

**BRISTOL REDEVELOPMENT  
AND HOUSING AUTHORITY**

**AUDITED  
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED MARCH 31, 2019**

BRISTOL REDEVELOPMENT AND HOUSING AUTHORITY

AUDITED  
FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2019

BRISTOL REDEVELOPMENT AND HOUSING AUTHORITY

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report .....	1
Management Discussion and Analysis .....	3
 <u>FINANCIAL STATEMENTS</u>	
Statement of Net Position .....	13
Statement of Revenues, Expenses, and Changes in Net Position .....	15
Statement of Cash Flows.....	16
Notes to Financial Statements .....	18
 <u>SUPPLEMENTAL INFORMATION</u>	
Schedule of Expenditures of Federal Awards .....	45
Notes to Schedule of Expenditures of Federal Awards.....	46
Statement of Certification of Modernization Costs .....	47
 <u>FINANCIAL COMPLIANCE REPORTS FOR FEDERAL FUNDS</u>	
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance .....	48
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 <i>Government Auditing Standards</i> .....	50
Summary Schedule of Prior Audit Findings .....	52
Schedule of Findings and Questioned Costs .....	53
 <u>REQUIRED SUPPLEMENTAL INFORMATION</u>	
Financial Data Schedule.....	55
Required Supplemental Information Related to Pensions .....	62
Required Supplementary Information Related to OPEB.....	64
Notes to Required Supplementary Information Related to Pensions and OPEB.....	66



**INDEPENDENT AUDITORS' REPORT**

Board of Commissioners  
Bristol Redevelopment and Housing Authority  
Bristol, Virginia

We have audited the accompanying financial statements of the Bristol Redevelopment and Housing Authority as of March 31, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, as listed in the Table of Contents.

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

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

**Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Bristol Redevelopment and Housing Authority as of March 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Prior Period Financial Statements**

The financial statements of the Bristol Redevelopment and Housing Authority as of March 31, 2018, were audited by other auditors whose report dated September 26, 2018, expressed an unmodified opinion on those statements.

**INDEPENDENT AUDITORS' REPORT  
(CONTINUED)**

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 12, the Schedule of Net Pension Liability on page 62, the Schedule of Net OPEB Liability on page 64, the Schedule of Employer Contributions to the Virginia Retirement system Pension plan on page 63 and the Schedule of Employer Contributions to the OPEB plan on page 65, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

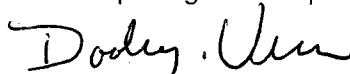
*Other Information*

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

The accompanying schedule of expenditures of federal awards, Financial Data Schedule, and other supplementary information are presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and are 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.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2019, on our consideration of the Bristol Redevelopment and Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Bristol Redevelopment and Housing Authority's internal control over financial reporting and compliance.



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

Richmond, Virginia  
December 20, 2019

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**March 31, 2019**

The Bristol Redevelopment & Housing Authority (hereafter the "Authority") presents its Annual Report for the year ended March 31, 2019, 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, 2019. 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, 2019**

Jerry Chorosevic, Sr., Chairman

Dr. Gary Poulton, Vice Chairman

Dr. Frank Finan, Commissioner

Denise Franklin, Commissioner

Josh Fleenor, Commissioner

**Administrative Staff as of March 31, 2019**

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 \$844,000 during fiscal year 2019. Total capital grant expenditures during the fiscal year were \$167,119.
- The Authority received HUD Public Housing operating subsidy in the amount of \$1,323,849 and funding for the Housing Choice Voucher Program in the amount of \$1,278,325.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**March 31, 2019**

**Overview of Annual Financial Statements**

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

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

The Authority is engaged only in "Business-Type Activities" and is considered a "Special Purpose" government under Paragraph 138 of GASB 34. The Authority will present its financial statements according to Paragraph 138 of GASB 34 and 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.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**March 31, 2019**

**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.

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 has full decision-making authority and the power to designate the management of the Authority. The Authority's Board elects its own chairperson. The City of Bristol has no influence over the management, budget, or policies of the Authority. The Authority is a legally separate entity that is fiscally independent of other governments. 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**  
**March 31, 2019**

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

<b>Account Descriptions</b>	<b>2019</b>	<b>2018</b>	<b>Total Change</b>	<b>% Change</b>
Current Assets	2,577,694	2,234,474	343,220	15.36%
Noncurrent Assets	90,810	133,629	(42,819)	-32.04%
Capital Assets	14,074,709	13,993,787	80,922	0.58%
Deferred Outflow of Resources	84,329	119,009	(34,680)	-29.14%
<b>Total Assets</b>	<b>16,827,542</b>	<b>16,480,899</b>	<b>346,643</b>	<b>2.10%</b>
Current Liabilities	320,304	1,180,775	(860,471)	-72.87%
Noncurrent Liabilities	1,940,568	3,134,505	(1,193,937)	-38.09%
Deferred Inflow of Resources	194,281	62,775	131,506	209.49%
<b>Total Liabilities</b>	<b>2,455,153</b>	<b>4,378,055</b>	<b>(1,922,902)</b>	<b>-43.92%</b>
Investments in Capital Assets	11,130,087	9,424,120	1,705,967	18.10%
Restricted Net Position	466,612	7,832	458,780	5857.76%
Unrestricted Net Position	2,775,690	2,670,892	104,798	3.92%
<b>Total Net Position</b>	<b>14,372,389</b>	<b>12,102,844</b>	<b>2,269,545</b>	<b>18.75%</b>
<b>Total Liabilities &amp; Net Position</b>	<b>16,827,542</b>	<b>16,480,899</b>	<b>346,643</b>	<b>2.10%</b>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**March 31, 2019**

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

*Current assets* increased by \$343,220, mostly comprised of an increase in cash, but with slight increases in both current receivables and prepaid expenses.

*Noncurrent assets* decreased by \$42,819, which was the net of additional eliminations of Village at Oakview notes receivable and the inclusion of tax credit fees being amortized for that same Component Unit.

*Capital assets* increased by \$80,922, which is the net result of the addition of the final buildings at the Village at Oakview less the Phase II demolition of the Bonham Circle property, plus \$167,792 in building improvements and vehicles, with \$821,938 in additional Accumulated Depreciation during the fiscal year.

*Current liabilities* decreased by \$860,471 due entirely to a decrease in the current portion of long-term debt following the final construction of the Village at Oakview.

*Noncurrent liabilities* decreased by \$1,193,937 due to a reduction in construction debt for the Village at Oakview.

*Deferred Inflow and Outflow of Resources* were adjusted based on the Virginia Retirement System GASB 68 and GASB 75 reports for June 30, 2018 Measurement Date. The adjustments decreased Deferred Outflow of Resources by \$34,680 while it increased Deferred Inflow of Resources by \$131,506.

Total *Net Position* increased by \$2,269,545 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,
- (c) *Investment in Capital Asset* funds which are investments in capital assets net of capital debt.

*Restricted Net Position* increased by \$458,780 as a result of classifying public housing security deposits as restricted cash.

*Investments in Capital Assets* increased by \$1,705,967 due mostly to the addition of the final construction of the Village at Oakview.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**March 31, 2019**

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

<u>Account Descriptions</u>	<u>2019</u>	<u>2018</u>	<u>Total Change</u>	<u>% Change</u>
Tenant Revenue	1,207,270	1,033,925	173,345	16.77%
HUD Grant Funding	3,053,033	3,065,483	(12,450)	-0.41%
State Grant Funding	76,023	67,726	8,297	12.25%
Interest Income	5,508	2,872	2,636	91.78%
Other Income	346,197	415,195	(68,998)	-16.62%
<b>Total Revenue</b>	<b>4,688,031</b>	<b>4,585,201</b>	<b>102,830</b>	<b>2.24%</b>
Administration	1,141,209	1,093,138	48,071	4.40%
Tenant Services	186,529	173,591	12,938	7.45%
Utilities	446,452	447,567	(1,115)	-0.25%
Ordinary Maintenance	838,507	842,173	(3,666)	-0.44%
Protective Services	6,599	4,601	1,998	43.43%
General Expenses	310,283	295,203	15,080	5.11%
Housing Assistance Payments	1,112,080	1,044,992	67,088	6.42%
Interest & Amortization	28,289	13,465	14,824	110.09%
Loss on Sale of Assets	-	-	-	0.00%
Depreciation	821,938	655,001	166,937	25.49%
<b>Total Expenses</b>	<b>4,891,886</b>	<b>4,569,731</b>	<b>322,155</b>	<b>7.05%</b>
Net Surplus	(203,855)	15,470	(219,325)	n/a
Consolidation / Prior Period Adj	2,473,400	3,713,726	(1,240,326)	n/a
Change in Net Position	2,269,545	3,729,196	(1,459,651)	n/a
Beginning Net Position	12,102,844	8,373,648	3,729,196	44.53%
<b>Ending Net Position</b>	<b>14,372,389</b>	<b>12,102,844</b>	<b>2,269,545</b>	<b>18.75%</b>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**March 31, 2019**

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

Total Revenues increased by \$102,830 or 2.24% from the prior year. Governmental grants and subsidy from HUD saw a slight decrease of \$12,450 (see note below Table III). HUD funding for Public Housing Operating Subsidy, Housing Choice Vouchers and the ROSS program all increased, but expenditures from Capital grants decreased, resulting in the overall reduction of revenue. Other Income decreased by \$68,998 (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>
2019	1,490,968	1,278,325	160,986	122,754	3,053,033
2018	1,486,312	1,182,594	306,921	89,656	3,065,483
<b>Net Change</b>	<b>4,656</b>	<b>95,731</b>	<b>(145,935)</b>	<b>33,098</b>	<b>(12,450)</b>
<b>% Change</b>	<b>0.31%</b>	<b>8.10%</b>	<b>-47.55%</b>	<b>36.92%</b>	<b>-0.41%</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 \$322,155 or 7.05 % over the previous year.

Administration expenses increased by \$48,071 or 4.40%, due mostly to budgeted employee salary and benefit increases.

Housing Assistance Payments (HAP) for the Housing Choice Voucher Program increased by \$67,088 or 6.42 % over the prior year due entirely to an increase in leasing due to availability of funding for these assistance payments.

Depreciation expense increased by \$166,937 or 25.49 % as several CFP 2016 assets were capitalized and began depreciating during the fiscal year, combined with new depreciation on buildings placed in service at the Village at Oakview component unit.

The Consolidation / Prior Period Adj to Net Position of \$2,473,400 represents additional capital contributions by the tax credit partner in the Village at Oakview component unit.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**March 31, 2019**

**Capital Assets**

At year end, the Authority had \$14.075 million in capital assets, which represented a 0.58% net increase (additions, reductions, and depreciation) from the \$13.994 million balance from the prior year.

During FY 2019, there were increases of \$4,307,320 in Buildings & Improvements as Construction in Progress for the Village at Oakview was converted at completion, combined with other capital projects from the closeout of the CFP 2016 grant. Buildings & Improvements also saw a \$2,433,408 decrease as a result of the Phase II demolition of all remaining buildings at Bonham Circle.

Total depreciation expense for the fiscal year was \$821,938.

The following table shows the comparative change in asset categories from 2018 to 2019.

