITY OF BRISTOL

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2015

NOTE L - RELATED PARTY TRANSACTIONS:

There were no related party transactions to be reported for the fiscal year ended March 31, 2015.

NOTE M – IMPAIRMENT OF CAPITAL ASSETS

In accordance with new financial reporting standards issued by the Government Accounting Standards Boards “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 Balance Sheet.

NOTE N – ECONOMIC DEPENDENCY

Both the Low Rent Public Housing Program and the tenant-based and project-based voucher programs are economically dependent on annual contributions and grants from HUD. All of these programs operate at a loss prior to receiving the contributions and grants.

NOTE O - SUBSEQUENT EVENTS:

Events that occur after the statement of net asset date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the statement of net asset date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the statement of net asset date require disclosure in the accompanying notes. Management evaluated the activity of Bristol Redevelopment and Housing Authority through March 31, 2015 and concluded that the following subsequent events have occurred that would require recognition.

There were no material events or circumstances that arose after Bristol Redevelopment and Housing Authority March 31, 2015 year end.

HOUSING AUTHORITY OF THE CITY OF BRISTOL

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2015

NOTE P - SUPPLEMENTAL INFORMATION:

The supplemental information has been included in order to show the financial statements of the Housing Authority on the GAAP basis of accounting but in the format of the HUD Handbook 7476.3, *Audit Guide*. This is due to the fact that some supplemental information is reviewed by the field office and provides greater detail concerning the operations of the Housing Authority.

NOTE Q - BLENDED COMPONENT UNIT:

As disclosed in Note A, the Authority has one component unit named Sapling Grove Apartments LLC, the financial statements of which are included in the basic financial statements. Condensed financial information of Sapling Grove Apartments LLC as of December 31, 2014.

| | Sapling Grove Apts. LLC |
|----------------------------------|------------------------------------|
| Assets | |
| Current | \$ 83,887 |
| Noncurrent | \$ 3,358,242 |
| Liabilities | |
| Current | \$ 22,673 |
| Noncurrent | \$ 764,975 |
| Net Position | |
| Net Investment in capital assets | \$ 2,443,015 |
| Unrestricted net position | \$ 211,466 |
| Total Revenue | \$ 146,272 |
| Total Expenses | \$ 214,861 |
| Net Gain/(Loss) | \$ (68,589) |

