

**CHARLOTTESVILLE REDEVELOPMENT
AND HOUSING AUTHORITY**

**AUDITED
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED MARCH 31, 2020

CHARLOTTESVILLE REDEVELOPMENT AND HOUSING AUTHORITY

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CHARLOTTESVILLE REDEVELOPMENT AND HOUSING AUTHORITY

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

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

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

We have audited the accompanying financial statements of the Charlottesville Redevelopment and Housing Authority as of March 31, 2020, 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 Charlottesville Redevelopment and Housing Authority as of March 31, 2020, 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.

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 on pages 3 through 12, the Schedule of Net Pension Liability on page 65, the Schedule of Net OPEB Liability on pages 68 and 71, the Schedule of Employer Contributions to the Virginia Retirement system pension plan on page 66, and the Schedule of Employer Contributions to the OPEB plans on pages 69 and 72, 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 April 1, 2021, on our consideration of the Charlottesville 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 Charlottesville Redevelopment and Housing Authority's internal control over financial reporting and compliance.



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

Richmond, Virginia
April 1, 2021

CHARLOTTESVILLE REDEVELOPMENT AND HOUSING AUTHORITY

MANAGEMENT DISCUSSION & ANALYSIS

March 31, 2020

This section of the Authority's annual financial report presents Management's analysis of the Authority's financial performance during the Fiscal Year Ended March 31, 2020.

FINANCIAL HIGHLIGHTS AND CONCLUSIONS:

The Charlottesville Redevelopment & Housing Authority had a difficult year due to irregular funding of HUD programs and economic market conditions that have greatly affected the Charlottesville area. These issues are illustrated by the outcome of its fiscal year operations.

- Total net position increased by \$188,932 due to grant capital funding exceeding the net operating loss.
- CRHA had \$48,367 in increased governmental subsidies due to increases in Public Housing and City Funding activities.
- The Department of Housing and Urban Development (HUD) rates each Authority under the Public Housing Assessment System (PHAS). The Authority had a substandard designation for fiscal year ending March 31, 2020.
- The Department of Housing and Urban Development (HUD) also rates each Authority under the Section Eight Management Assessment Program (SEMAP). The Authority received the substandard performer designation for the fiscal year ended March 31, 2020.

REQUIRED FINANCIAL STATEMENTS

The Financial Statements of the Authority report information using accounting methods similar to those used by private sector companies (Enterprise Fund).

The Statement of Net Position (Balance Sheet) includes all of the Authority's assets and liabilities and provides information about the amounts and investments in assets and the obligations to Authority creditors. It also provides a basis of assessing the liquidity and financial flexibility of the Authority. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial health of the Authority is improving or deteriorating.

The current year's revenues, expenses and changes in net position are accounted for in the Statement of Revenues, Expenses and Net Position. This statement measures the success of the Authority's operations over the past fiscal year.

The Statement of Cash Flows is to provide information about the Authority's cash receipts and disbursements during the reporting period. The statement reports net changes in cash resulting from operations.

FINANCIAL ANALYSIS OF THE AUTHORITY

One question frequently asked about an Authority's finances is: "Did the Authority's operations and financial position improve or deteriorate over the previous fiscal year?" The Statement of Net position and the Statement of Revenues, Expenses and Net Position report information about the Authority's activities and are summarized in the following sections.

CHARLOTTESVILLE REDEVELOPMENT AND HOUSING AUTHORITY

MANAGEMENT DISCUSSION & ANALYSIS

March 31, 2020

To begin our analysis, a summary of the Authority's Statement of Net Position is presented in Table I.

Combined Statement of Net Position
TABLE I

Account Descriptions	2020	2019	Total Change	% Change
Current Assets	921,143	1,067,630	(146,487)	-13.72%
Noncurrent Assets	1,694,468	1,643,120	51,348	3.13%
Capital Assets	4,338,644	4,227,289	111,355	2.63%
Total Assets	6,954,255	6,938,039	16,216	0.23%
State of Virginia V.R.S.	38,263	106,430	(68,167)	-64.05%
TOTAL ASSETS AND DEF. OUTFLOWS OF RESOURCES	6,992,518	7,044,469	(51,951)	-0.74%
Current Liabilities	475,037	569,182	(94,145)	-16.54%
Noncurrent Liabilities	881,633	949,277	(67,644)	-7.13%
Total Liabilities	1,356,670	1,518,459	(161,789)	-10.65%
Deferred inflows of resources	45,294	124,388	(79,094)	-63.59%
Investment in Capital Assets	4,300,306	4,227,289	73,017	1.73%
Restricted Net Position	138,819	78,924	59,895	100.00%
Unrestricted Net Position	1,151,429	1,095,409	56,020	5.11%
Total Net Position	5,590,554	5,401,622	188,932	3.50%
TOTAL LIABILITIES, DEF. INFLOWS OF RES. AND NET POSITION	6,992,518	7,044,469	(51,951)	-0.74%

As illustrated in the Combined Statement of Net Position, the overall Net position of the Authority increased by \$188,932.

The Authority's Unrestricted Net position increased by \$56,020.

The "Investment in Capital Assets" increased by \$73,017.

Restricted Net Position increased by \$59,985 related to Housing Choice Voucher program activities.

Current assets decreased by \$(146,487) which was mainly driven by decreases in accounts receivable balances from the prior year. These decreases related to reductions in Other Governmental, HUD, Miscellaneous and Tenant related balances. The net decrease in account receivables from the prior year was \$(169,636).

Prepaid balances increased by \$18,062 and cash by \$5,087. Neither balance change was significant.

The total notes receivable balances at the report date were \$56,500, with no change from the prior year.

Noncurrent assets increased by \$51,348. Restricted cash balances increased by \$94,847 related to development and city activities as well as the HCV program's net HAP equity or net position balances.

CHARLOTTESVILLE REDEVELOPMENT AND HOUSING AUTHORITY

MANAGEMENT DISCUSSION & ANALYSIS

March 31, 2020

Pension assets related to the Virginia Retirement System GASB 68 audit report at 6/30/2019 decreased by \$(43,499). The balance at this report date is \$1,269,988. There were \$38,263 in related deferred outflows of resources which include report balances and payments made post report date. This includes pension, group life and group health GASB 75 other pension benefits as well.

Current liabilities decreased by \$(94,145) due to a variety of changes. The main driver was accounts payable activity and the timing of invoices received. This account has a net reduction from the prior year in the amount of \$(160,742).

Other changes were smaller in nature and mostly due to timing and decreases in prepaid rent related to tenant accounts receivable activity.

While the Statement of Net position shows the change in financial position, the Statement of Revenues, Expenses, and Net position breaks down our revenues and expenses further. Table II, which follows, provides a combined statement of the changes in Net position noted above.

REVENUES

In reviewing the Statement of Revenues, Expenses, and Net position, you will find that 81% of the Authority's revenues are derived from grants from the Department of Housing and Urban Development and City of Charlottesville funding. The Authority receives revenue from tenants for dwelling rental charges, excess utilities, and miscellaneous charges of 16% of total revenue. Other Revenue, including Interest from Investments, comprises the remaining 2%. Compared to the Fiscal Year Ended September 30, 2019, revenues had an overall decrease of \$(39,789) or .54%

CHARLOTTESVILLE REDEVELOPMENT AND HOUSING AUTHORITY

MANAGEMENT DISCUSSION & ANALYSIS

March 31, 2020

Combined Statement of Revenues, Expenses and Change in Net Position

TABLE II

Account Descriptions	2020	2019	Total Change	% Change
Tenant Revenue	1,210,463	1,011,474	198,989	19.67%
Grant Funding	6,071,158	5,997,425	73,733	1.23%
Interest Income	8,058	2,531	5,527	218.37%
Other Income	78,688	396,726	(318,038)	-80.17%
Total Revenue	7,368,367	7,408,156	(39,789)	-0.54%
Administration	1,442,685	1,160,029	282,656	24.37%
Tenant Services	20,760	30,406	(9,646)	-31.72%
Utilities	944,312	895,281	49,031	5.48%
Maintenance	902,224	1,213,015	(310,791)	-25.62%
Protective services	201,580	132,650	68,930	51.96%
Insurance Expense	70,893	89,826	(18,933)	-21.08%
General expense	66,846	100,554	(33,708)	-33.52%
Housing Assistance Payments	3,400,352	3,263,273	137,079	4.20%
Interest expense	1,899	1,507	392	26.01%
Depreciation	127,884	138,429	(10,545)	-7.62%
Total Expenses	7,179,435	7,024,970	154,465	2.20%
Change in Net Position	188,932	(19,974)	208,906	-1045.89%
Beginning Net Position	5,401,622	5,421,596	(19,974)	-0.37%
Ending Net Position	5,590,554	5,401,622	188,932	3.50%

Tenant Revenue - Tenant Revenue received in the Public Housing Program had a net increase from \$1,011,474 to \$1,210,463 or around 19.67%. This was driven by increased units coming online for lease-ups.

Program Grants/Subsidies – We had an increase in the amount of \$73,733, or 1.23%, in federal and City grants during fiscal year 2020. See Table IV for detailed analysis. The chart does not include all state funding.

CHARLOTTESVILLE REDEVELOPMENT AND HOUSING AUTHORITY

MANAGEMENT DISCUSSION & ANALYSIS

March 31, 2020

Table III
HUD Funding Comparative

<u>Year</u>	<u>Public Housing</u>	<u>HCVP/FSS</u>	<u>CFP</u>
2020	1,473,694.00	3,027,457.00	534,967.00
2019	1,307,790.00	3,149,835.00	693,975.00
Net Change	165,904.00	(122,378.00)	(159,008.00)
% Change	12.69%	-3.89%	-22.91%

<u>Year</u>	<u>City Funding</u>	<u>Totals</u>
2020	1,009,674.00	6,045,792.00
2019	845,825.00	5,997,425.00
Net Change	163,849.00	48,367.00
% Change	19.37%	0.81%

Funding increased mainly due to City of Charlottesville and Public Housing program activities. The City of Charlottesville continues to fund a housing choice voucher style rental program as well as development, maintenance and executive level positions to enhance the programs of the CRHA.

The City of Charlottesville funding improvements of Public Housing sites during the fiscal year and has committed similar funding for the upcoming year as well as funding for a housing assistance program run through the Authority as well as a development staff person to assist the Authority in the redevelopment of Public Housing sites in the near future.

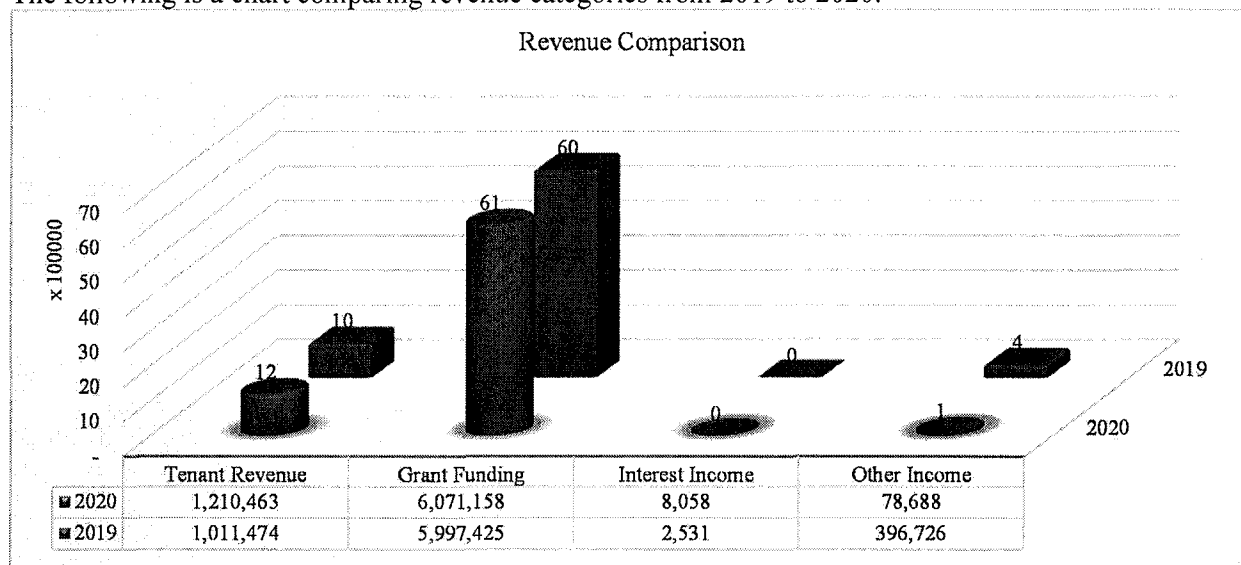
Interest Income/Other Income – The Authority had a decrease in other income in the amount of \$(318,038) and an increase in the amount of \$5,527 in the interest income category. The reason for the other income decrease was mainly due to the VRS net change in the pension assets which is classified as other revenue but in the current year was a net expense which was reflected in the net change in the pension asset downward.

