

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

**INDEPENDENT AUDITOR'S REPORT**  
**AND**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2018**



**CERTIFIED PUBLIC ACCOUNTANTS**  
**MANAGEMENT CONSULTANTS**  
**MEMBER AICPA**

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## **INDEPENDENT AUDITOR'S REPORT**

Board of Commissioners  
Bristol Redevelopment and Housing Authority  
Bristol, Virginia

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Bristol Redevelopment and Housing Authority, VA (the Authority), as of and for the year ended March 31, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents. The prior year summarized comparative information has been derived from the Authority's March 31, 2017 financial statements. In our report dated June 29, 2017, we expressed an unmodified opinion on those financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the Blended Component Units as of and for the year ended December 31, 2017. Those statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for such component units, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority'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 on the Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority, as of March 31, 2018, and the changes in its net position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.



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## INDEPENDENT AUDITOR'S REPORT (Continued)

### Other Matters

#### Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include Management's discussion and analysis, listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

#### Supplemental and Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplemental information shown on Pages 36 to 46 is presented for purposes of additional analysis that includes the Financial Data Schedule required by the *Uniform Financial Reporting Standards* issued by the U.S. Department of Housing and Urban Development and the Schedule of Expenditure of Federal Awards required by the Office of Management and Budget Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). The supplemental information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

#### Report Issued in Accordance with *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 26, 2018 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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* in considering the Authority's internal control over financial reporting and compliance.

AAL, P.C.

AAL P.C.  
Vienna, VA  
September 26, 2018

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

**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
**For the year ending March 31, 2018**

The Bristol Redevelopment & Housing Authority (hereafter the “Authority”) presents its Annual Report for the year ended March 31, 2018, 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 analysis of the Authority is intended to provide an overview of the Authority’s financial activities for the fiscal year ended March 31, 2018. 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, 2018**

Jerry Chorosevic, Sr., Chairman  
Dr. Gary Poulton, Vice Chairman  
Larry Neese, Commissioner  
Dr. Frank Finan, Commissioner  
Constance Denise Franklin, Commissioner

**Administrative Staff as of March 31, 2018**

Lisa Porter, Executive Director/CEO  
Diana Carter, VP Housing Operations  
Todd Musick, VP Capital Improvements  
Ray Austin, VP Finance & Administration

**Financial Highlights**

- The Authority was awarded a new capital fund (CFP) grant from the U. S. Department of Housing and Urban Development (HUD) of \$803,731 during fiscal year 2018. Total capital grant expenditures during the fiscal year were \$306,921.
- The Authority received HUD Public Housing operating subsidy in the amount of \$1,486,312 and funding for the Housing Choice Voucher Program in the amount of \$1,182,594.
- The Authority added a second component unit, the Village at Oakview, to its consolidated financial statements, resulting in a significant change to its overall Net Position (see details in later notes).

**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.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the year ending March 31, 2018**

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 those will consist of the following: (a) Statement of Net Position (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** (Balance Sheet) presents information on all of the Authority's assets and liabilities, with the difference between the two being 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 Net 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 (a) the earnings event, (b) when an obligation arises, or (c) the depreciation of capital assets.

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 Authority is a public body and a body corporate and politic organized under the laws of the Commonwealth 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 U. S Department of Housing and Urban Development.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the year ending March 31, 2018**

The Authority is governed by a Board of Commissioners appointed by the City of Bristol which has governance responsibilities over all activities related to the Authority. The Authority's Board of Commissioners have 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. Therefore, the Authority reports independently and is not included in the City of Bristol's financial reports.

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 U. S. 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

The Business Activities Programs are non-federally aided programs administered by the Authority which include the development and/or management of the following:

- Component Unit – Sapling Grove Apartments, LLC
- Component Unit – Village at Oakview, LLC
- State Rental Assistance Program (SRAP) through the Virginia Department of Behavioral Health and Developmental Services (DBHDS).

**Financial Analysis**

The following sections present 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**  
**Bristol, Virginia**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the year ending March 31, 2018**

**Bristol Redevelopment & Housing Authority**  
**Combined Statement of Net Position**

**TABLE I**

<b>Account Descriptions</b>	<b>2018</b>	<b>2017</b>	<b>Total Change</b>	<b>% Change</b>
Current Assets	2,234,474	2,039,161	195,313	9.58%
Noncurrent Assets	133,629	1,377,725	-1,244,096	-90.30%
Capital Assets	13,993,787	6,255,583	7,738,204	123.70%
Deferred Outflow of Resources	119,009	146,168	-27,159	-18.58%
<b>Total Assets</b>	<b>16,480,899</b>	<b>9,818,637</b>	<b>6,662,262</b>	<b>67.85%</b>
Current Liabilities	1,180,775	349,273	831,502	238.07%
Noncurrent Liabilities	3,134,505	1,089,974	2,044,531	187.58%
Deferred Inflow of Resources	62,775	5,741	57,034	993.45%
<b>Total Liabilities</b>	<b>4,378,055</b>	<b>1,444,988</b>	<b>2,933,067</b>	<b>202.98%</b>
Investments in Capital Assets	9,424,120	5,866,839	3,557,281	52.49%
Restricted Net Position	7,832	5,531	2,301	41.60%
Unrestricted Net Position	2,670,892	2,501,279	169,613	25.89%
<b>Total Net Position</b>	<b>12,102,844</b>	<b>8,373,649</b>	<b>3,729,195</b>	<b>44.53%</b>
<b>Total Liabilities &amp; Net Position</b>	<b>16,480,899</b>	<b>9,818,637</b>	<b>6,662,262</b>	<b>67.85%</b>

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

*Noncurrent assets* decreased by \$1,244,096, reflecting the elimination of notes payable between the Authority and its component unit, the Village at Oakview. These specific notes were not eliminated in the prior FY2017 Authority audit report because the consolidated financials did not yet include this component unit.

*Capital assets* increased by \$7,738,204 due to the inclusion of the Village at Oakview LLC into the consolidated Authority report, with \$654,820 in additional Accumulated Depreciation during the fiscal year.

*Noncurrent liabilities* increased by \$2,044,531 mostly due to the inclusion of the Village at Oakview LLC into the consolidated Authority report. This amount represents construction related accounts and loans payable of the new development as of the component unit fiscal year end. The implementation of GASB 75 also added an \$80,000 liability for OPEB.

*Deferred Inflow and Outflow of Resources* were adjusted based on the Virginia Retirement System GASB 68 and GASB 75 reports for June 30, 2017 Measurement Date. The adjustments decreased Deferred Outflow of Resources by \$27,159 while it increased Deferred Inflow of Resources by \$57,034.

Total *Net Position* increased by \$3,729,195 due in part to the above factors indicated; it is comprised of these types:

- (a) *Unrestricted Net Position* funds which are not as restricted as the restricted net position category but remain subject to varying degrees of restrictions,
- (b) *Restricted Net Position* funds which are restricted by HUD or other outside controlling documents and/or entities for specific program and project needs and cannot be used for general Authority purposes,



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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the year ending March 31, 2018**

(c) *Investment in Capital Asset* funds which are investments in capital assets net of capital debt.

*Investments in Capital Assets* and *Unrestricted Net Position* had a net increase of \$3,726,894. Investments in Capital Assets increased by \$3,557,281 due mostly to the inclusion of the Village at Oakview LLC into the consolidated Authority report.

**Bristol Redevelopment & Housing Authority**  
**Combined Statement of Revenues, Expenses and Change in Net Position**  
**TABLE II**

Account Descriptions	2018	2017	Total Change	% Change
Tenant Revenue	1,033,925	1,025,778	8,147	0.79%
HUD Grant Funding	3,065,483	3,601,188	-535,705	-14.88%
State Grant Funding	67,726	-	67,726	n/a
Interest Income	2,872	1,317	1,555	118.07%
Other Income	415,195	344,810	70,385	20.41%
<b>Tot</b>	<b>4,585,201</b>	<b>4,973,093</b>	<b>-387,892</b>	<b>-7.80%</b>
Administration	1,093,138	1,043,724	49,414	4.73%
Tenant Services	173,591	164,019	9,572	5.84%
Utilities	447,567	446,188	1,379	0.31%
Ordinary Maintenance	842,173	828,962	13,211	1.59%
Protective Services	4,601	8,875	-4,274	-48.16%
General Expenses	295,203	234,739	60,464	25.76%
Housing Assistance Payments	1,044,992	1,097,813	-52,821	-4.81%
Interest Expense	13,465	13,744	-279	-2.03%
Loss on Sale of Assets	-	-	-	0.00%
Depreciation	655,001	626,578	28,423	4.54%
<b>Tot</b>	<b>4,569,731</b>	<b>4,464,642</b>	<b>105,089</b>	<b>2.35%</b>
Net Surplus	15,470	508,451	-492,981	n/a
Consolidation / Prior Period Adj	3,713,726	5,459	3,708,266	n/a
Change in Net Position	3,729,196	513,910	3,215,285	n/a
Beginning Net Position	8,373,648	7,859,739	513,910	6.54%
<b>Ending Net Position</b>	<b>12,102,844</b>	<b>8,373,649</b>	<b>3,729,195</b>	<b>44.53%</b>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the year ending March 31, 2018**

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

Total Revenues decreased by \$387,892 or 7.80% from the prior year. Governmental grants and subsidy from HUD decreased by \$535,705 (see note below Table III) while Other Income increased by \$70,385 (made up mostly of income from Business Activities). The below table gives us a comparative year by year breakdown of the HUD grant programs:

**Bristol Redevelopment & Housing Authority**  
**HUD Funding Comparative**  
**TABLE III**

<b>Year</b>	<b>Public Housing</b>	<b>HCV</b>	<b>CFP</b>	<b>ROSS</b>	<b>Totals</b>
2018	1,486,312	1,182,594	306,921	89,656	3,065,483
2017	1,413,674	1,247,973	830,342	109,199	3,601,188
<b>Net Change</b>	<b>72,638</b>	<b>(65,379)</b>	<b>(523,421)</b>	<b>(19,543)</b>	<b>(535,705)</b>
<b>% Change</b>	<b>5.14%</b>	<b>-5.24%</b>	<b>-63.04%</b>	<b>-17.90%</b>	<b>-14.88%</b>

The HUD funding decrease relates to a reduction of funding for the Capital Fund Program (“CFP”). Because CFP funds are recognized as revenue and drawn down as expenditures are incurred, this decrease in HUD revenue is a direct correlation of a decrease in CFP expenditures during the year.

