

Portsmouth Redevelopment and Housing Authority

**Financial Statements
(With Supplementary Information)
and Independent Auditor's Report**

June 30, 2019

Portsmouth Redevelopment and Housing Authority

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Independent Auditor's Report

To the Board of Commissioners
Portsmouth Redevelopment and Housing Authority

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of the Portsmouth Redevelopment and Housing Authority, as of and for the year ended June 30, 2019 and the related notes to the financial statements, which collectively compromise the Portsmouth Redevelopment and Housing 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 preparation 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 did not audit the financial statements of the discretely presented component units, and we did not audit the financial statements of Westbury 3A Limited Partnership (Westbury), Pine Street Limited Partnership (Pine Street), and Southside Development Enterprises, LLC (Southside), which are blended component units, which represent 58 percent, 18 percent, and 23 percent, respectively, of the assets, net position, and revenues of the Portsmouth Redevelopment and Housing Authority. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component units, Westbury, Pine Street, and Southside, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of six of the ten discretely presented component units and of Westbury, Pine Street, and Southside, were not audited in accordance with *Governmental Auditing Standards*. 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 includes 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.

Opinions

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the Portsmouth Redevelopment and Housing Authority as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 5 to 9 and schedules of pension-related required supplementary information on pages 53 and 54 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 opinions on the financial statements that collectively comprise the Portsmouth Redevelopment and Housing Authority's basic financial statements. The HUD financial data schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is 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 is also not a required part of the basic financial statements.

The HUD financial data schedule and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the HUD financial data schedule and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 3, 2021, on consideration of the Portsmouth 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 grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Portsmouth Redevelopment and Housing Authority's internal control over financial reporting and compliance.



Charlotte, North Carolina
May 3, 2021

Portsmouth Redevelopment and Housing Authority

Management's Discussion and Analysis (MD&A) (Unaudited)

June 30, 2019

The Management's Discussion and Analysis ("MD&A") for the Portsmouth Redevelopment and Housing Authority (the "Authority") offers a narrative overview and analysis of its audited financial statements for fiscal year ended June 30, 2019. The goal is for the reader to better understand the Authority's financial activities and its overall financial position and to show whether current year revenue covered current year expenses and the extent to which the Authority has invested its capital assets. The MD&A requirements are established by Governmental Accounting Standards Board Statement #34 ("GASB 34") to report the most relevant information for assessing the Authority's financial strength. The MD&A presented below discusses the FY2019 (current year) results in comparison with the FY2018 (prior year), with emphasis on the current year.

Financial Highlights

Some of the Portsmouth Redevelopment and Housing Authority's financial highlights for the fiscal year end June 30, 2019 include:

The assets of the Authority exceeded its liabilities at the close of the fiscal year by:	\$ 92,592,066
The Authority's cash balance, including escrow deposits, and long-term investments as of the end of the fiscal year was:	\$ 6,552,719
The Authority had revenues from HUD Operating Grants of:	\$ 21,576,193
The Authority had revenues from HUD Capital Grants of:	\$ 82,819
The Authority had an ending total revenue balance at the close of the fiscal year of:	\$ 28,615,114
This represents an increase from the previous year mainly from HCV for RAD and Protection Vouchers.	
The Authority had an ending total expense balance at the close of the fiscal year of:	\$ 25,689,257
This represents an increase over the prior year.	

Overview of the Financial Statements

The financial statements included in this MD&A are those of a special-purpose government engaged only in business-type activities. The following statements are included:

- Statement of Net Position - Reports the Authority's current financial resources (short term spendable resources) with capital assets and long-term debt obligations.
- Statement of Revenues, Expenses, and Changes in Net Position - Reports the Authority's operating and non-operating revenues, by major source along with operating and non-operating expenses and capital contributions.
- Statement of Cash Flows - Reports the change in the Authority's cash position from the beginning to ending of the fiscal year.

Portsmouth Redevelopment and Housing Authority

Management's Discussion and Analysis (MD&A) (Unaudited)

June 30, 2019

The following table reflects the condensed Statement of Net Position compared to the prior year:

	<u>2019</u>	<u>2018</u>	<u>Net Change</u>	<u>Variance</u>
Assets and deferred outflows of resources:				
Current and restricted assets	\$ 13,564,454	\$ 14,918,282	\$ (1,353,828)	-9.07%
Capital assets, net	23,217,559	25,225,042	(2,007,483)	-7.96%
Other assets	59,095,973	58,837,073	258,900	0.44%
Deferred outflows of resources	<u>376,804</u>	<u>339,013</u>	<u>37,791</u>	<u>11.15%</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 96,254,790</u>	<u>\$ 99,319,410</u>	<u>\$ (3,064,620)</u>	<u>-3.09%</u>
Liabilities:				
Current liabilities	\$ 925,489	\$ 1,274,417	\$ (348,928)	-27.38%
Long-term liabilities	<u>1,969,121</u>	<u>10,112,639</u>	<u>(8,143,518)</u>	<u>-80.53%</u>
Total Liabilities	<u>2,894,610</u>	<u>11,387,056</u>	<u>(8,492,446)</u>	<u>-74.58%</u>
Deferred Inflows of Resources	<u>768,114</u>	<u>1,046,065</u>	<u>(277,951)</u>	<u>-26.57%</u>
Net position:				
Net investment in capital assets	22,817,559	16,011,557	6,806,002	42.51%
Restricted net position	856,201	1,502,597	(646,396)	-43.02%
Unrestricted net position	<u>68,918,306</u>	<u>69,372,135</u>	<u>(453,829)</u>	<u>-0.65%</u>
Total net position	<u>92,592,066</u>	<u>86,886,289</u>	<u>5,705,777</u>	<u>6.57%</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 96,254,790</u>	<u>\$ 99,319,410</u>	<u>\$ (3,064,620)</u>	<u>-3.09%</u>

Portsmouth Redevelopment and Housing Authority

Management's Discussion and Analysis (MD&A) (Unaudited)

June 30, 2019

The following table reflects the condensed Statement of Revenues, Expenses, and Changes in Net Position compared to the prior year:

	2019	2018	Change	Variance
Tenant rental revenue	\$ 1,014,287	\$ 1,272,922	\$ (258,635)	-20.32%
Operating grants	21,576,193	19,570,726	2,005,467	10.25%
Capital grants	82,819	838,404	(755,585)	-90.12%
Other government grants	2,319,690	256,210	2,063,480	805.39%
Investment income	1,795,809	1,842,816	(47,007)	-2.55%
Gain (loss) on disposition of capital assets	369,283	(878,233)	1,247,516	-142.05%
Other revenue	1,457,033	5,955,142	(4,498,109)	-75.53%
Total Revenue	28,615,114	28,857,987	(242,873)	-0.84%
Administrative expenses	3,731,088	3,468,348	262,740	7.58%
Tenant services	513,867	323,430	190,437	58.88%
Utilities	827,157	820,794	6,363	0.78%
Maintenance and operations	1,365,408	1,576,370	(210,962)	-13.38%
Protective services	4,331	37,645	(33,314)	-88.50%
General expenses	2,622,914	1,663,048	959,866	57.72%
Housing assistance payments	15,445,359	13,781,518	1,663,841	12.07%
Interest expense	34,216	976,371	(942,155)	-96.50%
Depreciation	1,144,917	1,680,211	(535,294)	-31.86%
Total Expenses	25,689,257	24,327,735	1,361,522	5.60%
Net Increase (Decrease) in Net Position	2,925,857	4,530,252	(1,604,395)	-35.42%
Net Position, beginning of year	86,886,289	84,058,624	2,827,665	3.36%
Transfers	2,779,920	(1,702,587)	4,482,507	-263.28%
Net Position, end of year	\$ 92,592,066	\$ 86,886,289	\$ 5,705,777	6.57%

Significant Events

During the 2019 fiscal year, one major and one minor event dominated operations, financial performance and outlook for the Portsmouth Redevelopment and Housing Authority. These events will be the rationale notes on the next pages as the variances within the Management's Discussion and Analysis of the 2019 audit are noted.