CHARLOTTESVILLE REDEVELOPMENT AND HOUSING AUTHORITY

MANAGEMENT DISCUSSION & ANALYSIS

March 31, 2020

The following is a chart comparing revenue categories from 2019 to 2020.



EXPENSES

The Charlottesville Redevelopment & Housing Authority experienced an increase in operating expenses for the current year \$7,024,970 to \$7,179,435 or \$154,465 or 2.2%.

The highlights of the expenses for the current year are as follows:

Administrative – Administrative costs include all non-maintenance and non-resident service personnel costs (including benefits and accrued leave), legal costs, auditing costs, travel and training costs, and other administrative costs such as supplies, telephone expense, etc.

Administrative salaries increased by \$121,311 due to increased hiring and bonuses paid out during the year. Legal expenses related mainly to development saw an increase in the amount of \$105,759 during the year. Other administrative expenses increased by \$82,956 during the year which is related to consulting, training and miscellaneous needs.

Tenant Services – Tenant Services costs include all costs incurred by the Authority to provide social services to the residents. The Charlottesville Public Housing Association of Residents (PHAR) is the designated and recognized Resident Advisory Board. PHAR receives funding for board meetings, training costs, and other items to assist the PHAR in staying informed on its role in the Authority's operations.

Tenant Services costs decreased by \$(9,646) or 31.72% due to PHAR activity and relocation costs due to unit improvements.

Utilities - The total utilities expense for the Authority increased by \$49,031 or 5.48%. This was due to increases in Water and Sewer expenses.

CHARLOTTESVILLE REDEVELOPMENT AND HOUSING AUTHORITY

MANAGEMENT DISCUSSION & ANALYSIS

March 31, 2020

Maintenance – Maintenance costs are all costs incurred by the Authority to maintain the 435 Public Housing units. Costs include personnel costs, materials used to maintain the units, contracts for waste management, telephone/radio service, etc. The Maintenance Expense for the Authority decreased by \$(310,791) or 25.62%. All categories decreased during the year. Salary and materials decreased the most, \$(139,062) and \$(99,288) respectively, with smaller decreases in benefits, (\$41,647) and contract costs, \$(30,794). The shift to redevelopment of the public housing properties led to much of these changes.

Protective Services Expenses – Protective Services Expenses increased by \$68,930 due increased needs for most all housing authority properties.

Insurance Expenses – Insurance Expenses include insurance costs (property, auto, liability, workers' compensation, public officials' liability, lead based paint insurance, etc. Insurance expenses decreased by \$(18,933) or 21.08%. This was due to amortization of prepaid insurance balances from the prior year.

General Expenses – General Expenses include payment in lieu of taxes to the City of Charlottesville. General expenses for the Authority increased by \$(33,708) or 33.52%. This was mainly due to decreases in other general expenses during the fiscal year.

Housing Assistance Payments Program – HAP payments consist of rental payments to owners of private property for which the housing authority has a HAP agreement with the tenant and the owner for the difference between the tenants rent and the applicable payment standard. The Housing Authority has significantly increased the funding and expenditures of this program. HAP payments for the Authority increased by \$137,079. This a 4.2% increase in HAP activity during the fiscal year due the funding of housing assistance activity by the City of Charlottesville.

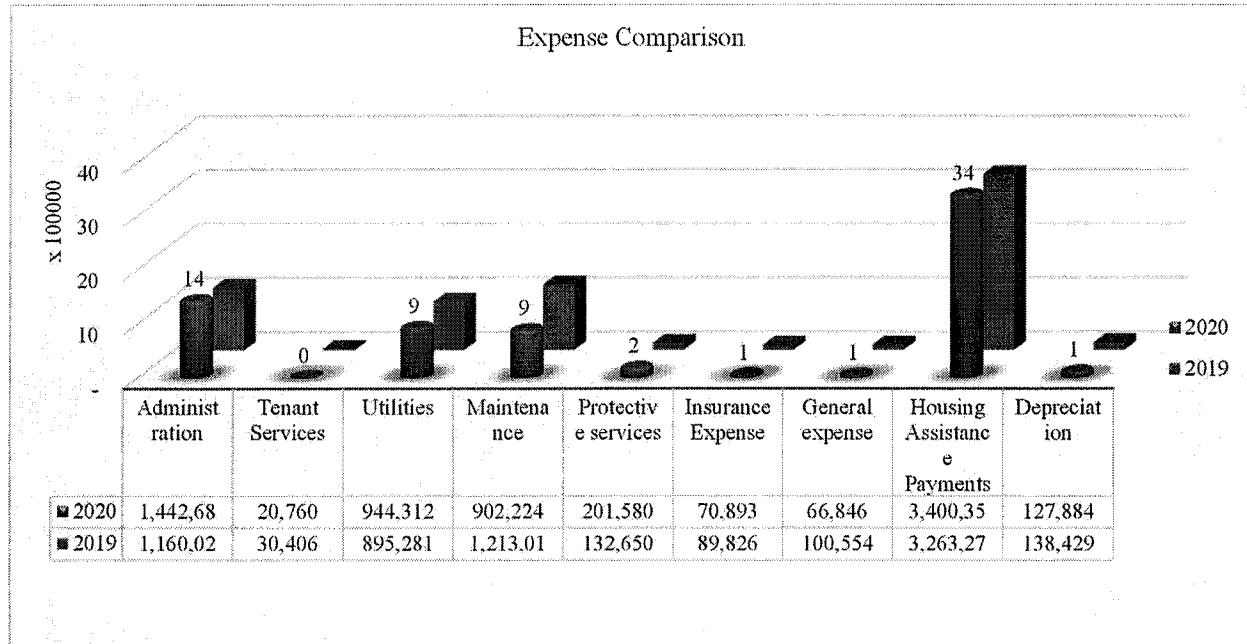
Depreciation – Because the costs of all capitalized additions are spread over the estimated useful life of an asset, the estimated current year costs of capitalized items are recorded as depreciation. Depreciation Expense for the current year increased by \$(10,545) or 7.62%. The change is related to assets being prior year completed projects under a full year of depreciation.

CHARLOTTESVILLE REDEVELOPMENT AND HOUSING AUTHORITY

MANAGEMENT DISCUSSION & ANALYSIS

March 31, 2020

The following is a chart comparing expense categories from 2019 to 2020.



CAPITAL ASSETS

At the end of fiscal year 2019 the Authority had invested in Capital Assets of \$4,227,289, net of depreciation. As of March 31, 2020, the Authority had an increase its net capital asset in the amount of \$111,355 to \$4,338,644 or 2.63%. The following illustrates the Capital Asset values for 2020 and 2019.

Combined Statement of Capital Assets

TABLE IV

Account Descriptions	2020	2019	Total Change	% Change
Land	2,308,907	2,308,907	-	0.00%
Buildings & improvements	30,559,356	30,373,465	185,891	0.61%
Equipment	1,860,681	1,807,334	53,347	2.95%
	34,728,944	34,489,706	239,238	0.69%
Accumulated Depreciation	(30,390,300)	(30,262,417)	(127,883)	0.42%
Total Capital Assets	4,338,644	4,227,289	111,355	2.63%

The PHA had \$208,116 in Capital Fund capital expenditures during fiscal year 2020. There were \$31,089 in additional capital additions during the year. The PHA operated four (4) CFP grants during fiscal year 2020 with a total of \$534,967 expenditures.

The PHA had \$127,884 in depreciation expense with no write-offs.

Table V gives us a picture of the HUD Capital Fund Program activity in a cumulative nature

CHARLOTTESVILLE REDEVELOPMENT AND HOUSING AUTHORITY

MANAGEMENT DISCUSSION & ANALYSIS

March 31, 2020

Capital Fund Program Activity

Table V

Description	CFP 15	CFP 16	CFP 17	CFP 18	CFP 19	CFP Totals
Grant Budgets	506,109	524,914	541,097	840,509		2,412,629
Grant Expenditures	506,109	524,914	541,097	687,885	306,234	2,566,239
Remaining Budget	-	-	-	152,624	(306,234)	(153,610)
Grant Expenditures	506,109	524,914	541,097	687,885	306,234	2,566,239
Grant Revenues	506,109	524,914	541,097	658,708	306,234	2,537,062
Grant A/R	-	-	-	29,177	-	29,177

NONCURRENT LIABILITIES

Non-current liabilities decreased by \$(94,145) due to the following factors. The OPEB liability decreased in the amount of \$(44,134). This was due to changes in amortization of the employee's future benefits related to the implementation of GASB 75.

The PHA took out a loan to purchase vehicles in fiscal year 2018. The total debt at the year-end is \$28,577 in long-term debt and 9,761 in short-term debt. This is a net decrease in the amount of \$(10,467).

ECONOMIC FACTORS AND EVENTS AFFECTING OPERATIONS:

As the Charlottesville housing market is not immune from the ups and downs of the economy; nor are our residents and participants. Here are a few of the operational impacts the Authority anticipates having to manage in the coming year:

- Tenant rent adjustments, as a result of unemployment/under-employment and the slow economic recovery, will impact the rent residents and Voucher holders can pay. This may require the Authority to divert unrestricted resources from other program areas or potentially reduce services.
- Many of our residents and Voucher holders rely on financial aid from the State or social services provided by governmental agencies. There have been and will likely continue to be service and revenue reductions that will impact both residents and the Authority's state and local funding sources.
- The City of Charlottesville as most other middle-sized cities within Virginia are suffering loss of industry, business and employment opportunities for low to moderate income families. This leads to further strains on the PHA's limited expendable assets added with HUD and State cuts in funding for the PHA's programs leads to diminished opportunities for the PHA to assist individuals and families in need within their surrounding areas.

CHARLOTTESVILLE REDEVELOPMENT AND HOUSING AUTHORITY

MANAGEMENT DISCUSSION & ANALYSIS

March 31, 2020

CONCLUSIONS:

Overall, while the Charlottesville Redevelopment & Housing Authority had a successful fiscal year, many improvements and tough decisions were made in accordance with the lack of Congressional work on a budget that would solidify the funding for the upcoming year and provide consistent and reasonable funding for HUD requirements. We continue to work through a myriad of issues that have slowed the expected progress in the redevelopment goals and objectives but has not slowed our hope and continued efforts. Management is committed to completing the current redevelopment projects.

Management is committed to staying abreast of regulations and appropriations as well as maintain an ongoing analysis of all budgets and expenses to ensure that the Authority continues to operate at the highest standards established by the Real Estate Assessment Center and the Department of Housing and Urban Development.

The Authority continues to push forward on two (2) redevelopment projects, received state tax credit funding for the Crescent Hall and South First Street development and expect to break ground of both redevelopments during the next fiscal year.

The PHA has experienced financial struggles during the past few fiscal years due to aging properties and a high level of employee turnover. This has caused a major strain on the financial resources of the authority, but this is to be expected as the authority has limited resources outside of the federal programs and the federal housing developments are in dire need for redevelopment. The two (2) redevelopment projects will provide much needed improvements to the properties and reposition the authority's financial position related to the public housing properties.

This financial report is designed to provide our residents, the citizens of Charlottesville, Virginia, all federal and state regulatory bodies, and any creditors with a general overview of the Authority's finances. If you have any questions regarding these financial statements or supplemental information, you may contact John Sales, Executive Director at (434) 326-4748 or by writing: Charlottesville Redevelopment & Housing Authority, P.O. Box 1405, Charlottesville, VA 22902-1405.