**BRISTOL REDEVELOPMENT
AND HOUSING AUTHORITY
Bristol, Virginia**

SUPPLEMENTAL INFORMATION

FOR THE FISCAL YEAR ENDED MARCH 31, 2015

BRISTOL REDEVELOPMENT & HOUSING AUTHORITY
Bristol , Virginia

FINANCIAL DATA SUBMISSION SUMMARY
NET POSITION ACCOUNTS
March 31, 2015

| <u>Account Description</u> | <u>Low-Rent Public Hsg 14.850</u> | <u>ROSS 14.870</u> | <u>Housing Choice Vouchers 14.871</u> | <u>Business Activities</u> | <u>Component Unit</u> | <u>Subtotals</u> | <u>Elimination</u> | <u>TOTAL</u> |
|---|---|------------------------|---|--------------------------------|---------------------------|----------------------|-----------------------|---------------------|
| ASSETS: | | | | | | | | |
| CURRENT ASSETS: | | | | | | | | |
| Cash: | | | | | | | | |
| Cash - unrestricted | \$ 861,433 | \$ 0 | \$ 31,689 | \$ 149,019 | 53,624 | \$ 1,095,765 | \$ 0 | \$ 1,095,765 |
| Cash - restricted | 52,719 | 0 | 32,771 | 0 | 130,453 | 215,943 | 0 | 215,943 |
| Cash - tenant security deposits | 57,233 | 0 | 0 | 720 | 11,172 | 69,125 | 0 | 69,125 |
| Total Cash | 971,385 | 0 | 64,460 | 149,739 | 195,249 | 1,380,833 | 0 | 1,380,833 |
| Accounts and notes receivables: | | | | | | | | |
| Accounts receivable - HUD | 176,282 | 2,538 | 0 | 0 | 0 | 178,820 | 0 | 178,820 |
| Accounts receivable - miscellaneous | 0 | 0 | 0 | 0 | 25,718 | 25,718 | 0 | 25,718 |
| Accounts receivable - tenants rents | 11,347 | 0 | 0 | 280 | 388 | 12,015 | 0 | 12,015 |
| Allowance for doubtful accounts-tenants | (1,135) | 0 | 0 | 0 | 0 | (1,135) | 0 | (1,135) |
| Total receivables - net | 186,494 | 2,538 | 0 | 280 | 26,106 | 215,418 | 0 | 215,418 |
| Current investments | | | | | | | | |
| Investments - unrestricted | 168,910 | 0 | 0 | 12,567 | 0 | 181,477 | 0 | 181,477 |
| Prepaid expenses and other assets | 20,639 | 0 | 1,894 | 62 | 4,529 | 27,124 | 0 | 27,124 |
| Interprogram due from | 2,538 | 0 | 0 | 0 | 0 | 2,538 | (2,538) | 0 |
| TOTAL CURRENT ASSETS | 1,349,966 | 2,538 | 66,354 | 162,648 | 225,884 | 1,807,390 | (2,538) | 1,804,852 |
| NONCURRENT ASSETS: | | | | | | | | |
| Capital Assets: | | | | | | | | |
| Land | 602,812 | 0 | 0 | 218,707 | 99 | 821,618 | 0 | 821,618 |
| Buildings | 26,045,352 | 0 | 0 | 277,140 | 3,889,131 | 30,211,623 | 0 | 30,211,623 |
| Furniture & equipment - Dwellings | 0 | 0 | 0 | 0 | 33,126 | 33,126 | 0 | 33,126 |
| Furniture & equipment - Admin | 727,407 | 0 | 610 | 0 | 0 | 728,017 | 0 | 728,017 |
| Work in process | 304,949 | 0 | 0 | 0 | 0 | 304,949 | 0 | 304,949 |
| Accumulated depreciation | (24,308,209) | 0 | (610) | (59,167) | (706,111) | (25,074,097) | 0 | (25,074,097) |
| Total capital assets - net | 3,372,311 | 0 | 0 | 436,680 | 3,216,245 | 7,025,236 | 0 | 7,025,236 |
| Investment in joint ventures | 0 | 0 | 0 | 1,197,004 | 0 | 1,197,004 | (1,197,004) | 0 |
| TOTAL NONCURRENT ASSETS | 3,372,311 | 0 | 0 | 1,633,684 | 3,216,245 | 8,222,240 | (1,197,004) | 7,025,236 |
| TOTAL ASSETS | \$ 4,722,277 | \$ 2,538 | \$ 66,354 | \$ 1,796,332 | 3,442,129 | \$ 10,029,630 | \$ (1,199,542) | \$ 8,830,088 |