Lincoln Park Phase I Demolition

Management and the Housing Choice Voucher program worked together with HUD to acquire Tenant Protection Vouchers to vacate all tenants from the Lincoln Park property so demolition of Phase I would not disrupt the environment of safe living conditions. Although a few residents still resided at the property into the next fiscal year, funds were secured through the capital funds program and the first phase land was cleared, making way for 72 new townhome units to be built.

Hurricane Matthew floods Swanson Homes

FEMA made several payments towards a large receivable on the books and assured the Authority that with insurance being exhausted, substantial payment would be made into the next fiscal year to finalize the remnants of this disaster.

Portsmouth Redevelopment and Housing Authority

**Management's Discussion and Analysis (MD&A)
(Unaudited)**

June 30, 2019

Total current assets decreased from 2019 as several tenants completed the Family Self Sufficiency (FSS) program and received their restricted escrows. The loss of Lincoln Park restricted funds (escrows and tenant security deposits) also contributed to the decrease. Housing Choice Vouchers restricted reserves also decreased with the increase in HAP payments to property owners and tenants showing their inverse relationship.

Pension outflows and inflows did not change drastically but were reallocated within the Authority due to the loss of Lincoln Park.

Net capital assets decreased in 2019 as a net result of Lincoln Park Phase I demolition.

Net liabilities decreased substantially with the expiration of loans and large equity payment for Dale Phase II construction loan.

Net equity position increased due to the decrease in liabilities mentioned above.

Rental income decreased minimally as more tenants were vacated from Lincoln Park property, resulting in loss of tenant revenue.

Increase in operating grants stems from additional funding for Housing Choice Voucher Annual Budget Authority (ABA) for Dale II being fully converted to project based vouchers.

Other governmental grants increased because FEMA sent significant monies after the close of the fiscal year and the Authority recognized the revenue in 2019.

Other revenue decreased substantially as prior year was the sale of Effingham property.

Housing Assistance Payments (HAP) increased from both Dale projects receiving 100% assistance from the program and a slight increase in Tenant Protection vouchers for the Lincoln Park property.

Maintenance expenses decreased as management decreased unnecessary overtime and being more mindful of overall purchases.

Protection costs decreased in 2019 due to minimal security needs.

The change in gain (loss) on disposition of capital assets was adjusting the Effingham sale by PHDC.

Transfers were due to the sale of Gosport Elderly, LP during 2019.

Portsmouth Redevelopment and Housing Authority

**Management's Discussion and Analysis (MD&A)
(Unaudited)**

June 30, 2019

Capital Asset and Debt Administration

The Authority's net capital asset position in 2019 decreased by just over \$2,000,000, representing net additions less the demolition of Lincoln Park Phase I:

The following table summarizes the capital assets compared to the prior year.

	<u>2019</u>	<u>2018</u>	<u>Net Change</u>	<u>Variance</u>
Land	\$ 3,430,508	\$ 3,045,733	\$ 384,775	12.63%
Buildings and infrastructure	41,050,808	40,744,873	305,935	0.75%
Furniture and equipment	1,125,787	1,139,602	(13,815)	-1.21%
Construction in progress	2,039,126	1,981,990	57,136	2.88%
Accumulated depreciation	<u>(24,428,670)</u>	<u>(21,687,156)</u>	<u>(2,741,514)</u>	<u>12.64%</u>
Total	<u>\$ 23,217,559</u>	<u>\$ 25,225,042</u>	<u>\$ (2,007,483)</u>	<u>-7.96%</u>

The following table summarizes total debt outstanding compared to the prior year:

	<u>2019</u>	<u>2018</u>	<u>Net Change</u>	<u>Variance</u>
Private bank notes	<u>\$ 400,000</u>	<u>\$ 9,213,485</u>	<u>\$ (8,813,485)</u>	<u>-95.66%</u>
Total debt outstanding	400,000	9,213,485	(8,813,485)	-95.66%
Less: current maturities	<u>-</u>	<u>(164,154)</u>	<u>164,154</u>	<u>-100.00%</u>
Total long-term debt	<u>\$ 400,000</u>	<u>\$ 9,049,331</u>	<u>\$ (8,649,331)</u>	<u>-95.58%</u>

The Authority's total debt decreased by \$8,649,331 due to maturing debt and early retirement of outstanding balances.

Contacting the Authority's Financial Management

The financial report is designed to provide a general overview of the Authority's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Executive Director, Portsmouth Redevelopment and Housing Authority, 3116 South Street, Portsmouth, VA 23707.

Portsmouth Redevelopment and Housing Authority

Statement of Net Position June 30, 2019

	Primary Government	Discrete Component Units	Total Reporting Entity
Current assets			
Cash and cash equivalents - unrestricted	\$ 1,801,509	\$ 1,002,809	\$ 2,804,318
Investments - unrestricted	3,577,030	-	3,577,030
Accounts receivable - HUD	225,920	-	225,920
Accounts receivable - tenants (net of allowance)	9,446	98,016	107,462
Accounts receivable - other	6,642,406	32,943	6,675,349
Notes receivable - current	28,749	-	28,749
Prepaid expenses and other assets	105,214	239,773	344,987
Total current assets	<u>12,390,274</u>	<u>1,373,541</u>	<u>13,763,815</u>
Restricted assets			
Cash and cash equivalents - restricted	1,091,765	6,662,634	7,754,399
Resident security deposits	82,415	292,461	374,876
Total restricted assets	<u>1,174,180</u>	<u>6,955,095</u>	<u>8,129,275</u>
Capital Assets			
Land	3,430,508	6,875,285	10,305,793
Buildings	41,050,808	110,572,466	151,623,274
Furniture, equipment and machinery	1,125,787	2,226,230	3,352,017
Leasehold improvements	-	87,546	87,546
Construction in progress	2,039,126	121,783	2,160,909
Capital assets	47,646,229	119,883,310	167,529,539
Accumulated depreciation	<u>(24,428,670)</u>	<u>(21,075,410)</u>	<u>(45,504,080)</u>
Total capital assets	<u>23,217,559</u>	<u>98,807,900</u>	<u>122,025,459</u>
Noncurrent assets			
Investments in joint ventures	198,378	-	198,378
Other assets	4,166,825	167,548	4,334,373
Notes receivable	54,730,770	-	54,730,770
Total noncurrent assets	<u>59,095,973</u>	<u>167,548</u>	<u>59,263,521</u>
Total assets	95,877,986	107,304,084	203,182,070
Deferred outflows of resources	<u>376,804</u>	<u>-</u>	<u>376,804</u>
Total assets and deferred outflows of resources	<u><u>\$ 96,254,790</u></u>	<u><u>\$ 107,304,084</u></u>	<u><u>\$ 203,558,874</u></u>