CHARLOTTESVILLE REDEVELOPMENT AND HOUSING AUTHORITY

Statement of Net Position

March 31, 2020

ASSETS	Enterprise Fund
Current Assets	
Cash and Cash Equivalents	\$ 661,741
Tenant Security Deposits	81,711
Receivables, Net	241,340
Prepaid Expense and Other Assets	18,062
Total current assets	1,002,854
Noncurrent Assets	
Restricted Cash and Cash Equivalents	277,161
Notes Receivable	56,500
Other Assets	1,279,096
Capital Assets, Net	4,338,644
Total Noncurrent Assets	5,951,401
Total Assets	6,954,255
Deferred Outflow of Resources	
Deferred Outflow of Resources	38,263
Total Assets and Deferred Outflow of Resources	\$ 6,992,518

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

CHARLOTTESVILLE REDEVELOPMENT AND HOUSING AUTHORITY

Statement of Net Position

March 31, 2020

<u>LIABILITIES</u>	Enterprise Fund
Current Liabilities	
Accounts Payable	\$ 271,586
Accrued Expenses	48,651
Accrued Compensated Absences, Current	12,122
Tenant Security Deposits	81,711
Current Portion of Long-Term Debt	9,761
Other Current Liabilities	51,205
Total Current Liabilities	475,036
Non-Current Liabilities	
Accrued Pension and OPEB Liabilities	286,846
Accrued Compensated Absences, Non-Current	18,183
Long-Term Debt, Net of Current Portion	28,577
Other Non-Current Liabilities	548,028
Total Noncurrent Liabilities	881,634
Total Liabilities	1,356,670
Deferred Inflow of Resources	
Deferred Inflow of Resources	45,294
Total Liabilities and Deferred Inflow of Resources	1,401,964
<u>NET POSITION</u>	
Net Investment in Capital Assets	4,300,306
Restricted Net Position	138,819
Unrestricted Net Position	1,151,429
Total Net Position	5,590,554
Total Liabilities, Deferred Inflow of Resources, and Net Position	\$ 6,992,518

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

CHARLOTTESVILLE REDEVELOPMENT AND HOUSING AUTHORITY

Statement of Revenues, Expenses and Changes in Net Position For the Year Ended March 31, 2020

	Enterprise Fund
Operating Revenues	
Tenant Revenue	\$ 1,232,410
HUD Operating Grants	4,828,002
Other Revenue	1,113,728
Total Operating Revenues	<u>7,174,140</u>
Operating Expenses	
Administrative	1,442,685
Tenant Services	20,760
Utilities	944,312
Maintenance	902,224
Protective Services	201,580
Insurance and General	159,686
Housing Assistance Payments	3,400,352
Depreciation	127,884
Total Operating Expenses	<u>7,199,483</u>
Operating Income (Loss)	<u>(25,343)</u>
Non-Operating Revenues (Expenses)	
Interest and Investment Revenue	8,058
Interest Expense	<u>(1,899)</u>
Total Nonoperating Revenues (Expenses)	<u>6,159</u>
Income (Loss) Before Capital Grants	<u>(19,184)</u>
Capital Grants	208,116
Change in Net Position	<u>188,932</u>
Total Beginning Net Position	5,401,622
Total Ending Net Position	<u><u>\$ 5,590,554</u></u>

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

CHARLOTTESVILLE REDEVELOPMENT AND HOUSING AUTHORITY

Statement of Cash Flows For the Year Ended March 31, 2020

	Enterprise Fund
Cash Flows from Operating Activities:	
Cash Received from Grantors	\$ 4,828,002
Cash Received from Tenants and Other Activities	2,527,398
Cash Paid to Suppliers	(5,760,906)
Cash Paid to Employees	(1,468,890)
Net Cash Provided/(Used) by Operating Activities	<u>125,604</u>
Cash Flows from Capital and Related Financing Activities:	
Purchases, Sales and Construction of Capital Assets	(239,239)
Proceeds (Payments) of Long-Term Debt	(2,605)
Capital Grants Received	208,116
Net Cash Provided by (Used) for Capital and Related Financing Activities	<u>(33,728)</u>
Cash Flows from Investing Activities:	
Interest Income	8,058
Net Cash Provided by Investing Activities	<u>8,058</u>
Net Increase (Decrease) in Cash and Cash Equivalents	99,934
Cash and Cash Equivalents at Beginning of Year	920,679
Cash and Cash Equivalents at End of Year	<u>\$ 1,020,613</u>
Reconciliation of Cash and Restricted Cash	
Cash and Cash Equivalents	\$ 661,741
Tenant Security Deposits	81,711
Restricted Cash and Cash Equivalents	277,161
Total Cash and Cash Equivalents	<u>\$ 1,020,613</u>

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

CHARLOTTESVILLE REDEVELOPMENT AND HOUSING AUTHORITY

Statement of Cash Flows For the Year Ended March 31, 2020

	Enterprise Fund
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating Income (Loss)	\$ (25,343)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Depreciation Expense	127,884
Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:	
(Increase) Decrease in Receivables, Net	169,636
(Increase) Decrease in Prepaid Expenses	(18,062)
(Increase) Decrease in Other Assets	43,499
(Increase) Decrease in Deferred Outflow of Resources	68,167
Increase (Decrease) in Accounts Payable	(134,441)
Increase (Decrease) in Accrued Expenses	27,863
Increase (Decrease) in Accrued Compensated Absences	(22,381)
Increase (Decrease) in Tenant Security Deposits	6,964
Increase (Decrease) in Unearned Revenue	4,660
Increase (Decrease) in Accrued OPEB and Other Liabilities	(43,748)
Increase (Decrease) in Deferred Inflow of Resources	(79,094)
Net Cash Provided (Used) by Operating Activities	<u>\$ 125,604</u>

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

CHARLOTTESVILLE REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A. Organization** - The Charlottesville Redevelopment and Housing Authority (the "Authority" or "CRHA") is a governmental, public corporation created under federal and state housing laws for the purpose of engaging in the development, acquisition and administrative activities of the low-income housing program and other programs with similar objectives for low and moderate- income families residing in the City of Charlottesville, Virginia (the "City"). The Authority is responsible for operating certain low-rent housing programs administered by the U.S. Department of Housing and Urban Development ("HUD"). These programs provide housing for eligible families under the United States Housing Act of 1937, as amended.

The Authority is governed by a board of commissioners, which is essentially autonomous, but is responsible to HUD. An executive director is appointed by the Authority's Board to manage the day-to-day operations of the Authority.

- 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:

Public & Indian Housing Program

The public housing program is the primary operating program of the CRHA and is designed to provide low-cost housing. CRHA is the owner of approximately 376 public housing units located throughout the City. 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.

Section 8 Housing Choice Vouchers

The Authority administers a program of rental assistance payments to private owners on behalf of eligible low-income families under Section 8 of the Housing and Urban Development Act of 1974. The program provides payments covering the difference between the maximum rent on a dwelling unit, as approved by HUD, and the amount of rent paid by a participating family.

Public Housing Capital Fund Program

The purpose of the Capital Fund Program is to provide another source of funding to cover the cost of physical and management improvements and rehabilitation on existing low-income housing and improving the central office facilities. Funding for this program is provided by grants from HUD.

State/Local Program

The State/Local Program reflects Community Development Block Grant funds received by the City from HUD, and other local funding granted to the Authority by the City.

Business Activities

The Business Activities Fund includes various projects such as monies for land improvements and single-family mortgage loans, rehabilitation loans and grants in designated sections of the City. In addition, other housing related activities are included in the program.

Other Activities and Programs

Redevelopment activities include planning for the development and redevelopment of Authority properties. Central office activities report the administrative operations of the Authority.

CHARLOTTESVILLE REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED MARCH 31, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, tax-exempt organizations whose majority of officials are appointed by the primary government or the organization is fiscally dependent on the primary government and there is a potential for those organizations either to provide specific financial benefits to, or impose specific financial burdens on, the primary government. An organization has a financial benefit or burden relationship with the primary government if any one of the following conditions exist:

1. The primary government (Authority) is legally entitled to or can otherwise access the organization's resources.
2. The primary government is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization.
3. The primary government is obligated in some manner for the debt of the organization.

Based on the above criteria, this report includes the following component unit:

Charlottesville Development Corporation ("CDC") - CDC is a not-for-profit corporation whose purpose is to provide housing and social and economic opportunities for the benefit of low to moderate income people. Disclosures regarding policies of CRHA apply to the component unit unless otherwise indicated. The CDC is reported separately to emphasize that it is legally separate from the Authority (primary government). The CDC has a March 31st fiscal year end.

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 CDC's governing body are substantively the same; as such, a blended presentation of their financial statements is warranted.

D. Basis of Accounting - The Authority's financial statements are prepared in accordance with GASB 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* as amended ("GASB 34"). GASB 34 requires the basic financial statements to be prepared using the economic resources measurement focus and the accrual basis of accounting and requires the presentation of a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position and Statement of Cash Flows. GASB 34 also requires the Authority to include Management's Discussion and Analysis as part of the Required Supplemental Information.

The Authority's primary source of non-exchange revenue relates to grants and subsidies. In accordance with GASB 33, *Accounting and Financial Reporting for Non-exchange Transactions* ("GASB 33"), grant and subsidy revenue are recognized at the time eligible program expenditures occur and/or the Authority has complied with the grant and subsidy requirements.

On January 30, 2008, HUD issued *PIH Notice 2008-9*, which requires that unused housing assistance payments ("HAP"), under proprietary fund reporting, should be reported as restricted net position with the associated cash and investments also being reported as restricted. Any unused administrative fees should be reported as unrestricted net position, with the associated assets being reported as unrestricted.

CHARLOTTESVILLE REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED MARCH 31, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- D. Basis of Accounting (continued)** - In accordance with GASB 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities that Use Proprietary Fund Accounting*, the aforementioned funds are treated as restricted cash and cash equivalents on the Authority's Statement of Net Position and Statement of Cash Flows.

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.

- 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.
- 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. Collection losses on accounts receivable are charged against the allowance for doubtful accounts.
- H. Prepaid Expenses** - Amounts paid as of year-end that will benefit future operations.
- I. Notes Receivable** - The Authority has utilized development funds in accordance with HUD guidelines to assist in the construction and redevelopment of affordable housing through the issuance of mortgage notes. When preparing financial statements in accordance with generally accepted accounting principles, management is required to make estimates as to the collectability of such mortgage notes. When estimating collectability, management analyzes the value of the underlying mortgaged property, the property's ability to generate positive cash flow, and current economic trends and conditions. Management utilizes these estimates and judgments in connection with establishing an allowance for uncollectable amounts during an accounting period. As of March 31, 2020, management estimates that all notes receivable are collectable and as such has recorded no allowance for uncollectable amounts.

CHARLOTTESVILLE REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED MARCH 31, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- J. Capital Assets** - Land, buildings and equipment are capitalized at cost. Costs determined to represent additions or betterments to existing structures which exceed the capitalization threshold of \$750 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:

Rental Property	27.5 years
Real Property and Improvements	10 years
Office Furniture and Equipment	5 years
Data Processing Equipment and Automobiles	5 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.

- K. 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, 2020.
- L. Unearned Revenue** - The Authority's unearned revenue consists primarily of the prepayment of rent by residents.
- M. Compensated Absences** - Regular full-time employees earn annual vacation leave at a rate ranging from 12 to 24 days per year in accordance with the Authority's Personnel Policy. Regular part-time employees accrue vacation leave at one-half the above rate. The maximum carryover per year shall be 30 days. At termination, employees are paid for any accumulated leave. The aggregate current and long-term liability recorded for accrued leave at March 31, 2020, was \$30,304.
- 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. 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.
- P. Use of Estimates** - The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingencies at the date of the financial statements, and revenues and expenses recognized during the reporting period. Actual results could differ from those estimates.

CHARLOTTESVILLE REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED MARCH 31, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- Q. 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.
- R. Net Position** - Equity is classified as net position and consists of the following components:
1. 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.
 2. 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 enabling legislation.
 3. Unrestricted Net Position - Represents net position that does not meet the definition of "restricted" or "invested in capital assets."
- S. 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 CRHA'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.
- T. Other Postemployment Benefits (OPEB)** - Recently, the GASB issued Statement 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions. This Statement is required for government agencies with fiscal years beginning after June 15, 2017 and has a similar reporting requirement for OPEB as the GASB Statement 68 has for pension plans. Agencies are required to record OPEB liabilities on the statement of net position in a similar fashion to the recognition of the net pension liability required by GASB Statement 68.

CHARLOTTESVILLE REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED MARCH 31, 2020

NOTE 2: CASH, CASH EQUIVALENTS AND INVESTMENTS

At March 31, 2020, the carrying amount of the Authority's cash deposits (including restricted deposits), was \$1,020,612 and the bank balance was \$1,310,252. HUD regulations require that all HUD deposits and investments in financial institutions be fully insured or collateralized by U.S. Government obligations that have a market value of not less than the principal amount of the deposits. At March 31, 2020, the bank balance was insured and collateralized in accordance with HUD regulations as follows:

FDIC Insured	\$ 250,000
Collateralized	<u>1,060,152</u>
	<u>\$ 1,310,152</u>

Concentration of Credit Risk - The Authority places no limit on the amount the Authority may invest in any one issuer.

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority does not have a formal deposit policy for custodial credit risk. As of March 31, 2020, the Authority's bank balances were not exposed to custodial credit risk.

NOTE 3: RESTRICTED DEPOSITS

Restricted deposits consist of tenant security deposits and Family Self Sufficiency ("FSS") program escrows which are restricted for use in the Housing Choice Voucher and Public and Indian Housing Programs by FSS program participants.