Total Expenses increased by \$105,089 or 2.35 % over the previous year.

Administration expenses increased by \$49,414 or 4.73%, due mostly to staffing changes and budgeted employee salary and benefit increases.

General Expenses increased by \$60,464 or 25.76%. Much of this increase was due to the retirement of the Executive Director during the fiscal year, and the subsequent need to recruit, interview and onboard the successful replacement.

Housing Assistance Payments (HAP) for the Housing Choice Voucher Program decreased by \$52,821 or 4.81 % over the prior year due entirely to the availability of funding for these assistance payments.

Depreciation expense increased by \$28,423 or 4.54 % as several CFP 2015 assets were capitalized and began depreciating during the fiscal year. Depreciation expense is expected to increase more dramatically in FY 2019 as the Village at Oakview component unit buildings and equipment begins to depreciate.

The Consolidation / Prior Period Adj to Net Position of \$3,713,726 in FY 2018 represents the addition from inclusion of the Village at Oakview LLC into the consolidated Authority report together with an \$84,884 decrease from the implementation of GASB 75 for OPEB Liability.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the year ending March 31, 2018**

**Capital Assets**

At year end, the Authority had \$13.993 million in capital assets, which represented a 123.7% net increase (additions, reductions, and depreciation) from the \$6.255 million balance at FYE 2017.

During FY 2018, there were increases of \$4,692,691 in Buildings & Improvements and \$3,427,972 in Construction in Progress, respectively, which were almost entirely from of the inclusion of the Village at Oakview component unit in the Authority's consolidated financials.

Total depreciation expense for the fiscal year was \$655,001, while an adjustment to Accumulated Depreciation of \$181 offset a small portion of this expense. The following table shows the comparative change in asset categories from 2017 to 2018.

**Bristol Redevelopment & Housing Authority**  
**Combined Statement of Capital Assets**

TABLE IV

Account Descriptions	2018	2017	Total Change	% Change
Land	962,573	762,573	200,000	26.23%
Buildings & Improvements	35,611,968	30,919,278	4,692,690	15.18%
Equipment	724,596	652,232	72,361	11.09%
Construction in Progress	3,481,091	53,119	3,427,972	6453.38%
<b>Subtotal</b>	40,780,228	32,387,202	8,393,023	
Less Accumulated Depreciation	(26,786,441)	(26,131,619)	(654,819)	2.51%
<b>Total Capital Assets</b>	<b>13,993,787</b>	<b>6,255,583</b>	<b>7,738,204</b>	<b>123.70%</b>

**Current and Long-Term Debt Outstanding**

The Authority's Current and Long-Term Debt at March 31, 2018 totaled \$4,569,668 as compared to \$388,742 at the end of the previous year, representing an increase of \$4,180,926. This increase was a direct result of consolidating the Village at Oakview LLC component unit with the normal amortization of long and short-term debt obligations relating 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. Table V is a summary of activity of all debt liabilities:

**Bristol Redevelopment & Housing Authority**  
**Outstanding Debt Schedule**

TABLE V

	2018	2017	Total Change	% Change
Current Portion of Long-Term Debt	818,728	8,853	809,875	9148.03%
Long-Term Debt, Net of Current	3,750,940	379,889	3,371,051	887.38%
<b>Totals</b>	<b>4,569,668</b>	<b>388,742</b>	<b>4,180,926</b>	<b>1075.50%</b>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the year ending March 31, 2018**

**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 2019 expense. Bristol's unemployment rate has dropped to around 4.1 percent, but still exceeds the national average of approximately 3.9 percent, resulting in many Authority-assisted families continuing to face hard financial times. Lower participant incomes result in decreases in Tenant Rent revenue in Public Housing and increases in the amount the Authority pays for housing assistance payments for Housing Choice Vouchers. Participants under both programs pay rents based on a specific percentage of their adjusted incomes.
- (2) Based on recent HUD budgets, the Authority expects to see level funding related to all HUD funded programs and does not see any major changes to current funding formulas for the near future. BRHA does not expect the large increase in the CFP funding for grant year 2018 to constitute a trend, rather expecting CFP 2019 funding be restored to recent prior fiscal year levels.
- (3) The Authority is currently engaged in the final construction of a mixed finance development project on the former Bonham Circle public housing site in the 400 block of Oakview Avenue. Named "Village at Oakview," the development project involves the new construction of 48 two-story quadruplex garden style apartments for families. Funding for the twenty-four 2-bedroom and twenty-four 3-bedroom units consists of a combination of low-income housing tax credits and federal public housing resources, as well as construction and permanent loan financing.

Buildings are being delivered for occupancy in phases, with 7 out of 12 buildings ready for occupancy as of December 31, 2017. BRHA received minimal operational income and incurred minimal operational expenses from this new component unit during FY 2018. Delivery of the final 5 buildings is scheduled for the 2<sup>nd</sup> quarter of calendar year 2018, and the development should be fully occupied by June 30, 2018.

Therefore, BRHA expects to see an increase in revenues (including operating subsidy for the 16 public housing units) and expenses for and from the Village at Oakview during FY 2019.

- (4) BRHA expects to complete the Phase II demolition of the former Bonham Circle public housing site during FY2019. This will result in the decommissioning of 26 public housing units from its current inventory, resulting in a partial loss of operating subsidy. The subsidy will not be cut abruptly but will be phased down over the next 3 calendar years per HUD regulations. While a reduction in operating subsidy is never welcomed, it will be offset by the elimination of administrative, operating and maintenance expenses for that AMP during the fiscal year.
- (5) During FY 2018, the Authority navigated a change in leadership as David Baldwin retired from the position of Executive Director / CEO on December 31, 2017 and was replaced by Lisa Porter. Ms. Porter brings 27 years of experience in public housing that will allow her to build on

**BRISTOL REDEVELOPMENT AND HOUSING AUTHORITY**  
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**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the year ending March 31, 2018**

and protect the legacy of Mr. Baldwin, who served the Authority with distinction during his 14-year tenure. The Authority does not expect any immediate changes to fiscal policy as a result of this transition.

**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:

Lisa R. Porter, Executive Director / CEO  
Bristol Redevelopment and Housing Authority  
809 Edmond Street  
Bristol, Virginia 24201

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

**STATEMENT OF NET POSITION**  
**As of March 31, 2018**  
**(With Comparative Amounts as of March 31, 2017)**

	<b>2018</b>	<b>2017</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash – Unrestricted	1,538,775	\$1,446,332
Cash – Restricted	373,897	305,594
Total Cash (Note B)	1,912,672	1,751,926
Investment at Fair Value, Unrestricted (Note B)	185,347	183,055
Account Receivables, Net of Allowance (Note C)	76,493	46,487
Prepaid Expenses (Note D)	59,962	57,693
<b>Total Current Assets</b>	<b>2,234,474</b>	<b>2,039,161</b>
<b>Non-Current Assets</b>		
Notes, Loans and Mortgages Receivables (Note E)	133,629	1,377,725
Capital Assets, Net of Accumulated Depreciation (Note F)	13,993,787	6,255,583
<b>Total Non-Current Assets</b>	<b>14,127,416</b>	<b>7,633,308</b>
Deferred Outflow of Resources (Notes J&K)	119,009	146,168
<b>TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES</b>	<b>\$16,480,899</b>	<b>\$9,818,637</b>
<b>LIABILITIES AND NET POSITION</b>		
<b>Current Liabilities</b>		
Accounts Payable (Note G)	84,036	36,574
Accrued Expenses	1,354	5,398
Accrued Compensated Absences - Current Portion (Note H)	68,875	65,000
Intergovernmental Payable	33,032	37,523
Tenant Security Deposits	70,856	69,746
Deferred Revenue	2,783	11,740
Long Term Debt - Current Portion (Note I)	818,728	8,853
Other Current Liabilities	101,111	114,439
<b>Total Current Liabilities</b>	<b>1,180,775</b>	<b>349,273</b>
<b>Non-Current Liabilities</b>		
Accrued Compensated Absences (Note H)	56,354	53,182
Long Term Debt - Non Current Portion (Note I)	1,714,798	379,889
Non-Current Liabilities - Other	736,093	24,000
Net Pension & OPEB Liabilities (Notes J&K)	627,260	632,904
<b>Total Non-Current Liabilities</b>	<b>3,134,505</b>	<b>1,089,975</b>
Deferred Inflow of Resources (Notes J&K)	62,775	5,741
<b>Total Liabilities</b>	<b>4,378,055</b>	<b>1,444,989</b>
<b>Net Position</b>		
Net Position Invested in Capital Assets, Net of Related Debt	9,424,120	5,866,839
Restricted Net Position	7,832	5,531
Unrestricted Net Position	2,670,892	2,501,278
<b>Total Net Position</b>	<b>12,102,844</b>	<b>8,373,648</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES AND NET POSITION</b>	<b>\$16,480,899</b>	<b>\$9,818,637</b>

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

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**For the Year Ended March 31, 2018**  
**(With Comparative Amounts for the Year Ended March 31, 2017)**