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

**TABLE IV**

<b>Account Descriptions</b>	<b>2019</b>	<b>2018</b>	<b>Total Change</b>	<b>% Change</b>
Land	962,573	962,573	-	0.00%
Buildings & Improvements	37,485,880	35,611,968	1,873,912	5.26%
Equipment	816,339	724,596	91,743	12.66%
Construction in Progress	58,683	3,481,091	(3,422,408)	98.31%
<b>Subtotal</b>	<b>39,323,475</b>	<b>40,780,228</b>	<b>(1,456,753)</b>	
Less Accumulated Depreciation	(25,248,766)	(26,786,441)	1,537,675	-5.74%
<b>Total Capital Assets</b>	<b>14,074,709</b>	<b>13,993,787</b>	<b>80,922</b>	<b>0.58%</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 netted with the normal amortization of long and short-term debt obligations relating to the component unit Sapling Grove Apartments, LLC. The Authority utilizes operating debt for the purpose of funding short-term revitalization needs in surrounding neighborhoods.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**March 31, 2019**

Table V is a summary of activity of all debt liabilities:

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

	<b>2019</b>	<b>2018</b>	<b>Total Change</b>	<b>% Change</b>
Current Portion of Long Term Debt	29,975	818,728	(788,753)	96.34%
Long Term Debt, Net of Current	1,157,347	3,750,940	(2,593,593)	69.15%
<b>Totals</b>	<b>1,187,322</b>	<b>4,569,668</b>	<b>(3,382,346)</b>	<b>74.02%</b>

**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 2020 expense. Bristol's unemployment rate has dropped to around 4.0 percent, but still exceeds the national average of approximately 3.8 percent, resulting in many Authority-assisted families continuing to face hard financial times. The poverty rate for Bristol, VA is 21.34% which is double that of the State of Virginia. 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 expect a small decrease in public housing operating subsidy each of the next 3 years (see factor #4 below). The Authority is also considering future redevelopment of its public housing inventory utilizing the low income housing tax credit program and/or the HUD Rental Assistance Demonstration program.
- (3) The Authority's newly constructed mixed finance development project on the former Bonham Circle public housing site in the 400 block of Oakview Avenue, named "Village at Oakview," consists of 48 two-story quadruplex garden style apartments for families.

BRHA has seen 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.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**March 31, 2019**

- (4) BRHA completed the Phase II demolition of the former Bonham Circle public housing site during FY2019. This resulted in the decommissioning of 26 public housing units from its inventory, which in turn will bring 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.
- (5) During FY 2020, BRHA public housing units in one building at the Rice Terrace development sustained fire damage that will impact rental revenues for that AMP. Two additional units at the Village at Oakview were also impacted by a fire for most of that component unit's upcoming fiscal year.

**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, 2019**  
**(With Comparative Amounts as of March 31, 2018)**

<b>ASSETS</b>	<u>2019</u>	<u>2018</u>
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 1,739,012	\$ 1,538,775
Restricted Cash and Cash Equivalents	466,612	373,897
Investments at Fair Value	189,557	185,347
Receivables, Net	110,346	76,493
Prepaid Expenses and Other Assets	72,167	59,962
<b>Total current assets</b>	<u>2,577,694</u>	<u>2,234,474</u>
<b>Noncurrent Assets</b>		
Notes Receivable	-	133,629
Other Assets	90,810	-
Capital Assets, Net	14,074,709	13,993,787
<b>Total Noncurrent Assets</b>	<u>14,165,519</u>	<u>14,127,416</u>
<b>Total Assets</b>	<u>16,743,213</u>	<u>16,361,890</u>
<b>Deferred Outflow of Resources</b>		
Deferred Outflow of Resources	84,329	119,009
<b>Total Assets and Deferred Outflow of Resources</b>	<u>\$ 16,827,542</u>	<u>\$ 16,480,899</u>

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



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

**STATEMENT OF NET POSITION**  
As of March 31, 2019  
(With Comparative Amounts as of March 31, 2018)

<b>LIABILITIES AND NET POSITION</b>	<u>2019</u>	<u>2018</u>
<b>Current Liabilities</b>		
Accounts Payable	\$ 29,199	\$ 84,036
Accrued Expenses	39,094	1,354
Accrued Compensated Absences, Current	36,861	68,875
Intergovernmental Payable	37,400	33,032
Tenant Security Deposits	84,576	70,856
Deferred Revenue	5,254	2,783
Long Term Debt - Current Portion	29,975	818,728
Other Current Liabilities	57,945	101,111
<b>Total Current Liabilities</b>	<u>320,304</u>	<u>1,180,775</u>
<b>Non-Current Liabilities</b>		
Accrued Compensated Absences, Non-Current	103,950	56,354
Long Term Debt, Net of Current Portion	1,157,347	1,714,798
Other Non-Current Liabilities	326,000	736,093
Net Pension and OPEB Liabilities	353,271	627,260
<b>Total Noncurrent Liabilities</b>	<u>1,940,568</u>	<u>3,134,505</u>
<b>Total Liabilities</b>	<u>2,260,872</u>	<u>4,315,280</u>
<b>Deferred Inflow of Resources</b>		
Deferred Inflow of Resources	194,281	62,775
<b>Total Liabilities and Deferred Inflow of Resources</b>	<u>2,455,153</u>	<u>4,378,055</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets	11,130,087	9,424,120
Restricted Net Position	466,612	7,832
Unrestricted Net Position	2,775,690	2,670,892
<b>Total Net Position</b>	<u>14,372,389</u>	<u>12,102,844</u>
<b>Total Liabilities, Deferred Inflow of Resources, and Net Position</b>	<u>\$ 16,827,542</u>	<u>\$ 16,480,899</u>

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

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

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

For the Year Ended March 31, 2019

(With Comparative Amounts for the Year Ended March 31, 2018)

	2019	2018
<b>Operating Revenues</b>		
Rental Income	\$ 1,207,270	\$ 1,033,925
HUD Operating Grants	2,892,047	3,065,483
Other Government Grants	76,023	67,726
Fraud Recovery	-	806
Other Revenue	346,251	414,389
<b>Total Operating Revenues</b>	4,521,591	4,582,329
 <b>Operating Expenses</b>		
Administrative	1,141,209	1,093,138
Tenant Services	186,529	173,591
Utilities	446,452	447,567
Maintenance	838,507	842,173
Protective Services	6,599	4,601
General Expenditures	310,283	295,203
Housing Assistance Payments	1,112,080	1,044,992
Depreciation	821,938	655,001
<b>Total Operating Expenses</b>	4,863,597	4,556,266
<b>Operating Income (Loss)</b>	(342,006)	26,063
 <b>Non-Operating Revenues (Expenses)</b>		
Interest Income, Unrestricted	5,508	2,872
Interest on Loans	(28,289)	(13,465)
Gain (Loss) on Sale of Fixed Assets	(54)	-
<b>Total Nonoperating Revenues (Expenses)</b>	(22,835)	(10,593)
 Income (Loss) Before Capital Grants	(364,841)	15,470
 Capital Grants	160,986	-
<b>Change in Net Position</b>	(203,855)	15,470
<b>Prior Period Adjustment &amp; Correction of Errors</b>	-	(84,884)
<b>Capital Contributions (Consolidated Unit)</b>	2,473,400	3,798,610
Total Beginning Net Position	12,102,844	8,373,648
 <b>Total Ending Net Position</b>	\$ 14,372,389	\$ 12,102,844

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

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

**STATEMENT OF CASH FLOWS**  
**For the Year Ended March 31, 2019**  
**(With Comparative Amounts for the Year Ended March 31, 2018)**

	<u>2019</u>	<u>2018</u>
Cash Flows from Operating Activities:		
Cash Received from Tenants	\$ 1,323,237	\$ 1,037,893
Other Revenue Receipts	346,251	414,389
HUD PHA Operating Grants	2,892,047	3,065,483
Other Government Grants	76,023	67,726
Housing Assistance Payments	(1,112,080)	(1,045,532)
Cash Paid for Operating Expenses	(3,180,710)	(2,862,766)
Net Cash Provided by/(Used) for Operating Activities	<u>344,768</u>	<u>677,193</u>
Cash Flows from Capital and Related Financing Activities:		
Capital Contributions (Component Unit)	2,473,400	3,588,669
Capital Grants - HUD	160,986	-
Notes, Loans and Mortgages Receivables	-	1,244,096
Principal and Interest Payments on Operating Debt	(1,784,586)	2,843,412
Net Cash Provided by/(Used) for Financing Activities	<u>849,800</u>	<u>7,676,177</u>
Cash Flows from Investing Activities:		
Acquisition of Capital Assets	(902,914)	(8,193,204)
Purchase of Investments	(4,210)	(2,292)
Interest Income	5,508	2,872
Net Cash Provided by/(Used) for Investing Activities	<u>(901,616)</u>	<u>(8,192,624)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	292,952	160,746
Cash and Cash Equivalents at Beginning of Year	1,912,672	1,751,926
Cash and Cash Equivalents at End of Year	<u>\$ 2,205,624</u>	<u>\$ 1,912,672</u>
Reconciliation of Cash and Restricted Cash		
Cash and Cash Equivalents	\$ 1,739,012	\$ 1,538,775
Restricted Cash and Cash Equivalents	466,612	373,897
Total Cash and Cash Equivalents	<u>\$ 2,205,624</u>	<u>\$ 1,912,672</u>

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

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

**STATEMENT OF CASH FLOWS**  
**For the Year Ended March 31, 2019**  
**(With Comparative Amounts for the Year Ended March 31, 2018)**

	2019	2018
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Operating Income (Loss)	\$ (342,006)	\$ 39,528
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by/(Used) for Operating Activities:		
Depreciation Expense	821,938	655,001
Prior Period Adjustment	-	(84,884)
Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:		
(Increase) Decrease in Receivables, Net	99,776	(31,239)
(Increase) Decrease in Prepaid Expenses	(12,205)	(2,269)
(Increase) Decrease in Investments	-	(2,292)
(Increase) Decrease in Other Assets	(90,810)	-
(Increase) Decrease in Deferred Outflow of Resources	34,680	27,159
Increase (Decrease) in Accounts Payable	(54,837)	47,462
Increase (Decrease) in Accrued Expenses	37,740	(4,044)
Increase (Decrease) in Intergovernmental Payable	4,368	(4,491)
Increase (Decrease) in Accrued Compensated Absences	15,582	7,047
Increase (Decrease) in Tenant Security Deposits	13,720	1,110
Increase (Decrease) in Other Current Liabilities	(43,166)	(13,328)
Increase (Decrease) in Unearned Revenue	2,471	(8,957)
Increase (Decrease) in Deferred Inflow of Resources	131,506	57,034
Increase (Decrease) in Net Pension Liability	(273,989)	(5,644)
Net Cash Provided (Used) by Operating Activities	\$ 344,768	\$ 677,193

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

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

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2019

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

- A. Organization** - 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.

- B. Description of Programs** - The Authority maintains its accounting records by program. A summary of the significant programs operated by the Authority is as follows:

Low-Rent Public Housing

The public housing program is the primary operating program of the BRHA and is designed to provide low-cost housing. BRHA is the owner of approximately 362 public housing units located throughout the City of Bristol. Under this program, HUD provides funding via an annual contributions contract. These funds, combined with the rental income received from tenants, are available solely to meet the operating expenses of the program.