BRISTOL REDEVELOPMENT & HOUSING AUTHORITY
Bristol , Virginia

FINANCIAL DATA SUBMISSION SUMMARY
NET POSITION ACCOUNTS
March 31, 2015

| <u>Account Description</u> | <u>Low-Rent Public Hsg 14.850</u> | <u>ROSS 14.870</u> | <u>Housing Choice Vouchers 14.871</u> | <u>Business Activities</u> | <u>Component Unit</u> | <u>Subtotals</u> | <u>Elimination</u> | <u>TOTAL</u> |
|--|---|------------------------|---|--------------------------------|---------------------------|-------------------|-----------------------|---------------------|
| LIABILITIES AND NET POSITION: | | | | | | | | |
| LIABILITIES: | | | | | | | | |
| CURRENT LIABILITIES | | | | | | | | |
| Accounts payable < 90 days | \$ 21,327 | \$ 0 | \$ 10,678 | \$ 226 | \$ 0 | 32,231 | \$ 0 | \$ 32,231 |
| Accrued salaries/payroll withholding | 16,806 | 0 | 0 | 0 | 0 | 16,806 | 0 | 16,806 |
| Accrued compensated absences | 54,911 | 0 | 2,032 | 1,851 | 0 | 58,794 | 0 | 58,794 |
| Accrued interest payable | 0 | 0 | 0 | 0 | 1,183 | 1,183 | 0 | 1,183 |
| Tenant security deposits | 57,233 | 0 | 0 | 720 | 11,172 | 69,125 | 0 | 69,125 |
| Unearned revenue | 6,511 | 0 | 0 | 0 | 1,263 | 7,774 | 0 | 7,774 |
| Current portion of L-T debt - capital | 0 | 0 | 0 | 0 | 8,255 | 8,255 | 0 | 8,255 |
| Other current liabilities | 50,779 | 0 | 0 | 0 | 800 | 51,579 | 0 | 51,579 |
| Accrued liabilities | 51,358 | 0 | 0 | 0 | 0 | 51,358 | 0 | 51,358 |
| Interprogram (due to) | 0 | 2,538 | 0 | 0 | 0 | 2,538 | (2,538) | 0 |
| TOTAL CURRENT LIABILITIES | 258,925 | 2,538 | 12,710 | 2,797 | 22,673 | 299,643 | (2,538) | 297,105 |
| NONCURRENT LIABILITIES | | | | | | | | |
| Long-term debt, net of current - capital | 0 | 0 | 0 | 0 | 397,291 | 397,291 | 0 | 397,291 |
| Accrued comp. Absences - long term | 43,916 | 0 | 1,663 | 1,514 | 0 | 47,093 | 0 | 47,093 |
| Noncurrent liabilities - other | 0 | 0 | 0 | 0 | 367,684 | 367,684 | (345,684) | 22,000 |
| TOTAL NONCURRENT LIABILITIES | 43,916 | 0 | 1,663 | 1,514 | 764,975 | 812,068 | (345,684) | 466,384 |
| TOTAL LIABILITIES | 302,841 | 2,538 | 14,373 | 4,311 | 787,648 | 1,111,711 | (348,222) | 763,489 |
| Net Position: | | | | | | | | |
| Net Investment in Capital Assets | 3,372,311 | 0 | 0 | 436,680 | 2,810,699 | 6,619,690 | (851,320) | 5,768,370 |
| Restricted - Net Position | 0 | 0 | 32,771 | 0 | 0 | 32,771 | 0 | 32,771 |
| Unrestricted - Net Position | 1,047,125 | 0 | 19,210 | 1,355,341 | (156,218) | 2,265,458 | 0 | 2,265,458 |
| TOTAL Net Position | 4,419,436 | 0 | 51,981 | 1,792,021 | 2,654,481 | 8,917,919 | (851,320) | 8,066,599 |
| TOTAL LIABILITIES, DEF. INFLOW OF RES, AND NET POSITION | \$ 4,722,277 | \$ 2,538 | \$ 66,354 | \$ 1,796,332 | 3,442,129 | 10,029,630 | \$ (1,199,542) | \$ 8,830,088 |

BRISTOL REDEVELOPMENT & HOUSING AUTHORITY
Bristol , Virginia

FINANCIAL DATA SUBMISSION SUMMARY
REVENUES, EXPENSES AND CHANGE IN FUND NET POSITION ACCOUNTS
FOR THE YEAR ENDED MARCH 31, 2015