	<b>2018</b>	<b>2017</b>
<b>OPERATING REVENUE</b>		
Rental Income	\$1,033,925	\$1,025,778
HUD PHA Operating Grants (Note L)	3,065,483	3,449,156
Other Government Grants	67,726	-
Proceeds from Disposition of Assets Held for Sale	-	200,000
Fraud Recovery	806	-
Other Revenue	414,389	203,855
<b>TOTAL OPERATING REVENUE</b>	<b>4,582,329</b>	<b>4,878,789</b>
<b>OPERATING EXPENSES</b>		
Administrative	1,093,138	1,043,723
Tenant Services	173,591	164,019
Utilities	447,567	446,188
Ordinary Maintenance	842,173	828,962
Protective Services	4,601	8,875
General Expenditures	295,203	234,741
Housing Assistance Payments	1,044,992	1,097,813
Depreciation	655,001	626,578
<b>TOTAL OPERATING EXPENSES</b>	<b>4,556,266</b>	<b>4,450,899</b>
<b>OPERATING INCOME (LOSS)</b>	26,063	427,890
<b>NON-OPERATING REVENUE (EXPENSES)</b>		
Investment Income, Unrestricted	2,872	1,317
Interest on Loans	(13,465)	(13,744)
Gain (Loss) on Sale of Fixed Assets	-	(59,045)
	<b>(10,593)</b>	<b>(71,472)</b>
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS</b>	15,470	356,418
Capital Grants - HUD (Note L)	-	152,032
<b>CHANGE IN NET POSITION</b>	<b>15,470</b>	<b>508,450</b>
<b>PRIOR YEAR ADJUSTMENT &amp; CORRECTION OF ERRORS</b>	<b>(84,884)</b>	<b>5,459</b>
<b>CAPITAL CONTRIBUTION (CONSOLIDATED UNIT) (Note M)</b>	<b>3,798,610</b>	<b>-</b>
<b>NET POSITION - BEGINNING OF THE YEAR</b>	<b>8,373,648</b>	<b>7,859,739</b>
<b>NET POSITION - END OF THE YEAR</b>	<b>12,102,844</b>	<b>\$8,373,648</b>

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

**STATEMENT OF CASH FLOWS**  
**For the Year Ended March 31, 2018**  
**(With Comparative Amounts for the Year Ended March 31, 2017)**

	<b>2018</b>	<b>2017</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash Received from Tenants	\$1,037,893	\$1,024,551
Other Revenue Receipts	414,389	203,662
HUD PHA Operating Grants	3,065,483	3,495,694
Other Government Grants	67,726	-
Proceeds from Disposition of Assets Held for Sale	-	200,000
Housing Assistance Payments	(1,045,532)	(1,097,813)
Cash Paid for Operating Expenses	(2,862,766)	(2,730,179)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>677,193</b>	<b>1,095,915</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Capital Contributions (Component Unit)	3,588,669	-
Capital Grants - HUD	-	152,032
Proceed from Sale of Equipment	-	(59,045)
Notes, Loans and Mortgages Receivables	1,244,096	(1,045,004)
Principal and Interest payment on Operating Debt	2,843,412	(19,294)
<b>NET CASH PROVIDED / USED BY FINANCING ACTIVITIES</b>	<b>7,676,177</b>	<b>(971,311)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of Capital Assets	(8,193,204)	(189,212)
Proceeds from Sales of Fixed Asset	-	58,960
Payments for Investment	(2,292)	(1,135)
Investment Income	2,872	1,317
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<b>(8,192,624)</b>	<b>(130,070)</b>
<b>NET CHANGE IN CASH</b>	<b>160,746</b>	<b>(5,466)</b>
<b>CASH - BEGINNING</b>	<b>1,751,926</b>	<b>1,757,392</b>
<b>CASH - ENDING</b>	<b>\$1,912,672</b>	<b>\$1,751,926</b>



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

**STATEMENT OF CASH FLOWS**  
**For the Year Ended March 31, 2018**  
**(With Comparative Amounts for the Year Ended March 31, 2017)**  
**(Continued)**

	<b>2018</b>	<b>2017</b>
<b>Reconciliation of Operating Loss to Net Cash Provided by Operating Activities</b>		
Operating Income (Loss)	\$39,528	\$427,891
<b>Adjustment to Reconcile Operating Loss to Net Cash Provided by Operating Activities:</b>		
Depreciation	655,001	626,578
Prior Period Adjustment	(84,884)	5,459
<b>(Increase) Decrease in Assets:</b>		
Accounts Receivable	(31,239)	38,838
Other Receivables	-	16,021
Prepaid Expenses & Other Assets	(2,269)	
Increase in Investments	(2,292)	(27,619)
Deferred Outflow of Resources	27,159	(57,772)
<b>Increase (Decrease) in Liabilities:</b>		
Accounts Payable	47,462	123
Accrued Expenses	(4,044)	(8,331)
Intergovernmental Payable	(4,491)	7,018
Tenant Security Deposits	1,110	2,128
Deferred Revenues	(8,957)	4,152
Accrued Compensated Absences	7,047	(2,694)
Other Current Liabilities	(13,328)	10,676
Deferred Inflow of Resources	57,034	(66,110)
Net Pension Liability	(5,644)	119,557
<b>Net Cash Provided by Operating Activities</b>	<b>\$677,193</b>	<b>\$1,095,915</b>

**BRISTOL REDEVELOPMENT AND HOUSING AUTHORITY**

**Bristol, Virginia**

**NOTES TO FINANCIAL STATEMENTS**

**March 31, 2018**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization, Reporting Entity and Program Descriptions:** The Bristol Redevelopment and Housing Authority is a public body and a body corporate and politic created by the City of Bristol in 1937 under the authority of the General Statutes of the State of Virginia and the National Housing Act of 1937. The Authority was created for the purpose of providing safe and sanitary housing for the low-income citizens of Bristol. The Authority engages in the development, operation, and administration of a Low Rent Housing Program and other federally assisted programs.

The governing body of the Authority consists of a Chairperson and a Board of Commissioners, but the Authority designates its own management. The City of Bristol provides no financial support to the Authority and is not responsible for the debts or entitled to the surpluses of the Authority. The Authority has the power to approve its own budget and maintain its own accounting system. Although the Mayor of the City of Bristol appoints the governing board of the Authority, no other criteria established by NCGA Statement 3 (and adopted by the Governmental Accounting Standards Board) for inclusion of the Authority in the financial reports of the City are met. Therefore, a separate financial report is prepared for the Authority according to GASB Statement 14. These financial statements do not reflect, nor are required to reflect, blended or discretely presented component unit activity.

A review of the Authority's budgets, annual contributions, contracts, minutes of the Board of Commissioner's meetings, cash receipts and cash disbursements disclosed that the following funds account for all operations of the Bristol Redevelopment and Housing Authority:

- Low-Rent Public Housing - Authority Owned Housing
- Public Housing Capital Fund Program
- Section 8 - Housing Choice Voucher Program
- Resident Opportunities and Self Sufficiency Program
- Business Activities – Administrative Fund
- Component Units – Sapling Grove Apartments LLC
  - Village at Oakview LLC

***Low Rent Public Housing*** – The Low Rent Public Housing Program is designed to provide subsidized housing to low income residents. Under this program, the Authority owns and operates 388 public housing units located in the City of Bristol, Virginia. All units are under the management of the Authority and are fully occupied. The Authority receives revenues from dwelling rental income and an operating subsidy provided by HUD.

***Public Housing Capital Fund Program*** - Capital grants, funded by HUD, are used for new construction and to improve the physical condition, management, and operation of exiting public housing.

***Housing Choice Voucher Program (HCV)*** – The Authority administers the leasing of up to 303 units through the Housing Choice Voucher Program. This program establishes partnership between the Authority and private housing providers throughout the Authority's service area. The Authority earns administrative fees from HUD for facilitating and managing the public/private housing partnership.

***Resident Opportunities and Self Sufficiency Program (ROSS)*** - ROSS grants are provided by HUD to be utilized for providing the residents of public housing with supportive services, resident empowerment activities, and assistance in becoming economically self- sufficient.

***Business Activities*** – The Business Activities includes non-federal rental property and real estate, development and property management activity for the component units.

**BRISTOL REDEVELOPMENT AND HOUSING AUTHORITY**

**Bristol, Virginia**

**NOTES TO FINANCIAL STATEMENTS**

**March 31, 2018**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)**

**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 entities support the various LIHTC developments.

The affiliate entities are considered component units in accordance with generally accepted accounting principles. The criteria for including organizations as a component unit 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 the operational or financial relationships with the Authority, the component units are included in the Authority's reporting entity. The blended component units, although legally separate entities are, in substance, part of the Authority's operations.

Separate financial information for the following blended component unit is presented in Note S:

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, 2017, 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.

Village at Oakview LLC – This entity is a Virginia limited liability company formed in 2016 to construct and operate twelve buildings of affordable housing in Bristol, Virginia. The buildings consist of 48 residential rental apartments, of which 16 are public housing units. As of December 31, 2017, the Company has three members – Virginia Affordable Housing Management Corporation owns a .001% special member interest, Village Management, LLC owns a .009% managing member interest, and the Housing Equity Fund of Virginia XX, LLC owns a 99.99% investor member interest. Profit, losses, tax credits, and cash disbursements are allocated among the members based on their respective ownership interest.

**Fund Accounting:** The Authority uses fund accounting to report on its financial position and results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain Authority functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts. The Authority maintains Proprietary Fund types, the operations of which are accounted for in Enterprise Funds. These funds are established to account for operations similar to business enterprises where operations are primarily supported by user charges.

**BRISTOL REDEVELOPMENT AND HOUSING AUTHORITY**

**Bristol, Virginia**

**NOTES TO FINANCIAL STATEMENTS**

**March 31, 2018**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

**Accounting Principles:** The financial statements of the Authority have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to Government Units. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Authority has elected to apply all applicable GASB as well as Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with GASB pronouncements.

**Basis of Accounting:** The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Enterprise fund types use the flow of economic resources measurement focus and the accrual basis of accounting. Under this method, the emphasis is on the measurement of net income similar to the approach used by commercial enterprises. Revenues are recognized when earned and expenses are recognized when incurred. All assets and liabilities associated with the operation of these funds are included on the statement of net assets. However, all inter-authority balances and transactions have been eliminated in consolidation.

The Authority reports deferred credits on its combined balance sheet. Deferred credits arise when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Deferred credits also arise when the Authority receives resources before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures or when tenants pay the subsequent month’s rent in advance.