Public Housing Capital Fund

Capital grants, funded by HUD, are used for new construction and to improve the physical condition, management, and operation of existing public housing.

Housing Choice Vouchers (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 (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 - Continued  
 FOR THE YEAR ENDED MARCH 31, 2019

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

State and Local

The State and Local program reflects funding received by the Virginia Department of Behavioral Health and Developmental Services to administer the State Rental Assistance Program. The program is designed to provide rental assistance and supportive services to individuals who meet the program eligibility criteria.

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.

- C. Reporting Entity** - In accordance with GASB 61, The Financial Reporting Entity Omnibus - An Amendment of GASB No. 14 and No. 34 ("GASB 61"), the Authority's basic financial statements include those of the Authority and any component units. Component units are legally separate organizations whose majority of officials are appointed by the Authority or the organization is fiscally dependent on the Authority and there is a potential for those organizations either to provide specific financial benefits to, or impose specific financial burdens on, the Authority. An organization has a financial benefit or burden relationship with the Authority if any one of the following conditions exist:

- the Authority is legally entitled to or can otherwise access the organization's resources
- the Authority is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization
- the Authority is obligated in some manner for the debt of the organization

Based on the aforementioned criteria, the following component units are included in the Authority's reporting entity:

**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 10 are public housing units. As of December 31, 2018, 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, 2018, the Company has three members –VAHM, LLC 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.

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

NOTES TO FINANCIAL STATEMENTS- Continued  
FOR THE YEAR ENDED MARCH 31, 2019

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Blended Presentation** - In accordance with GASB 61, the Authority's financial statements are presented utilizing the blended method because the Authority's governing body and the Component Units' governing bodies are substantively the same; as such, a blended presentation of their financial statements is warranted.

- D. Basis of 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.

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.

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 adopted GASB 68, *Accounting and Financial Reporting for Pensions* ("GASB68"). GASB 68 established standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenditures associated with pension plans of State and Local Governments. For defined benefit pensions, GASB 68 identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actual present value, and attribute that present value to periods of employee service. In addition, GASB 68 details the recognition and disclosure requirements for employers with liabilities to a defined benefit pension plan and for employers whose employees are provided with defined contribution pensions.

The Authority adopted GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions* ("GASB 75"). This Statement is required for government agencies with fiscal years beginning after June 15, 2018 and has a similar reporting requirement for other postemployment benefits ("OPEB") as the GASB Statement 68 has for pension plans. Agencies are required to record OPEB liabilities, deferred inflows of resources, deferred outflows of resources and expenditures associated with OPEB plans of State and Local Governments in a similar fashion to the recognition of the net pension liability required by GASB Statement 68.

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

NOTES TO FINANCIAL STATEMENTS- Continued  
 FOR THE YEAR ENDED MARCH 31, 2019

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

- E. Cash, Cash Equivalents and Investments** - Highly liquid investments with initial maturities of three months or less from date of purchase are considered cash equivalents. It is the Authority's policy to maintain collateralization in accordance with HUD requirements. Restricted cash and cash equivalents consist of tenant security deposits and net assets restricted for housing assistance payments. Investments are stated at market value. Fluctuations in market value and gain or loss upon disposition of investments are recorded in investment income.
- F. Accounts Receivable, Net** - Rents are due from tenants on the first day of each month. As a result, tenants receivable balances primarily consist of rents past due and vacated tenants. The Authority recognizes a receivable from HUD and other governmental agencies for amounts billed, but not received and for amounts unbilled, but earned as of year-end.
- G. Allowance for Doubtful Accounts** - The Authority periodically reviews all accounts receivable to determine the amount, if any, that may be uncollectable. An allowance for doubtful accounts is established to provide for all accounts, which may not be collected in the future for any reason.
- H. Prepaid Expenses** - Amounts paid as of year-end that will benefit future operations. Prepaid expenses consist of prepayments for liability and property insurance coverage and cash surrender values of life insurance contracts.
- I. Capital Assets** - Land, buildings and equipment are capitalized at cost. Donated fixed assets are valued at their estimated fair market value on the date received. Costs determined to represent additions or betterments to existing structures which exceed the capitalization threshold of \$10,000 are capitalized. Repairs and maintenance costs are charged to expense as they are incurred. Depreciation is calculated on the straight-line basis over the following estimated useful lives:
- |  |                 |
|--|-----------------|
| Real Property and Improvements           | 10 - 27.5 years |
| Machinery and Equipment                  | 5 - 7 years     |
| Office Furniture, Fixtures and Equipment | 5 - 7 years     |
- When assets are retired, demolished, or sold, their costs are removed from the accounts and the proceeds, if any, are reflected in revenues currently.
- J. Impairment of Capital Assets** - The Authority evaluates events or changes in circumstances affecting capital assets to determine whether impairment has occurred. If the Authority determines that a capital asset is impaired, and that impairment is significant and other-than-temporary, then an impairment loss will be recorded in the Authority's financial statements. There were no impairment losses recorded for the year ended March 31, 2019.
- K. Deferred Revenue** - The Authority's deferred revenue consists of tenant rent payments and HUD funding applicable to future periods.
- L. Income Taxes** - As a political subdivision of the State of Virginia, the Authority is exempt from real estate, sales and income taxes. The Authority makes payments in lieu of taxes (PILOT) in accordance with the provisions of its Cooperation Agreement with the City. Under the Cooperation Agreement, the Authority must pay the City the lesser of 10% of its net shelter rent or the approximate full amount of the real property taxes on Authority owned units.



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

NOTES TO FINANCIAL STATEMENTS- Continued  
FOR THE YEAR ENDED MARCH 31, 2019

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

- M. Compensated Absences** - Full-time employees earn vacation and sick leave at a rate ranging from 12 to 18 days per year in accordance with the Authority's personnel policy. The maximum vacation and sick leave carryover, determined as of December 31 each year, shall be 36 days and 130 days, respectively. At termination, employees are paid for any accumulated vacation leave. Unused sick leave is paid at retirement, up to a maximum of \$2,500. The aggregate current and long-term liability recorded for accrued leave at March 31, 2019, was \$140,811.
- N. Interfund Activity** - Inter-program receivables/payables are the result of the use of the Public Housing Program as the common paymaster for shared costs of the Authority. Cash settlements are made periodically throughout the year, and all inter-program balances net to zero. Interprogram receivables and payables are eliminated for financial statement purposes in accordance with GASB 34.
- O. Use of Estimates** - The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingencies at the date of the financial statements, and revenues and expenses recognized during the reporting period. The most significant estimates relate to allowance for uncollectible accounts receivable, inventory obsolescence, the liability for post-employment benefits, and depreciation. Actual results could differ from those estimates. These estimates may be adjusted as more current information becomes available and any adjustment could be significant.
- P. Deferred Outflows and Deferred Inflows** - In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources until that time. In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources until that time.
- Q. Net Position** - Equity is classified as net position and consists of the following components:
- Net Investment in Capital Assets - Capital assets net of accumulated depreciation and reduced by the outstanding balances of any borrowings attributable to the acquisition or construction of those assets.
  - Restricted Net Position - Net position which has been restricted by either external groups such as creditors, grantors, contributors, other governments or law through constitutional provisions or legislation. As of March 31, 2019, the Authority has \$466,612 in net position restricted for tenant security deposits, future housing assistance payments, and reserves and escrows of Component Units, either restricted by investors or held and administered by VHDA.
  - Unrestricted Net Position - Represents net position that does not meet the definition of "restricted" or "invested in capital assets." The Authority's positive value of unrestricted net position may be used to meet ongoing obligations.

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

NOTES TO FINANCIAL STATEMENTS- Continued  
FOR THE YEAR ENDED MARCH 31, 2019

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

- R. Pension Plans** - The Authority participates in a defined benefit pension plan administered by the Virginia Retirement System (VRS). For purposes of measuring net pension liability, deferred inflows/outflows of resources related to pensions, and pension expense, information about the fiduciary net position of BRHA's retirement plan and the additions to/deductions from the plan's net fiduciary position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.
- S. Other Postemployment Benefits (OPEB)** - The Authority participates in the Virginia Group Life Insurance Plan (GLI) Plan that is being maintained by Virginia Retirement System (VRS). 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.

**NOTE 2: CASH, CASH EQUIVALENTS 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.

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

NOTES TO FINANCIAL STATEMENTS- Continued  
FOR THE YEAR ENDED MARCH 31, 2019

**NOTE 2: CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)**

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.

The Authority's cash and investments with financial institutions at March 31, 2019 and 2018, consist of the following:

	Credit-Risk Categories			Total Bank Balance	Carrying Amount
	1	2	3		
2019	\$2,457,631	\$ -	\$ -	\$ 2,457,631	\$2,395,181
2018	\$2,132,659	\$ -	\$ -	\$ 2,132,659	\$2,098,019

**NOTE 3: RESTRICTED DEPOSITS**

Restricted deposits at March 31, 2019, include the following:

Nature of Restriction	2019	2018
Tenant Security Deposits	\$ 84,576	\$ 70,856
FSS Escrows	55,558	72,674
Investor Restricted Reserves	75,588	75,570
Escrows Held by VHDA	86,997	79,699
SRAP	139,814	67,266
HAP	24,079	7,832
Total Restricted Deposits	<u>\$ 466,612</u>	<u>\$ 373,897</u>

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

NOTES TO FINANCIAL STATEMENTS- Continued  
FOR THE YEAR ENDED MARCH 31, 2019

**NOTE 4: RECEIVABLES**

Receivables as of March 31, 2019 and 2018, including the applicable allowances for uncollectible accounts, are as follows:

	2019	2018
Tenant Receivable:		
Dwelling Rents	\$ 22,769	\$ 29,849
Less: Allowance for Doubtful Accounts	(494)	(3,533)
Net Tenant Accounts Receivable	22,275	26,316
Other Receivable:		
HUD	25,868	37,709
Miscellaneous	62,203	12,468
Net Other Receivable	88,071	50,177
 Total Receivables	 \$ 110,346	 \$ 76,493

**NOTE 5: PREPAID EXPENSES AND OTHER ASSETS**

Prepaid expenses and other assets at March 31, 2019 and 2018, consisted of the following:

	2019	2018
Property and Liability Insurance	\$ 52,728	\$ 43,485
Prepaid Expenses	11,642	11,162
	64,370	54,647
Component Unit	7,797	5,315
 Total Prepaid Expenses and Other Assets	 \$ 72,167	 \$ 59,962

**NOTE 6: NOTES RECEIVABLE**

At March 31, 2019 and 2018, the Authority has two Notes Receivable from its Component Unit, Village at Oakview LLC. The first note in the amount of \$1,238,178 does not accrue interest and matures in October 2046. The second note in the amount of \$200,000 accrues interest at 2.5% per annum and matures in October 2046. The principle and accrued interest of these notes has been eliminated in the entity-wide consolidation to the extent of audited amounts as of December 31, 2018 and 2017, the closing dates of Village at Oakview, LLC.

At March 31, 2019, the Authority is also due developer fees of \$290,184 and \$359,010 from Component Units Sapling Grove Apartments, LLC (SGA) and Village at Oakview, LLC (V@O), respectively. The aggregate amount of the developer fees is eliminated in the entity-wide consolidation at March 31, 2019.