Portsmouth Redevelopment and Housing Authority

**Statement of Net Position
June 30, 2019**

	<u>Primary Government</u>	<u>Discrete Component Units</u>	<u>Total Reporting Entity</u>
Current liabilities			
Accounts payable	\$ 60,698	\$ 273,336	\$ 334,034
Accounts payable - other government agencies	158,009	42,793	200,802
Accrued interest payable	-	194,450	194,450
Accrued wages and payroll taxes payable	80,013	23,720	103,733
Mortgages and other notes payable - current	-	252,465	252,465
Tenant security deposits	82,415	292,461	374,876
Accrued compensated absences - current portion	17,675	6,552	24,227
Unearned revenues	142,315	19,506	161,821
Other current liabilities	384,364	3,596,272	3,980,636
	<u>925,489</u>	<u>4,701,555</u>	<u>5,627,044</u>
Total current liabilities			
Long-Term liabilities			
Mortgages and other notes payable - noncurrent	400,000	74,796,992	75,196,992
Accrued compensated absences - noncurrent portion	190,630	71,205	261,835
Other noncurrent liabilities	458,097	3,219,536	3,677,633
Pension liability - noncurrent	920,394	-	920,394
	<u>1,969,121</u>	<u>78,087,733</u>	<u>80,056,854</u>
Total Long-Term liabilities			
Total liabilities	<u>2,894,610</u>	<u>82,789,288</u>	<u>85,683,898</u>
Deferred inflows of resources	<u>768,114</u>	<u>-</u>	<u>768,114</u>
Net position			
Net investment in capital assets	22,817,559	23,779,443	46,597,002
Restricted net position - program reserves	856,201	6,662,634	7,518,835
Unrestricted net position	68,918,306	(5,927,281)	62,991,025
	<u>92,592,066</u>	<u>24,514,796</u>	<u>117,106,862</u>
Total net position			
Total liabilities, deferred inflows of resources, and net position	<u>\$ 96,254,790</u>	<u>\$ 107,304,084</u>	<u>\$ 203,558,874</u>

See Notes to Financial Statements.

Portsmouth Redevelopment and Housing Authority

**Statement of Revenues, Expenses, and Changes in Net Position
Year Ended June 30, 2019**

	Primary Government	Discrete Component Units	Total Reporting Entity
Operating revenue			
Net tenant rental revenue	\$ 1,014,287	\$ 6,118,067	\$ 7,132,354
HUD operating grants	21,576,193	-	21,576,193
Other government grants	2,319,690	-	2,319,690
Other revenue	1,457,033	999,239	2,456,272
Total operating revenue	26,367,203	7,117,306	33,484,509
Operating expenses			
Administrative	3,731,088	1,687,880	5,418,968
Tenant services	513,867	53,460	567,327
Utilities	827,157	1,048,937	1,876,094
Ordinary maintenance and operations	1,365,408	1,914,206	3,279,614
Protective services	4,331	59,649	63,980
General and other	1,853,529	970,555	2,824,084
Housing assistance payments	15,445,359	-	15,445,359
Depreciation	1,144,917	3,279,401	4,424,318
Total operating expenses	24,885,656	9,014,088	33,899,744
Operating income (loss)	1,481,547	(1,896,782)	(415,235)
Non-operating revenue (expenses)			
Other revenue (expenses)	(769,385)	-	(769,385)
Investment income	451,251	15,277	466,528
Interest expense	(34,216)	(2,342,964)	(2,377,180)
Gain on sale of capital assets	369,283	-	369,283
Notes receivable interest income	1,344,558	-	1,344,558
Total non-operating revenue (expenses)	1,361,491	(2,327,687)	(966,196)
Income (loss) before capital grants	2,843,038	(4,224,469)	(1,381,431)
HUD capital grants	82,819	-	82,819
Capital contributions from limited partners	-	6,602,128	6,602,128
Change in net position	2,925,857	2,377,659	5,303,516
Net position - beginning	86,886,289	24,917,057	111,803,346
Transfers	2,779,920	(2,779,920)	-
Net position - ending	\$ 92,592,066	\$ 24,514,796	\$ 117,106,862

See Notes to Financial Statements.

Portsmouth Redevelopment and Housing Authority

**Statement of Cash Flows
Year Ended June 30, 2019**

	Primary Government
Cash flows from operating activities	
Dwelling rent receipts	\$ 916,470
Operating subsidy and grant receipts	21,433,336
Other government grant receipts	2,477,699
Other income receipts	<u>3,658,254</u>
Total receipts	<u>28,485,759</u>
Payments to vendors	(4,870,710)
Payments to employees	(3,493,430)
Housing assistance payments	<u>(15,445,359)</u>
Total disbursements	<u>(23,809,499)</u>
Net cash provided by operating activities	<u>4,676,260</u>
Cash flows from investing activities	
Investment income	451,251
Payments on notes receivable	2,678,313
Advances on notes receivable	(4,774,225)
Net increase in investments	<u>(3,577,030)</u>
Net cash used by investing activities	<u>(5,221,691)</u>
Cash flows from capital and related financing activities	
Capital grants receipts	82,819
Capital asset purchases	(734,031)
Proceeds from sale of capital assets	369,283
Interest paid on mortgages and notes payable	<u>(34,216)</u>
Net cash used by capital and related financing activities	<u>(316,145)</u>
Net decrease in cash and cash equivalents	(861,576)
Cash and cash equivalents, beginning	<u>3,837,265</u>
Cash and cash equivalents, ending	<u><u>\$ 2,975,689</u></u>
Reconciliation to Statement of Net Position	
Cash and cash equivalents - unrestricted	\$ 1,801,509
Restricted cash and cash equivalents	1,091,765
Resident security deposits	<u>82,415</u>
	<u><u>\$ 2,975,689</u></u>

Portsmouth Redevelopment and Housing Authority

**Statement of Cash Flows
Year Ended June 30, 2019**

	<u>Primary Government</u>
Reconciliation of operating income to net cash provided by operating activities	
Operating income	<u>\$ 1,481,547</u>
Adjustments to reconcile operating loss to net cash provided by operating activities	
Depreciation	1,144,917
Changes in asset and deferred outflows and liabilities and deferred inflows relating to operating activities:	
(Increase) decrease in assets and deferred outflows of resources	
Accounts receivable - HUD	(142,857)
Accounts receivable - tenants (net of allowance)	3,177
Accounts receivable - other	2,201,221
Prepaid expenses and other assets	(17,042)
Deferred outflows of resources	(37,791)
Increase (decrease) in liabilities and deferred inflows of resources	
Accounts payable	(109,272)
Accounts payable - other government agencies	158,009
Accrued wages and payroll taxes payable	(78,981)
Tenant security deposits	(36,715)
Accrued compensated absences	8,256
Unearned revenues	(64,279)
Other current liabilities	(55,943)
Other noncurrent liabilities	24,203
Pension liability	475,761
Deferred inflows of resources	<u>(277,951)</u>
Total adjustments	<u>3,194,713</u>
Net cash provided by operating activities	<u><u>\$ 4,676,260</u></u>

Portsmouth Redevelopment and Housing Authority

Notes to Financial Statements

June 30, 2019

Note 1 - Organization and summary of significant accounting policies

Organization

The Portsmouth Redevelopment and Housing Authority, (the Authority) was created by the City of Portsmouth, (City), on September 12, 1938 under the provisions of the United States Housing Act of 1937. As a chartered political subdivision of the Commonwealth of Virginia, the Authority provides subsidized public housing and administers redevelopment and conservation projects within the City in accordance with State and Federal legislation. The seven-member Board of Commissioners is appointed by Portsmouth's City Council for staggered four-year terms. The Board, in turn selects a Chairman and an Executive Director to administer the affairs of the Authority.

The Authority's operation and relationship with the Federal government are governed by contracts allowing the Authority to construct, own and operate public housing facilities, as well as make housing assistance payments for eligible individuals and families. The Board of Commissioners authorizes these contracts with the United States Department of Housing and Urban Development, (HUD), pursuant to the latter agency's regulations and statutory authorizations.

The financial statements present Portsmouth Redevelopment and Housing Authority and its component units as described below.

In determining how to define the reporting entity, management has considered all potential component units. The authoritative criteria for determining the programs, organizations, and functions of government to be included in the financial statements of the reporting entity set forth in the pronouncements of the Governmental Accounting Standards Board (GASB) are as follows: oversight responsibility including selection of governing authority, designation of management and ability to significantly influence operations; accountability for fiscal matters including budget, surplus/deficits, debt, fiscal management and revenue characteristics; scope of public service; and special financing relationships.