In subsequent periods, when both revenue recognition criteria are met, or when the Authority has a legal claim to the resources, the liability for deferred credit is removed from the balance sheet and revenue is recognized.

**Budget and Budgetary Accounting:** The Authority is required by the U.S. Department of Housing and Urban Development (“HUD”) Annual Contribution Contract to adopt annual budgets for low rent public housing programs. Annual budgets are not required for capital project grants or housing assistance payment programs, as their budgets are approved for the length of the grant or program. Annual project or grant length budgets require grantor approval.

Appropriations are authorized at the functional level. Management transfers budget authorization between functions. All appropriations that are not used lapse at year-end. Budgeted amounts are as originally adopted or as amended by the Board of Commissioners.

**Use of Estimates:** Preparing the Authority’s financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The most significant estimates relate to allowance for uncollectible accounts receivable, inventory obsolescence, the liability for post-employment benefits, and depreciation. These estimates may be adjusted as more current information becomes available and any adjustment could be significant.

**Cash and Cash Equivalents:** Cash and cash equivalents are considered to be cash on hand and temporary investments with original maturities of three months or less from the date of acquisition.

Restricted cash and cash equivalents consist of tenant security deposits and net assets restricted for housing assistance payments.

**BRISTOL REDEVELOPMENT AND HOUSING AUTHORITY**

**Bristol, Virginia**

**NOTES TO FINANCIAL STATEMENTS**

**March 31, 2018**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Prepaid Expenses:** Payments made to vendors for services that will benefit periods beyond the fiscal year are recorded as deferred charges or prepaid expenses. Prepaid expenses consist of prepayments for liability and property insurance coverage and cash surrender values of life insurance contracts.

**Investments:** Investments are stated at market value. Fluctuations in market value and gain or loss upon disposition of investments are recorded in investment income.

**Capital Assets:** General fixed assets acquired by governmental funds are capitalized in the fund used to acquire or construct them. All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs that do not add to the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable. Assets are depreciated over their useful lives using the straight-line method.

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

Building and Leasehold Improvements	10 - 27 Years
Machinery and Equipment	3 - 5 Years
Office Furniture, Fixtures and Equipment	3 – 5 Years

Upon retirement or other disposition of capital assets, the cost and related accumulated depreciation are removed from the program's accounts. Any gain or loss is included in the program's current year operations.

Major repair expenditures and costs of non-routine maintenance are funded from operations and are charged against income.

**Deferred Revenue:** The Authority's deferred revenue balance represents the receipt of HUD funding or tenant rents applicable to future periods.

**Income Taxes:** The Authority is a non-profit, tax exempt corporation subsidized by the federal government. The Authority is not subject to Federal or State income taxes, nor is it required to file Federal or State income tax returns.

**Vacation and Sick Leave Compensation:** Under current policy, a terminating employee is entitled to receive payment of accumulated unpaid vacation up to 288 hours. The Authority's policy does allow for payment of accrued sick leave, up to \$2500, upon retirement. The Authority has established a liability in the financial statements for this compensation.

**Net Position:** The difference between assets and liabilities is net position. Net position is subdivided into three categories: net position invested in capital assets, net of related debt; restricted net position; and unrestricted net position. Each component of net position is reported separately on the statements of net position.

Net position invested in capital assets, net of related debt is the balance of capital assets less accumulated depreciation, net of outstanding related debt.

Restricted net position is subject to constraints externally imposed by funding agencies or legislation. The amount of restricted net position is calculated by reducing the carrying value of restricted position by their related

**BRISTOL REDEVELOPMENT AND HOUSING AUTHORITY**

**Bristol, Virginia**

**NOTES TO FINANCIAL STATEMENTS**

**March 31, 2018**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

liabilities. As at March 31, 2018, the Authority has \$7,832 in net position restricted for future housing assistance payments and reserves of Component Units, restricted by investors.

The unrestricted component of net position represents the portion remaining after the “net position invested in capital assets” and “restricted” amounts have been determined. The Authority’s positive value of unrestricted net position may be used to meet ongoing obligations.

**Write-off of Bad Debts:** The Authority follows the GAAP method of providing allowance for doubtful accounts and records them as bad debt expense.

**NOTE B – CASH AND INVESTMENTS:**

The Authority’s cash and investments, both unrestricted and restricted, consists of checking, savings, super NOW accounts, and investments with Virginia Investment Pool (LGIP) held at financial institutions. Deposits at each financial institution are insured by the FDIC up to \$250,000 in addition to being collateralized by pledged securities. 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 Authority is allowed to invest in certain “approved investment securities” in accordance with HUD guidelines. Approved investments generally include any of the following:

- a. Direct obligations of the United States of America or obligations fully guaranteed by the United States of America.
- b. Bonds, indentures, notes or other obligations issued by agencies or instrumentalities of the United States of America, the obligations of which are full faith and credit obligations of the United States of America.
- c. Interest-bearing time or demand deposits or similar banking arrangements which are federally insured in excess of the insurance coverage, may be made at a depository institution provided it is 100 percent collateralized by any of the securities listed above held in the Authority’s name.
- d. Certificates of deposits or other similar banking arrangements, which are federally insured. A deposit in excess of the insurance coverage may be made at a depository institution provided that it is 100 percent collateralized by any of the securities listed above.
- e. Repurchase agreements collateralized by direct obligations of, or obligations in the payment of principal and interest on which are unconditionally guaranteed as to full and timely payment by the United States of America.

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

The Authority has no policy regarding custodial credit risk for deposits. The three custodial credit-risk categories are defined as follows:

- a. Insured or collateralized with securities held by the entity or by its agent (correspondent bank or Federal Reserve Bank) in the Entity’s name.
- b. Collateralized with securities held by the pledging financial institution trust department or agent in entity’s name.
- c. Uncollateralized or collateralized with securities held by the pledging financial institution or by its trust department or agent but not in the entity’s name.

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

**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2018**

**NOTE B – CASH AND INVESTMENTS (continued)**

Authority's cash and investment with financial institutions at March 31, 2018 and 2017, consist of the following:

	Credit-risk Categories			Total Bank	Carrying
	1	2	3	Balance	Amount
<b>2018</b>	\$2,132,659	\$0	\$0	\$2,132,659	\$2,098,019
<b>2017</b>	\$1,974,047	\$0	\$0	\$1,974,047	\$1,934,981

**NOTE C – RECEIVABLES:**

Receivables at March 31, 2018 and 2017, consisted of the following:

	2018	2017
Tenant Receivable:		
Dwelling Rents	\$ 29,849	\$ 24,054
Less: Allowance for Doubtful Accounts	(3,533)	(5,495)
	<b>26,316</b>	<b>18,559</b>
Other Receivable:		
HUD (net)	37,709	27,725
Miscellaneous	12,468	203
	<b>50,177</b>	<b>27,928</b>
<b>Total Receivables</b>	<b>\$ 76,493</b>	<b>\$ 46,487</b>

**NOTE D – PREPAID EXPENSES**

Prepaid expenses at March 31, 2018, and 2017, consisted of the following:

	2018	2017
Property and Liability Insurance	\$ 43,485	\$ 30,890
Prepaid Expenses	11,162	21,705
Total Prepaid Expenses	54,647	52,595
Component Unit- Sapling Grove	5,315	5,098
<b>Total Prepaid Expenses &amp; Other Assets</b>	<b>\$ 59,962</b>	<b>\$ 57,693</b>

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

**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2018**

**NOTE E – NOTES, LOANS & MORTGAGE RECEIVABLES**

As of March 31, 2018, the Authority has two Notes Receivable from its Component Unit (Village at Oakview LLC) in the amounts of \$1,238,177 and \$200,000. The amounts of these Notes have been eliminated in the entity-wide consolidation, to the extent of audited amounts as of December 31, 2017 (the closing date of the Component Unit). However, there is still an amount of \$133,628 in the entity-wide accounts, which amount has been extended to the Component Unit after December 31, 2017. This amount will also get eliminated on consolidation of the Component Unit's audit as on December 31, 2018.

**NOTE F – CAPITAL ASSETS**

Capital Assets at March 31, 2018 and 2017, consisted of the following:

	<b>March 31, 2017 Balance</b>	<b>Increase</b>	<b>Decrease</b>	<b>March 31, 2018 Balance</b>
Land	\$ 762,573	\$ 200,000		\$962,573
Buildings and Improvements	30,919,278	4,692,690		35,611,968
Furniture, Equipment and Machinery – Dwellings	422,514	72,361		494,875
Furniture, Equipment and Machinery – Admin.	229,718			229,718
Construction in Progress	53,119	3,481,091	(53,119)	3,481,091
Totals at Historical Cost	<u>32,387,202</u>	<u>8,446,142</u>	<u>(53,119)</u>	<u>40,780,225</u>
Buildings	(25,542,234)	(626,581)	263	(26,168,552)
Furniture, Equipment and Machinery	(589,385)	(28,501)		(617,886)
Total Accumulated Depreciation	<u>(26,131,619)</u>	<u>(655,082)</u>	<u>263</u>	<u>(26,786,438)</u>
<b>Capital Assets, net</b>	<b><u><u>\$6,255,583</u></u></b>	<b><u><u>7,791,060</u></u></b>	<b><u><u>(52,856)</u></u></b>	<b><u><u>13,993,787</u></u></b>

Depreciation expense of \$655,001 was charged to Low Rent Public Housing Project \$516,754, Business Activities \$9,336 and Component Unit \$128,911

**NOTE G – ACCOUNTS PAYABLE**

As of March 31, 2018, the Accounts Payable were \$84,036 (\$36,574 as of March 31, 2018). The Accounts payable as of March 31, 2018, included \$10,347 on account of component units, and others were for vendors, paid off subsequent to the financial year end.