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

NOTES TO FINANCIAL STATEMENTS- Continued  
FOR THE YEAR ENDED MARCH 31, 2019

**NOTE 6: NOTES RECEIVABLE (continued)**

At March 31, 2018, the developer fees due from SGA and V@O were \$300,684 and \$435,409, respectively. At March 31, 2018, \$133,628 of the aggregate amount was not eliminated in the entity-side consolidation and extended to the Component Units. The developer fees shall be repaid from available cash flows from operations as defined in the operating agreements.

**NOTE 7: OTHER ASSETS – NONCURRENT**

Costs incurred by the Component Units to obtain tax credits are capitalized and amortized over 30 years. At March 31, 2019 and 2018, other noncurrent assets consist of tax credit fees, net of accumulated amortization, in the amount of \$90,810 and \$0, respectively.

**NOTE 8: CAPITAL ASSETS, NET**

A summary of the changes in capital assets during the year ended March 31, 2019 is as follows:

	3/31/2018	Increase	Decrease	3/31/2019
Land	\$ 962,573	\$ -	\$ -	\$ 962,573
Buildings and Improvements	35,611,968	4,307,320	(2,433,408)	37,485,880
Furniture, Equipment and Machinery - Dwelling	494,875	117,176	(25,433)	586,618
Furniture, Equipment and Machinery - Nondwelling	229,721	-	-	229,721
Construction in Process	3,481,091	731,994	(4,154,402)	58,683
Total at Historical Cost	<u>40,780,228</u>	<u>5,156,490</u>	<u>(6,613,243)</u>	<u>39,323,475</u>
Buildings	(26,168,555)	(783,921)	2,359,613	(24,592,863)
Furniture, Equipment and Machinery	(617,886)	(38,017)	-	(655,903)
Total Accumulated Depreciation	<u>(26,786,441)</u>	<u>(821,938)</u>	<u>-</u>	<u>(25,248,766)</u>
Capital Assets, Net	<u>\$ 13,993,787</u>	<u>\$ 4,334,552</u>	<u>\$ (4,253,630)</u>	<u>\$ 14,074,709</u>

Depreciation expense for the years ended March 31, 2019 and 2018, was \$821,938 and \$655,001, respectively and charged as follows:

	2019	2018
Low Rent Public Housing	\$ 459,339	\$ 516,754
Component Unit	353,263	128,911
Business Activities	9,336	9,336
Total Depreciation	<u>\$ 821,938</u>	<u>\$ 655,001</u>

**NOTE 9: ACCOUNTS PAYABLE**

Accounts payable at March 31, 2019 and 2018, consisted of the following:

	2019	2018
Vendors and Contractors	\$ 29,199	\$ 84,036
City of Bristol (PILOT)	37,400	33,032
Total Accounts Payable	<u>\$ 66,599</u>	<u>\$ 117,068</u>

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

NOTES TO FINANCIAL STATEMENTS- Continued  
FOR THE YEAR ENDED MARCH 31, 2019

**NOTE 10: ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES**

Accrued expenses and other current liabilities at March 31, 2019 and 2018, consisted of the following:

	2019	2018
Wages and Payroll Taxes	\$ 4,380	\$ 246
HAP Payable	9,676	1,675
Accrued Compensated Absences - Current Portion	36,861	68,875
Long Term Debt - Current Portion	29,975	818,728
Accrued Interest Payable (VHDA)	2,442	1,108
Unearned Revenue	5,254	2,783
Accrued Utilities	24,983	26,762
Tenant Security Deposits	84,576	70,856
FSS Escrow	55,558	72,674
Total Accrued Expenses and Other Current Liabilities	<u>\$ 253,705</u>	<u>\$ 1,063,707</u>

**NOTE 11: NON-CURRENT LIABILITIES**

The following is a summary of changes in non-current liabilities for the year ended March 31, 2019:

	3/31/2018	Increases	Decreases	3/31/2019	Current	Non-Current
Compensated Absences	\$ 125,229	\$ 64,380	\$ (48,798)	\$ 140,811	\$ 36,861	\$ 103,950
Long-Term Debt	2,533,526	825,000	(2,171,204)	1,187,322	29,975	1,157,347
Accrued Pension and OPEB	627,260	2,000	(275,989)	353,271	-	353,271
Other Non-Current Liabilities	736,093	276,666	(686,759)	326,000	-	326,000
	<u>\$4,022,108</u>	<u>\$ 1,168,046</u>	<u>\$(3,182,750)</u>	<u>\$ 2,007,404</u>	<u>\$ 66,836</u>	<u>\$ 1,940,568</u>

**Compensated Absences** - Represents the amount of accumulated leave for which employees are entitled to receive payment in accordance with the Authority's Personnel Policy.

**Long-Term Debt** – Includes 2 mortgage notes payable to VHDA from the Component Units. The principle balances at December 31, 2018, the closing date of the Component Units are as follows:

	SGA	V@O	Total
Total Balance	\$ 370,722	\$ 816,600	\$ 1,187,322
Less: Current Portion	(9,494)	(20,481)	(29,975)
Total Long-Term Balance	<u>\$ 361,228</u>	<u>\$ 796,119</u>	<u>\$ 1,157,347</u>

The SGA VHDA note has a stated interest rate of 3.50% and matures in November 2043. Required monthly payments of principle and interest are \$1,860. The V@O VHDA note has a stated interest rate of 2.00% and matures in July, 2048. Required monthly payments of principle and interest are \$3,050.

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

NOTES TO FINANCIAL STATEMENTS- Continued  
FOR THE YEAR ENDED MARCH 31, 2019

**NOTE 11: NON-CURRENT LIABILITIES (continued)**

Required principle and interest payments for the next 5 years ending December 31, are as follows:

	SGA		V@O		Total
	Principal	Interest	Principal	Interest	
2019	\$ 9,494	\$ 12,824	\$ 20,481	\$ 16,111	\$ 58,910
2020	9,831	12,486	20,895	15,698	58,910
2021	10,181	12,137	21,316	15,276	58,910
2022	10,543	11,774	21,747	14,846	58,910
2023	10,918	11,399	22,185	14,407	58,909
Thereafter	319,755	124,739	709,976	188,224	1,342,694
<b>TOTAL</b>	<b>\$ 370,722</b>	<b>\$ 185,359</b>	<b>\$ 816,600</b>	<b>\$ 264,562</b>	<b>\$ 1,637,243</b>

**Accrued Pension and Other Postemployment Benefits (OPEB)** – At March 31, 2019 and 2018, the Authority reported liabilities of \$271,271 and \$82,000 for Pension and Other Post-Employment Benefits, respectively.

**Other Non-Current Liabilities** - Other Non-Current liabilities include developer fees of \$326,000 not eliminated in the entity-wide consolidation and extended to the Component Units after December 31, 2018, the closing date of the Component Units.

**NOTE 12: PENSION PLAN**

The Authority contributes to the Virginia Retirement System (VRS), a cost-sharing multiple employer defined benefit public employee retirement system that acts as a common investment and administrative agent for political subdivisions in the Commonwealth of Virginia.

The VRS issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for VRS. A copy of that report may be obtained by visiting the VRS website at <https://www.varetire.org/pdf/publications/2018-annual-report.pdf> or by writing the System's CFO at P. O. Box 2500, Richmond, VA 23218-2500.

- a. Plan Description -. 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.

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

NOTES TO FINANCIAL STATEMENTS- Continued  
 FOR THE YEAR ENDED MARCH 31, 2019

**NOTE 12: PENSION PLAN (continued)**

- a. Plan Description (continued) - VRS administers three defined benefit plans for local government employees—Plan 1, Plan 2, and Hybrid Retirement Plan:
- 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.



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

NOTES TO FINANCIAL STATEMENTS- Continued  
FOR THE YEAR ENDED MARCH 31, 2019

**NOTE 12: PENSION PLAN (continued)**

- b. Employees Covered by Benefit Terms - As of the June 30, 2017 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

Inactive Members or Their Beneficiaries Currently Receiving Benefits	24
Inactive Members:	
Vested	2
Non-Vested	15
Active Elsewhere in VRS	2
Total Inactive Members	19
Active Members	27
<b>Total Covered Employees</b>	<b>70</b>

- c. Contributions - The contribution requirement for active employees is governed by Title 51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensations toward their retirement. Prior to July 1, 2012, all or part of the 5.00% member contribution may have been assumed by the employer. Beginning July 1, 2012, new employees were required to pay the 5.00% member contribution. In addition, for existing employees; employers were required to begin making the employee pay the 5.00% member contribution. This could be phased in over a period of up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution. BRHA's contractually required contribution rates for the year ended March 31, 2019 was 9.44% of covered employee compensation for Plan 1 and Plan 2 and 7.95% for the Hybrid Plan. These rates, when combined with employee contributions, are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from BRHA to the pension plan were \$91,215 and \$88,991 for the years ended June 30, 2018, and June 30, 2017, respectively.

***Liabilities, expenses and deferred outflows/inflows of resources related to pensions***

- a. Actuarial Assumptions –

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

Inflation	2.50%
Salary increases, including inflation	3.5% - 5.35%
Investment rate of return	7% net of pension plan investment expense, including inflation*
Cost-of-living adjustments	2.25% - 2.5%

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

NOTES TO FINANCIAL STATEMENTS- Continued  
 FOR THE YEAR ENDED MARCH 31, 2019

**NOTE 12: PENSION PLAN (continued)**

a. Actuarial Assumptions (continued)

\*Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7%. Since the difference was minimal, a more conservative 7% investment return assumption was used for preparation of pension liabilities.

**Mortality rates – Largest Ten Locality Employers - General and Non-Hazardous Duty Employees**

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each year age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

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

NOTES TO FINANCIAL STATEMENTS- Continued  
 FOR THE YEAR ENDED MARCH 31, 2019

**NOTE 12: PENSION PLAN (continued)**

a. Actuarial Assumptions (continued)

***Long-Term Expected Rate of Return***

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

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

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

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

NOTES TO FINANCIAL STATEMENTS- Continued  
FOR THE YEAR ENDED MARCH 31, 2019

**NOTE 12: PENSION PLAN (continued)**

a. Actuarial Assumptions (continued)

***Discount Rate***

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2018, the alternate rate was the employer contribution rate used in FY 2012 or 90% of the actuarially determined employer contribution rate from the June 30, 2015, actuarial valuations, whichever was greater. From July 1, 2018 on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the Long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

***Changes in Net Pension Liability of the VRS Pension Plan***

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a-b)
<b>Balances at June 30, 2017</b>	<b>\$ 21,564,004,346</b>	<b>\$19,250,246,782</b>	<b>\$ 2,313,757,564</b>
Changes for the year:			
Service Cost	544,762,066	-	544,762,066
Interest	1,472,680,232	-	1,472,680,232
Benefit changes	10,811,391	-	10,811,391
Changes of assumptions	-	-	-
Difference between expected and actual experience	(43,178,522)	-	(43,178,522)
Contributions-employer	-	490,285,730	(490,285,730)
Contributions-employee	-	241,338,859	(241,338,859)
Net investment income	-	1,415,455,743	(1,415,455,743)
Benefit payments, including refunds of employee contributions	(1,051,345,009)	(1,051,345,009)	-
Administrative expense	-	(12,235,799)	12,235,799
Other changes	-	(30,923,754)	30,923,754
Net Changes	933,730,158	1,052,575,770	(118,845,612)
<b>Balances at June 30, 2018</b>	<b>\$ 22,497,734,504</b>	<b>\$20,302,822,552</b>	<b>\$ 2,194,911,952</b>

Totals are from Schedule E Total Pension Liability and Fiduciary Net Position on pages 111-134 of the GASB Statement No. 68 Report.