| <u>Account Description</u> | <u>Low-Rent Public Hsg 14.850</u> | <u>ROSS 14.870</u> | <u>Housing Choice Vouchers 14.871</u> | <u>Business Activities</u> | <u>Component Unit</u> | <u>Subtotals</u> | <u>Elimination</u> | <u>TOTAL</u> |
|------------------------------------|---|------------------------|---|--------------------------------|---------------------------|---------------------|---------------------|---------------------|
| REVENUES: | | | | | | | | |
| Net tenant rental revenue | \$ 708,255 | \$ 0 | \$ 0 | \$ 6,440 | \$ 142,950 | \$ 857,645 | \$ (26,120) | \$ 831,525 |
| Tenant revenue - other | 141,490 | 0 | 0 | 0 | 0 | 141,490 | 0 | 141,490 |
| Total tenant revenue | 849,745 | 0 | 0 | 6,440 | 142,950 | 999,135 | (26,120) | 973,015 |
| HUD PHA grants - operating | 1,845,270 | 82,200 | 799,901 | 0 | 0 | 2,727,371 | 0 | 2,727,371 |
| HUD PHA grants - operating - AF | 0 | 0 | 110,411 | 0 | 0 | 110,411 | 0 | 110,411 |
| HUD PHA grants - capital | 168,167 | 0 | 0 | 0 | 0 | 168,167 | 0 | 168,167 |
| Investment income - unrestricted | 63 | 0 | 0 | 13 | 156 | 232 | 0 | 232 |
| Fraud income - HAP | 0 | 0 | 604 | 0 | 0 | 604 | 0 | 604 |
| Fraud income - Admin Fee | 0 | 0 | 604 | 0 | 0 | 604 | 0 | 604 |
| Other revenue | 42,911 | 0 | 16,870 | 60,882 | 3,166 | 123,829 | (76,934) | 46,895 |
| Gain/(loss) on disposition | (23,084) | 0 | 0 | 0 | 0 | (23,084) | 0 | (23,084) |
| TOTAL REVENUES | \$ 2,883,072 | \$ 82,200 | \$ 928,390 | \$ 67,335 | \$ 146,272 | \$ 4,107,269 | \$ (103,054) | \$ 4,004,215 |
| EXPENSES: | | | | | | | | |
| Administrative | | | | | | | | |
| Administrative salaries | \$ 445,303 | \$ 0 | \$ 48,400 | \$ 31,600 | \$ 8,895 | \$ 534,198 | \$ (9,715) | \$ 524,483 |
| Auditing fees | 4,944 | 0 | 3,056 | 0 | 175 | 8,175 | 0 | 8,175 |
| Advertising & marketing | 9,331 | 0 | 0 | 243 | 0 | 9,574 | 0 | 9,574 |
| Employee benefits - administrative | 148,768 | 0 | 15,830 | 10,315 | 3,474 | 178,387 | (3,078) | 175,309 |
| Office expense | 170,442 | 441 | 12,607 | 5,878 | 5,761 | 195,129 | 0 | 195,129 |
| Legal expense | 8,631 | 0 | 0 | 2,969 | 0 | 11,600 | 0 | 11,600 |
| Travel expense | 26,272 | 0 | 0 | 0 | 0 | 26,272 | 0 | 26,272 |
| Allocated overhead | (44,179) | 0 | 23,416 | 20,763 | 0 | 0 | 0 | 0 |
| Other operating - administrative | 285,654 | 0 | 3,880 | 5,280 | 9,607 | 304,421 | (9,640) | 294,781 |
| Total Administrative Expense | 1,055,166 | 441 | 107,189 | 77,048 | 27,912 | 1,267,756 | (22,433) | 1,245,323 |

| | | | | | | | | |
|--|----------------|---------------|----------|---------------|---------------|----------------|----------------|----------------|
| Tennat services | | | | | | | | |
| Tenant services - salaries | 34,615 | 60,585 | 0 | 0 | 0 | 95,200 | 0 | 95,200 |
| Employee benefits - tenant services | 11,231 | 21,174 | 0 | 0 | 0 | 32,405 | 0 | 32,405 |
| Other tenant services | 8,527 | 0 | 0 | 0 | 0 | 8,527 | 0 | 8,527 |
| Total Tenant Services | <u>54,373</u> | <u>81,759</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>136,132</u> | <u>0</u> | <u>136,132</u> |
| Utilities | | | | | | | | |
| Water | 42,997 | 0 | 0 | 738 | 1,797 | 45,532 | 0 | 45,532 |
| Electricity | 278,959 | 0 | 0 | 3,460 | 11,176 | 293,595 | 0 | 293,595 |
| Gas | 116,428 | 0 | 0 | 421 | 0 | 116,849 | 0 | 116,849 |
| Sewer | 44,103 | 0 | 0 | 531 | 1,938 | 46,572 | 0 | 46,572 |
| Total Utilities Expense | <u>482,487</u> | <u>0</u> | <u>0</u> | <u>5,150</u> | <u>14,911</u> | <u>502,548</u> | <u>0</u> | <u>502,548</u> |
| Ordinary Maintenance & Operation | | | | | | | | |
| Labor | 281,055 | 0 | 0 | 12,304 | 5,507 | 298,866 | (5,635) | 293,231 |
| Materials | 173,707 | 0 | 0 | 4,600 | 5,207 | 183,514 | 0 | 183,514 |
| Garbage & trash removal contracts | 23,542 | 0 | 0 | 0 | 1,863 | 25,405 | 0 | 25,405 |
| Elevator maintenance contracts | 6,695 | 0 | 0 | 0 | 0 | 6,695 | 0 | 6,695 |
| Landscape & grounds contracts | 26,560 | 0 | 0 | 0 | 6,000 | 32,560 | 0 | 32,560 |
| Unit turnaround contracts | 67,932 | 0 | 0 | 0 | 0 | 67,932 | 0 | 67,932 |
| Extermination contracts | 13,779 | 0 | 0 | 0 | 555 | 14,334 | 0 | 14,334 |
| Routine Contracts | 54,257 | 0 | 0 | 13,076 | 1,119 | 68,452 | 0 | 68,452 |
| Contracts | 192,765 | 0 | 0 | 13,076 | 9,537 | 215,378 | 0 | 215,378 |
| Employee benefit contributions | 102,779 | 0 | 0 | 4,283 | 2,000 | 109,062 | (2,434) | 106,628 |
| Total Ordinary Maintenance & Operation | <u>750,306</u> | <u>0</u> | <u>0</u> | <u>34,263</u> | <u>22,251</u> | <u>806,820</u> | <u>(8,069)</u> | <u>798,751</u> |