Blended component units

The Authority formed two Virginia Stock Corporations, Portsmouth Housing Development Corporation (PHDC) and Southside Portsmouth Development Corporation (SPDC), one Virginia non-stock Corporation, Portsmouth Development Corporation (PDC) (formally Authority Development Enterprise, Inc.) and five Limited Liability Companies or Partnerships; Southside Development Enterprises, LLC, PMP Offices, LLC, Pine Street, LP, Westbury 3A, LP, and Effingham General, LLC. The cost of the capital stock of each of the wholly owned corporations was \$100. The operations of these entities are described below and are included in the Authority's financial statements as blended component units. Condensed financial statements are presented in Note 15.

PHDC was formed in 1977 to acquire a 0.2% interest as managing general partner in Effingham Elderly, a limited partnership, which developed and owned multi-family housing for low-income elderly and handicapped persons. On April 29, 1994, PHDC purchased the assets in Effingham Elderly. This resulted in the partnership being dissolved. PHDC is also a 50% owner of Southside Development Enterprises, LLC, a 99.99% owner of Pine Street Limited Partnership, and a 99.99% owner of Westbury 3A Limited Partnership.

SPDC was formed in 1979 to acquire a 1% interest as managing general partner in Southside Housing, LP, a limited Partnership, which develops and owns multi-family housing primarily for persons of low-income.

Portsmouth Redevelopment and Housing Authority

Notes to Financial Statements

June 30, 2019

PDC was formed in 1991 to be operated exclusively for charitable purposes within the meaning of 501(c)(3) of the Internal Revenue Code.

Southside Development Enterprises, LLC was formed in 2004 for the sole purpose of providing investment capital for low-income communities and persons. The company is a Community Development Entity as defined by the Community Development Financial Institutions Fund (CDFI Fund) of the US Treasury and generally deals in transactions involving New Markets Tax Credits. It is owned 50% by the Authority and 50% by PHDC.

PMP Offices, LLC was formed in 2012 for the sole purpose of owning the building of the Authority at 3116 South Street, Portsmouth, VA. PMP Offices, LLC is owned 100% by the Authority.

Pine Street Limited Partnership was formed in 1998 to operate a 58-unit mixed income housing complex which provides low-income housing eligible for tax credits in accordance with Section 42 of the Internal Revenue Code. It is owned .01% by the Authority and 99.99% by PHDC. The financial statements for the year ended December 31, 2018 are included in the Authority's financial statements.

Westbury 3A Limited Partnership was formed in 2003 for the purposes, inter alia, of purchasing, constructing, rehabilitating, maintaining, operating, leasing, mortgaging and selling a 59-unit apartment complex which provides low income housing eligible for tax credits in accordance with Section 42 of the Internal Revenue Code. It is owned .01% by the Authority and 99.99% by PHDC. The financial statements for the year ended December 31, 2018 are included in the Authority's financial statements.

Effingham General, LLC was formed in 2007 for the sole purpose of being the General Partner of the Gosport Elderly, LP. This arrangement was created for the sole purpose of rehabilitating a subsidized elderly housing complex. Effingham General, LLC was owned 100% by the Authority and Effingham General, LLC owned 100% of the membership interest in Gosport Elderly, LP. During the year ended June 30, 2019, The Authority sold 100% of its membership interest to an unrelated third party in exchange for \$207,916 and \$3,792,084 paid to the Authority and PHCD, respectively. In addition, a note with the Authority and held by the property was forgiven, including accrued interest on the loan.

Other blended component units

The Authority is the sole owner of the following entities which act as the general partner in tax credit properties which are projects rented to low-income tenants and operating in a manner necessary to qualify for federal low-income housing tax credits as provided for in Section 42 of the Internal Revenue Code: 121 Units, LLC, 57 Units, LLC, 80 Units, LLC, 90 Units, LLC, 100 Units, LLC, 84 Units, LLC, 47 Units, LLC, 16 Units LLC, Dale I General Partner, LLC, and Dale II General Partner, LLC. These entities have no assets, liabilities, net position, or revenues and expenses in the current year.

Discretely presented component units

Based upon the application of the above criteria, the Authority includes the following Limited Partnerships, (LPs), where one of the blended component units serves as General Partner and owns .01% of the Partnership, as discretely presented component units. The Authority reports the ownership of its equity interest in the component unit as an investment in joint venture on the accompanying Statement of Net Position. The Authority provides operation and financial services to the LPs via Operating Subsidy (Operating) and Regulatory and Operating (R&O) Agreements and directly managed by the Authority.

Portsmouth Redevelopment and Housing Authority

Notes to Financial Statements

June 30, 2019

According to GASB pronouncements, if a component unit has a year-end differing from that of the reporting entity, the financial statements for the component unit's fiscal year ending during the reporting entity's fiscal year should be incorporated. The Authority has a June 30th year end and each of the discretely presented component units have December 31st year ends. The December 31, 2018 financial statements for the discretely presented component units are included in the Authority's June 30, 2019 basic financial statements in the discrete component units column. Condensed financial statements are presented in Note 16.

In most instances, the discretely presented component units have entered into agreements with the Authority or a blended component unit to provide various services for housing projects. In addition, management and/or development fees are paid to the Authority for services rendered over the life of the project.

The individual LPs have issued bonds or other debt to fund projects, including amounts owed to the Authority as debt.

King Square - The Authority owns a one hundredth percent (.01%) interest in King Square 2006, LP. The limited partnership was formed to invest in real estate and the construction, operation and sale or leasing of the Partnership's property. Upon completion, the Partnership property consisted of a 57-unit mixed-income housing complex in Portsmouth, Virginia.

Phoebus Square - The Authority owns a one hundredth percent (.01%) interest in Phoebus Square, LP. The limited partnership was formed to invest in real estate and the construction, operation and sale or leasing of the Partnership's property. Upon completion, the Partnership property consisted of a 121-unit elderly-income housing complex in Portsmouth, Virginia.

Clarke Manor - The Authority owns a one hundredth percent (.01%) interest in Clarke Manor Limited Partnership. The limited partnership was formed to invest in real estate and the construction, operation and sale or leasing of the Partnership's property. Upon completion, the Partnership property consisted of a 121-unit mixed-income housing complex in Portsmouth, Virginia.

Seaboard Square II - The Authority owns a one hundredth percent (.01%) interest in Seaboard Square II, LP. The limited partnership was formed to invest in real estate and the construction, operation and sale or leasing of the Partnership's property. Upon completion, the Partnership property consisted of a 100-unit mixed-income housing complex in Portsmouth, Virginia.

Hamilton Place - The Authority owns a one hundredth percent (.01%) interest in Hamilton Place, LP. The limited partnership was formed to invest in real estate and the construction, operation and sale or leasing of the Partnership's property. Upon completion, the Partnership property consisted of an 84-unit mixed-income housing complex in Portsmouth, Virginia.

Hamilton II - The Authority owns a one hundredth percent (.01%) interest in Hamilton II, LP. The limited partnership was formed to invest in real estate and the construction, operation and sale or leasing of the Partnership's property. Upon completion, the Partnership property consisted of an 84-unit mixed-income housing complex in Portsmouth, Virginia.

HV Community - The Authority owns a one hundredth percent (.01%) interest in HV Community, LP. The limited partnership was formed to invest in real estate and the construction, operation and sale or leasing of the Partnership's property. Upon completion, the Partnership property consisted of a 48-unit mixed-income housing complex in Portsmouth, Virginia.