NOTE 4: RECEIVABLES

Receivables as of March 31, 2020, including the applicable allowances for uncollectible accounts, are as follows:

	Public and Indian Housing	Resident Opportunity and Supportive Services	Housing Choice Vouchers	State and Local	Total
Receivables:					
Tenants	\$ 54,171	\$ -	\$ -	\$ -	\$ 54,171
Other Projects	29,177	5,486	21,215	-	55,878
Other Government	-	-	-	125,629	125,629
Miscellaneous	7,286	-	-	-	7,286
Fraud Recovery	5,801	-	15,298	-	21,099
Gross Receivables	<u>96,435</u>	<u>5,486</u>	<u>36,513</u>	<u>125,629</u>	<u>264,063</u>
Less: Allowance for Uncollectibles	<u>(7,425)</u>	<u>-</u>	<u>(15,298)</u>		<u>(22,723)</u>
Accounts Receivable, Net	<u>\$ 89,010</u>	<u>\$ 5,486</u>	<u>\$ 21,215</u>	<u>\$ 125,629</u>	<u>\$ 241,340</u>

CHARLOTTESVILLE REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED MARCH 31, 2020

NOTE 5: INVENTORY

Inventory consists mainly of materials and supplies utilized in the Authority's Public and Indian Housing program. At March 31, 2020, the inventory balance net of allowance is \$0.

NOTE 6: NOTES RECEIVABLE

The Authority has made loans to qualified individuals for the rehabilitation of residences. The loans are non-interest bearing and are secured by a mortgage on the property. The loans have no fixed maturity date and are to be repaid upon the sale of the residences. Notes receivable totaled \$56,500 as of March 31, 2020. Management estimates that all notes receivable will be collected and as such has made no allowance for uncollectable amounts.

NOTE 7: OTHER ASSETS

Other assets at March 31, 2020, consisted of the following:

Net Pension Asset	\$ 1,269,987
Development Costs	9,109
	<u>\$ 1,279,096</u>

NOTE 8: CAPITAL ASSETS, NET

A summary of the changes in capital assets during the year ended March 31, 2020, is as follows:

	3/31/2019	Additions	Dispositions	Transfers	3/30/2020
Land	\$ 2,308,907	\$ -	\$ -	\$ -	\$ 2,308,907
Buildings	29,007,152	18,597	-	-	29,025,749
Furniture and Equipment	1,807,334	-	-	53,348	1,860,682
Construction in Process	1,366,313	220,642	-	(53,348)	1,533,607
	<u>34,489,706</u>	<u>239,239</u>	<u>-</u>	<u>-</u>	<u>34,728,945</u>
Accumulated Depreciation	(30,262,417)	(127,884)	-	-	(30,390,301)
Capital Assets, Net	<u>\$ 4,227,289</u>	<u>\$ 111,355</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,338,644</u>

Depreciation expense for the year ended March 31, 2020, totaled \$127,884.

NOTE 9: ACCOUNTS PAYABLE

Accounts payable at March 31, 2020, totaled \$271,586 and consisted of the following:

Vendors and Contractors	\$ 225,421
HUD	47
City of Charlottesville (PILOT)	46,118
	<u>\$ 271,586</u>

CHARLOTTESVILLE REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED MARCH 31, 2020

NOTE 10: ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

Accrued expenses and other current liabilities at March 31, 2020, consisted of the following:

Wages and Payroll Taxes	\$	48,651
Current Portion of Long-Term Debt		9,761
Accrued Compensated Absences - Current Portion		12,122
Tenant Security Deposits		81,711
Unearned Revenue		51,205
	\$	<u>203,450</u>

NOTE 11: NON-CURRENT LIABILITIES

The following is a summary of changes in non-current liabilities for the year ended March 31, 2020:

	3/31/2019	Additions	Retirements	3/30/2020
Compensated Absences - Non Current	\$ 31,611	\$ 31,611	\$ (45,039)	\$ 18,183
Accrued OPEB	330,980	25,779	(69,913)	286,846
Long-Term Debt, Net of Current Portion	39,044	-	(10,467)	28,577
Other Non-Current Liabilities	547,642	386	-	548,028
	<u>\$ 949,277</u>	<u>\$ 57,776</u>	<u>\$ (125,419)</u>	<u>\$ 881,634</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.

Accrued Other Postemployment Benefits (OPEB) - The Authority pays a portion of the cost of health-related insurance benefits and group life insurance benefits. See Note 13 and Note 14 for additional information.

Long-Term Debt, Net of Current – On July 27, 2018, the Authority financed the purchase of three vehicles with a promissory note payable to Union Bank & Trust in the amount of \$55,543. The note bears interest at 4.24% per annum and requires monthly payments in the amount of \$1,031, including principal and interest over 5 years. At March 31, 2020, the total principal balance of the note is \$38,338, of which \$28,577 is included in long-term liabilities, net of current. Payments of principal and interest for the years following March 31, 2020, are as follows:

	<u>Principal</u>	<u>Interest</u>
2021	\$ 9,761	\$ 1,436
2022	11,412	957
2023	11,912	456
2024	5,253	37
	<u>\$ 38,338</u>	<u>\$ 2,886</u>

CHARLOTTESVILLE REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED MARCH 31, 2020

NOTE 11: NON-CURRENT LIABILITIES (continued)

Other Non-Current Liabilities - Other Non-Current liabilities include the following:

Due to City of Charlottesville	\$ 430,851
FSS Escrows	117,177
Other Non Current Liabilities	<u>\$ 548,028</u>

Due to City of Charlottesville - Due to the City of Charlottesville represents a liability in the amount of \$430,851 for a Community Development Block Grant awarded from the City that was to be used to purchase land and construct affordable housing units. Land was purchased by the Authority; however, it was determined that it was not possible for the Authority to complete the project by the completion deadline established by HUD. As a result, \$430,851 is required to be repaid to the City. The amount is interest free, unsecured and payable upon the disposition of the property by the Authority.

FSS Escrows - An interest-bearing escrow account is established by the Authority for each participating family. Increases in the family's rent, as a result of increased earned income during the family's participation in the program, result in a credit to the family's escrow account. Once a family graduates from the program, they may access the escrow and use it for any purpose.

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.

- a. Plan Description - All full-time, salaried employees of CRHA are automatically covered by the VRS Retirement System upon employment. Benefits vest after five (5) years of service. Employees are eligible for an unreduced retirement benefit at age 65 with five (5) years of service.

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/2019-annual-report.pdf> or by writing the System's CFO at P. O. Box 2500, Richmond, VA 23218-2500.

CHARLOTTESVILLE REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED MARCH 31, 2020

NOTE 12: PENSION PLAN (continued)

- b. Employees Covered by Benefit Terms - As of the June 30, 2018 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

Inactive Members or Their Beneficiaries Currently Receiving Benefits	12
Inactive Members:	
Vested	11
Non-Vested	33
Active Elsewhere in VRS	9
Total Inactive Members	53
Active Members	13
Total Covered Employees	78

- 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. CRHA's contractually required contribution rate for the year ended June 30, 2019 was 1.04% of covered employee compensation. This rate, when combined with employee contributions, was 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 CRHA to the pension plan were \$490 and \$2,270 for the years ended June 30, 2018, and June 30, 2019, 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, 2018, 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, 2019.

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%

CHARLOTTESVILLE REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED MARCH 31, 2020

NOTE 12: PENSION PLAN (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.

- b. Net Pension Liability - The Authority's net pension asset was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2018, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019. The following table summarizes the changes in the Net Pension Asset which resulted in \$1,269,988 being reported as a pension asset as of March 31, 2020.

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a-b)
Balance at June 30, 2018	\$ 2,366,620	\$ 3,669,797	\$ (1,303,177)
Changes for the year:			
Service Cost	38,766	-	38,766
Interest	159,703	-	159,703
Changes of assumptions	53,376	-	53,376
Difference between expected and actual experience	37,585	-	37,585
Contributions-employer	-	(2,270)	2,270
Contributions-employee	-	21,645	(21,645)
Net investment income	-	239,494	(239,494)
Benefit payments, including refunds of employee contributions	(170,311)	(170,311)	-
Administrative expense	-	(2,478)	2,478
Other changes	-	(150)	150
Net Changes	119,119	85,930	33,189
Balance at June 30, 2019	\$ 2,485,739	\$ 3,755,727	\$ (1,269,988)

- c. Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of CRHA using the discount rate of 6.75%, as well as what CRHA's net pension 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 (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Plan's Net Pension Liability (Asset)	\$ (1,029,331)	\$ (1,269,988)	\$ (1,462,044)

CHARLOTTESVILLE REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED MARCH 31, 2020

NOTE 12: PENSION PLAN (continued)

- d. Pension Expense (Income) - For the year ended March 31, 2020, CRHA recognized pension expense of \$18,263. The components of pension income are as follows:

Service Costs	\$ 38,766
Interest on total pensions liability	159,703
Expensed portion of current period difference between expected and actual experience in the total pension liability	30,310
Expensed portion of current-period changes of assumptions	43,045
Member contributions	(21,645)
Projected earnings on plan investments	(251,511)
Expensed portion of current period difference between actual and projected earnings on plan investments	2,403
Administrative expense	2,478
Other	150
Recognition of beginning deferred outflows of resources as pension expense	51,606
Recognition of beginning deferred inflows of resources as pension expense	(37,042)
Pension Expense(Income)	<u>\$ 18,263</u>

- e. Deferred Outflows of Resources and Deferred Inflows of Resources - Deferred outflows of resources in the amount of \$9,452, 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, 2021.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 7,275	\$ -
Changes of assumptions	10,331	-
Net difference between projected and actual earnings on pension plan investments	-	32,217
Employer contributions subsequent to the measurement date	9,452	-
Total	<u>\$ 27,058</u>	<u>\$ 32,217</u>

CHARLOTTESVILLE REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED MARCH 31, 2020

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:

2021	\$	18,482
2022		(34,641)
2023		(857)
2024		2,405
2025		-
Thereafter		-

NOTE 13: OTHER POST EMPLOYMENT BENEFITS – HEALTH INSURANCE PLAN

- a. Plan Description - In addition to the pension benefits described in Note 12, the Authority pays a portion of the cost of health-related insurance benefits for employees who were eligible for a prior benefit plan. All Employees eligible for CRHA's paid health care coverage on December 31, 1984, and who continue to work for the Authority without interruption until retirement, remain eligible for Authority paid health care coverage provided by the City of Charlottesville. Employees commencing work with the Authority after December 31, 1984 will not receive subsidized coverage paid by the Authority upon termination of employment, but may continue coverage at their own expense if retiring under the VRS guidelines. A CRHA retiree, eligible for postretirement medical coverage, is defined as a former employee in a VRS covered position who retires and is eligible to receive an early or regular retirement benefit from the VRS and who had health coverage at the time of retirement.
- b. Funding Policy - The Authority establishes the employer contribution rates and how the plan will be funded as part of the annual budget process. Various amounts are paid by the Authority on a cash basis as benefits are paid.
- c. Employees Covered by Benefit Terms - As of March 31, 2020, three retirees were covered by CRHA's OPEB plan.
- d. Actuarial Valuation Method and Assumptions - The total OPEB liability reported by the Authority was based on an actuarial valuation as of April 1, 2020, using the Entry Age Normal Actuarial Cost Method. Under this method, the actuarial value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the earnings of the individual between entry age and assumed exit age(s).

CHARLOTTESVILLE REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED MARCH 31, 2020

NOTE 13: OTHER POST EMPLOYMENT BENEFITS – HEALTH INSURANCE PLAN (continued)

- d. Actuarial Valuation Method and Assumptions (continued) - The following is a summary of assumptions used for the actuarial valuation as of March 31, 2020:

Mortality Rates RP-2014 Total Dataset Mortality Table, adjusted to base year 2006, projected with Scale MP-2019

Discount Rate 2.86% per annum

	Total	Employer	Participant
Retiree Premiums	Premium	Contribution	Contribution
and Contributions	\$5,301	\$4,821	\$480

Healthcare Cost Trend Rate Medical: 7.5% graded uniformly to 6.75% over 3 years

Amortization Periods:

Contribution Calculation	15 years
Experience Gains/Losses	amortized over the average working lifetime of all participants which for the current year is 1 year
Investment Gains/Losses	5 years
Plan Amendments	immediately recognized
Changes in Assumptions	amortized over the average working lifetime of all participants

- e. Net OPEB Liability, Deferrals, and Expense (continued) - The following table summarizes the changes in the Net OPEB Liability for the year ending March 31, 2020:

	Total OPEB Liability (a)	Plan Net Position (b)	Net OPEB Liability (a-b)	Deferred Outflows	Deferred Inflows	OPEB Expense
Balance at March 31, 2019	\$ 283,980	\$ -	\$ 283,980	\$ -	\$ -	\$ -
Changes for the year:						
Interest	7,516	-	7,516	-	-	7,516
Difference between expected and actual experience	(25,955)	-	(25,955)			(25,955)
Contributions-employer	-	21,166	(21,166)	-	-	-
Benefits paid	(21,166)	(21,166)	-	-	-	-
Net Changes	(39,605)	-	(39,605)	-	-	(18,439)
Balance at March 31, 2020	\$ 244,375	\$ -	\$ 244,375	\$ -	\$ -	\$ (18,439)

CHARLOTTESVILLE REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED MARCH 31, 2020

NOTE 13: OTHER POST EMPLOYMENT BENEFITS – HEALTH INSURANCE PLAN (continued)

- f. Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate - The following presents the net OPEB liability of CRHA using the stated health care cost trend assumption, as well as what the liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the assumed rate:

Net OPEB Liability	1% Decrease	Current Trend Assumption	1% Increase
June 30, 2020	\$ 224,394	\$ 244,375	\$ 266,911

- g. Sensitivity of the Net OPEB Liability to Changes in the Discount Rate - The following presents the net OPEB liability of CRHA using the stated discount rate assumption, as well as what the liability would be if it were calculated using a rate that is 1-percentage-point lower or 1-percentage-point higher than the assumed rate:

Net OPEB Liability	1% Decrease	Current Discount Rate 2.86%	1% Increase
June 30, 2020	\$ 268,266	\$ 244,375	\$ 223,737

- h. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources - The recognized OPEB expense for the year ended March 31, 2020 is \$8,886. Reported deferred outflows of resources and deferred inflows of resources in relation to OPEBs resulted from the following sources:

	Original Amount	Date Established	Original Amortization Period	Recognized Annually in Expense	Deferred Outflows	Deferred Inflows
Experience losses (gains)	\$ -	3/31/2020	n/a	\$ (25,955)	\$ -	\$ -
Change of assumptions	-	3/31/2020	n/a	-	-	-
Total				\$ (25,955)	\$ -	\$ -

Changes of assumptions and experience losses (gains) are amortized over the average remaining service periods of active participants. No future service is assumed for inactive participants.