| | | | | | | | | | |
|-------------------------------------|------------------|---------------|----------------|-----------------|----------------|------------------|-----------------|------------------|--|
| Protective services | | | | | | | | | |
| Other protective services | 10,801 | 0 | 0 | 0 | 0 | 10,801 | 0 | 10,801 | |
| Total Protective Services | 10,801 | 0 | 0 | 0 | 0 | 10,801 | 0 | 10,801 | |
| General Expenses | | | | | | | | | |
| Property insurance | 45,045 | 0 | 0 | 651 | 10,122 | 55,818 | 0 | 55,818 | |
| Liability insurance | 15,046 | 0 | 0 | 339 | 0 | 15,385 | 0 | 15,385 | |
| Workmen's compensation | 16,111 | 0 | 924 | 540 | 0 | 17,575 | 0 | 17,575 | |
| Insurance - other | 8,296 | 0 | 37 | 0 | 0 | 8,333 | 0 | 8,333 | |
| Total Insurance Expenses | 84,498 | 0 | 961 | 1,530 | 10,122 | 97,111 | 0 | 97,111 | |
| Other general expense | 49,995 | 0 | 1,778 | 0 | 0 | 51,773 | (26,120) | 25,653 | |
| Compensated absences | 19,465 | 0 | 1,017 | 1,335 | 0 | 21,817 | 0 | 21,817 | |
| Payments in lieu of taxes | 30,380 | 0 | 0 | 0 | 17,591 | 47,971 | (30,380) | 17,591 | |
| Bad debt - tenant rents | 38,539 | 0 | 0 | 0 | 0 | 38,539 | 0 | 38,539 | |
| Total General Expenses | 138,379 | 0 | 2,795 | 1,335 | 17,591 | 160,100 | (56,500) | 103,600 | |
| Financial Expenses | | | | | | | | | |
| Interest expense - Mortgage Payable | 0 | 0 | 0 | 0 | 14,323 | 14,323 | 0 | 14,323 | |
| Interest expense - Notes Payable | 4,643 | | 0 | 554 | 0 | 5,197 | 0 | 5,197 | |
| Total Financial Expenses | 4,643 | 0 | 0 | 554 | 14,323 | 19,520 | 0 | 19,520 | |
| TOTAL OPERATING EXPENSE | 2,580,653 | 82,200 | 110,945 | 119,880 | 107,110 | 3,000,788 | (87,002) | 2,913,786 | |
| EXCESS OPERATING REVENUE | 302,419 | 0 | 817,445 | (52,545) | 39,162 | 1,106,481 | (16,052) | 1,090,429 | |