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

NOTES TO FINANCIAL STATEMENTS- Continued  
FOR THE YEAR ENDED MARCH 31, 2019

**NOTE 12: PENSION PLAN (continued)**

- b. Net Pension Liability – BRHA's Net Pension Liability was measured as of June 30, 2018. The total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2017, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018. The following table summarizes the changes in BRHA's Net Pension Liability which resulted in \$271,271 being reported as a pension liability at March 31, 2019.

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a-b)
<b>Balances at June 30, 2017</b>	\$ 3,565,763	\$ 3,018,503	\$ 547,260
Changes for the year:			
Service Cost	92,747	-	92,747
Interest	241,470	-	241,470
Difference between expected and actual experience	(251,486)	-	(251,486)
Contributions-employer	-	91,215	(91,215)
Contributions-employee	-	47,788	(47,788)
Net investment income	-	221,857	(221,857)
Benefit payments, including refunds of employee contributions	(232,392)	(232,392)	-
Administrative expense	-	(1,945)	1,945
Other changes	-	(195)	195
Net Changes	(149,661)	126,328	(275,989)
<b>Balances at June 30, 2018</b>	\$ 3,416,102	\$ 3,144,831	\$ 271,271

- c. Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents BRHA's Net Pension Liability using the discount rate of 7%, as well as what it would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (6%)	Current Discount Rate (7%)	1% Increase (8%)
<b>BRHA's Net Pension Liability (Asset)</b>	\$639,479	\$271,271	(\$41,332)

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

NOTES TO FINANCIAL STATEMENTS- Continued  
 FOR THE YEAR ENDED MARCH 31, 2019

**NOTE 12: PENSION PLAN (continued)**

- d. Pension Expense (Income) - For the year ended March 31, 2019, BRHA recognized pension income of \$25,486. The components of pension income are as follows:

Service Costs	\$ 92,747
Interest on the total pension liability	241,470
Expensed portion of current period difference between expected and actual experience in the total pension liability	(93,489)
Member contributions	(47,788)
Projected earnings on plan investments	(207,951)
Expensed portion of current period difference between actual and projected earnings on plan investments	(2,781)
Administrative expense	1,945
Other	195
Recognition of beginning deferred outflows of resources as pension expense	68,708
Recognition of beginning deferred inflows of resources as pension expense	(78,542)
Pension Expense (Income)	<u>\$ (25,486)</u>

- e. Deferred Outflows of Resources and Deferred Inflows of Resources - As of March 31, 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 13,450	\$ 157,997
Changes of assumptions	-	3,352
Net difference between projected and actual earnings on pension plan investments	-	24,932
Employer contributions subsequent to the measurement date	56,236	-
<b>Total</b>	<u>\$ 69,686</u>	<u>\$ 186,281</u>

Deferred outflows of resources the amount of \$56,236 resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended March 31, 2020.

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

NOTES TO FINANCIAL STATEMENTS- Continued  
 FOR THE YEAR ENDED MARCH 31, 2019

**NOTE 12: PENSION PLAN (continued)**

- e. Deferred Outflows of Resources and Deferred Inflows of Resources (continued) - Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Reporting Date Ending June 30:

2020	\$ (72,538)
2021	(66,554)
2022	(30,957)
2023	(2,782)
2024	-
Thereafter	-

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

**NOTE 13: OTHER POST EMPLOYMENT BENEFITS (OPEB)**

The Virginia Retirement System (VRS) Group Life Insurance Program (OPEB-GLI) is a multiple employer, cost-sharing plan. It provides coverage to state employees, teachers, and employees of participating political subdivisions. The Group Life Insurance Program was established pursuant to §51.1-500 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. The Group Life Insurance Program is a defined benefit plan that provides a basic group life insurance benefit for employees of participating employers. For purposes of measuring the net OPEB-GLI liability, deferred outflows of resources and deferred inflows of resources related to the OPEB-GLI, and OPEB-GLI 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.

- a. Plan Description - All full-time, salaried permanent employees of the state agencies, teachers and employees of participating political subdivisions are automatically covered by the VRS Group Life Insurance Program upon employment. This plan is administered by the Virginia Retirement System (VRS), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia. In addition to the Basic Group Life Insurance benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional Group Life Insurance Program. Since this is a separate and fully insured program, it is not included as part of the Group Life Insurance Program OPEB.

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

NOTES TO FINANCIAL STATEMENTS- Continued  
FOR THE YEAR ENDED MARCH 31, 2019

**NOTE 13: OTHER POST EMPLOYMENT BENEFITS (continued)**

a. Plan Description (continued)

Significant plan provisions of the Political Subdivision Group Life Insurance Program OPEB, including eligibility, coverage and benefits are as follows:

**Eligible Employees**

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

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

**Benefit Amounts**

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

- Natural Death Benefit – The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled.
- Accidental Death Benefit – The accidental death benefit is double the natural death benefit.
- Other Benefit Provisions – In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances.

**Reduction in Benefit Amounts**

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

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

For covered members with at least 30 years of creditable service, there is a minimum benefit payable under the Group Life Insurance Program. The minimum benefit was set at \$8,000 by statute. This amount is increased annually based on the VRS Plan 2 cost-of-living adjustment and was increased to \$8,279 effective July 1, 2018.



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

NOTES TO FINANCIAL STATEMENTS- Continued  
 FOR THE YEAR ENDED MARCH 31, 2019

**NOTE 13: OTHER POST EMPLOYMENT BENEFITS (continued)**

- b. Contributions- The contribution requirements for the Group Life Insurance Program are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the Group Life Insurance Program was 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% (1.31% X 60%) and the employer component was 0.52% (1.31% X 40%). Employers may elect to pay all or part of the employee contribution, however the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2019 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Group Life Insurance Program from the entity were \$5,723 and \$5,364 for the years ended June 30, 2019 and June 30, 2018, respectively.

***Liabilities, expenses and deferred outflows/inflows of resources related to OPEB***

a. Actuarial Valuation Method and Assumptions

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

Inflation	2.50%
Salary increases, including inflation	3.5% - 5.35%
Investment rate of return	7% net of pension plan investment expense, including inflation*
Cost-of-living adjustments	2.25% - 2.5%

\*Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7%. Since the difference was minimal, a more conservative 7% investment return assumption was used for preparation of pension liabilities.

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

NOTES TO FINANCIAL STATEMENTS- Continued  
 FOR THE YEAR ENDED MARCH 31, 2019

**NOTE 13: OTHER POST EMPLOYMENT BENEFITS (continued)**

a. Actuarial Valuation Method and Assumptions (continued)

**Mortality rates – Largest Ten Locality Employers - General and Non-Hazardous Duty Employees**

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each year age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

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

NOTES TO FINANCIAL STATEMENTS- Continued  
 FOR THE YEAR ENDED MARCH 31, 2019

**NOTE 13: OTHER POST EMPLOYMENT BENEFITS (continued)**

a. Actuarial Valuation Method and Assumptions (continued)

***Net GLI OPEB Liability***

The Net OPEB liability (NOL) for the Group Life Insurance Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the Measurement Date of June 30, 2018, NOL amounts for the Group Life Insurance Program are as follows (amounts expressed in thousands):

	<b><u>Group Life Insurance OPEB Program</u></b>
Total GLI OPEB Liability	\$ 3,113,508
Less: Plan Fiduciary Net Position	<u>1,594,773</u>
Employers' Net GLI OPEB Liability (Asset)	<u>\$ 1,518,735</u>
Plan Fiduciary Net Position as a Percentage of the Total Political Subdivision GLI OPEB Liability	51.22%

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

***Long-Term Expected Rate of Return***

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

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

NOTES TO FINANCIAL STATEMENTS- Continued  
 FOR THE YEAR ENDED MARCH 31, 2019

**NOTE 13: OTHER POST EMPLOYMENT BENEFITS (continued)**

a. Actuarial Valuation Method and Assumptions (continued)

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

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

***Discount Rate***

The discount rate used to measure the total GLI OPEB liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2018, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2018 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

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

NOTES TO FINANCIAL STATEMENTS- Continued  
FOR THE YEAR ENDED MARCH 31, 2019

**NOTE 13: OTHER POST EMPLOYMENT BENEFITS (continued)**

- b. Net OPEB Liability - At March 31, 2019, BRHA reported a liability of \$82,000 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2018 and the total OPEB liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of June 30, 2017. The covered employer's proportion of the Net OPEB Liability was based on the covered employer's actuarially determined employer contributions to the Group Life Insurance Program for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the BRHA employer's proportion was 0.00543% as compared to 0.00533% at June 30, 2017.
- c. Sensitivity of the Net OPEB Liability to Changes in the Discount Rate - The following presents the net GLI OPEB liability of BRHA using the discount rate of 7%, as well as what BRHA's net GLI OPEB liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (6%)	Current Discount Rate (7%)	1% Increase (8%)
<b>BRHA's Net OPEB Liability (Asset)</b>	\$107,774	\$82,000	\$61,920

- d. OPEB Expense- For the year ended June 30, 2019, BRHA recognized GLI OPEB expense of \$3,000. Since there was a change in proportionate share between measurement dates, a portion of the OPEB expense was related to deferred amounts from changes in proportion.
- e. Deferred Outflows of Resources and Deferred Inflows of Resources - At March 31, 2019, BRHA reported deferred outflows of resources and deferred inflows of resources related to GLI OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 4,000	\$ 2,000
Net difference between projected and actual earnings on OPEB plan investments	-	3,000
Changes of assumptions	-	3,000
Employer contributions subsequent to the measurement date	10,643	-
<b>Total</b>	<u>\$ 14,643</u>	<u>\$ 8,000</u>

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

NOTES TO FINANCIAL STATEMENTS- Continued  
FOR THE YEAR ENDED MARCH 31, 2019

**NOTE 13: OTHER POST EMPLOYMENT BENEFITS (continued)**

- e. Deferred Outflows of Resources and Deferred Inflows of Resources (continued)- Deferred outflows of resources the amount of \$10,643 resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the year ended March 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Reporting Date Ending June 30:

2020	\$ (1,000)
2021	(1,000)
2022	(2,000)
2023	-
2024	-
Thereafter	-

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

**NOTE 14: HUD PHA GRANTS**

HUD contributions, recognized as grant revenue, for the years ended March 31, 2019 and 2018, were as follows:

	<b>Operating Grant</b>	<b>Capital Grant</b>	<b>Total 2019</b>	<b>Total 2018</b>
Low Rent Public Housing - Operating Subsidy	\$ 1,490,968	\$ -	\$ 1,490,968	\$ 1,486,312
Housing Choice Vouchers	1,278,325	-	1,278,325	1,182,594
Capital Fund Program	-	160,986	160,986	306,921
Resident Opportunity and Self Sufficiency	122,754	-	122,754	89,656
<b>TOTAL HUD PHA Grants</b>	<b>\$ 2,892,047</b>	<b>\$ 160,986</b>	<b>\$ 3,053,033</b>	<b>\$ 3,065,483</b>

**NOTE 15: CAPITAL CONTRIBUTION TO COMPONENT UNIT**

During the year ended March 31, 2019, the Authority's Component Unit, Village at Oakview, LLC, received a capital contribution from its investor member in the amount of \$2,473,400.