Amounts reported as deferred outflows (inflows) of resources related to OPEBs will be recognized in pension expense in future years as follows:

Reporting Date Ending March 31:

2021	\$ -
2022	-
2023	-
2024	-
2025	-
Thereafter	-

CHARLOTTESVILLE REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED MARCH 31, 2020

NOTE 14: OTHER POST EMPLOYMENT BENEFITS - GROUP LIFE INSURANCE PLAN

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.

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.

CHARLOTTESVILLE REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED MARCH 31, 2020

NOTE 14: OTHER POST EMPLOYMENT BENEFITS - GROUP LIFE INSURANCE PLAN (continued)

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 \$8,463 as of June 30, 2020.

- 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, 2020 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 CRHA were \$2,524 and \$2,664 for the years ended June 30, 2020 and June 30, 2019, 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, 2018, 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, 2019.

Inflation	2.50%
Salary increases, including inflation	3.5% - 5.35%
Investment rate of return	6.75% net of pension plan investment expense, including inflation*

CHARLOTTESVILLE REDEVELOPMENT AND HOUSING AUTHORITY

**NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED MARCH 31, 2020**

NOTE 14: OTHER POST EMPLOYMENT BENEFITS - GROUP LIFE INSURANCE PLAN (continued)

a. Actuarial Valuation Method and 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, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in discount rate, which was based on VRS Board action effective as of July 1, 2019. 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%
Discount Rate	Decrease from 7.00% to 6.75%

CHARLOTTESVILLE REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED MARCH 31, 2020

NOTE 14: OTHER POST EMPLOYMENT BENEFITS - GROUP LIFE INSURANCE PLAN (continued)

Net GLI OPEB Liability

The Net OPEB liability (NOL) for the Group Life Insurance Program represents the program's total GLI OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the Measurement Date of June 30, 2019, NOL amounts for the Group Life Insurance Program are as follows (amounts expressed in thousands):

	Group Life Insurance OPEB Program
Total GLI OPEB Liability	\$ 3,390,238
Plan Fiduciary Net Position	<u>1,762,972</u>
Employers' Net GLI OPEB Liability (Asset)	<u><u>\$ 1,627,266</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Political Subdivision GLI OPEB Liability	52.00%

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.

CHARLOTTESVILLE REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED MARCH 31, 2020

NOTE 14: OTHER POST EMPLOYMENT BENEFITS - GROUP LIFE INSURANCE PLAN (continued)

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	34.00%	5.61%	1.91%
Fixed Income	15.00%	0.88%	0.13%
Credit Strategies	14.00%	5.13%	0.72%
Real Assets	14.00%	5.27%	0.74%
Private Equity	14.00%	8.77%	1.23%
MAPS - Multi-Asset Public Strategies	6.00%	3.52%	0.21%
PIP - Private Investment Partnership	3.00%	6.29%	0.19%
Total	100.00%		5.13%
		Inflation	2.50%
		* Expected arithmetic nominal return	7.63%

* The above allocation provides a one-year return of 7.63%. 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 7.11%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2019, the rate contributed by the entity for the 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, 2019 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.

CHARLOTTESVILLE REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED MARCH 31, 2020

NOTE 14: OTHER POST EMPLOYMENT BENEFITS - GROUP LIFE INSURANCE PLAN (continued)

- a. Net OPEB Liability - At March 31, 2020, CRHA reported a liability of \$42,471 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2019 and the total OPEB liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of that date. 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, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the CRHA employer's proportion was 0.00261% as compared to 0.00309% at June 30, 2018.
- c. Sensitivity of the Net OPEB Liability to Changes in the Discount Rate - The following presents the net GLI OPEB liability of CRHA using the discount rate of 6.75%, as well as what CRHA'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 (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
CRHA's Net GLI OPEB Liability (Asset)	\$ 55,795	\$ 42,471	\$ 31,666

- d. OPEB Expense - For the year ended June 30, 2019, CRHA recognized GLI OPEB expense of \$0.
- e. Deferred Outflows of Resources and Deferred Inflows of Resources - At March 31, 2020, CRHA reported deferred outflows of resources and deferred inflows of resources related to GLI OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Investment experience	\$ -	\$ 872
Differences between expected and actual experience	2,825	551
Changes of assumptions	2,681	1,281
Changes in proportionate share	5,699	11,056
Total	\$ 11,205	\$ 13,760

CHARLOTTESVILLE REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED MARCH 31, 2020

NOTE 14: OTHER POST EMPLOYMENT BENEFITS - GROUP LIFE INSURANCE PLAN (continued)

- e. Deferred Outflows of Resources and Deferred Inflows of Resources (continued)- Deferred outflows of resources of resources and deferred inflows of resources related to GLI OPEB will be recognized in OPEB expense as follows:

Reporting Date Ending June 30:

2020	\$	(1,097)
2021		(1,097)
2022		(727)
2023		350
2024		167
Thereafter		(151)

Detailed information about the Group Life Insurance Program's Fiduciary Net Position is available in the separately issued VRS 2019 Comprehensive Annual Financial Report. A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2019-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

NOTE 15: DEFERRED COMPENSATION PLAN

CRHA offers all regular employees a deferred compensation plan (the "Plan") created in accordance with Internal Revenue Code Section 457. The Plan permits employees to defer a portion of their salary until future years. The deferred compensation is not available to employees or beneficiaries until termination, retirement, death or unforeseeable emergency. All amounts of compensation deferred under the Plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are held in annuity contracts for the participants. The contracts are managed by the Plan through the City of Charlottesville. The assets and corresponding liability of the Plan are not included in the accompanying financial statements and the Plan assets are not subject to claims of the Authority's general creditors.

NOTE 16: 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.

CHARLOTTESVILLE REDEVELOPMENT AND HOUSING AUTHORITY**NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED MARCH 31, 2020****NOTE 17: ECONOMIC DEPENDENCY**

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

NOTE 18: 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 five years.

NOTE 19: SUBSEQUENT EVENTS

Management has evaluated subsequent events through April 1, 2021, the date on which the financial statements were available to be issued.

On March 11, 2020, the World Health Organization declared the outbreak of COVID-19, a novel strain of Coronavirus, a pandemic. As of March 31, 2020, the coronavirus outbreak continues disrupting supply chains and affecting production and sales across a range of industries. The extent of the impact of the outbreak on our operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact to the operations of the Authority, and governmental, regulatory and private sector responses. The financial statements do not reflect any adjustments as a result of the subsequent increase in economic uncertainty.

SUPPLEMENTAL INFORMATION

CHARLOTTESVILLE REDEVELOPMENT AND HOUSING AUTHORITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED MARCH 31, 2020

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*	\$ 1,473,694
Public Housing Capital Fund	14.872	534,967
Housing Choice Vouchers	14.871*	<u>3,027,457</u>
TOTAL U.S. DEPARTMENT OF HUD		<u>\$ 5,036,118</u>
TOTAL FEDERAL ASSISTANCE		<u>\$ 5,036,118</u>

CHARLOTTESVILLE REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED MARCH 31, 2020

NOTE 1: BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grant activity of the Charlottesville Redevelopment and Housing Authority under programs of the federal government for the year ended March 31, 2020. 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: SUMMARY OF SIGNIFICANT ACCOUNT POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, OMB Circular A-87, and the State of Virginia, Office of Policy and Management, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

NOTE 3: 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 4: 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 5: INDIRECT COST RATE

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

CHARLOTTESVILLE REDEVELOPMENT AND HOUSING AUTHORITY

STATEMENT OF CERTIFICATION OF MODERNIZATION COSTS
FOR THE YEAR ENDED MARCH 31, 2020

Capital Fund Program Activity

Description	CFP 15	CFP 16	CFP 17	CFP 18	CFP 19	CFP Totals
Grant Budgets	506,109	524,914	541,097	840,509		2,412,629
Grant Expenditures	506,109	524,914	541,097	687,885	306,234	2,566,239
Remaining Budget	-	-	-	152,624	(306,234)	(153,610)
Grant Expenditures	506,109	524,914	541,097	687,885	306,234	2,566,239
Grant Revenues	506,109	524,914	541,097	658,708	306,234	2,537,062
Grant A/R	-	-	-	29,177	-	29,177

Capital Fund Program grant numbers VA36P016502-03, VA36P016501-07, VA36P016501-09, VA36P016501-13, and VA36P016501-14 have been audited and are included in this report for final closeout.

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**



Dooley & Vicars

Certified Public Accountants, L.L.P.

Daniel J. Dooley, C.P.A.

Michael H. Vicars, C.P.A.

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

Board of Commissioners
Charlottesville Redevelopment
and Housing Authority
Charlottesville, Virginia

Report on Compliance for Each Major Program

We have audited the Charlottesville 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, 2020. 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, 2020. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements that are required to be reported in accordance with the *Uniform Guidance* and which are described in the accompanying schedule of findings and questioned costs as Finding Nos. 2020-001, 2020-002, 2020-003 and 2020-004.

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

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2020-001, 2020-002, 2020-003 and 2020-004. Our opinion on each major federal program is not modified with respect to these matters.

The Authority's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of the Charlottesville 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* and therefore, material weaknesses and significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses*. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2020-002 that we consider to be a significant deficiency.

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
April 1, 2021



Dooley & Vicars

Certified Public Accountants, L.L.P.

Daniel J. Dooley, C.P.A.

Michael H. Vicars, C.P.A.

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
Charlottesville Redevelopment
and Housing Authority
Charlottesville, 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 Charlottesville Redevelopment and Housing Authority, the major fund of the Charlottesville Redevelopment and Housing Authority as of and for the year ended March 31, 2020, and the related notes to the financial statements and have issued our report thereon April 1, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Charlottesville 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 Charlottesville 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2020-001, 2020-002, 2020-003 and 2020-004.

**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)**

Response to Findings

Charlottesville Redevelopment and Housing Authority's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Charlottesville Redevelopment and Housing Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 Charlottesville 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
April 1, 2021

CHARLOTTESVILLE REDEVELOPMENT AND HOUSING AUTHORITY

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED MARCH 31, 2020**Finding No. 2019-001 CFDA No. 14.871 Special Tests and Provisions - Reasonable Rent**

CONDITION: The Authority failed to employ an effective methodology to determine and document the reasonableness of rents charged by owners to Housing Choice Voucher participants in accordance with its written Administrative Plan and HUD regulations.

Status: This finding is ongoing. See Finding 2020-001.

Finding No. 2019-002 CFDA No. 14.871 Eligibility – Income Verification

CONDITION: The Authority failed to use HUD's Enterprise Income Verification (EIV) system to verify tenant employment and income information during annual recertifications in accordance with HUD regulations.

Status: This finding is ongoing. See Finding 2020-002.

Finding No. 2019-003 CFDA No. 14.871 Special Tests and Provisions

CONDITION: The Authority failed to document annual Housing Quality Standards (HQS) inspections in accordance with its Administrative Plan and HUD regulations.

Status: This finding is ongoing. See Finding 2020-003.