**BRISTOL REDEVELOPMENT AND HOUSING AUTHORITY**

**Bristol, Virginia**

**NOTES TO FINANCIAL STATEMENTS**

**March 31, 2018**

**NOTE H – ACCRUED COMPENSATED ABSENCES**

The details of the liability as of March 31, 2018 are as follows:

Other Liabilities:	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due within One Year	Non-Current
Compensated absences	\$118,182	\$66,301	\$59,252	\$125,229	\$68,875	\$56,354

**NOTE I – LONG TERM DEBT**

The Long-Term Debt as of March 31, 2018 comprises of loans availed by the two component units, Sapling Grove Apartments, LLC. (SGA), Village at Oak View LLC. (V@O).

The SGA loan is in the form of notes payable to VHDA amounting to \$370,721, excluding current portion of \$9,168. The loan carries an interest rate of 3.5% and is being repaid in monthly installments till fully paid off in 2043.

The V@O has three loans aggregating \$3,380,219 (excluding current portion of \$809,560, which is comprised of current accounts payable of construction costs at December 31, 2017). The first loan is for \$200,000 which is the BRHA Land Note, is for 30 years at 2.5% interest. Accrued interest on this Note is \$5,883 as at December 31, 2017, for the Land Note. Second, there is a BR&HA loan \$1,104,549, which is for 30 years, at 0% interest. Third, there is a construction loan in the amount of \$2,069,787.

**NOTE J – EMPLOYEE RETIREMENT PLAN**

All of the Authority’s eligible full-time employees participate in the Virginia Retirement System (the VRS / System). The System is a multiple employer defined benefit cost sharing public employee retirement system covering substantially all employees of the State and its component units, as well as employees of participating non-state government entities who are not participants of another state or municipal retirement system. 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 three defined benefit plans for local government employees—Plan 1, Plan 2, and Hybrid Retirement Plan:

**BRISTOL REDEVELOPMENT AND HOUSING AUTHORITY**

**Bristol, Virginia**

**NOTES TO FINANCIAL STATEMENTS**

**March 31, 2018**

**NOTE J – EMPLOYEE RETIREMENT PLAN (continued)**

- 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 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.

**Funding Plan**

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.

**BRISTOL REDEVELOPMENT AND HOUSING AUTHORITY**

**Bristol, Virginia**

**NOTES TO FINANCIAL STATEMENTS**

**March 31, 2018**

**NOTE J – EMPLOYEE RETIREMENT PLAN (continued)**

The Authority's contribution rate for the fiscal year ended March 31, 2018 was 9.44% of annual covered payroll for Plan 1 and Plan 2 and 7.95% for the Hybrid Plan.

**IMPLEMENTATION OF GASB STATEMENT NO. 68 - Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At March 31, 2018, the Authority reported a net pension liability of \$547,260 for its proportionate share of the pension liability. The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. The Authority's proportion of the net pension asset was based on a projection of the Authority's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating employers, actuarially determined.

For the year ended March 31, 2018, the Authority recognized pension expense of \$89,602. As of March 31, 2018, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflow of Resources</b>	<b>Deferred Inflow of Resources</b>
Differences between expected and actual experience	\$ 40,348	\$ 2,515
Net difference between projected and actual earnings on pension plan investments	-	10,054
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	41,322
Employer contributions subsequent to the measurement date	68,537	-
<b>Total</b>	<b><u>\$ 108,885</u></b>	<b><u>\$ 53,891</u></b>

At March 31, 2018, the Authority reported the amount of \$68,537 as deferred outflows of resources related to pensions resulting from Authority contributions made subsequent to the measurement date. This amount will be recognized as an increase of the net pension asset in the year ended March 31, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2019	\$ 12,970
2020	12,970
2021	12,970
2022	12,970
Thereafter	2,011
<b>Total</b>	<b><u>\$ 53,891</u></b>

**BRISTOL REDEVELOPMENT AND HOUSING AUTHORITY**

**Bristol, Virginia**

**NOTES TO FINANCIAL STATEMENTS**

**March 31, 2018**

**NOTE J – EMPLOYEE RETIREMENT PLAN (continued)**

*Actuarial Assumptions.* The total pension liabilities for financial reporting purposes were determined by actuarial valuations as of July 1, 2015 and rolled forward to June 30, 2016, which were applied to all periods included in the measurement.

Inflation	2.5 percent
Salary increases	3.5 to 5.35 percent
Investment rate of return	7.00 percent
Cost of living adjustment	2.25 to 2.5 percent

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements. 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, 2016 for the Unfunded Actuarial Accrued Liability (UAAL) was 28 years.

*Long-term Investment Returns.* The long-term rates of return on pension plan investments were determined using the building block method in which estimates of expected real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentages and by adding expected inflation.

*Discount Rate.* The discount rate used to measure the total pension liability was 7.0%. The projections of cash flows used to determine the discount rates assumed that employer contributions will be based on the actuarially determined rates. Based on those assumptions, the fiduciary net position of each defined benefit pension plan was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rates of return on pension plan investments were applied to all periods of projected benefit payments to determine the total pension liabilities for the plan

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

	<b>1% Decrease (6.0%)</b>	<b>Discount Rate (7.0%)</b>	<b>1% Increase (8.0%)</b>
Employer's proportionate share of the net pension liability	\$932,456	\$547,260	\$221,000

**BRISTOL REDEVELOPMENT AND HOUSING AUTHORITY**

**Bristol, Virginia**

**NOTES TO FINANCIAL STATEMENTS**

**March 31, 2018**

**NOTE J – EMPLOYEE RETIREMENT PLAN (*continued*)**

***Pension Plan Fiduciary Net Position.*** 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> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

**NOTE K –POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS – GROUP LIFE INSURANCE (OPEB/GLI)**

BRHA participates in Virginia Group Life Insurance Plan (GLI) Plan that is being maintained by Virginia Retirement System (VRS). The VRS Group Life Insurance Program is a multiple employer, cost-sharing plan. It provides coverage to state employees, teachers, and employees of participating political subdivisions. The Group Life Insurance Program is a defined benefit plan that provides a basic group life insurance benefit for employees of participating employers. The benefits payable under the Group Life Insurance Program have several components. (a) Natural Death Benefit – The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. (b) Accidental Death Benefit – The accidental death benefit is double the natural death benefit. (c) Other Benefit Provisions – In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include: (i) Accidental dismemberment benefit, (ii) Safety belt benefit, (iii) Repatriation benefit, (iv) Felonious assault benefit, and (v) Accelerated death benefit option. The benefit amounts provided to members covered under the Group Life Insurance Program are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. The contribution rate for the Group Life Insurance Program was 1.31% of covered employee compensation. This was allocable into an employee and an employer component using a 60/40 split. The employee component was 0.79% (1.31% X 60%) and the employer component was 0.52% (1.31% X 40%). BRHA has elected to pay all of the employee contribution as well.

For purposes of measuring the net Group Life Insurance Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the Group Life Insurance Program OPEB, and Group Life Insurance Program OPEB expense, information about the fiduciary net position of the VRS Group Life Insurance program OPEB and the additions to/deductions from the VRS Group Life Insurance Program OPEB's net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**IMPLEMENTATION OF GASB STATEMENT NO. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions***

At March 31, 2018, BRHA has implemented GASB Statement 75. BRHA reported a Net OPEB/GLI liability of \$80,000 for its proportionate share of the Net OPEB/GLI Liability. The Net OPEB/GLI Liability was measured as of June 30, 2017 and the total OPEB/GLI liability used to calculate the Net OPEB/GLI Liability was determined by an actuarial valuation as of that date. The covered employer's proportion of the Net OPEB/GLI Liability was based on the covered employer's actuarially determined employer contributions to the Group Life Insurance Program for the year ended June 30, 2017 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2017, the participating employer's proportion was 0.00533% as compared to 0.00517% as of June 30, 2016.

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

**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2018**

**NOTE K - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS – GROUP LIFE INSURANCE PLAN (OPEB/GLI) (continued)**

For the year ended March 31, 2018, the participating employer recognized OPEB/GLI expense of \$4,000. Since there was a change in proportionate share between measurement dates, a portion of the OPEB/GLI expense was related to deferred amounts from changes in proportion. At June 30, 2018, the employer reported deferred outflows of resources and deferred inflows of resources related to the OPEB/GLI from the following sources:

	<b>Deferred Outflow of Resources</b>	<b>Deferred Inflow of Resources</b>
Differences between expected and actual experience	\$ -	\$ 1,884
Net difference between projected and actual earnings on OPEB plan investments changes in assumptions	-	3,000
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	4,000
Employer contributions subsequent to the measurement date	10,124	-
<b>Total</b>	<b>\$ 10,124</b>	<b>\$ 8,884</b>

The amount of \$10,124 reported as deferred outflows of resources related to the OPEB/GLI resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net OPEB/GLI Liability in the Fiscal Year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the OPEB/GLI will be recognized in the OPEB/GLI expense in future reporting periods as follows:

2018	\$	1,830
2019	\$	1,830
2020	\$	1,830
2021	\$	1,830
2022	\$	1,079
Thereafter	\$	485
<b>Total</b>	<b>\$</b>	<b>8,884</b>

**Actuarial Assumptions**

The total OPEB/GLI liability was based on an actuarial valuation as of June 30, 2016, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017.

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

**NOTES TO FINANCIAL STATEMENTS**

**March 31, 2018**

**NOTE K - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS – GROUP LIFE INSURANCE PLAN (OPEB/GLI) (continued)**

Inflation 2.5 percent  
 Salary increases, including inflation – 3.5 percent – 5.35 percent

Investment rate of return – 7.0 Percent, net of investment expenses, including inflation  
 Mortality rates – Pre-Retirement: RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males set back 1 year, 85% of rates; females set back 1 year.

Post-Retirement: RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year; females set back 1 year with 1.5% increase compounded from ages 70 to 85.

Post-Disablement: RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males 115% of rates; females 130% of rates.