| | | | | | | | | | |
|--|---------------------|------------------|-------------------|---------------------|---------------------|---------------------|---------------------|---------------------|--|
| Other Expenses | | | | | | | | | |
| Extraordinary maintenance | 42,661 | 0 | 0 | 0 | 0 | 42,661 | 0 | 42,661 | |
| Tenant Protection | 0 | 0 | 12,379 | 0 | 0 | 12,379 | 0 | 12,379 | |
| Portability out | 0 | 0 | 47,297 | 0 | 0 | 47,297 | 0 | 47,297 | |
| HAP Portability-In | 0 | 0 | 16,052 | 0 | 0 | 16,052 | (16,052) | 0 | |
| Housing assistance payments | 0 | 0 | 725,535 | 0 | 0 | 725,535 | 0 | 725,535 | |
| Depreciation expense | 533,032 | 0 | 0 | 11,314 | 107,751 | 652,097 | 0 | 652,097 | |
| Total Other Expenses | <u>575,693</u> | <u>0</u> | <u>801,263</u> | <u>11,314</u> | <u>107,751</u> | <u>1,496,021</u> | <u>(16,052)</u> | <u>1,479,969</u> | |
| TOTAL EXPENSES | \$ 3,156,346 | \$ 82,200 | \$ 912,208 | \$ 131,194 | \$ 214,861 | \$ 4,496,809 | \$ (103,054) | \$ 4,393,755 | |
| EXCESS OF REVENUE OVER EXPENSES | \$ (273,274) | \$ 0 | \$ 16,182 | \$ (63,859) | \$ (68,589) | \$ (389,540) | \$ 0 | \$ (389,540) | |
| Debt Service | 47,000 | 0 | 0 | 0 | 8,255 | 55,255 | 0 | 55,255 | |
| | | 0 | | . | | | | | |
| Transfer of funds in | 377,608 | 0 | 0 | 0 | 0 | 377,608 | (377,608) | 0 | |
| Transfers of funds out | (377,608) | 0 | 0 | 0 | 0 | (377,608) | 377,608 | 0 | |
| Inter Project Transfer In | 0 | 0 | 0 | 0 | 0 | 0 | (140,000) | (140,000) | |
| Inter Project Transfer Out | 0 | 0 | 0 | 0 | 0 | 0 | 140,000 | 140,000 | |
| Beginning Net Position | 4,692,710 | \$ 0 | \$ 35,799 | \$ 1,855,880 | \$ 2,723,070 | \$ 9,307,459 | \$ (851,320) | 8,456,139 | |
| Ending Net Position | \$ 4,419,436 | \$ 0 | \$ 51,981 | \$ 1,792,021 | \$ 2,654,481 | \$ 8,917,919 | \$ (851,320) | \$ 8,066,599 | |
| Required Annual Debt Principal Payments | | | | 0 | 8,255 | | | 8,255 | |
| Units Available | 4,649 | - | 3,303 | | 312 | - | - | 8,264 | |
| Units Leased | 4,529 | - | 2,438 | | 312 | - | - | 7,279 | |

The accompanying notes to the schedule of expenditures of federal financial awards is an integral part of this schedule

BRISTOL REDEVELOPMENT & HOUSING AUTHORITY
Bristol , Virginia

SCHEDULE OF EXPENDITURES OF FEDERAL FINANCIAL AWARDS
FOR THE YEAR ENDED MARCH 31, 2015

| | <u>Type</u> | <u>Federal CFDA #</u> | <u>Expenditures</u> |
|---|--------------|---------------------------|-----------------------------------|
| <u>FEDERAL GRANTOR</u> | | | |
| <u>U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT:</u> | | | |
| Public Housing: | | | |
| Operating subsidy | A-Nonmajor | 14.850 | \$ 1,467,662 |
| Capital Fund Program | A - Major | 14.872 | 545,775 |
| Resident Opportunities for Supportive Services | B - Nonmajor | 14.870 | 82,200 |
| Section-8: | | | |
| Housing Choice Voucher Program | A- Major | 14.871 | <u>910,312</u> |
| TOTAL FEDERAL FINANCIAL AWARDS | | | \$ <u><u>3,005,949</u></u> |
| Threshold for Type A/Type B Program | | | \$ <u><u>300,000</u></u> |

The accompanying notes to the schedule of expenditures of federal financial awards is an integral part of this schedule

BRISTOL REDEVELOPMENT AND HOUSING AUTHORITY
Bristol, Virginia

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED MARCH 31, 2015

NOTE A - BASIS OF PRESENTATION:

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Bristol Redevelopment and Housing Authority and is presented on the full accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

NOTE B - SUBRECIPIENTS:

The Bristol Redevelopment and Housing Authority provided no federal awards to subrecipients during the fiscal year ending March 31, 2015.

NOTE C - DISCLOSURE OF OTHER FORMS OF ASSISTANCE:

- The Bristol Redevelopment and Housing Authority received no federal awards of non-monetary assistance that are required to be disclosed for the year ended March 31, 2015.
- The Bristol Redevelopment and Housing Authority had no loans, loan guarantees, or federally restricted endowment funds required to be disclosed for the fiscal year ended March 31, 2015.
- The Bristol Redevelopment and Housing Authority maintains sufficient insurance coverage for the assets controlled and owned by the Authority as of March 31, 2015.

Settled claims have not exceeded the above commercial limits over the past three years.