Portsmouth Redevelopment and Housing Authority

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June 30, 2019

Westbury Cottages - The Authority owns a one hundredth percent (.01%) interest in Westbury Cottages, LP. The limited partnership was formed to invest in real estate and the construction, operation and sale or leasing of the Partnership's property. Upon completion, the Partnership property consisted of a 16-unit mixed-income housing complex in Portsmouth, Virginia.

Dale I - The Authority owns a one hundredth percent (.01%) interest in Dale I, LP. The limited partnership was formed to invest in real estate and the construction, operation and sale or leasing of the Partnership's property. Upon completion, the Partnership property consisted of a 146-unit mixed-income housing complex in Portsmouth, Virginia.

Dale II - The Authority owns a one hundredth percent (.01%) interest in Dale II, LP. The limited partnership was formed to invest in real estate and the construction, operation and sale or leasing of the Partnership's property. Upon completion, the Partnership property consisted of a 146-unit mixed-income housing complex in Portsmouth, Virginia.

Westside/Eastside/Northside - The Authority owns a one hundredth percent (.01%) interest in each of Westside Development Enterprises, LLC, Eastside Development Enterprises, LLC, and Northside Development Enterprises, LLC. The LLC's are Community Development Entities as defined by the CDFI Fund of the US Treasury, and their purpose is to serve and provide investment capital for low-income communities and low-income persons.

Basis of presentations and accounting

The financial statements of the Housing Authority have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Authority is a Special Purpose Government engaged only in business-type activities and therefore, presents only the financial statements required for the enterprise fund. As discussed above, the Authority includes blended component units and discretely presented component units, certain of which, follow accounting principles of the Financial Accounting Standards Board (FASB), and certain transactions may be reflected differently in the statements than in the separately issued information in order to conform to the presentation of the Authority.

The Authority has multiple programs which are accounted for as a single enterprise fund.

Enterprise Fund - In accordance with the Enterprise Fund Method, activity is recorded using the accrual basis of accounting and the measurement focus is on the flow of economic resources. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when incurred. This requires the Housing Authority to account for operations in a manner similar to private business or where the Board has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

Description of programs

Low-Rent Public Housing - Funding for the projects was acquired through advances from HUD. The objective of the program is to provide decent, safe and sanitary housing and related facilities for eligible low-income families and the elderly. HUD makes grants to the Authority based on housing needs to ensure the low-income character of the project operated by the Authority.

Housing Choice Voucher Program - The objective of the program, previously known as Section 8, is to help low-income families obtain decent, safe and sanitary housing through a system of rental subsidies. HUD entered into an Annual Contributions Contract (ACC) with the Authority. The

Portsmouth Redevelopment and Housing Authority

Notes to Financial Statements

June 30, 2019

Authority enters into housing assistance payments contracts with owners of private dwellings. The owners rent housing to eligible low-income families who typically pay the higher of 30 percent of adjusted income, 10 percent of gross income, or the portion of welfare assistance designated to meet housing costs for rent. The Authority in a housing assistance payment contract pays the remaining portion of rent for the unit to the owner.

Capital Fund programs - The objective of this program is to improve the physical condition of the low-income public housing units and upgrade the management of the program. The program is provided to the Authority based on a physical needs assessment, management's capabilities, personnel training and educational needs and the need for other services and equipment that would enable more efficient and effective use of available funds such as management information systems.

Budgeting and budgetary accounting

The Authority's Board of Commissioners (Commissioners) adopts budgets on a project basis. These budgets are submitted by the Authority's Executive Director, reviewed during public hearings and approved by resolutions of the Commissioners. The Commissioners may authorize amendments to the budgets based on the availability of financial resources. An annual operating budget is adopted for the Low-Income Housing Fund. Other funds do not have annual operating budgets. The budget for the Low-Income Housing Fund is adopted on the basis of accounting practices prescribed by the U.S. Department of Housing and Urban Development, which differ in some respects from accounting principles generally accepted in the United States of America.

Program budgets for the Housing Assistance Payments (HAP) Funds are approved by executive departments of the Authority on a basis consistent with the grant applications covering the HAP program. The other grants and project funds utilize program-length budgets exceeding one year.

Concentration of credit risk

Financial instruments that potentially subject the Authority to risk consist of cash, accounts receivable and notes receivable.

Cash and cash equivalents

Cash equivalents consist principally of Demand Deposits, Certificates of Deposit and Repurchase Agreements. They are stated at cost, which approximates market value. All funds on deposit are federal treasury accounts or are fully collateralized in accordance with requirements of the U.S. Department of Housing and Urban Development and mature in three months or less. A certain portion of cash is reported in separate restricted asset accounts because the use of these funds is governed by agreements or represent tenant security deposits.

Investments

Investments are stated at cost, which approximates market value. All funds on deposit are federal treasury accounts or are fully collateralized in accordance with requirements of the U.S. Department of Housing and Urban Development.

Property and equipment

Property and equipment are recorded at cost, which is comprised of initial development costs, property betterments and additions, and modernization program costs. The Authority depreciates these assets over their useful lives using the straight-line method of depreciation. Estimated useful lives for depreciable assets are as follows; building - 40 years, improvements - 15 years and furniture and equipment ranges from 3-7 years based on type (computers - 3 years, equipment - 5 years and furniture - 7 years). When assets are retired or otherwise disposed of, the related cost and accumulated depreciation is eliminated from the accounts and any resulting gain or loss is reflected as non-operating revenue or expense.

Portsmouth Redevelopment and Housing Authority

Notes to Financial Statements

June 30, 2019

Impairment of long-lived assets

The Authority accounts for impairments in accordance with GASB No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*. Under the provisions of the statement, prominent events or changes in circumstances affecting capital assets are required to be evaluated to determine whether impairment of a capital asset has occurred. Impaired capital assets that will no longer be used should be reported at the lower of the carrying value or fair value. Impairment of capital assets with physical damage generally should be measured using the restoration cost approach, which uses the estimated cost to restore the capital asset to identify the portion of the historical costs of the capital asset that should be written off. During the year ended June 30, 2019, no impairment loss was recognized.

Income taxes

The Authority is funded by Federal sources and, is a political subdivision of the Commonwealth of Virginia and therefore, is exempt from federal and state income taxes.

The Authority is a partner in several limited partnerships as described above. The partnerships have elected to be treated as pass-through entities for income tax purposes and, as such, are not subject to income taxes. Rather, all items of taxable income, deductions and tax credits are passed through to and are reported by their owners on their respective income tax returns. The partnerships' federal tax statuses as pass-through entities are based on their legal status as partnerships. Accordingly, the partnerships are not required to take any tax positions in order to qualify as a pass-through entity. The partnerships are required to file and do file tax returns with the Internal Revenue Service and other taxing authorities. Accordingly, these financial statements do not reflect a provision for income taxes and the partnerships have no other tax positions which must be considered for disclosure. Income tax returns filed by the partnerships are subject to examination by the Internal Revenue Service for a period of three years. While no income tax returns are currently being examined by the Internal Revenue Service, tax years since 2016 remain open.

Accounts receivable

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. An allowance for doubtful accounts is established to provide for all accounts which may not be collected in the future for any reason. Other accounts receivable consists primarily of amounts due from HUD and other agencies for grant income.

Prepaid items

Prepaid Items consists of payments made to vendors for services that will benefit future periods.

Long-term obligations

Long-term debt and other long-term obligations are reported as liabilities in the Authority's statement of net position.

Accrued liabilities

The Authority recognizes a liability for goods and services received but not yet paid as of year-end.

Unearned revenue

The Authority's unearned revenue primarily consists of the prepayment of rent and the receipt of HUD program funding applicable to future periods.

Portsmouth Redevelopment and Housing Authority

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June 30, 2019

Revenue accounting policies

Dwelling rent income, HUD grants received for operations, other operating grants and miscellaneous operating income are reported as operating revenue. HUD grants received for capital assets and all other revenue are reported as non-operating revenue.