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

NOTES TO FINANCIAL STATEMENTS- Continued  
FOR THE YEAR ENDED MARCH 31, 2019

**NOTE 16: RISK MANAGEMENT**

The Authority is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Significant losses are covered by commercial insurance for all major programs and there have been no significant reductions in insurance coverage. Claims expenditures and liabilities are reported when it is probable that a loss has occurred, the amount of the loss can be reasonably estimated, and said amount exceeds insurance coverage. Settlement amounts have not exceeded insurance coverage for the last four years.

**NOTE 17: CONTINGENCIES AND OTHER MATTERS**

- a. Litigation and Other Matters - Certain claims, suits and complaints may arise in the ordinary course of business. None have been filed and none are pending against the Authority. In the opinion of the Authority's management, any such matters are adequately covered by insurance.
- b. Grants - The Authority has received various other grants for specific purposes. These grants are subject to financial and compliance audits. Such audits could result in requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. The Authority management is of the opinion that disallowances, if any, will not be material.

**NOTE 18: 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. 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 2.

**NOTE 19: ECONOMIC DEPENDENCY**

The Section 8 and the Low Rent Public Housing programs are economically dependent on annual grants from HUD.

**NOTE 20: SUBSEQUENT EVENTS**

Management has evaluated subsequent events through December 20, 2019, the date on which the financial statements were available to be issued.

**SUPPLEMENTAL INFORMATION**



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

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED MARCH 31, 2019**

DIRECT FEDERAL ASSISTANCE		
<u>FEDERAL GRANTOR/PROGRAM</u>	<u>CFDA NUMBER</u>	<u>FEDERAL EXPENDITURES</u>
<u>U.S. DEPARTMENT OF HUD</u>		
Low Rent Public Housing	14.850*	\$ 1,490,968
Resident Opportunity and Supportive Services	14.870	122,754
Housing Choice Vouchers	14.871*	1,278,325
Public Housing Capital Fund	14.872	<u>160,986</u>
TOTAL U.S. DEPARTMENT OF HUD		<u>\$ 3,053,033</u>
TOTAL FEDERAL ASSISTANCE		<u>\$ 3,053,033</u>

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

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED MARCH 31, 2019**

**NOTE 1: BASIS OF ACCOUNTING**

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grant activity of the Bristol Redevelopment and Housing Authority under programs of the federal government for the year ended March 31, 2019. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of operations of the Authority, it is not intended to and does not present the net position, changes in net position or cash flows of the Authority. Some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of the financial statements.

**NOTE 2: MAJOR PROGRAMS**

The (\*) to the right of a CFDA number identifies the grant as a major federal program as defined by Title 2 Part 200 (Uniform Guidance).

**NOTE 3: AWARD BALANCE**

On the Housing Choice Voucher programs, the Authority receives annual funds based on an annual estimate of need. Any Housing Assistance funds received in excess of current year payments is restricted for payment of future Housing Assistance payments.

**NOTE 4: INDIRECT COST RATE**

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

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

**STATEMENT OF CERTIFICATION OF MODERNIZATION COSTS**  
**FOR THE YEAR ENDED MARCH 31, 2019**

	<u>*501-16</u>	<u>501-17</u>	<u>501-18</u>	<u>Totals</u>
Budget	<u>\$ 455,150</u>	<u>\$ 467,186</u>	<u>\$ -</u>	<u>\$ 922,336</u>
<u>Advances:</u>				
Cumulative through 3/31/2018	\$ 251,731	\$ 33,705	\$ -	\$ 285,436
Current Year	<u>203,419</u>	<u>96,926</u>	<u>49,374</u>	<u>349,719</u>
Cumulative through 3/31/2019	<u>455,150</u>	<u>130,631</u>	<u>49,374</u>	<u>635,155</u>
<u>Costs:</u>				
Cumulative through 3/31/2018	267,772	46,828	-	314,600
Current Year	<u>187,378</u>	<u>86,304</u>	<u>53,633</u>	<u>327,315</u>
Cumulative through 3/31/2019	<u>455,150</u>	<u>133,132</u>	<u>53,633</u>	<u>641,915</u>
Excess / (Deficiency)	<u>\$ -</u>	<u>\$ (2,501)</u>	<u>\$ (4,259)</u>	<u>\$ (6,760)</u>

\*Grant Number VA36P00250116 closed out during 2019. The distribution of costs by project as shown on the Final Statement of Modernization Costs accompanying the Actual Modernization Cost Certificate submitted to HUD for approval agrees with the Authority's records.

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

**FINANCIAL COMPLIANCE REPORTS  
FOR  
FEDERAL FUNDS**



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

Board of Commissioners  
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, 2019. 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 law, 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 requirement referred to above.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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 on 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, 2019.

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

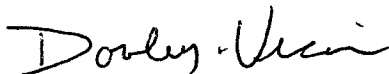
**Report on Internal Control over Compliance**

Management of the Bristol Redevelopment and Housing Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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 that normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with 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 weakness* or *significant deficiencies*. We did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses*. However, material weaknesses may exist that have not been identified.

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



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

Richmond, Virginia  
December 20, 2019



**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 Bristol Redevelopment and Housing Authority, which comprise the statement of net position as of March 31, 2019, and the related statements of revenues, expenses and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon December 20, 2019.

**Internal Control over Financial Reporting**

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

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

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

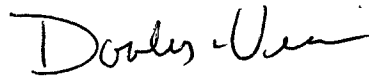
**Compliance and Other Matters**

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

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

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Bristol Redevelopment and Housing Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



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

Richmond, Virginia  
December 20, 2019



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

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE YEAR ENDED MARCH 31, 2019**

No Prior Audit Findings.

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED MARCH 31, 2019**

**Section I -- Summary of Auditor's Results**

*Financial Statements*

Type of auditor's report issued:	Unmodified	
Internal control over financial reporting:		
• Material weakness(es) identified:	___ yes	_x_ no
• Significant deficiency(ies) identified that are not considered to be material weakness(es)?	___ yes	_x_ none reported
Noncompliance material to financial statements noted?	___ yes	_x_ no

*Federal Awards*

Internal control over major programs:		
• Material weakness(es) identified:	___ yes	_x_ no
• Significant deficiency(ies) identified that are not considered to be material weakness(es)?	___ yes	_x_ none reported
Type of auditor's report issued on compliance for major programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with <i>Title 2, CFR Part 200 (Uniform Guidance)</i> :	___ yes	_x_ no

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED MARCH 31, 2019**  
**(CONTINUED)**

Identification of major programs:

<i>CFDA Number(s)</i>	<i>Name of Federal Program or Cluster</i>
14.850	Low Rent Public Housing
14.871	Housing Choice Vouchers

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

Auditee qualified as low-risk auditee?  yes  no

**Section II -- Financial Statement Findings**

There were no financial statement findings.

**Section III -- Federal Awards Findings and Questioned Costs**

There were no federal award findings or questioned costs.

Bristol Redevelopment & Housing Authority (VA002)  
BRISTOL, VA

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2019

	Project Total	6.2 Component Unit - Blended	2 State/Local	14.870 Resident Opportunity and Supportive Services	1 Business Activities	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$1,203,321	\$123,308	\$560		\$361,862	\$49,961	\$1,739,012		\$1,739,012
112 Cash - Restricted - Modernization and Development									
113 Cash - Other Restricted	\$55,558	\$162,585	\$139,814			\$24,079	\$382,036		\$382,036
114 Cash - Tenant Security Deposits	\$57,586	\$25,594			\$1,396		\$84,576		\$84,576
115 Cash - Restricted for Payment of Current Liabilities						\$0	\$0		\$0
100 Total Cash	\$1,316,465	\$311,487	\$140,374	\$0	\$363,258	\$74,040	\$2,205,624	\$0	\$2,205,624
121 Accounts Receivable - PHA Projects									
122 Accounts Receivable - HUD Other Projects	\$7,549			\$17,794			\$25,343		\$25,343
124 Accounts Receivable - Other Government						\$525	\$525		\$525
125 Accounts Receivable - Miscellaneous	\$10,884	\$50,068			\$12,084		\$73,036	-\$10,833	\$62,203
126 Accounts Receivable - Tenants	\$14,827	\$7,600			\$342		\$22,769		\$22,769
126.1 Allowance for Doubtful Accounts - Tenants	-\$494	\$0			\$0		-\$494		-\$494
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0		\$0	\$0	\$0	\$0		\$0
127 Notes, Loans, & Mortgages Receivable - Current									
128 Fraud Recovery									
128.1 Allowance for Doubtful Accounts - Fraud									
129 Accrued Interest Receivable									
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$32,766	\$57,668	\$0	\$17,794	\$12,426	\$525	\$121,179	-\$10,833	\$110,346
131 Investments - Unrestricted	\$189,557						\$189,557		\$189,557
132 Investments - Restricted						\$0	\$0		\$0
135 Investments - Restricted for Payment of Current Liability						\$0	\$0		\$0
142 Prepaid Expenses and Other Assets	\$64,370	\$7,797					\$72,167		\$72,167
143 Inventories									
143.1 Allowance for Obsolete Inventories									
144 Inter Program Due From	\$20,604					\$3,949	\$24,553	-\$24,553	\$0
145 Assets Held for Sale									
150 Total Current Assets	\$1,623,762	\$376,952	\$140,374	\$17,794	\$375,684	\$78,514	\$2,613,080	-\$35,386	\$2,577,694
161 Land	\$543,767	\$200,099			\$218,707		\$962,573		\$962,573
162 Buildings	\$24,577,937	\$12,492,453			\$276,525		\$37,346,915		\$37,346,915
163 Furniture, Equipment & Machinery - Dwellings	\$429,444	\$157,174					\$586,618		\$586,618
164 Furniture, Equipment & Machinery - Administration	\$229,721						\$229,721		\$229,721
165 Leasehold Improvements									
166 Accumulated Depreciation	-\$23,759,570	-\$1,393,299			-\$95,897		-\$25,248,766		-\$25,248,766
167 Construction in Progress	\$58,683						\$58,683		\$58,683
168 Infrastructure		\$138,965					\$138,965		\$138,965
160 Total Capital Assets, Net of Accumulated Depreciation	\$2,079,982	\$11,595,392	\$0	\$0	\$399,335	\$0	\$14,074,709	\$0	\$14,074,709