**Discount Rate**

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

	<b>1% Decrease (6.0%)</b>	<b>Discount Rate (7.0%)</b>	<b>1% Increase (8.0%)</b>
All employers' net OPEB liability (in '000)	\$ 1,946,356	\$ 1,504,840	\$ 1,146,924
BR&HA's proportion of the net OPEB liability	0.0000533	0.0000533	0.0000533
BR&HA's proportionate share of the net OPEB liability	\$ 103,471	\$ 80,000	\$ 60,901

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

**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2018**

**NOTE L – HUD PHA GRANTS**

HUD contributions for the year ended March 31, 2018 and 2017, recognized as grants revenue were as follows:

	<b>Operating Grant</b>	<b>Capital Grants</b>	<b>Total 2018</b>	<b>2017</b>
Low Rent Public Housing - Operating Subsidy	\$1,486,313	-	\$1,486,313	\$1,413,674
Housing Choice Vouchers	\$1,182,594	-	1,182,594	1,247,973
Capital Fund Program	\$306,921	-	\$306,921	830,342
Resident Opportunity and Self Sufficiency	\$89,656	-	89,656.00	109,199
<b>Total</b>	<b>\$ 3,065,484</b>	<b>\$ -</b>	<b>\$ 3,065,484</b>	<b>\$ 3,601,188</b>

**NOTE M – CAPITAL CONTRIBUTION TO COMPONENT UNIT**

As of March 31, 2018, the Authority has recorded the following capital contributions to its component unit (Village at Oakview LLC), which represent the amounts of tax credits received by the respective partners:

	<b>2018</b>
Authority's contribution (through its subsidiary Village Management LLC)	\$25,100
Other partners in the component unit	3,798,610
<b>Total Contributions</b>	<b>\$3,823,710</b>

**NOTE N – RISK MANAGEMENT**

The Authority is exposed to various risks of losses related to torts; theft of, or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority has mitigated this risk by participating and obtaining insurance coverage from commercial insurance companies. Premium paid for insurance coverage are recorded as expenses within each fund.

**NOTE O - CONTINGENCIES**

The majority of the Authority's revenue is provided by federal grants and subsidies. Disbursements of funds received under these programs require compliance with terms and conditions specified in the agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Authority. In the opinion of management, any such disallowed claims would not have a material effect on the overall financial position of the Authority at March 31, 2018.

**NOTE P – CONCENTRATION OF CREDIT RISK**

Financial instruments that are potentially subject to concentration of credit risk consist principally of cash deposits and investments in financial institutions. 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 (SPDA), Section 2.2-4400 et. seq. of the Code of Virginia or covered by federal depository insurance.



**BRISTOL REDEVELOPMENT AND HOUSING AUTHORITY**

**Bristol, Virginia**

**NOTES TO FINANCIAL STATEMENTS**

**March 31, 2018**

**NOTE P – CONCENTRATION OF CREDIT RISK** *(continued)*

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. The Authority's policy is to select investments of varied maturities to mitigate interest rate risk. See also Note B.

**NOTE Q – IMPLEMENTATION OF GASB STATEMENT NO. 34, *Basic Financial Statements– and Management's Discussion and Analysis– For State And Local Governments***

The Authority has implemented GASB Statement 34. Therefore, the Management's Discussion and Analysis, financial statements, and required disclosures have been presented in accordance with GASB Statement No. 34.

**NOTE R – COMPLIANCE WITH GASB STATEMENT NO. 20, *Accounting and Financial Reporting For Proprietary Funds and Other Government Entities That Use Proprietary Fund Accounting***

The Authority has complied with GASB Statement 20 issued in September 1993. Therefore, the financial statements, and required disclosures have been presented by using proprietary fund accounting.

**NOTE S – COMPLIANCE WITH GASB STATEMENT NO. 63, *FINANCIAL REPORTING OF DEFERRED OUTFLOWS OF RESOURCES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION***

The Authority has complied with GASB Statement 63 issued in June 2011. Therefore, the financial statements, and required disclosures have been presented accordingly.

**NOTE T – COMPONENT UNITS**

The financial statements of the Authority include the financial statements of Sapling Grove Apartments LLC, and Village at Oakview LLC, its component units. The detailed financial information has been presented in the Financial Data Schedule.

**NOTE U – SUBSEQUENT EVENTS**

An evaluation of subsequent period events for the year ended March 31, 2018 was performed through to September 26, 2018 the date of the audit report. No events were noted by the Authority that required recognition or disclosure.



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

Board of Commissioners  
Bristol Redevelopment and Housing Authority  
Bristol, Virginia

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Bristol Redevelopment and Housing Authority, VA (the Authority), which comprise the statement of net position as of March 31, 2018, and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated June 29, 2017.

**Internal Control over Financial Reporting**

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

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

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



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

**Compliance and Other matters**

As part of obtaining reasonable assurance about whether the 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 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 results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*AAL, P.C.*

AAL P.C.  
Vienna, VA  
September 26, 2018



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

Board of Commissioners  
Bristol Redevelopment and Housing Authority  
Bristol, Virginia

**Report on Compliance for Each Major Program**

We have audited the Bristol Redevelopment and Housing Authority's (the Authority) compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended March 31, 2018. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on our audit of the types of compliance requirements referred to above.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the Uniform Guidance. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on the major federal programs occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

**Opinion on Each Major Program**

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs identified above for the year ended March 31, 2018.



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

**Other Matters**

The result of our auditing procedures does not disclosed any instance of noncompliance.

**Report on Internal Control Over Compliance**

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

*A deficiency in internal control over compliance* 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, 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 compliance requirement will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or 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 the 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*, as defined above. However, material weakness 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 our testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*AAL, P.C.*

AAL, P.C.  
Vienna, VA  
September 26, 2018

**BRISTOL REDEVELOPMENT AND HOUSING AUTHORITY**

**Bristol, Virginia**

**FINANCIAL DATA SCHEDULE- STATEMENT OF NET POSITION**

**For the Year Ended March 31, 2018**

Line Item #	Account Description	Project Total	Resident Opportunity and Supportive Services	Housing Choice Vouchers	Component Unit - Blended	Business Activities	Subtotal	ELIM	Total
111	Cash - Unrestricted	\$1,381,202		\$27,548	\$107,827	\$22,198	\$1,538,775	\$ -	\$1,538,775
113	Cash - Other Restricted	72,674		7,832	154,809	67,726	303,041		303,041
114	Cash - Tenant Security Deposits	57,712			11,748	1,396	70,856		70,856
<b>100</b>	<b>Total Cash</b>	<b>1,511,588</b>	<b>-</b>	<b>35,380</b>	<b>274,384</b>	<b>91,320</b>	<b>1,912,672</b>	<b>-</b>	<b>1,912,672</b>
122	Accounts Receivable - HUD Other Projects	29,164	8,545	-	-	-	37,709		37,709
125	Accounts Receivable-Miscellaneous	2,365			20	10,083	12,468		12,468
126	Accounts Receivable - Tenants	25,985			2,070	1,794	29,849		29,849
126.1	Allowance for Doubtful Accounts -Tenants	(2,034)			-	(1,499)	(3,533)		(3,533)
<b>120</b>	<b>Total Receivables, Net of Allowances for Doubtful Accounts</b>	<b>55,480</b>	<b>8,545</b>	<b>-</b>	<b>2,090</b>	<b>10,378</b>	<b>76,493</b>	<b>-</b>	<b>76,493</b>
131	Investments - Unrestricted	172,512			-	12,835	185,347		185,347
142	Prepaid Expenses and Other Assets	54,647			5,315	-	59,962		59,962
144	Inter program Due From	7,732					7,732	(7,732)	-
<b>150</b>	<b>Total Current Assets</b>	<b>1,801,959</b>	<b>8,545</b>	<b>35,380</b>	<b>281,789</b>	<b>114,533</b>	<b>2,242,206</b>	<b>(7,732)</b>	<b>2,234,474</b>
161	Land	543,767			200,099	218,707	962,573		962,573
162	Buildings	26,806,740			8,389,738	276,525	35,473,003		35,473,003
163	Furniture, Equipment & Machinery - Dwellings	389,388			105,487		494,875		494,875
164	Furniture, Equipment & Machinery - Administration	229,721					229,721		229,721
166	Accumulated Depreciation	(25,656,713)			(1,043,167)	(86,561)	(26,786,441)		(26,786,441)
167	Construction in Progress				3,481,091		3,481,091		3,481,091
168	Infrastructure				138,965		138,965		138,965
<b>160</b>	<b>Total Capital Assets, Net of Accumulated Depreciation</b>	<b>2,312,903</b>	<b>-</b>	<b>-</b>	<b>11,272,213</b>	<b>408,671</b>	<b>13,993,787</b>	<b>-</b>	<b>13,993,787</b>
171	Notes, Loans and Mortgages Receivable - Non-Current				-	2,169,771	2,169,771	(2,036,142)	133,629
174	Other Assets				-	870,961	870,961	(870,961)	-
<b>180</b>	<b>Total Non-Current Assets</b>	<b>2,312,903</b>	<b>-</b>	<b>-</b>	<b>11,272,213</b>	<b>3,449,403</b>	<b>17,034,519</b>	<b>(2,907,103)</b>	<b>14,127,416</b>
200	Deferred Outflow of Resources	119,009					119,009		119,009
<b>190</b>	<b>Total Assets</b>	<b>4,233,871</b>	<b>8,545</b>	<b>35,380</b>	<b>11,554,002</b>	<b>3,563,936</b>	<b>19,395,734</b>	<b>(2,914,835)</b>	<b>16,480,899</b>
<b>290</b>	<b>Total Assets and Deferred Outflow of Resources</b>	<b>\$4,233,871</b>	<b>\$8,545</b>	<b>\$35,380</b>	<b>\$11,554,002</b>	<b>\$3,563,936</b>	<b>\$19,395,734</b>	<b>(2,914,835)</b>	<b>16,480,899</b>