CHARLOTTESVILLE REDEVELOPMENT AND HOUSING AUTHORITY
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED MARCH 31, 2020

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	<u> x </u> no
• Significant deficiency(ies) identified that are not considered to be material weakness(es)?	___ yes	<u> x </u> none reported
Noncompliance material to financial statements noted?	___ yes	<u> x </u> no

Federal Awards

Internal control over major programs:		
• Material weakness(es) identified:	___ yes	<u> x </u> no
• Significant deficiency(ies) identified that are not considered to be material weakness(es)?	<u> x </u> yes	___ 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> :	<u> x </u> yes	___ no

CHARLOTTESVILLE REDEVELOPMENT AND HOUSING AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED MARCH 31, 2020
(CONTINUED)

Identification of major programs:

<i>CFDA Number(s)</i>	<i>Name of Federal Program or Cluster</i>
14.850	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.

CHARLOTTESVILLE REDEVELOPMENT AND HOUSING AUTHORITY
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED MARCH 31, 2020
 (CONTINUED)

Section III -- Federal Awards Findings and Questioned Costs

Finding No. 2020-001 CFDA No. 14.871 Special Tests and Provisions (Repeat from 2018 and 2019)

CONDITION: The Authority failed to employ an effective methodology to determine and document the reasonableness of rents charged by owners to Housing Choice Voucher participants in accordance with its written Administrative Plan and HUD regulations.

CRITERIA: PHAs are required to determine whether rents charged by owners to Housing Choice Voucher program participants are reasonable, with respect to comparable unassisted units; prior to entering into HAP contracts; when there is a 5 percent or more decrease in the FMR within 60 days of the HAP contract anniversary; and prior to approving any subsequent rent increases in accordance with 24 CFR 982.507.

QUESTIONED COSTS: The amount of questioned costs could not be determined.

CONTEXT: During audit fieldwork, 40 HAP contract files from a statistically valid sample were examined for compliance with rent reasonableness determination criteria. Of the 40 files examined, 15 files did not contain evidence to support that sufficient steps had been taken to determine that HAP contract rents paid to owners were reasonable.

EFFECT: Failure to determine rent reasonableness provides no assurance that HUD funds are being used efficiently as it may lead to the approval of rents that are too high.

CAUSE: The overall cause was a lack of management oversight and quality control over this program.

RECOMMENDATION: The Authority should implement greater oversight over the Housing Choice Voucher program and provide additional training to staff on determining rent reasonableness in accordance with CRHA's Administrative Plan and HUD regulations.

CHARLOTTESVILLE REDEVELOPMENT AND HOUSING AUTHORITY
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED MARCH 31, 2020
 (CONTINUED)

Section III -- Federal Awards Findings and Questioned Costs

Finding No. 2020-002 CFDA Nos. 14.850 and 14.871 Eligibility (Repeat from 2019)

CONDITION: The Authority failed to complete annual recertifications in accordance with its Administrative Plan and HUD regulations.

CRITERIA: PHAs are required to reexamine family income and composition at least once every 12 months and calculate tenant rents and housing assistance payments in accordance with 24 CFR 982.516.

QUESTIONED COSTS: The amount of questioned costs could not be determined.

CONTEXT: During audit fieldwork, 40 HAP contract files and 40 Public Housing Files, each from statistically valid samples were examined for compliance with annual tenant recertification requirements. Of the 40 HAP files examined, five files contained inaccurate calculations of tenant rents and housing assistance payments reported on HUD Form-50058. Of the 40 Public Housing files, fifteen did not contain an EIV.

EFFECT: Failure to accurately calculate tenant rent and housing assistance payments as required could lead to inappropriate tenant rent and housing assistance payment charges.

CAUSE: The overall cause was a lack of management oversight and quality control over this program.

RECOMMENDATION: The Authority should implement greater oversight over the Housing Choice Voucher program to ensure that annual recertifications include accurate calculations of tenant rent and housing assistance payments reported on HUD Form-50058, and ensure EIVs are filed for public housing.

CHARLOTTESVILLE REDEVELOPMENT AND HOUSING AUTHORITY
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED MARCH 31, 2020
 (CONTINUED)

Section III -- Federal Awards Findings and Questioned Costs

Finding No. 2020-003 CFDA Nos. 14.850 and 14.871 Special Tests and Provisions (Repeat from 2019)

CONDITION: The Authority failed to document annual Housing Quality Standards (HQS) inspections in accordance with its Administrative Plan and HUD regulations.

CRITERIA: PHAs are required to inspect units leased to Housing Choice Voucher and Public Housing program participants at least annually and prepare unit inspection reports in accordance with 21 CFR 982.158(d).

QUESTIONED COSTS: The amount of questioned costs could not be determined.

CONTEXT: During audit fieldwork, 40 HAP contract files and 40 Public Housing files each from independent statistically valid samples were examined for compliance with annual HQS inspection requirements. Of the 40 HAP files examined, 17 files did not contain current annual inspection reports. Of the 40 Public Housing files examined, 27 did not contain current annual inspection reports.

EFFECT: The Authority is not in compliance with federal regulations regarding HQS inspections and documentation.

CAUSE: The overall cause was a lack of management oversight and quality control over this program.

RECOMMENDATION: The Authority should implement greater oversight over the inspection process in both the Housing Choice Voucher and Public Housing programs to ensure that annual inspections are completed and documented at least annually as required.

CHARLOTTESVILLE REDEVELOPMENT AND HOUSING AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED MARCH 31, 2020
(CONTINUED)

Section III -- Federal Awards Findings and Questioned Costs

Finding No. 2020-004 **CFDA No. 14.872 Financial Reporting**

CONDITION: The Authority did not submit the AMCCs by the reporting deadline, within ninety days of the final expenditure date, for Capital Fund Program (CFP) grant numbers: VA36P016502-03, VA36P016501-07, VA36P016501-09, and VA36P016501-13.

CRITERIA: Upon expenditures by the PHA of all funds, or termination by HUD of the activities funded in a modernization or development program, a PHA shall submit the closeout forms, including the Actual Modernization Cost Certificate (AMCC), to their local HUD field office for review and approval. PHAs must submit the AMCC within ninety days after the expenditure deadline.

QUESTIONED COSTS: There are no questioned costs related to this finding.

CONTEXT: The Authority did not submit the AMCCs by the reporting deadline, within ninety days of the final expenditure date, for Capital Fund Program (CFP) grant numbers: VA36P016502-03, VA36P016501-07, VA36P016501-09, and VA36P016501-13

EFFECT: The delay in submitting closeout forms to HUD could impair the Authority's ability to properly record CFP activity and participate in future HUD programs, thereby impairing the Authority's ability to fund capital improvements.

CAUSE: The Authority's checklist for closing CFP grants did not include an effective mechanism to track and monitor AMCC submittal deadlines.

RECOMMENDATION: We recommend that the Authority update its checklist for closing CFP grants to include a method of tracking the deadline for AMCC submittal at the beginning of the grant and monitoring that deadline throughout the grant period.

CHARLOTTESVILLE REDEVELOPMENT & HOUSING AUTHORITY

P.O. BOX 1405

CHARLOTTESVILLE, VIRGINIA 22902

TELEPHONE/TTY/711: (434) 326-4672 FAX: (434) 971-4797



Finding No. 2020-001 CFDA No. 14.871 Special Tests and Provisions {Repeat from 2018}

The Authority concurs that there were deficiencies in the rent reasonableness process. Due to turnover in executive and management staff this issue wasn't properly addressed. The PHA did not complete and verify all rent reasonableness studies and comparisons were completed for all units in the voucher portfolio. The PHA will continue to address this issue through the recertification and initial certification process and correct any prior deficiencies on a going forward basis. The PHA has purchased the Rent Reasonableness software and begin implementing it in October 2020.

Planned Implementation Date of Corrective Action Plan: March 31, 2021

Person Responsible for Corrective Action Plan: Melinda Hite, Housing Manager (434) 326-4672.



CRHA does not discriminate on the basis of race, color, sex, age, religion, national origin, disability, veteran status, or



Finding No. 2020-002 CFDA No. 14.871 Eligibility

The Authority concurs that there were deficiencies in the HCVP voucher annual recertification process. Due to turnover in executive and management staff this issue wasn't properly addressed. Annual recertifications and calculation of rent for all units in the voucher portfolio were not completed in a timely fashion or accurately. The PHA will continue to address this issue through the recertification and initial certification process and correct any prior deficiencies on a going forward basis.

Planned Implementation Date of Correction Action Plan: March 31, 2021

Person Responsible for Corrective Action Plan: Melinda Hite, Housing Manager (434) 326-4672.

Finding No. 2020-003 CFDA No. 14.871 Special Tests and Provisions

The Authority concurs that there were deficiencies in the HCVP voucher annual Housing Quality Standards (HQS) inspection process. Due to turnover in executive and management staff this issue wasn't properly completed or reviewed during the fiscal year. All HQS inspections for all units in the voucher portfolio were not completed in a timely fashion. The PHA will continue to address this issue through the next fiscal year and do quality control reviews of prior inspections to insure all have been completed for fiscal year 2020. The PHA now has 4 certified HQS Inspectors and is actively completing HQS inspections.

Planned Implementation Date of Correction Action Plan: March 31, 2021

Person Responsible for Corrective Action Plan: Melinda Hite, Housing Manager (434) 326-4672.

Finding No. 2020-004 CFDA No. 14.872 Financial Reporting

The Authority concurs that there were deficiencies in the submission of the Actual Modernization Cost Certificate (AMCC). Due to turnover in executive and management staff this issue wasn't properly addressed. The AMCC for Capital Fund Grant VA36P016502-03, VA36P016501-07, VA36P016501-09 and VA36P016501-13 were not submitted to the Field Office within ninety days after the expenditure date. The PHA will create a checklist that identifies the AMCC submission deadline with a completion signature and date and set a reminder on HUD reporting calendar.

Planned Implementation Date of Correction Action Plan: March 31, 2021

Person Responsible for Corrective Action Plan: Mary Lou Hoffman, Director of Finance (434) 326-4672.

Charlottesville Redevelopment & Housing Authority (VA016)

Charlottesville, VA

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2020

	Project Total	6.2 Component Unit - Blended	1 Business Activities	2 State/Local	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and Supportive Services	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$132,526		\$501,001		\$7,266		\$20,948	\$661,741		\$661,741
112 Cash - Restricted - Modernization and Development										
113 Cash - Other Restricted	\$27,988				\$249,173			\$277,161		\$277,161
114 Cash - Tenant Security Deposits	\$81,711							\$81,711		\$81,711
115 Cash - Restricted for Payment of Current Liabilities										
100 Total Cash	\$242,225	\$0	\$501,001	\$0	\$256,439	\$0	\$20,948	\$1,020,613	\$0	\$1,020,613
121 Accounts Receivable - PHA Projects					\$21,215			\$21,215		\$21,215
122 Accounts Receivable - HUD Other Projects	\$29,177					\$5,486		\$34,663		\$34,663
124 Accounts Receivable - Other Government				\$125,629				\$125,629		\$125,629
125 Accounts Receivable - Miscellaneous	\$7,286							\$7,286		\$7,286
126 Accounts Receivable - Tenants	\$54,171							\$54,171		\$54,171
126.1 Allowance for Doubtful Accounts - Tenants	-\$1,624							-\$1,624		-\$1,624
126.2 Allowance for Doubtful Accounts - Other	\$0			\$0	\$0	\$0		\$0		\$0
127 Notes, Loans, & Mortgages Receivable - Current										
128 Fraud Recovery	\$5,801				\$15,298			\$21,099		\$21,099
128.1 Allowance for Doubtful Accounts - Fraud	-\$5,801				-\$15,298			-\$21,099		-\$21,099
129 Accrued Interest Receivable										
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$89,010	\$0	\$0	\$125,629	\$21,215	\$5,486	\$0	\$241,340	\$0	\$241,340
131 Investments - Unrestricted										
132 Investments - Restricted										
135 Investments - Restricted for Payment of Current Liability										
142 Prepaid Expenses and Other Assets			\$18,062					\$18,062		\$18,062
143 Inventories										
143.1 Allowance for Obsolete Inventories										
144 Inter Program Due From							\$225,037	\$225,037	-\$225,037	\$0
145 Assets Held for Sale										
150 Total Current Assets	\$331,235	\$0	\$519,063	\$125,629	\$277,654	\$5,486	\$245,985	\$1,505,052	-\$225,037	\$1,280,015
161 Land	\$1,007,810		\$820,346	\$480,751				\$2,308,907		\$2,308,907
162 Buildings	\$28,702,185			\$257,786	\$65,778			\$29,025,749		\$29,025,749
163 Furniture, Equipment & Machinery - Dwellings	\$899,534			\$208,948				\$1,108,482		\$1,108,482
164 Furniture, Equipment & Machinery - Administration	\$568,382		\$156,200		\$26,720		\$897	\$752,199		\$752,199
165 Leasehold Improvements										
166 Accumulated Depreciation	-\$29,709,968		-\$156,200	-\$455,852	-\$67,383		-\$897	-\$30,390,300		-\$30,390,300
167 Construction in Progress	\$1,522,031			\$11,576				\$1,533,607		\$1,533,607
168 Infrastructure										
160 Total Capital Assets, Net of Accumulated Depreciation	\$2,989,974	\$0	\$820,346	\$503,209	\$25,115	\$0	\$0	\$4,338,644	\$0	\$4,338,644
171 Notes, Loans and Mortgages Receivable - Non-Current			\$56,500					\$56,500		\$56,500
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due										
173 Grants Receivable - Non Current										
174 Other Assets	\$976,821			\$9,109	\$180,847		\$112,319	\$1,279,096		\$1,279,096
176 Investments in Joint Ventures										
180 Total Non-Current Assets	\$3,966,795	\$0	\$876,846	\$512,318	\$205,962	\$0	\$112,319	\$5,674,240	\$0	\$5,674,240