Use of restricted assets

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first and then unrestricted resources as they are needed.

Compensated absences

The Authority uses the vesting method for the recording of compensated absences whereas benefits are accrued as of the balance sheet date for which payment is probable.

Compensated absences are those absences for which employees will be paid, such as vacation leave. A liability for compensated absences that are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the Authority and its employees, is accrued as employees earn the rights and benefits.

Deferred outflows and inflows of resources

A Deferred Outflow of Resources is a consumption of net position by the Authority that is applicable to a future reporting period. Conversely, a Deferred Inflow of Resources is an acquisition of net position by the Authority that is applicable to a future reporting period.

Net investment in capital assets

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

Restricted net position

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

Unrestricted net position

Unrestricted net position consists of all other net position that do not meet the definition of "restricted" or "net investment in capital assets."

Risk management

Significant losses are covered by commercial insurance for all major programs. For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage except for deductibles, for the current year or the three prior years.

Use of estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Portsmouth Redevelopment and Housing Authority

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June 30, 2019

Significant estimates include the allowance for doubtful accounts, accrued expenses and other liabilities, depreciable lives of property and equipment, amortization of leasehold improvements, estimated liability arising from injuries to persons, environmental accrual and contingencies, and the net pension liability and related expense. Actual results could differ significantly from those estimates.

Eliminations

The Authority manages several programs. Many charges are paid by the Authority's various programs to other programs within the Authority. Subsequently, intercompany revenues and expenses have been eliminated. Inter-program receivables and payables are all current, and are the result of the use of the Central Office Cost Center as the common paymaster for shared costs of the Authority. Cash settlements are made periodically and all inter-program balances net to zero. These inter-program receivables and payables have been eliminated.

New accounting updates

The GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. GASB Statement No. 94 establishes standards of accounting and financial reporting for Public-Private and Public-Public Partnerships (PPPs) and Availability Payment Arrangements (APAs). This statement is effective for financial statements with periods beginning after June 15, 2022. Management is currently evaluating the impact of adopting this standard.

The GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. GASB Statement No. 96 establishes standards of accounting and financial reporting for subscription-based information technology (SBITAs) for government end users. Under this Statement, a government generally should recognize a right-to-use subscription asset, an intangible asset, and a corresponding subscription liability. This statement is effective for financial statements with periods beginning after June 15, 2022. Management is currently evaluating the impact of adopting this standard.

The GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for internal Revenue Code Section 457 Deferred Compensation Plans - an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. This statement is effective for financial statements with periods beginning after June 15, 2021. Management is currently evaluating the impact of adopting this standard.

The GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. GASB Statement No. 95 was effective immediately and postponed the effective dates of certain GASB Statements and Implementation Guides for one year from their respective original effective dates to provide relief to governments and other stakeholders in light of the COVID-19 pandemic. The adoption of this Statement provided for early adoption of any of the postponed GASB Statements and Implementation Guides.

Portsmouth Redevelopment and Housing Authority

Notes to Financial Statements

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The effective dates of certain provisions in the following pronouncements are postponed by one year or 18 months for GASB Statement No. 87:

The GASB issued Statement No. 87, *Leases* effective for financial statements beginning after December 15, 2019. Management is currently evaluating the impact of adopting this standard.

The GASB issued Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements* effective for financial statements beginning after June 15, 2018. Management is currently evaluating the impact of adopting this standard.

The GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* effective for financial statements beginning after December 15, 2019. Management is currently evaluating the impact of adopting this standard.

The GASB issued Statement No. 90, *Majority Equity Interests, an amendment of GASB Statements No. 14 and No. 61*. The standard establishes criteria for reporting presentation for a government's majority equity interest in a legally separate organization. This statement is effective for financial statements with periods beginning after December 15, 2018. Management is currently evaluating the impact of adopting this standard.

The GASB issued Statement No. 91, *Conduit Debt Obligations*. The standard provides a single method of reporting conduit debt obligations. This statement is effective for financial statements with periods beginning after December 15, 2020. Management is currently evaluating the impact of adopting this standard.

The GASB issued Statement No. 92, *Omnibus 2020*. GASB Statement No. 92 addresses a variety of topics including, among other things, Leases, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, Fiduciary Activities, Measurement of liabilities related to AROs. This statement is effective for financial statements with periods beginning after June 15, 2021. Management is currently evaluating the impact of adopting this standard.

The GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. GASB Statement No. 93 assists state and local governments in the transition away from existing interbank offered rates (IBOR) to other reference rates because of global reference rate reform, wherein the London Interbank Offered Rate (LIBOR) is expected to cease to exist in its current form at the end of 2021. The objective of this Statement is to address implications that result from the replacement of an IBOR in Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* and Statement No. 87, *Leases* and other accounting and financial reporting implications. The removal of LIBOR as an appropriate benchmark interest rate in this Statement are effective for financial statements with periods beginning after June 15, 2020. All other requirements of this statement are effective for financial statements with periods beginning after June 15, 2021. Management is currently evaluating the impact of adopting this standard.

Note 2 - Deposits and investments

The U.S. Department of HUD requires housing authorities to invest excess funds in obligations of the United States, Certificates of Deposit or any other federally insured investment.

Portsmouth Redevelopment and Housing Authority

Notes to Financial Statements

June 30, 2019

The U.S. Department of HUD also requires that deposits be fully collateralized at all times. Acceptable collateralization includes CFDI/FLICK insurance and the market value of securities purchased and pledged to the political subdivision. Pursuant to HUD restrictions, obligations of the United States are allowed as security deposits. Obligations furnished as security must be held by the Authority or with an unaffiliated bank or trust company for the account of the Authority.

It is the Authority's policy to maintain collateralization in accordance with state and HUD requirements.

Interest rate risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value is to changes in market interest rates. Investments as of June 30, 2019 consist of the following:

	<u>Amount</u>
Short-term investments	
Money market accounts	\$ 3,285,799
Certificates of deposit	<u>291,231</u>
 Total short-term investments	 <u><u>\$ 3,577,030</u></u>

The investments noted above consist of money market accounts and certificates of deposit, all of which have a maturity of less than one year.

Credit risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The ratings of the Authority's investments are generally not applicable to the types of investments held.

Concentration of credit risk

The investment policy contains no limitations on the amount that can be invested in any one issuer. There are no investments in any issuer (other than mutual funds and investment pools) that represent 5% or more of total investments of the Authority.

Custodial credit risk

Custodial credit risk for deposits is the risk that, in the event of the failure of the depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party.

Portsmouth Redevelopment and Housing Authority

Notes to Financial Statements

June 30, 2019

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. As of June 30, 2019, the Authority's deposits and investments were exposed to this risk because the amounts were in excess of FDIC insurance limits; however, the accounts were collateralized with securities held by the pledging financial institutions in the Authority's name. The following schedule summarizes the custodial credit risk:

	Balance reported on the Authority's Financial Statements	Balance deposited with the Financial Institution	FDIC Insured	Uninsured Amount (fully collateralized)
Bank deposits	\$ 2,975,689	\$ 3,292,139	\$ 1,000,000	\$ 2,292,139
Investments	<u>3,577,030</u>	<u>3,577,030</u>	<u>500,000</u>	<u>3,077,030</u>
Total bank deposits and investments	<u>\$ 6,552,719</u>	<u>\$ 6,869,169</u>	<u>\$ 1,500,000</u>	<u>\$ 5,369,169</u>

Cash and cash equivalents are reported on the statement of net position as follows:

Cash and cash equivalents - unrestricted	\$ 1,801,509
Cash and cash equivalents - restricted	1,091,765
Cash and cash equivalents - security deposits	<u>82,415</u>
Total	<u>\$ 2,975,689</u>

Note 3 - Accounts receivable

Accounts receivable - HUD / PHA Programs

Accounts receivable - HUD and Accounts receivable - PHA programs represent amounts due to the Authority for operating grants receivable. The Authority considers these amounts fully collectable and accordingly, have made no allowance for doubtful accounts.