**BRISTOL REDEVELOPMENT
AND HOUSING AUTHORITY
Bristol, Virginia**

SINGLE AUDIT SECTION

FOR THE FISCAL YEAR ENDED MARCH 31, 2015

NORDMAN & ASSOCIATES LLC

Certified Public Accountant

A Florida CPA Firm

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
Bristol Redevelopment and Housing Authority
Bristol, Virginia 24201-4385

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 the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Bristol Redevelopment and Housing Authority as of and for the year ended March 31, 2015, and the related notes to the financial statements, which collectively comprise Bristol Redevelopment and Housing Authority's basic financial statements, and have issued our report thereon dated *August 24, 2015*.

Internal Control over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal controls over financial reporting that we consider to be material weaknesses, as defined above.

NORDMAN & ASSOCIATES LLC

Certified Public Accountant

A Florida CPA Firm

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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.

Nordman & Associates LLC

Deland, Florida
August 24, 2015

NORDMAN & ASSOCIATES LLC

Certified Public Accountant

A Florida CPA Firm

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Commissioners
Bristol Redevelopment and Housing Authority
Bristol, Virginia 24201-4385

Report on Compliance for Each Major Federal Program

We have audited the compliance of the Bristol Redevelopment & Housing Authority with the types of compliance requirements described in the U.S. Office of Management and Budget Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended March 31, 2015. The Bristol Redevelopment & Housing Authority's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Bristol Redevelopment & 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 OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Bristol Redevelopment & 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 the Bristol Redevelopment & Housing Authority's compliance.

Opinion

In our opinion, the Bristol Redevelopment & 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 for the year ended March 31, 2015.

NORDMAN & ASSOCIATES LLC

Certified Public Accountant

A Florida CPA Firm

Report on Internal Control over Compliance

Management of the Bristol Redevelopment & 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 the Bristol Redevelopment & Housing Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Bristol Redevelopment & 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Nordman & Associates LLC

Deland, Florida
August 24, 2015

STATUS OF PRIOR AUDIT FINDINGS

The audit for the fiscal year ended March 31, 2015 contained no audit findings.

Section I – Summary of Auditor’s Results

A. The type of report issued on the basic financial statements:

Unqualified Opinion

B. Significant deficiencies in internal control disclosed by the audit of basic financial statements:

None Reported

Material Weakness **None Reported**

C. Noncompliance that is material to the basic financial statements: **None Reported**

D. Significant deficiencies in internal control over major programs: **None Reported**

Material weaknesses: **None Reported**

E. The type of report issues on compliance for major programs: **Unqualified Opinion**

F. Any audit findings that are required to be reported under Section 510 (a) of OMB Circular A-133: **None Reported**

G. Major Programs

1) Housing Choice Voucher Program 14.871

2) Capital Fund Program 14.872

H. Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

F. Auditee did qualify as a low risk auditee under Section 530 of OMB Circular A-133

Section II – Financial Statement Findings

NONE REPORTED

Section III – Federal Award Findings and Questioned Costs

NONE REPORTED

**BRISTOL REDEVELOPMENT
AND HOUSING AUTHORITY
Bristol, Virginia**

**OTHER SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED MARCH 31, 2015**

BRISTOL REDEVELOPMENT & HOUSING AUTHORITY
Bristol , Virginia

STATEMENT OF ACTUAL MODERNIZATION COSTS
FOR THE YEAR ENDED MARCH 31, 2015

Annual Contributions Contract P-152

PHASE VA36P02501-08

1 The Actual Modernization Costs of Phase 501-08 were:

| | | |
|--------------------------|----|-----------------|
| Funds Approved | \$ | 585,088 |
| Funds Expended | | <u>585,088</u> |
| Excess of Funds Approved | \$ | <u><u>-</u></u> |
| Funds Advanced | \$ | 585,088 |
| Funds Expended | | <u>585,088</u> |
| Excess of Funds Advanced | \$ | <u><u>-</u></u> |

2 There were no audit period additions during fiscal year 2015. The PHA completed the grant and drawdowns during prior years

3 The distribution of costs by major cost accounts as shown on the Final Statement of Modernization Cost dated June 6, 2013, accompanying the Actual Modernization Cost Certificate submitted to HUD for approval is in agreement with the PHA's records.