Charlottesville Redev & Housing Authority (VA016)

Charlottesville, VA

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2020

	Project Total	6.2 Component Unit - Blended	1 Business Activities	2 State/Local	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and Supportive Services	COCC	Subtotal	ELIM	Total
200 Deferred Outflow of Resources	\$27,221				\$5,805		\$5,237	\$38,263		\$38,263
290 Total Assets and Deferred Outflow of Resources	\$4,325,251	\$0	\$1,395,909	\$637,947	\$489,421	\$5,486	\$363,541	\$7,217,555	-\$225,037	\$6,992,518
311 Bank Overdraft										
312 Accounts Payable <= 90 Days	\$196,650		\$6,240	\$8,565			\$13,966	\$225,421		\$225,421
313 Accounts Payable >90 Days Past Due										
321 Accrued Wage/Payroll Taxes Payable	\$14,697		\$20,412	\$3,823	\$2,848		\$6,771	\$48,651		\$48,651
322 Accrued Compensated Absences - Current Portion	\$5,873			\$1,042	\$3,165		\$2,042	\$12,122		\$12,122
324 Accrued Contingency Liability										
325 Accrued Interest Payable										
331 Accounts Payable - HUD PHA Programs					\$47			\$47		\$47
332 Account Payable - PHA Projects										
333 Accounts Payable - Other Government	\$46,118							\$46,118		\$46,118
341 Tenant Security Deposits	\$81,711							\$81,711		\$81,711
342 Unearned Revenue	\$51,205							\$51,205		\$51,205
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	\$9,761							\$9,761		\$9,761
344 Current Portion of Long-term Debt - Operating Borrowings										
345 Other Current Liabilities										
346 Accrued Liabilities - Other										
347 Inter Program - Due To	\$2,517	\$115,676		\$46,580	\$54,778	\$5,486		\$225,037	-\$225,037	\$0
348 Loan Liability - Current										
310 Total Current Liabilities	\$408,532	\$115,676	\$26,652	\$60,110	\$60,838	\$5,486	\$22,779	\$700,073	-\$225,037	\$475,036
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$28,577							\$28,577		\$28,577
352 Long-term Debt, Net of Current - Operating Borrowings										
353 Non-current Liabilities - Other	\$6,823			\$430,851	\$110,354			\$548,028		\$548,028
354 Accrued Compensated Absences - Non Current	\$8,808			\$1,564	\$4,748		\$3,063	\$18,183		\$18,183
355 Loan Liability - Non Current										
356 FASB 5 Liabilities										
357 Accrued Pension and OPEB Liabilities	\$200,419				\$31,726		\$54,701	\$286,846		\$286,846
350 Total Non-Current Liabilities	\$244,627	\$0	\$0	\$432,415	\$146,828	\$0	\$57,764	\$881,634	\$0	\$881,634
300 Total Liabilities	\$653,159	\$115,676	\$26,652	\$492,525	\$207,666	\$5,486	\$80,543	\$1,581,707	-\$225,037	\$1,356,670
400 Deferred Inflow of Resources	\$34,838				\$6,450		\$4,006	\$45,294		\$45,294
508.4 Net Investment in Capital Assets	\$2,951,636		\$820,346	\$503,209	\$25,115			\$4,300,306		\$4,300,306
511.4 Restricted Net Position					\$138,819			\$138,819		\$138,819
512.4 Unrestricted Net Position	\$685,618	-\$115,676	\$548,911	-\$357,787	\$111,371	\$0	\$278,992	\$1,151,429		\$1,151,429
513 Total Equity - Net Assets / Position	\$3,637,254	-\$115,676	\$1,369,257	\$145,422	\$275,305	\$0	\$278,992	\$5,590,554	\$0	\$5,590,554
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$4,325,251	\$0	\$1,395,909	\$637,947	\$489,421	\$5,486	\$363,541	\$7,217,555	-\$225,037	\$6,992,518

Charlottesville Redevelopment and Housing Authority (VA016)
Charlottesville, VA

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2020

	Project Total	6.2 Component Unit - Blended	1 Business Activities	2 State/Local	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and Supportive Services	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$1,232,410							\$1,232,410		\$1,232,410
70400 Tenant Revenue - Other										
70500 Total Tenant Revenue	\$1,232,410	\$0	\$0	\$0	\$0	\$0	\$0	\$1,232,410	\$0	\$1,232,410
70600 HUD PHA Operating Grants	\$1,800,545				\$3,027,457			\$4,828,002		\$4,828,002
70610 Capital Grants	\$208,116							\$208,116		\$208,116
70710 Management Fee							\$422,378	\$422,378	-\$422,378	\$0
70720 Asset Management Fee										
70730 Book Keeping Fee							\$59,775	\$59,775	-\$59,775	\$0
70740 Front Line Service Fee										
70750 Other Fees										
70700 Total Fee Revenue							\$482,153	\$482,153	-\$482,153	\$0
70800 Other Government Grants	\$5,950		\$19,416	\$1,009,674				\$1,035,040		\$1,035,040
71100 Investment Income - Unrestricted	\$820						\$7,238	\$8,058		\$8,058
71200 Mortgage Interest Income										
71300 Proceeds from Disposition of Assets Held for Sale										
71310 Cost of Sale of Assets										
71400 Fraud Recovery										
71500 Other Revenue	\$54,747	\$10,500			\$13,441			\$78,688		\$78,688
71600 Gain or Loss on Sale of Capital Assets										
72000 Investment Income - Restricted										
70000 Total Revenue	\$3,302,588	\$10,500	\$19,416	\$1,009,674	\$3,040,898	\$0	\$489,391	\$7,872,467	-\$482,153	\$7,390,314
91100 Administrative Salaries	\$143,454			\$150,654	\$137,785		\$234,689	\$666,582		\$666,582
91200 Auditing Fees	\$11,463				\$3,821		\$3,982	\$19,266		\$19,266
91300 Management Fee	\$370,037				\$52,341			\$422,378	-\$422,378	\$0
91310 Book-keeping Fee	\$30,720				\$29,055			\$59,775	-\$59,775	\$0
91400 Advertising and Marketing	\$80			\$1,234	\$80		\$152	\$1,546		\$1,546
91500 Employee Benefit contributions - Administrative	\$46,750			\$20,447	\$32,954		\$63,696	\$163,857		\$163,857
91600 Office Expenses	\$64,369			\$6,303	\$18,382		\$18,398	\$107,452		\$107,452
91700 Legal Expense	\$88,311			\$27,096	\$16,676		\$18,061	\$150,144		\$150,144
91800 Travel	\$617			\$1,882	\$273		\$23	\$2,795		\$2,795
91810 Allocated Overhead										
91900 Other	\$88,253	\$35		\$164,200	\$17,199		\$61,356	\$331,043		\$331,043
91000 Total Operating - Administrative	\$844,054	\$35	\$0	\$371,816	\$308,576	\$0	\$400,357	\$1,924,838	-\$482,153	\$1,442,685
92000 Asset Management Fee										
92100 Tenant Services - Salaries										
92200 Relocation Costs	\$1,321							\$1,321		\$1,321
92300 Employee Benefit Contributions - Tenant Services										
92400 Tenant Services - Other	\$11,788			\$7,651				\$19,439		\$19,439
92500 Total Tenant Services	\$13,109	\$0	\$0	\$7,651	\$0	\$0	\$0	\$20,760	\$0	\$20,760

Charlottesville Redev & Housing Authority (VA016)
Charlottesville, VA

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2020

	Project Total	6.2 Component Unit - Blended	1 Business Activities	2 State/Local	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and Supportive Services	COCC	Subtotal	ELIM	Total
93100 Water	\$193,088			\$1,209				\$194,307		\$194,307
93200 Electricity	\$289,089			\$1,992				\$291,081		\$291,081
93300 Gas	\$164,015			\$200				\$164,215		\$164,215
93400 Fuel										
93500 Labor										
93600 Sewer	\$291,815			\$2,894				\$294,709		\$294,709
93700 Employee Benefit Contributions - Utilities										
93800 Other Utilities Expense										
93000 Total Utilities	\$938,017	\$0	\$0	\$6,295	\$0	\$0	\$0	\$944,312	\$0	\$944,312
94100 Ordinary Maintenance and Operations - Labor	\$253,712			\$26,290				\$280,002		\$280,002
94200 Ordinary Maintenance and Operations - Materials and Other	\$152,329			\$374				\$152,703		\$152,703
94300 Ordinary Maintenance and Operations Contracts	\$395,384			\$363	\$1,011		\$540	\$397,298		\$397,298
94500 Employee Benefit Contributions - Ordinary Maintenance	\$67,232			\$4,989				\$72,221		\$72,221
94000 Total Maintenance	\$868,657	\$0	\$0	\$32,016	\$1,011	\$0	\$540	\$902,224	\$0	\$902,224
95100 Protective Services - Labor										
95200 Protective Services - Other Contract Costs										
95300 Protective Services - Other	\$201,580							\$201,580		\$201,580
95500 Employee Benefit Contributions - Protective Services										
95000 Total Protective Services	\$201,580	\$0	\$0	\$0	\$0	\$0	\$0	\$201,580	\$0	\$201,580
96110 Property Insurance	\$44,125							\$44,125		\$44,125
96120 Liability Insurance	\$2,529				\$1,082		\$1,448	\$5,059		\$5,059
96130 Workmen's Compensation	\$14,802				\$64		\$161	\$15,027		\$15,027
96140 All Other Insurance	\$3,642				\$1,216		\$1,824	\$6,682		\$6,682
96100 Total Insurance Premiums	\$65,098	\$0	\$0	\$0	\$2,362	\$0	\$3,433	\$70,893	\$0	\$70,893
96200 Other General Expenses	\$4,296				\$2,022			\$6,318		\$6,318
96210 Compensated Absences	\$16,577			\$4,002	\$4,552		\$5,954	\$31,085		\$31,085
96300 Payments in Lieu of Taxes	\$29,443							\$29,443		\$29,443
96400 Bad debt - Tenant Rents	\$21,947							\$21,947		\$21,947
96500 Bad debt - Mortgages										
96600 Bad debt - Other										
96800 Severance Expense										
96000 Total Other General Expenses	\$72,263	\$0	\$0	\$4,002	\$6,574	\$0	\$5,954	\$88,793	\$0	\$88,793
96710 Interest of Mortgage (or Bonds) Payable	\$1,899							\$1,899		\$1,899
96720 Interest on Notes Payable (Short and Long Term)										
96730 Amortization of Bond Issue Costs										
96700 Total Interest Expense and Amortization Cost	\$1,899	\$0	\$0	\$0	\$0	\$0	\$0	\$1,899	\$0	\$1,899