Bristol Redevelopment & Housing Authority (VA002)  
BRISTOL, VA

Entity Wide Balance Sheet Summary - Continued

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2019

	Project Total	6.2 Component Unit - Blended	2 State/Local	14.870 Resident Opportunity and Supportive Services	1 Business Activities	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
171 Notes, Loans and Mortgages Receivable - Non-Current	\$0				\$2,087,372		\$2,087,372	-\$2,087,372	\$0
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due	\$0						\$0		\$0
173 Grants Receivable - Non Current									
174 Other Assets	\$0	\$90,810			\$0		\$90,810		\$90,810
176 Investments in Joint Ventures	\$0				\$870,961		\$870,961	-\$870,961	\$0
180 Total Non-Current Assets	\$2,079,982	\$11,686,202	\$0	\$0	\$3,357,668	\$0	\$17,123,852	-\$2,958,333	\$14,165,519
200 Deferred Outflow of Resources	\$84,329	\$0	\$0	\$0	\$0		\$84,329	\$0	\$84,329
290 Total Assets and Deferred Outflow of Resources	\$3,788,073	\$12,063,154	\$140,374	\$17,794	\$3,733,352	\$78,514	\$19,821,261	-\$2,993,719	\$16,827,542
311 Bank Overdraft									
312 Accounts Payable <= 90 Days	\$23,547	\$1,322			\$1,840	\$2,490	\$29,199		\$29,199
313 Accounts Payable >90 Days Past Due									
321 Accrued Wage/Payroll Taxes Payable	\$4,380						\$4,380		\$4,380
322 Accrued Compensated Absences - Current Portion	\$32,227				\$1,079	\$3,555	\$36,861		\$36,861
324 Accrued Contingency Liability									
325 Accrued Interest Payable		\$1,081					\$1,081		\$1,081
331 Accounts Payable - HUD PHA Programs	\$0						\$0		\$0
332 Account Payable - PHA Projects									
333 Accounts Payable - Other Government	\$37,400						\$37,400		\$37,400
341 Tenant Security Deposits	\$57,586	\$25,594			\$1,396		\$84,576		\$84,576
342 Unearned Revenue	\$4,584	\$670					\$5,254		\$5,254
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	\$0	\$29,975					\$29,975		\$29,975
344 Current Portion of Long-term Debt - Operating Borrowings									
345 Other Current Liabilities	\$55,558	\$2,387					\$57,945		\$57,945
346 Accrued Liabilities - Other	\$23,519				\$438	\$9,676	\$33,633		\$33,633
347 Inter Program - Due To	\$6,759			\$17,794			\$24,553	-\$24,553	\$0
348 Loan Liability - Current	\$0						\$0		\$0
310 Total Current Liabilities	\$245,560	\$61,029	\$0	\$17,794	\$4,753	\$15,721	\$344,857	-\$24,553	\$320,304
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$0	\$1,157,347					\$1,157,347		\$1,157,347
352 Long-term Debt, Net of Current - Operating Borrowings									
353 Non-current Liabilities - Other		\$2,424,205					\$2,424,205	-\$2,098,205	\$326,000
354 Accrued Compensated Absences - Non Current	\$90,879				\$3,043	\$10,028	\$103,950		\$103,950
355 Loan Liability - Non Current	\$0						\$0		\$0
356 FASB 5 Liabilities									
357 Accrued Pension and OPEB Liabilities	\$353,271	\$0	\$0	\$0	\$0	\$0	\$353,271		\$353,271

Bristol Redevelopment & Housing Authority (VA002)  
BRISTOL, VA

Entity Wide Balance Sheet Summary - Continued

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2019

	Project Total	6.2 Component Unit - Blended	2 State/Local	14.870 Resident Opportunity and Supportive Services	1 Business Activities	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
350 Total Non-Current Liabilities	\$444,150	\$3,581,552	\$0	\$0	\$3,043	\$10,028	\$4,038,773	-\$2,098,205	\$1,940,568
300 Total Liabilities	\$689,710	\$3,642,581	\$0	\$17,794	\$7,796	\$25,749	\$4,383,630	-\$2,122,758	\$2,260,872
400 Deferred Inflow of Resources	\$194,281						\$194,281	\$0	\$194,281
508.4 Net Investment in Capital Assets	\$2,079,982	\$8,650,770		\$0	\$399,335	\$0	\$11,130,087		\$11,130,087
511.4 Restricted Net Position	\$113,144	\$188,179	\$139,814	\$0	\$1,396	\$24,079	\$466,612		\$466,612
512.4 Unrestricted Net Position	\$710,956	-\$418,376	\$560	\$0	\$3,324,825	\$28,686	\$3,646,651	-\$870,961	\$2,775,690
513 Total Equity - Net Assets / Position	\$2,904,082	\$8,420,573	\$140,374	\$0	\$3,725,556	\$52,765	\$15,243,350	-\$870,961	\$14,372,389
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$3,788,073	\$12,063,154	\$140,374	\$17,794	\$3,733,352	\$78,514	\$19,821,261	-\$2,993,719	\$16,827,542

Bristol Redevelopment & Housing Authority (VA002)  
BRISTOL, VA

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2019

	Project Total	6.2 Component Unit - Blended	2 State/Local	14.870 Resident Opportunity and Supportive Services	1 Business Activities	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$798,455	\$336,250			\$18,300		\$1,153,005	-\$75,149	\$1,077,856
70400 Tenant Revenue - Other	\$124,819	\$4,595					\$129,414		\$129,414
70500 Total Tenant Revenue	\$923,274	\$340,845	\$0	\$0	\$18,300	\$0	\$1,282,419	-\$75,149	\$1,207,270
70600 HUD PHA Operating Grants	\$1,490,968			\$122,754		\$1,278,325	\$2,892,047		\$2,892,047
70610 Capital Grants	\$160,986						\$160,986		\$160,986
70710 Management Fee									
70720 Asset Management Fee									
70730 Book Keeping Fee									
70740 Front Line Service Fee									
70750 Other Fees									
70700 Total Fee Revenue							\$0	\$0	\$0
70800 Other Government Grants			\$76,023				\$76,023		\$76,023
71100 Investment Income - Unrestricted	\$4,213	\$1,295				\$0	\$5,508		\$5,508
71200 Mortgage Interest Income									
71300 Proceeds from Disposition of Assets Held for Sale									
71310 Cost of Sale of Assets									
71400 Fraud Recovery						\$0	\$0		\$0
71500 Other Revenue	\$38,514	\$1,446			\$367,101	\$4,783	\$411,844	-\$65,593	\$346,251
71600 Gain or Loss on Sale of Capital Assets	-\$54						-\$54		-\$54
72000 Investment Income - Restricted						\$0	\$0		\$0
70000 Total Revenue	\$2,617,901	\$343,586	\$76,023	\$122,754	\$385,401	\$1,283,108	\$4,828,773	-\$140,742	\$4,688,031
91100 Administrative Salaries	\$488,289	\$10,310			\$45,717	\$62,682	\$606,998	-\$10,310	\$596,688
91200 Auditing Fees	\$6,463	\$175			\$305	\$1,331	\$8,264		\$8,264
91300 Management Fee	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
91310 Book-keeping Fee									
91400 Advertising and Marketing	\$9,419	\$7,030					\$16,449		\$16,449
91500 Employee Benefit contributions - Administrative	\$124,214	\$3,343			\$6,920	\$11,673	\$146,150	-\$3,343	\$142,807
91600 Office Expenses	\$185,489	\$4,281		\$20,564	\$3,043	\$12,330	\$225,707		\$225,707
91700 Legal Expense	\$2,403	\$68			\$3,097		\$5,568		\$5,568
91800 Travel	\$21,028						\$21,028		\$21,028
91810 Allocated Overhead	-\$54,149				\$19,983	\$34,166	\$0		\$0
91900 Other	\$98,108	\$24,718			\$25,220	\$1,369	\$149,415	-\$24,717	\$124,698
91000 Total Operating - Administrative	\$881,254	\$49,925	\$0	\$20,564	\$104,285	\$123,551	\$1,179,579	-\$38,370	\$1,141,209

Bristol Redevelopment & Housing Authority (VA002)

BRISTOL, VA

Entity Wide Revenue and Expense Summary - Continued

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2019

	Project Total	6.2 Component Unit - Blended	2 State/Local	14.870 Resident Opportunity and Supportive Services	1 Business Activities	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
92000 Asset Management Fee									
92100 Tenant Services - Salaries	\$47,755			\$77,594			\$125,349		\$125,349
92200 Relocation Costs	\$20,100						\$20,100		\$20,100
92300 Employee Benefit Contributions - Tenant Services	\$11,285			\$24,596			\$35,881		\$35,881
92400 Tenant Services - Other	\$5,199						\$5,199		\$5,199
92500 Total Tenant Services	\$84,339	\$0	\$0	\$102,190	\$0	\$0	\$186,529	\$0	\$186,529
93100 Water	\$36,461	\$10,753			\$578		\$47,792		\$47,792
93200 Electricity	\$232,710	\$30,886			\$3,607		\$267,203		\$267,203
93300 Gas	\$78,477						\$78,477		\$78,477
93400 Fuel									
93500 Labor									
93600 Sewer	\$40,584	\$11,766			\$630		\$52,980		\$52,980
93700 Employee Benefit Contributions - Utilities									
93800 Other Utilities Expense									
93000 Total Utilities	\$388,232	\$53,405	\$0	\$0	\$4,815	\$0	\$446,452	\$0	\$446,452
94100 Ordinary Maintenance and Operations - Labor	\$346,609	\$11,746			\$13,853		\$372,208	-\$14,231	\$357,977
94200 Ordinary Maintenance and Operations - Materials and Other	\$202,066	\$27,591			\$472		\$230,129		\$230,129
94300 Ordinary Maintenance and Operations Contracts	\$166,526	\$24,804			\$4,540		\$195,870		\$195,870
94500 Employee Benefit Contributions - Ordinary Maintenance	\$48,317	\$5,071			\$6,214		\$59,602	-\$5,071	\$54,531
94000 Total Maintenance	\$763,518	\$69,212	\$0	\$0	\$25,079	\$0	\$857,809	-\$19,302	\$838,507
95100 Protective Services - Labor									
95200 Protective Services - Other Contract Costs									
95300 Protective Services - Other	\$6,599						\$6,599		\$6,599
95500 Employee Benefit Contributions - Protective Services									
95000 Total Protective Services	\$6,599	\$0	\$0	\$0	\$0	\$0	\$6,599	\$0	\$6,599
96110 Property Insurance	\$47,045	\$23,903			\$319		\$71,267		\$71,267
96120 Liability Insurance	\$12,848				\$861		\$13,709		\$13,709
96130 Workmen's Compensation	\$19,601	\$3			\$747	\$1,276	\$21,627		\$21,627
96140 All Other Insurance	\$9,313					\$770	\$10,083		\$10,083
96100 Total Insurance Premiums	\$88,807	\$23,906	\$0	\$0	\$1,927	\$2,046	\$116,686	\$0	\$116,686
96200 Other General Expenses	\$94,730	\$37,441	\$3,375		\$3,149	\$2,364	\$141,059	-\$75,149	\$65,910
96210 Compensated Absences	\$30,797				\$1,612	\$4,333	\$36,742		\$36,742