4 All modernization costs have been paid and all related liabilities have been discharged through payment.

BRISTOL REDEVELOPMENT & HOUSING AUTHORITY
Bristol , Virginia

STATEMENT OF ACTUAL MODERNIZATION COSTS
FOR THE YEAR ENDED MARCH 31, 2015

Annual Contributions Contract P-152

PHASE VA36R002502-08

1 The Actual Modernization Costs of RHF Phase 501-08 were:

| | | |
|--------------------------|----|-----------------|
| Funds Approved | \$ | 108,632 |
| Funds Expended | | <u>108,632</u> |
| Excess of Funds Approved | \$ | <u><u>-</u></u> |
| Funds Advanced | \$ | 108,632 |
| Funds Expended | | <u>108,632</u> |
| Excess of Funds Advanced | \$ | <u><u>-</u></u> |

2 There were no audit period additions during fiscal year 2015. The PHA completed the grant and drawdowns during prior years

3 The distribution of costs by major cost accounts as shown on the Final Statement of Modernization Cost dated June 6, 2013, accompanying the Actual Modernization Cost Certificate submitted to HUD for approval is in agreement with the PHA's records.

4 All modernization costs have been paid and all related liabilities have been discharged through payment.

BRISTOL REDEVELOPMENT & HOUSING AUTHORITY
Bristol , Virginia

STATEMENT OF ACTUAL MODERNIZATION COSTS
FOR THE YEAR ENDED MARCH 31, 2015

Annual Contributions Contract P-152

PHASE VA36P002501-10

1 The Actual Modernization Costs of Phase 501-10 were:

| | | |
|--------------------------|----|-----------------|
| Funds Approved | \$ | 613,230 |
| Funds Expended | | <u>613,230</u> |
| Excess of Funds Approved | \$ | <u><u>-</u></u> |
| Funds Advanced | \$ | 613,230 |
| Funds Expended | | <u>613,230</u> |
| Excess of Funds Advanced | \$ | <u><u>-</u></u> |

2 There were no audit period additions during fiscal year 2015. The PHA completed the grant and drawdowns during prior years

3 The distribution of costs by major cost accounts as shown on the Final Statement of Modernization Cost dated January 20, 2015, accompanying the Actual Modernization Cost Certificate submitted to HUD for approval is in agreement with the PHA's records.

4 All modernization costs have been paid and all related liabilities have been discharged through payment.

BRISTOL REDEVELOPMENT & HOUSING AUTHORITY
Bristol , Virginia

STATEMENT OF ACTUAL MODERNIZATION COSTS
FOR THE YEAR ENDED MARCH 31, 2015

Annual Contributions Contract P-152

PHASE VA36P002501-09

1 The Actual Modernization Costs of Phase 501-09 were:

| | | |
|--------------------------|----|-----------------|
| Funds Approved | \$ | 613,230 |
| Funds Expended | | <u>613,230</u> |
| Excess of Funds Approved | \$ | <u><u>-</u></u> |
| Funds Advanced | \$ | 613,230 |
| Funds Expended | | <u>613,230</u> |
| Excess of Funds Advanced | \$ | <u><u>-</u></u> |

2 There were no audit period additions during fiscal year 2015. The PHA completed the grant and drawdowns during prior years

3 The distribution of costs by major cost accounts as shown on the Final Statement of Modernization Cost dated January 20, 2015, accompanying the Actual Modernization Cost Certificate submitted to HUD for approval is in agreement with the PHA's records.

4 All modernization costs have been paid and all related liabilities have been discharged through payment.

BRISTOL REDEVELOPMENT & HOUSING AUTHORITY
Bristol , Virginia

STATEMENT OF ACTUAL MODERNIZATION COSTS
FOR THE YEAR ENDED MARCH 31, 2015

Annual Contributions Contract P-152

PHASE VA36P002501-11

1 The Actual Modernization Costs of Phase 501-11 were:

| | | |
|--------------------------|----|-----------------|
| Funds Approved | \$ | 572,477 |
| Funds Expended | | <u>572,477</u> |
| Excess of Funds Approved | \$ | <u><u>-</u></u> |
| | | |
| Funds Advanced | \$ | 572,477 |
| Funds Expended | | <u>572,477</u> |
| Excess of Funds Advanced | \$ | <u><u>-</u></u> |

- 2 There were no audit period additions during fiscal year 2015. The PHA completed the grant and drawdowns during the current year.
- 3 The distribution of costs by major cost accounts as shown on the Final Statement of Modernization Cost dated January 20, 2015, accompanying the Actual Modernization Cost Certificate submitted to HUD for approval is in agreement with the PHA's records.
- 4 All modernization costs have been paid and all related liabilities have been discharged through payment.