Charlottesville Redevelopment & Housing Authority (VA016)
Charlottesville, VA

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2020

	Project Total	6.2 Component Unit - Blended	1 Business Activities	2 State/Local	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and Supportive Services	COCC	Subtotal	ELIM	Total
96900 Total Operating Expenses	\$3,004,677	\$35	\$0	\$421,780	\$318,523	\$0	\$410,284	\$4,155,299	-\$482,153	\$3,673,146
97000 Excess of Operating Revenue over Operating Expenses	\$297,911	\$10,465	\$19,416	\$587,894	\$2,722,375	\$0	\$79,107	\$3,717,168	\$0	\$3,717,168
97100 Extraordinary Maintenance										
97200 Casualty Losses - Non-capitalized										
97300 Housing Assistance Payments				\$681,143	\$2,705,859			\$3,387,002		\$3,387,002
97350 HAP Portability-In					\$13,350			\$13,350		\$13,350
97400 Depreciation Expense	\$115,733			\$9,759	\$2,392			\$127,884		\$127,884
97500 Fraud Losses										
97600 Capital Outlays - Governmental Funds										
97700 Debt Principal Payment - Governmental Funds										
97800 Dwelling Units Rent Expense										
90000 Total Expenses	\$3,120,410	\$35	\$0	\$1,112,682	\$3,040,124	\$0	\$410,284	\$7,683,535	-\$482,153	\$7,201,382
10010 Operating Transfer In	\$239,356							\$239,356	-\$239,356	\$0
10020 Operating transfer Out	-\$239,356							-\$239,356	\$239,356	\$0
10030 Operating Transfers from/to Primary Government										
10040 Operating Transfers from/to Component Unit										
10050 Proceeds from Notes, Loans and Bonds										
10060 Proceeds from Property Sales										
10070 Extraordinary Items, Net Gain/Loss										
10080 Special Items (Net Gain/Loss)										
10091 Inter Project Excess Cash Transfer In										
10092 Inter Project Excess Cash Transfer Out										
10093 Transfers between Program and Project - In										
10094 Transfers between Project and Program - Out										
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$182,178	\$10,465	\$19,416	-\$103,008	\$774	\$0	\$79,107	\$188,932	\$0	\$188,932
11020 Required Annual Debt Principal Payments	\$12,367	\$0	\$0	\$0	\$0	\$0	\$0	\$12,367		\$12,367
11030 Beginning Equity	\$3,455,076	-\$126,141	\$1,349,841	\$248,430	\$274,531	\$0	\$199,885	\$5,401,622		\$5,401,622
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors										
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					\$136,486			\$136,486		\$136,486
11180 Housing Assistance Payments Equity					\$138,819			\$138,819		\$138,819

Charlottesville Redev & Housing Authority (VA016)
Charlottesville, VA

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2020

	Project Total	6.2 Component Unit - Blended	1 Business Activities	2 State/Local	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and Supportive Services	COCC	Subtotal	ELIM	Total
11190 Unit Months Available	4512				6396			10908		10908
11210 Number of Unit Months Leased	3960				3903			7863		7863
11270 Excess Cash	-\$350,882							-\$350,882		-\$350,882
11610 Land Purchases	\$0						\$0	\$0		\$0
11620 Building Purchases	\$150,768						\$0	\$150,768		\$150,768
11630 Furniture & Equipment - Dwelling Purchases	\$0						\$0	\$0		\$0
11640 Furniture & Equipment - Administrative Purchases	\$53,348						\$0	\$53,348		\$53,348
11650 Leasehold Improvements Purchases	\$0						\$0	\$0		\$0
11660 Infrastructure Purchases	\$0						\$0	\$0		\$0
13510 CFFP Debt Service Payments	\$0						\$0	\$0		\$0
13901 Replacement Housing Factor Funds	\$0						\$0	\$0		\$0

REQUIRED SUPPLEMENTAL INFORMATION

CHARLOTTESVILLE REDEVELOPMENT AND HOUSING AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION RELATED TO PENSIONS
FOR THE YEAR ENDED MARCH 31, 2020

Schedule of Changes in CRHA's Net Pension Liability and Related Ratios as of June 30:

	2019	2018	2017	2016	2015
Total pension liability					
Service cost	\$ 38,766	\$ 33,692	\$ 51,105	\$ 63,052	\$ 86,271
Interest	159,703	163,675	167,467	166,372	170,632
Change of assumptions	53,376	-	24,274	-	-
Difference between expected and actual experience	37,585	(86,707)	(120,034)	(29,795)	(145,637)
Benefit payments, including refunds of employee contributions	(170,311)	(164,511)	(189,449)	(154,392)	(165,742)
Other	-	-	-	(24,127)	-
Net change in total pension liability	119,119	(53,851)	(66,637)	21,110	(54,476)
Total pension liability - beginning	2,366,620	2,420,471	2,487,108	2,465,998	2,520,474
Total pension liability - ending (a)	\$ 2,485,739	\$ 2,366,620	\$ 2,420,471	\$ 2,487,108	\$ 2,465,998
 Contributions - employer	 \$ (2,270)	 \$ 490	 \$ 457	 \$ 12,453	 \$ 16,473
Contributions - employee	21,645	26,349	21,489	25,141	30,780
Net investment income	239,494	259,896	395,686	56,219	151,946
Benefit payments, including refunds of employee contributions	(170,311)	(164,511)	(189,449)	(178,519)	(165,742)
Administrative expense	(2,478)	(2,315)	(2,403)	(2,172)	(2,170)
Other	(150)	(228)	(347)	(24)	(32)
Net change in plan fiduciary net position	85,930	119,681	225,433	(86,902)	31,255
Plan fiduciary net position - beginning	3,669,797	3,550,116	3,324,683	3,411,585	3,380,330
Plan fiduciary net position - ending (b)	\$ 3,755,727	\$ 3,669,797	\$ 3,550,116	\$ 3,324,683	\$ 3,411,585
 CRHA's net pension liability (asset) - ending (a)-(b)	 \$ (1,269,988)	 \$ (1,303,177)	 \$ (1,129,645)	 \$ (837,575)	 \$ (945,587)
 Plan fiduciary net position as a percentage of the total Pension liability	 151%	 155%	 147%	 134%	 138%
 Covered employee payroll	 \$ 504,459	 \$ 512,367	 \$ 772,373	 \$ 792,958	 \$ 854,400
 CRHA's net pension liability as a percentage of covered-employee payroll	 -252%	 -254%	 -146%	 -106%	 -111%

These schedules are intended to present information for 10 years. Until a 10-year trend is compiled, the information is presented for those years the information is available.

Totals, with the exception of the covered payroll, are from Schedule E - Total Pension Liability and Fiduciary Net Position on pages 108-131 and the Summary of Collective Amounts on page 3 of the GASB Statement No. 68 Report.

CHARLOTTESVILLE REDEVELOPMENT AND HOUSING AUTHORITY
 REQUIRED SUPPLEMENTARY INFORMATION RELATED TO PENSIONS
 FOR THE YEAR ENDED MARCH 31, 2020

Schedule of CRHA's Employer Contributions to the VRS Pension Plan as of June 30:

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employers Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
2019	\$ 5,246	\$ 5,246	\$ -	\$ 504,459	1.04%
2018	\$ 5,329	\$ 5,329	\$ -	\$ 512,367	1.04%
2017	\$ 457	\$ 457	\$ -	\$ 772,373	0.06%
2016	\$ 12,453	\$ 12,453	\$ -	\$ 792,958	1.57%
2015	\$ 18,919	\$ 18,919	\$ -	\$ 854,400	2.21%

These schedules are intended to present information for 10 years. Until a 10-year trend is compiled, the information is presented for those years the information is available.

CHARLOTTESVILLE REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION RELATED TO PENSIONS
FOR THE YEAR ENDED MARCH 31, 2020

Note 1: Changes of Benefit Terms

There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation. The June 30, 2018 valuation includes Hybrid Retirement Plan members for the first time. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. Because this is a fairly new benefit and the number of participants was relatively small, the impact on the liabilities as of the measurement date of June 30, 2019 are not material.

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%
Discount Rate decreased from 7.00% to 6.75%

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%
Discount Rate decreased from 7.00% to 6.75%

CHARLOTTESVILLE REDEVELOPMENT AND HOUSING AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION RELATED TO OPEB HEALTH INSURANCE
FOR THE YEAR ENDED MARCH 31, 2020

Schedule of Changes in CRHA's Net OPEB Health Insurance Plan Liability and Related Ratios for Fiscal
Year Ending March 31:

	2018	2019*	2020
Total OPEB Liability			
Interest	\$ 9,221	\$ 8,886	\$ 7,516
Difference between expected and actual experience	-	-	(25,955)
Benefit payments, including refunds of employee contributions	(18,146)	(19,598)	(21,166)
Net change in total OPEB Liability	(8,925)	(10,712)	(39,605)
Total OPEB Liability - beginning	303,617	294,692	283,980
Total OPEB Liability - ending (a)	<u>\$ 294,692</u>	<u>\$ 283,980</u>	<u>\$ 244,375</u>
Plan fiduciary net position			
Contributions - employer	\$ 18,146	\$ 19,598	\$ 21,166
Benefit payments, including refunds of employee contributions	(18,146)	(19,598)	(21,166)
Net change in plan fiduciary net position	-	-	-
Plan fiduciary net position - beginning	-	-	-
Plan fiduciary net position - ending (b)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
CRHA's Net OPEB Liability (asset) - ending (a)-(b)	<u>\$ 294,692</u>	<u>\$ 283,980</u>	<u>\$ 244,375</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%
Covered employee payroll	n/a	n/a	n/a
CRHA's Net OPEB Liability as a percentage of covered-employee payroll	n/a	n/a	n/a

*Projected

These schedules are intended to present information for 10 years. Until a 10-year trend is compiled, the information is presented for those years the information is available.

CHARLOTTESVILLE REDEVELOPMENT AND HOUSING AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION RELATED TO OPEB HEALTH INSURANCE
FOR THE YEAR ENDED MARCH 31, 2020

Schedule of CRHA's Employer Contributions to the OPEB Health Insurance Plan for Fiscal Year Ending
March 31:

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employers Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
2020	\$ 23,804	\$ 21,166	\$ 2,638	n/a	n/a
2019*	\$ 24,703	\$ 19,598	\$ 5,105	n/a	n/a
2018	\$ 25,450	\$ 18,146	\$ 7,304	n/a	n/a

*Projected

These schedules are intended to present information for 10 years. Until a 10-year trend is compiled, the information is presented for those years the information is available.

CHARLOTTESVILLE REDEVELOPMENT AND HOUSING AUTHORITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION RELATED TO OPEB HEALTH INSURANCE
FOR THE YEAR ENDED MARCH 31, 2020

Note 1: Changes of Benefit Terms

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

Note 2: Changes of Assumptions

The following changes in actuarial assumptions were made effective April 1, 2020:

1. The discount rate is 2.86% based on the S&P Municipal Bond Index as of March 31, 2020, compared to the prior rate of 3.23%
2. Mortality was updated from being projected using Scale MP-2014 to Scale MP-2019.
3. The health care cost trend rates assumption is updated from 8.0% graded down to 5% over 10 years to 7.5% graded uniformly to 6.75% over 3 years and following the 2020 Getzen model thereafter to an ultimate rate of 4.04% in the year 2075.

CHARLOTTESVILLE REDEVELOPMENT AND HOUSING AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION RELATED TO OPEB GROUP LIFE INSURANCE
FOR THE YEAR ENDED MARCH 31, 2020

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Employer's Proportion of the Net GLI OPEB Liability (Asset)	0.00261%	0.00309%	0.00260%
Employer's Proportionate Share of the Net GLI OPEB Liability (Asset)	\$42,471	\$47,000	\$40,000
Employer's Covered Payroll	\$512,367	\$587,605	\$480,170
Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of its Covered Payroll	8.29%	8.00%	8.33%
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	52.00%	51.22%	48.86%

These schedules are intended to present information for 10 years. Until a 10-year trend is compiled, the information is presented for those years the information is available.

CHARLOTTESVILLE REDEVELOPMENT AND HOUSING AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION RELATED TO OPEB GROUP LIFE INSURANCE
FOR THE YEAR ENDED MARCH 31, 2020

Schedule of CRHA's Employer Contributions to the OPEB Group Life Insurance Plan for Fiscal Year
Ending June 30:

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employers Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
2020	\$ 2,524	\$ 2,524	\$ -	\$ 485,361	0.52%
2019	\$ 2,664	\$ 2,664	\$ -	\$ 512,367	0.52%
2018	\$ 3,056	\$ 3,056	\$ -	\$ 587,605	0.52%
2017	\$ 2,497	\$ 2,497	\$ -	\$ 480,170	0.52%
2016	\$ 2,921	\$ 2,646	\$ 275	\$ 551,179	0.53%
2015	\$ 3,447	\$ 3,122	\$ 325	\$ 650,349	0.53%
2014	\$ 4,250	\$ 3,849	\$ 401	\$ 801,827	0.53%
2013	\$ 3,937	\$ 3,566	\$ 371	\$ 742,833	0.53%
2012	\$ 3,557	\$ 2,264	\$ 1,293	\$ 808,481	0.44%
2011	\$ 4,051	\$ 2,578	\$ 1,473	\$ 920,577	0.44%

CHARLOTTESVILLE REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION RELATED TO OPEB GROUP LIFE INSURANCE
FOR THE YEAR ENDED MARCH 31, 2020

Note 1: Changes of Benefit Terms

There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation. The 2014 valuation includes Hybrid Retirement Plan members for the first time. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. Because this is a fairly new benefit and the number of participants was relatively small, the impact on the liabilities as of the measurement date of June 30, 2018 are not material.

Note 2: Changes of assumptions

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study of the System for the four-year period from July 1, 2012 through June 30, 2016, except for the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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%
Discount rate decreased from 7.00% to 6.75%

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%
Discount rate decreased from 7.00% to 6.75%