Bristol Redevelopment & Housing Authority (VA002)  
BRISTOL, VA

Entity Wide Revenue and Expense Summary - Continued

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2019

	Project Total	6.2 Component Unit - Blended	2 State/Local	14.870 Resident Opportunity and Supportive Services	1 Business Activities	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
96300 Payments in Lieu of Taxes	\$36,883						\$36,883		\$36,883
96400 Bad debt - Tenant Rents	\$53,588	\$474					\$54,062		\$54,062
96500 Bad debt - Mortgages									
96600 Bad debt - Other									
96800 Severance Expense									
96000 Total Other General Expenses	\$215,998	\$37,915	\$3,375	\$0	\$4,761	\$6,697	\$268,746	-\$75,149	\$193,597
96710 Interest of Mortgage (or Bonds) Payable									
96720 Interest on Notes Payable (Short and Long Term)	\$0	\$33,289					\$33,289	-\$5,000	\$28,289
96730 Amortization of Bond Issue Costs									
96700 Total Interest Expense and Amortization Cost	\$0	\$33,289	\$0	\$0	\$0	\$0	\$33,289	-\$5,000	\$28,289
96900 Total Operating Expenses	\$2,428,747	\$267,652	\$3,375	\$122,754	\$140,867	\$132,294	\$3,095,689	-\$137,821	\$2,957,868
97000 Excess of Operating Revenue over Operating Expenses	\$189,154	\$75,934	\$72,648	\$0	\$244,534	\$1,150,814	\$1,733,084	-\$2,921	\$1,730,163
97100 Extraordinary Maintenance									
97200 Casualty Losses - Non-capitalized									
97300 Housing Assistance Payments						\$1,111,458	\$1,111,458		\$1,111,458
97350 HAP Portability-In						\$3,543	\$3,543	-\$2,921	\$622
97400 Depreciation Expense	\$459,339	\$353,263			\$9,336		\$821,938		\$821,938
97500 Fraud Losses									
97600 Capital Outlays - Governmental Funds									
97700 Debt Principal Payment - Governmental Funds									
97800 Dwelling Units Rent Expense									
90000 Total Expenses	\$2,888,086	\$620,915	\$3,375	\$122,754	\$150,203	\$1,247,295	\$5,032,628	-\$140,742	\$4,891,886
10010 Operating Transfer In	\$160,986						\$160,986	-\$160,986	\$0
10020 Operating transfer Out	-\$160,986						-\$160,986	\$160,986	\$0
10030 Operating Transfers from/to Primary Government	\$0						\$0		\$0
10040 Operating Transfers from/to Component Unit									
10050 Proceeds from Notes, Loans and Bonds									
10060 Proceeds from Property Sales									
10070 Extraordinary Items, Net Gain/Loss									
10080 Special Items (Net Gain/Loss)									
10091 Inter Project Excess Cash Transfer In	\$20,000						\$20,000	-\$20,000	\$0
10092 Inter Project Excess Cash Transfer Out	-\$20,000						-\$20,000	\$20,000	\$0

Bristol Redevelopment & Housing Authority (VA002)  
BRISTOL, VA

Entity Wide Revenue and Expense Summary - Continued

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2019

	Project Total	6.2 Component Unit - Blended	2 State/Local	14.870 Resident Opportunity and Supportive Services	1 Business Activities	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
10093 Transfers between Program and Project - In									
10094 Transfers between Project and Program - Out									
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$270,185	-\$277,329	\$72,648	\$0	\$235,198	\$35,813	-\$203,855	\$0	-\$203,855
11020 Required Annual Debt Principal Payments	\$0	\$17,567	\$0	\$0	\$0	\$0	\$17,567		\$17,567
11030 Beginning Equity	\$3,174,267	\$6,224,502	\$0	\$0	\$3,558,084	\$16,952	\$12,973,805	-\$870,961	\$12,102,844
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0	\$2,473,400	\$67,726	\$0	-\$67,726	\$0	\$2,473,400		\$2,473,400
11050 Changes in Compensated Absence Balance									
11060 Changes in Contingent Liability Balance									
11070 Changes in Unrecognized Pension Transition Liability									
11080 Changes in Special Term/Severance Benefits Liability									
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents									
11100 Changes in Allowance for Doubtful Accounts - Other									
11170 Administrative Fee Equity						\$28,686	\$28,686		\$28,686
11180 Housing Assistance Payments Equity						\$24,079	\$24,079		\$24,079
11190 Unit Months Available	4129	312			72	3636	8149		8149
11210 Number of Unit Months Leased	4048	288			36	3154	7526		7526
11270 Excess Cash	\$1,069,540						\$1,069,540		\$1,069,540
11610 Land Purchases	\$0						\$0		\$0
11620 Building Purchases	\$160,986						\$160,986		\$160,986
11630 Furniture & Equipment - Dwelling Purchases	\$0						\$0		\$0
11640 Furniture & Equipment - Administrative Purchases	\$0						\$0		\$0
11650 Leasehold Improvements Purchases	\$0						\$0		\$0
11660 Infrastructure Purchases	\$0						\$0		\$0
13510 CFFP Debt Service Payments	\$0						\$0		\$0
13901 Replacement Housing Factor Funds	\$0						\$0		\$0

**REQUIRED SUPPLEMENTAL INFORMATION**

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

**REQUIRED SUPPLEMENTARY INFORMATION RELATED TO PENSIONS**  
**FOR THE YEAR ENDED MARCH 31, 2019**

Schedule of changes in BRHA's Net Pension Liability and Related Ratios

	2018	2017	2016	2015
<b>Total pension liability</b>				
Service cost	\$ 92,747	\$ 99,935	\$ 94,454	\$ 97,953
Interest	241,470	230,364	222,924	212,485
Change of assumptions	-	(16,756)		
Difference between expected and actual experience	(251,486)	67,246	(8,967)	29,330
Contributions - Employer				
Contributions - Employee				
Net investment income				
Benefit payments, including refunds of employee contributions	(232,392)	(211,879)	(192,370)	(188,917)
Administrative expense				
Other	-			
<b>Net change in total pension liability</b>	<u>(149,661)</u>	<u>168,910</u>	<u>116,041</u>	<u>150,851</u>
<b>Total pension liability - beginning</b>	<u>3,565,763</u>	<u>3,396,853</u>	<u>3,280,812</u>	<u>3,129,961</u>
<b>Total pension liability - ending (a)</b>	<u>\$ 3,416,102</u>	<u>\$ 3,565,763</u>	<u>\$ 3,396,853</u>	<u>\$ 3,280,812</u>
<b>Plan fiduciary net position</b>				
Contributions - employer	\$ 91,215	\$ 88,991	\$ 100,135	\$ 99,973
Contributions - employee	47,788	48,026	43,061	43,189
Net investment income	221,857	331,651	47,396	122,319
Benefit payments, including refunds of employee contributions	(232,392)	(211,879)	(192,370)	(188,917)
Administrative expense	(1,945)	(1,942)	(1,718)	(1,694)
Other	(195)	(295)	(20)	(26)
<b>Net change in plan fiduciary net position</b>	<u>126,328</u>	<u>254,552</u>	<u>(3,516)</u>	<u>74,844</u>
<b>Plan fiduciary net position - beginning</b>	<u>3,018,503</u>	<u>2,763,951</u>	<u>2,767,467</u>	<u>2,692,623</u>
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 3,144,831</u>	<u>\$ 3,018,503</u>	<u>\$ 2,763,951</u>	<u>\$ 2,767,467</u>
<b>BRHA's net pension liability (asset) - ending (a)-(b)</b>	<u>\$ 271,271</u>	<u>\$ 547,260</u>	<u>\$ 632,902</u>	<u>\$ 513,345</u>
<b>Plan fiduciary net position as a percentage of the total Pension liability</b>	92%	85%	81%	84%
<b>Covered employee payroll</b>	\$ 1,065,018	\$ 999,986	\$ 972,562	\$ 874,335
<b>BRHA's net pension liability as a percentage of covered-employee payroll</b>	25%	55%	65%	59%

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

**REQUIRED SUPPLEMENTARY INFORMATION RELATED TO PENSIONS**  
**FOR THE YEAR ENDED MARCH 31, 2019**

Schedule of Employer Pension Contributions to the VRS for the Years Ended June 30:

<b>Date</b>	<b>Contractually Required Contribution</b>	<b>Contributions in Relation to Contractually Required Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Employers Covered Employee Payroll</b>	<b>Contributions as a % of Covered Employee Payroll</b>
2018	\$99,793	\$91,215	\$8,578	\$1,065,018	8.56%
2017	\$93,699	\$88,991	\$4,708	\$999,986	8.90%
2016	\$111,553	\$100,135	\$11,418	\$972,562	10.30%
2015	\$100,286	\$99,973	\$313	\$874,335	11.43%
2014	\$107,548	\$104,038	\$3,510	\$856,959	12.14%

Schedule is intended to show information for 10 years. Additional years will be included as they become available from the VRS.

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

**REQUIRED SUPPLEMENTARY INFORMATION RELATED TO OPEB**  
**FOR THE YEAR ENDED MARCH 31, 2019**

Schedule of Employer's Share of Net OPEB Liability Group Life Insurance Program for the Measurement Dates Ended June 30:

	<u>2018</u>	<u>2017</u>
Employer's Proportion of the Net GLI OPEB Liability (Asset)	0.00543%	0.00533%
Employer's Proportionate Share of the Net GLI OPEB Liability (Asset)	\$82,000	\$80,000
Employer's Covered Payroll	\$1,031,566	\$1,100,633
Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of its Covered Payroll	7.95%	7.27%
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	51.22%	48.86%

Schedule is intended to show information for 10 years. Since 2018 is the second year for this presentation, only two years of data is available. However, additional years will be included as they become available.

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

**REQUIRED SUPPLEMENTARY INFORMATION RELATED TO OPEB**  
**FOR THE YEAR ENDED MARCH 31, 2019**

Schedule of Employer OPEB Contributions to the VRS for the Years Ended June 30:

<b>Date</b>	<b>Contractually Required Contribution</b>	<b>Contributions in Relation to Contractually Required Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Employers Covered Employee Payroll</b>	<b>Contributions as a % of Covered Employee Payroll</b>
2018	\$5,364	\$5,364	\$0	\$1,031,566	0.52%
2017	\$5,116	\$5,116	\$0	\$983,819	0.52%
2016	\$4,921	\$4,456	\$465	\$928,435	0.53%
2015	\$4,654	\$4,215	\$439	\$878,126	0.53%
2014	\$4,399	\$3,984	\$415	\$830,058	0.53%
2013	\$4,342	\$3,932	\$410	\$819,175	0.53%
2012	\$3,834	\$2,440	\$1,394	\$871,270	0.44%
2011	\$3,692	\$2,349	\$1,343	\$839,031	0.44%
2010	\$2,218	\$1,663	\$555	\$615,986	0.36%
2009	\$2,728	\$2,046	\$682	\$757,746	0.36%

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

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION RELATED TO PENSIONS AND OPEB  
FOR THE YEAR ENDED MARCH 31, 2019**

**Note 1: Changes of Benefit Terms**

There have been no material changes to the System provisions since the prior actuarial valuation.

**Note 2: Changes of Assumptions**

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

Largest 10 - Non-Hazardous Duty:

Updated mortality table RP-2014 projected to 2020  
Lowered retirement rates at older ages and changed final retirement from 70 to 75  
Adjusted withdrawal rates to better fit experience at each year age and service through 9 years  
Lowered disability rates  
Increased line of duty disability rate from 14% to 20%

All Others – Non-Hazardous Duty:

Updated mortality table RP-2014 projected to 2020  
Lowered retirement rates at older ages and changed final retirement from 70 to 75  
Adjusted withdrawal rates to better fit experience at each year age and service through 9 years  
Lowered disability rates  
Increased line of duty disability rate from 14% to 15%