Accounts receivable - tenants

Accounts receivable - tenants are shown net of an allowance for doubtful accounts of \$13,779 as of June 30, 2019.

Portsmouth Redevelopment and Housing Authority

Notes to Financial Statements

June 30, 2019

Accounts receivable - other

Accounts receivable - other consist of amounts due the Authority related to development activities, section 8 fraud recovery, and amounts due from other housing authorities for portability payments. The Authority has loaned nonfederal funds to partnerships and other business enterprises for construction of apartments, renovation and operation of the now demolished Holiday Inn Hotel and maintenance on properties purchased through CDBG funds and held by the Authority. Approximately, \$1,777,452 is anticipated to be collected from FEMA for expenses related to the flood at Swanson.

	Primary Government	Discrete Component Units
Accounts receivable - HUD	\$ 225,920	\$ -
Accounts receivable - tenants, net	9,446	98,016
Accounts receivable - other	6,642,406	32,943
Total	<u>\$ 6,877,772</u>	<u>\$ 130,959</u>

Note 4 - Land, structures, and equipment

A summary of the changes in capital assets of the Authority is as follows:

	Balance June 30, 2018	Additions	Transfers, Reclassifications and Deletions	Balance June 30, 2019
Non-depreciable:				
Land	\$ 3,034,068	\$ 396,440	\$ -	\$ 3,430,508
Construction in progress	1,981,990	82,819	(25,683)	2,039,126
Depreciable:				
Buildings and improvements	40,756,538	234,496	59,774	41,050,808
Furniture and equipment	1,139,602	20,276	(34,091)	1,125,787
	46,912,198	734,031	-	47,646,229
Accumulated depreciation	(21,687,156)	(1,144,917)	(1,596,597)	(24,428,670)
Total capital assets	<u>\$ 25,225,042</u>	<u>\$ (410,886)</u>	<u>\$ (1,596,597)</u>	<u>\$ 23,217,559</u>

Land held for ground leases by Pine Street, LP and Westbury 3A, LP are for \$1 per year for each lease. Building includes the office facilities of the Authority.

Portsmouth Redevelopment and Housing Authority

Notes to Financial Statements June 30, 2019

A summary of the changes in capital assets of the discretely presented component units is as follows:

	Balance December 31, 2017	Additions	Transfers, Reclassifications and Deletions	Balance December 31, 2018
Non-depreciable:				
Land	\$ 6,144,581	\$ -	\$ 730,704	\$ 6,875,285
Construction in progress	5,971,834	-	(5,850,051)	121,783
Depreciable:				
Buildings and improvements	116,995,613	-	(6,423,147)	110,572,466
Leasehold improvements	-	-	87,546	87,546
Furniture and equipment	5,306,447	-	(3,080,217)	2,226,230
	134,418,475	-	(14,535,165)	119,883,310
Accumulated depreciation	(22,723,792)	(3,279,401)	4,927,783	(21,075,410)
Total capital assets	<u>\$ 111,694,683</u>	<u>\$ (3,279,401)</u>	<u>\$ (9,607,382)</u>	<u>\$ 98,807,900</u>

Note 5 - Notes receivable and payable

Notes receivable as of June 30, 2019 are as follows:

	<u>Principal</u>	<u>Accrued Interest</u>
Note receivable with Kings Square 2006, LP, in the original amount of \$600,000 payable in full upon maturity at September 1, 2046 secured by the Indenture. Compound interest accrues on the unpaid principal and interest at the Applicable Federal Rate (4.45%) at the time the funds are advanced and are due upon maturity. Interest is paid subject to available cash flow.	\$ 600,000	\$ 304,228
Note receivable with Kings Square 2006, LP, in the original amount of \$3,052,985 payable in full upon maturity at September 1, 2046 secured by the Indenture. Compound interest accrues on the unpaid principal and interest at the Applicable Federal Rate (4.45%) at the time the funds are advanced and are due upon maturity. Interest is paid subject to available cash flow.	3,052,985	1,911,603
Note receivable with Phoebus Square, LP, in the original amount of \$600,000 payable in full upon maturity at September 1, 2053 secured by the Indenture. Compound interest accrues on the unpaid principal and interest at the Applicable Federal Rate (4.58%) at the time the funds are advanced and are due upon maturity. Interest is paid subject to available cash flow.	600,000	282,484

Portsmouth Redevelopment and Housing Authority

Notes to Financial Statements

June 30, 2019

	<u>Principal</u>	<u>Accrued Interest</u>
Note receivable with Phoebus Square, LP, in the original amount of \$3,448,218 payable in full upon maturity at September 1, 2053 secured by a fourth priority mortgage lien on the property. Compound interest accrues on the unpaid principal and interest at the Applicable Federal Rate (4.58%) at the time the funds are advanced. Payments of principal and interest are required from available gross cash receipts, as defined.	1,673,508	321,574
Note receivable with Clarke Manor Limited Partnership, in the original amount of \$6,000,000 payable in full upon maturity at March 1, 2065 secured by a second priority mortgage lien on the property. Compound interest accrues on the unpaid principal and interest at .05% and are due upon maturity. Interest is paid subject to available cash flow.	5,949,454	24,348
Note receivable with Clarke Manor Limited Partnership, in the original amount of \$1,101,109 payable in full upon maturity at March 1, 2065 secured by a third priority mortgage lien on the property. Compound interest accrues on the unpaid principal and interest at .05% and are due upon maturity. Interest is paid subject to available cash flow.	990,997	3,746
Note receivable with Clarke Manor Limited Partnership, in the original amount of \$1,652,004 payable in full upon maturity at March 1, 2065 secured by a fourth priority mortgage lien on the property. Compound interest accrues on the unpaid principal and interest at .05% and are due upon maturity. Interest is paid subject to available cash flow.	1,092,250	4,495
Note receivable with Clarke Manor Limited Partnership in the original amount of \$1,183,066 payable in full upon maturity at March 1, 2065 secured by a fifth priority mortgage lien on the property. Compound interest accrues on the unpaid principal and interest at .05% and are due upon maturity. Interest is paid subject to available cash flow.	1,183,066	4,870
Note receivable with Seaboard Square II, LP, in the original amount of \$300,000 payable in full upon maturity at February 1, 2066 secured by a first priority mortgage lien on the property. Compound interest accrues on the unpaid principal and interest at .05% and are due upon maturity. Interest is paid subject to available cash flow.	300,000	1,135

Portsmouth Redevelopment and Housing Authority

**Notes to Financial Statements
June 30, 2019**

	<u>Principal</u>	<u>Accrued Interest</u>
Two notes receivable with Seaboard Square II, LP, in the original amounts of \$3,927,443 and \$3,303,857 payable in full upon maturity at February 1, 2066 secured by second and third priority mortgage liens on the property. Compound interest accrues on the unpaid principal and interest at .05% and are due upon maturity. Interest is paid subject to available cash flow.	5,946,720	22,500
Note receivable with Hamilton Place, LP in the original amount of \$2,236,305 payable in full upon maturity at November 1, 2044 secured by a second priority mortgage lien on the property. Compound interest accrues on the unpaid principal and interest at .05% and are due upon maturity. Interest is paid subject to available cash flow.	1,794,486	4,940
Note receivable with Hamilton II, LP in the original amount of \$250,000 payable in full upon maturity at December 1, 2051 secured by a second priority mortgage lien on the property. Interest accrues on the outstanding principal balance remaining unpaid from day to day computed at .05%. The entire amount of unpaid principal and interest shall be due and payable at maturity.	250,000	625
Note receivable with Hamilton II, LP in the original amount of \$500,000 payable in full upon maturity at January 1, 2052 secured by a third priority mortgage lien on the property. Interest accrues on the outstanding principal balance remaining unpaid from day to day computed at .05%. The entire amount of unpaid principal and interest shall be due and payable at maturity.	500,000	1,250
Note receivable with HV Community, LP in the original amount of \$1,323,000 payable in full upon maturity at December 1, 2043 secured by a second priority mortgage lien on the property. Compound interest accrues on the unpaid principal and interest at 3.50% and are due upon maturity. Interest is paid subject to available cash flow.	1,323,000	284,785
Note receivable with HV Community, LP in the original amount of \$457,561 payable in full upon maturity at December 1, 2053 secured by a third priority mortgage lien on the property. Compound interest accrues on the unpaid principal and interest at 3.37% and are due upon maturity.	457,561	47,836