**BRISTOL REDEVELOPMENT AND HOUSING AUTHORITY**

**Bristol, Virginia**

**FINANCIAL DATA SCHEDULE- STATEMENT OF NET POSITION**

**For the Year Ended March 31, 2018**

**(Continued)**

Line Item #	Account Description	Project Total	Resident Opportunity and Supportive Services	Housing Choice Vouchers	Component Unit - Blended	Business Activities	Subtotal	ELIM	Total
312	Accounts Payable <= 90 Days	\$68,747	\$813	\$3,414	\$10,347	\$715	\$84,036	\$0	\$84,036
321	Accrued Wage/Payroll Taxes Payable	246					246		246
322	Accrued Compensated Absences - Current Portion	59,714		7,336		1,826	68,876		68,876
325	Accrued Interest Payable	-			1,108		1,108		1,108
333	Accounts Payable - Other Government	33,032					33,032		33,032
341	Tenant Security Deposits	57,712			11,748	1,396	70,856		70,856
342	Unearned Revenue	2,720			63		2,783		2,783
343	Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	-			818,728		818,728		818,728
345	Other Current Liabilities	72,674			473		73,147		73,147
346	Accrued Liabilities - Other	25,867		1,675		421	27,963		27,963
347	Inter program Due To		7,732				7,732	(7,732)	-
<b>310</b>	<b>Total Current Liabilities</b>	<b>320,712</b>	<b>8,545</b>	<b>12,425</b>	<b>842,467</b>	<b>4,358</b>	<b>1,188,507</b>	<b>(7,732)</b>	<b>1,180,775</b>
351	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue				3,750,940		3,750,940	(2,036,142)	1,714,798
353	Non-current Liabilities - Other				736,093		736,093	-	736,093
354	Accrued Compensated Absences - Non Current	48,857		6,003		1,494	56,354		56,354
357	Accrued Pension and OPEB Liabilities	627,260					627,260		627,260
<b>350</b>	<b>Total Non-Current Liabilities</b>	<b>676,117</b>	<b>-</b>	<b>6,003</b>	<b>4,487,033</b>	<b>1,494</b>	<b>5,170,647</b>	<b>(2,036,142)</b>	<b>3,134,505</b>
<b>300</b>	<b>Total Liabilities</b>	<b>996,829</b>	<b>8,545</b>	<b>18,428</b>	<b>5,329,500</b>	<b>5,852</b>	<b>6,359,154</b>	<b>(2,043,874)</b>	<b>4,315,280</b>
400	Deferred Inflow of Resources	62,775		-		-	62,775		62,775
508.4	Net Investment in Capital Assets	2,312,904			6,702,545	408,671	9,424,120		9,424,120
511.4	Restricted Net Position			7,832			7,832		7,832
512.4	Unrestricted Net Position	861,363		9,120	(478,043)	3,149,413	3,541,853	(870,961)	2,670,892
<b>513</b>	<b>Total Equity - Net Assets / Position</b>	<b>3,174,267</b>	<b>-</b>	<b>16,952</b>	<b>6,224,502</b>	<b>3,558,084</b>	<b>12,973,805</b>	<b>(870,961)</b>	<b>12,102,844</b>
<b>600</b>	<b>Total Liab., Def. Inflow of Res., and Equity - Net Assets/Position</b>	<b>\$4,233,871</b>	<b>8,545</b>	<b>\$35,380</b>	<b>11,554,002</b>	<b>\$3,563,936</b>	<b>\$19,395,734</b>	<b>(\$2,914,835)</b>	<b>\$16,480,899</b>

**BRISTOL REDEVELOPMENT AND HOUSING AUTHORITY**

**Bristol, Virginia**

**FINANCIAL DATA SCHEDULE- STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION**

**For the Year Ended March 31, 2018**

Line Item #	Account Description	Project Total	Resident Opportunity and Supportive Services	Housing Choice Vouchers	Component Unit - Blended	Business Activities	Subtotal	ELIM	Total
70300	Net Tenant Rental Revenue	\$782,557			\$139,457	\$18,803	\$940,817	(19,873)	\$920,944
70400	Tenant Revenue - Other	112,700			76	205	112,981	-	112,981
<b>70500</b>	<b>Total Tenant Revenue</b>	<b>895,257</b>	-	-	<b>139,533</b>	<b>19,008</b>	<b>1,053,798</b>	<b>(19,873)</b>	<b>1,033,925</b>
70600	HUD PHA Operating Grants	1,793,233	89,656	1,182,594	-	-	3,065,483	-	3,065,483
70610	Capital Grants - HUD						-		-
70800	Other Government Grants					67,726	67,726		67,726
71100	Investment Income - Unrestricted	2,134			579	159	2,872		2,872
71400	Fraud Recovery			806			806		806
71500	Other Revenue	20,547		3,279	1,584	425,077	450,487	(36,098)	414,389
<b>70000</b>	<b>Total Revenue</b>	<b>2,711,171</b>	<b>89,656</b>	<b>1,186,679</b>	<b>141,696</b>	<b>511,970</b>	<b>4,641,172</b>	<b>(55,971)</b>	<b>4,585,201</b>
91100	Administrative Salaries	464,719		60,065	6,507	40,593	571,884	(6,507)	565,377
91200	Auditing Fees	6,138		1,263	175	298	7,874		7,874
91400	Advertising and Marketing	6,476					6,476		6,476
91500	Employee Benefit contributions - Administrative	152,304		20,076	4,455	12,294	189,129	(4,455)	184,674
91600	Office Expenses	167,176	308	15,062	2,704	3,043	188,293		188,293
91700	Legal Expense	11,448			50	1,475	12,973		12,973
91800	Travel	14,952					14,952		14,952
91810	Allocated Overhead	(58,568)		36,537		22,031	-		-
91900	Other	91,084		2,049	7,655	19,239	120,027	(7,508)	112,519
<b>91000</b>	<b>Total Operating - Administrative</b>	<b>855,729</b>	<b>308</b>	<b>135,052</b>	<b>21,546</b>	<b>98,973</b>	<b>1,111,608</b>	<b>(18,470)</b>	<b>1,093,138</b>
92100	Tenant Services - Salaries	57,479	66,352				123,831		123,831
92300	Employee Benefit Contributions - Tenant Services	20,304	22,996				43,300		43,300
92400	Tenant Services - Other	6,449	-		11		6,460		6,460
<b>92500</b>	<b>Total Tenant Services</b>	<b>84,232</b>	<b>89,348</b>	-	<b>11</b>	-	<b>173,591</b>	-	<b>173,591</b>
93100	Water	46,306			3,446	609	50,361		50,361
93200	Electricity	233,352			13,093	3,128	249,573		249,573
93300	Gas	90,262					90,262		90,262
93600	Sewer	52,773			3,939	659	57,371		57,371
<b>93000</b>	<b>Total Utilities</b>	<b>422,693</b>	-	-	<b>20,478</b>	<b>4,396</b>	<b>447,567</b>	-	<b>447,567</b>
94100	Ordinary Maintenance and Operations - Labor	319,489			8,824	11,630	339,943	(8,824)	331,119
94200	Ordinary Maintenance and Operations - Materials and Other	187,767			12,820		200,587		200,587
94300	Ordinary Maintenance and Operations Contracts	187,231			10,944	3,360	201,535		201,535
94500	Employee Benefit Contributions - Ordinary Maintenance	104,708			355	3,869	108,932		108,932
<b>94000</b>	<b>Total Maintenance</b>	<b>\$799,195</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$32,943</b>	<b>\$18,859</b>	<b>\$850,997</b>	<b>(8,824)</b>	<b>\$842,173</b>



**BRISTOL REDEVELOPMENT AND HOUSING AUTHORITY**

**Bristol, Virginia**

**FINANCIAL DATA SCHEDULE- STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION**

**For the Year Ended March 31, 2018**

**(Continued)**

Line Item #	Account Description	Project Total	Resident Opportunity and Supportive Services	Housing Choice Vouchers	Component Unit - Blended	Business Activities	Subtotal	ELIM	Total
95300	Protective Services - Other	\$4,601	\$ -	\$ -	\$ -	\$ -	\$4,601	\$ -	\$4,601
<b>95000</b>	<b>Total Protective Services</b>	<b>4,601</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,601</b>	<b>-</b>	<b>4,601</b>
96110	Property Insurance	46,333			12,540	920	59,793		59,793
96120	Liability Insurance	12,907			663	206	13,776		13,776
96130	Workmen's Compensation	16,884		1,159	23	699	18,765		18,765
96140	All Other Insurance	10,178		857			11,035		11,035
<b>96100</b>	<b>Total insurance Premiums</b>	<b>86,302</b>	<b>-</b>	<b>2,016</b>	<b>13,226</b>	<b>1,825</b>	<b>103,369</b>	<b>-</b>	<b>103,369</b>
96200	Other General Expenses	47,018		2,302	29,980		79,300	(19,873)	59,427
96210	Compensated Absences	58,261		5,145		1,511	64,917		64,917
96300	Payment in Lieu of Taxes	34,548					34,548		34,548
96400	Bad debt - Tenant Rents	32,942					32,942		32,942
<b>96000</b>	<b>Total Other General Expenses</b>	<b>172,769</b>	<b>-</b>	<b>7,447</b>	<b>29,980</b>	<b>1,511</b>	<b>211,707</b>	<b>(19,873)</b>	<b>191,834</b>
96720	Interest on Notes Payable (Short and Long Term)	-		-	19,348	-	19,348	(5,883)	13,465
<b>96700</b>	<b>Total Interest Expense and Amortization Cost</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>19,348</b>	<b>-</b>	<b>19,348</b>	<b>(5,883)</b>	<b>13,465</b>
<b>96900</b>	<b>Total Operating Expenses</b>	<b>2,425,521</b>	<b>89,656</b>	<b>144,515</b>	<b>137,532</b>	<b>125,564</b>	<b>2,922,788</b>	<b>(53,050)</b>	<b>2,869,738</b>
<b>97000</b>	<b>Excess of Operating Revenue over Operating Expenses</b>	<b>285,650</b>	<b>-</b>	<b>1,042,164</b>	<b>4,164</b>	<b>386,406</b>	<b>1,718,384</b>	<b>(2,921)</b>	<b>1,715,463</b>
97300	Housing Assistance Payments			1,044,992			1,044,992	-	1,044,992
97350	HAP Portability-In			2,921			2,921	(2,921)	-
97400	Depreciation Expense	516,754			128,911	9,336	655,001	-	655,001
<b>90000</b>	<b>Total Expenses</b>	<b>2,942,275</b>	<b>89,656</b>	<b>1,192,428</b>	<b>266,443</b>	<b>134,900</b>	<b>4,625,702</b>	<b>(55,971)</b>	<b>4,569,731</b>
10010	Operating Transfer In	30,228					30,228	(30,228)	-
10020	Operating Transfer Out	(30,228)					(30,228)	30,228	-
10091	Inter Project Excess Cash Transfer In	226,815					226,815	(226,815)	-
10092	Inter Project Excess Cash Transfer Out	(226,815)					(226,815)	226,815	-
10093	Transfers between Program and Project - In					133,628	133,628	(133,628)	-
10094	Transfers between Project and Program - Out	(133,628)					(133,628)	133,628	-
<b>10100</b>	<b>Total Other financing Sources (Uses)</b>	<b>(133,628)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>133,628</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>10000</b>	<b>Excess (Deficiency) of Total Revenue Over (Under) Total Expenses</b>	<b>(364,732)</b>	<b>-</b>	<b>(5,749)</b>	<b>(124,747)</b>	<b>510,698</b>	<b>15,470</b>	<b>-</b>	<b>15,470</b>
11020	Required Annual Debt Principal Payments	-		-	8,853	-	8,853	-	8,853
<b>11030</b>	<b>Beginning Equity</b>	<b>\$3,623,883</b>	<b>\$0</b>	<b>\$22,701</b>	<b>\$2,525,539</b>	<b>\$3,047,386</b>	<b>\$9,219,509</b>	<b>(845,861)</b>	<b>\$8,373,648</b>
11040	Prior Period Adjustments, Equity Transfers and Correction of Errors	(84,884)			3,823,710		3,738,826	(25,100)	3,713,726
11170	Administrative Fee Equity	-		\$9,120	-	-	\$9,120	-	\$9,120
11180	Housing Assistance Payments Equity	-		\$7,832	-	-	\$7,832	-	\$7,832
11190	Unit Months Available	4,332		3,636	200	72	8,240		8,240
11210	Number of Unit Months Leased	4,222		2,951	135	36	7,344		7,344
11270	Excess Cash	\$1,165,679					\$1,165,679		\$1,165,679

**BRISTOL REDEVELOPMENT AND HOUSING AUTHORITY**

**Bristol, Virginia**

**SCHEDULE OF CHANGES IN NET POSITION**

**March 31, 2018**

Line Item	Account Description	Project Total	Resident Opportunity and Supportive	Housing Choice Vouchers	Component Unit -Blended	Business Activities	Subtotal	ELIM	Total
11030	<b>Beginning Net Assets - March 31, 2017</b>	<b>\$3,623,883</b>	<b>\$0</b>	<b>\$22,701</b>	<b>\$2,525,539</b>	<b>\$3,047,386</b>	<b>\$9,219,509</b>	<b>(\$845,861)</b>	<b>\$8,373,648</b>
10000	Excess (Deficiency) of Operating Revenue Over (Under) Expenses	(364,732)	-	(5,749)	(124,747)	510,698	15,470	-	\$15,470
11040	Prior Period Adjustments, Equity Transfers and Correction of Errors	(84,884)	-	-	3,823,710	-	3,738,826	(25,100)	3,713,726
	<b>Ending Net Assets - March 31, 2018</b>	<b>\$3,174,267</b>	<b>\$0</b>	<b>\$16,952</b>	<b>\$6,224,502</b>	<b>\$3,558,084</b>	<b>\$12,973,805</b>	<b>(\$870,961)</b>	<b>\$12,102,844</b>

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

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**March 31, 2018**

CFDA#	NAME OF FEDERAL PROGRAM	AMOUNT
14.850	Low Rent Public Housing	\$1,486,312
14.871	Housing Choice Vouchers	1,182,594
14.872	Capital Fund Program	\$306,921
14.870	Resident Opportunity and Self Sufficiency	89,656
	<b>Total Awards</b>	<b>\$3,065,483</b>

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The Schedule of Expenditures of Federal Awards presents amounts expended by Federal Grantor to finance activities of the federal awards programs administered by the Bristol Redevelopment and Housing Authority (the Authority).

**B. Basis of Accounting**

The Schedule of Expenditures of Federal Awards is prepared on the accrual basis of accounting, in conformity with accounting principles generally accepted in the United States of America.

**C. Grantor**

All the direct federal funds are granted by HUD.

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

**STATEMENT AND CERTIFICATION OF ACTUAL CAPITAL FUND PROGRAM COSTS**  
**March 31, 2018**

**Capital Fund Program (CFP) 501-15 (Complete)**  
**Annual Contributions Contract VA36P002501-15**

1. The Actual Capital Fund Program costs for Program Year 501-15 are as follows:

<b>Account</b>	<b>Budget</b>	<b>Amount Expended</b>
Operations	\$30,228	\$30,228
Administration	44,090	44,090
Fees and Costs	100,000	100,000
Site Improvement	40,645	40,645
Dwelling Structures	12,474	12,474
Development Activities	213,480	213,480
<b>Total Cost</b>	<b>\$440,917</b>	<b>\$440,917</b>

- 2 The distribution of costs by budget line item as shown on the final Progress and Evaluation Report, is in agreement with the Authority's records.
3. All related costs have been paid and all related liabilities have been discharged through payment.
- 4 Costs examined during the current period totaled \$149,478.
- 5 A reconciliation of development advances and costs are as follows:

Funds Advances:	
Grants - HUD	\$149,478
Funds Expended	(\$148,050)
Excess (deficiency) of Funds Advanced	\$1,428

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

**STATEMENT AND CERTIFICATION OF ACTUAL CAPITAL FUND PROGRAM COSTS**  
**March 31, 2018**

**Capital Fund Program (CFP) 502-15 (Complete)**  
**Annual Contributions Contract VA36R002502-15**

1. The Actual Capital Fund Program costs for Program Year 502-15 are as follows:

<u>Account</u>	<u>Budget</u>	<u>Amount Expended</u>
Fee & Cash	\$17,897	\$17,897
Development Activities	17,896	17,896
<b>Total Cost</b>	<b>\$35,793</b>	<b>\$17,896</b>

2. The distribution of costs by budget line item as shown on the final Progress and Evaluation Report is in agreement with the Authority's records.
3. All related costs have been paid and all related liabilities have been discharged through payment.
4. Costs examined during the current period totaled \$22,911.
5. A reconciliation of development advances and costs are as follows:

Funds Advances:	
Grants - HUD	\$30,150
Funds Expended	<u>(\$22,911)</u>
<b>Excess (deficiency) of Funds Advanced</b>	<b><u>\$7,239</u></b>

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

**STATEMENT AND CERTIFICATION OF ACTUAL CAPITAL FUND PROGRAM COSTS**  
**March 31, 2018**

**Capital Fund Program (CFP) 501-16 (Incomplete)**  
**Annual Contributions Contract VA36P002501-16**

1. The Actual Capital Fund Program costs expended for Program Year 501-16 are as follows:

<u>Account</u>	<u>Budget</u>	<u>Amount Expended</u>
Administration	\$45,515	\$40,924
Fees and Costs	\$100,000	\$0
Site Improvements	\$8,000	\$0
Dwelling Structures	\$80,898	\$0
Development Activities	\$220,737	\$139,144
<b>Total Cost</b>	<b>\$455,150</b>	<b>\$180,068</b>

2. The distribution of costs by budget line item as shown on the final Progress and Evaluation Report is in agreement with the Authority's records.
3. All related costs have been paid and all related liabilities have been discharged through payment.
4. Costs examined during the current period totaled \$87,704.
5. A reconciliation of development advances and costs are as follows:

Funds Advances:	
Grants - HUD	\$75,959
Funds Expended	(\$87,704)
<b>Excess (deficiency) of Funds Advanced</b>	<b>\$(11,745)</b>

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

**Capital Fund Program (CFP) 501-17 (Incomplete)**  
**Annual Contributions Contract VA36P002501-17**

1. The Actual Capital Fund Program costs for Program Year 501-17 are as follows:

<u>Account</u>	<u>Budget</u>	<u>Amount Expended</u>
Administration	\$13,013	\$46,828
Development Activities	<u>420,468</u>	<u>-</u>
<b>Total Cost</b>	<b><u>433,481</u></b>	<b><u>46,828</u></b>

2. The distribution of costs by budget line item as shown on the final Progress and Evaluation Report, is in agreement with the Authority's records.

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

4 Costs examined during the current period totaled \$46,828.

5 A reconciliation of development advances and costs are as follows:

Funds Advances:	
Grants - HUD	\$33,705
Funds Expended	<u>(\$46,828)</u>
<b>Excess (deficiency) of Funds Advanced</b>	<b><u>(\$13,123)</u></b>

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**Section I – Summary of Auditors’ Results:**

**Financial Statements**

Type of report issued on the financial statements:	Unmodified
Internal control over financial reporting:	
Material weakness (es) identified?	No
Significant deficiency (ies) identified?	None Reported
Noncompliance material to the financial statements noted?	No

**Federal Awards**

Internal controls over major programs:	
Material weakness (es) identified?	No
Significant deficiency (ies) identified?	None Reported
Type of auditor’s report issued on the compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Subpart F § 200.516 of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards?	No
Identification of major program:	
CFDA# 14.871      Housing Choice Vouchers	Yes
CFDA# 14.850      Low Rent Public Housing	Yes
Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as a low-risk auditee?	Yes

**Section II – Financial Statement Findings:**

There are no findings related to Financial Statements.

**Section III – Federal Award Findings and Questioned Costs:**

There are no findings related to Federal Awards.

**A. STATUS OF PRIOR AUDIT FINDINGS**

Prior audit report for the period ended March 31, 2017 contained no audit findings.

**B. FINDINGS, RECOMMENDATIONS AND REPLIES**

There were no formal findings for the current audit period.