Portsmouth Redevelopment and Housing Authority

**Notes to Financial Statements
June 30, 2019**

	<u>Principal</u>	<u>Accrued Interest</u>
Note receivable with Westbury Cottages, LP in the original amount of \$729,556 payable in full upon maturity at February 1, 2064 secured by a first priority mortgage lien on the property. Compound interest accrues on the unpaid principal and interest at .05% and are due upon maturity. Interest is paid subject to available cash flow.	729,556	1,296
Note receivable with Westbury Cottages, LP in the original amount of \$250,000 payable in full upon maturity at February 1, 2064 secured by a second priority mortgage lien on the property. Compound interest accrues on the unpaid principal and interest at .05% and are due upon maturity. Interest is paid subject to available cash flow.	247,381	371
Note receivable with Dale I, LP in the original amount of \$6,200,000 payable in full upon maturity at August 31, 2073 secured by a second priority mortgage lien on the property. Compound interest accrues on the unpaid principal and interest at 3.00% and are due upon maturity. Interest is paid subject to available cash flow.	6,200,000	346,608
Note receivable with Dale I, LP in the original amount of \$2,500,000 payable in full upon maturity at August 31, 2073 secured by a third priority mortgage lien on the property. Compound interest accrues on the unpaid principal and interest at 3.00% and are due upon maturity. Interest is paid subject to available cash flow.	2,500,000	139,761
Note receivable with Dale I, LP in the original amount of \$500,000 payable in full upon maturity at August 31, 2073 secured by a fourth priority mortgage lien on the property. Compound interest accrues on the unpaid principal and interest at 3.00% and are due upon maturity. Interest is paid subject to available cash flow.	500,000	15,205
Construction note receivable with Dale II, LP in the original amount of \$11,500,000 payable in full at maturity at the permanent loan closing but no later than December 15, 2019. Interest only payments are due monthly at a rate equal to 30-day LIBOR plus 400 basis points (6.35% at December 31, 2018). The note is to be used for the purpose of construction of the property and while amounts are considered payable to the Authority, the funds are ultimately due from the Authority to TowneBank.	8,723,555	43,953

Portsmouth Redevelopment and Housing Authority

**Notes to Financial Statements
June 30, 2019**

	<u>Principal</u>	<u>Accrued Interest</u>
Note receivable with Dale II, LP in the original amount of \$9,500,000 payable in full upon maturity at December 12, 2072 secured by a second priority mortgage lien on the property. Compound interest accrues on the unpaid principal and interest at 3.00% and are due upon maturity. Interest is paid subject to available cash flow.	9,500,000	285,000
Note receivable with Dale II, LP in the original amount of \$645,000 payable in full upon maturity at December 12, 2072 secured by a third priority mortgage lien on the property. Compound interest accrues on the unpaid principal and interest at 3.00% and are due upon maturity. Interest is paid subject to available cash flow.	<u>645,000</u>	<u>19,350</u>
Total receivable	54,759,519	4,071,963
Less: current portion	<u>(28,749)</u>	<u>-</u>
Long-term portion	<u><u>\$ 54,730,770</u></u>	<u><u>\$ 4,071,963</u></u>

Accrued interest on the notes receivable is included in other assets on the accompanying statement of net position.

Interprogram notes receivable/payable balances due which are reflected in the Financial Data Schedule by program but are eliminated in the statement of net position in the Authority's basic financial statements as of June 30, 2019 are as follows:

	<u>Principal</u>	<u>Accrued Interest</u>
Pine Street Limited Partnership - Note payable with PRHA, payable in full upon maturity at October 31, 2041, secured by Second Leasehold Deed of Trust. Compound interest accrues on the unpaid principal and interest at the rate of 5.31 percent.	\$ 1,675,348	\$ 2,693,057
Pine Street Limited Partnership - Note payable with PRHA, payable in full upon maturity at October 31, 2041, secured by Third Leasehold Deed of Trust. No interest accrues on the unpaid balance.	500,000	-
Pine Street Limited Partnership - Note payable with PRHA, payable in full upon maturity at October 31, 2041, secured by Fourth Leasehold Deed of Trust. Compound interest accrues on the unpaid principal and interest at the rate of 5.31 percent.	600,000	800,575

Portsmouth Redevelopment and Housing Authority

Notes to Financial Statements June 30, 2019

	<u>Principal</u>	<u>Accrued Interest</u>
Pine Street Limited Partnership - Note payable with PRHA, payable in full upon maturity at December 15, 2050, secured by the Fifth Leasehold Deed of Trust. Compound interest accrues on the unpaid principal and interest at the Applicable Federal Rate ("AFR").	774,101	290,722
Pine Street Limited Partnership - Note payable with PRHA Community Development Block Grant, payable in full upon maturity at October 31, 2041, secured by Sixth Leaseholder Deed of Trust. No interest accrues on the unpaid balance.	350,000	-
Westbury 3A Limited Partnership - Note payable with PRHA Hope VI AFR Note, payable in full upon maturity at June 30, 2045, secured by First Leaseholder Deed of Trust. Interest accrues on the unpaid balance at the Applicable Federal Rate (AFR) for long-term debt at the time the funds were advanced.	2,229,585	1,726,202
Westbury 3A Limited Partnership - Note payable with PRHA, payable in full upon maturity at June 30, 2045, secured by Second Leasehold Deed of Trust. No interest accrues on the unpaid balance.	2,248,159	-
Westbury 3A Limited Partnership - Note payable with PRHA, payable in full upon maturity at June 30, 2045, secured by Third Leasehold Deed of Trust. No interest accrues on the unpaid balance.	44,836	-
	<u>\$ 8,422,029</u>	<u>\$ 5,510,556</u>

Note 6 - Compensated absences

Compensated absences are those absences for which employees will be paid, such as vacation and sick leave. A liability for compensated absences that is attributable to services already rendered and that are not contingent on a specific event that is outside the control of the Authority and its employees, is accrued as employees earn the rights to benefits. Compensated absences that relate to future services or that are contingent on a specific event that is outside the control of the Authority and its employees, are accounted for in the period in which such services are rendered or in which such events take place. Leave accrued but not yet paid as of June 30, 2019, is shown as a liability allocated between current and non-current. As of June 30, 2019, the current portion of accrued compensated absences was \$17,675. As of June 30, 2019, the long term portion of accrued compensated absences was \$190,630.

Note 7 - Deferred compensation plan

The Authority offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan permits the employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or an unforeseen emergency.

Portsmouth Redevelopment and Housing Authority

Notes to Financial Statements

June 30, 2019

In August 1996, Congress amended Internal Revenue Code Section 457 to require that the assets of deferred compensation plans be placed in trust for the exclusive benefit of participants and their beneficiaries, which action was taken by Authority's management. As a result, the Authority no longer exercises significant management responsibilities and, therefore, the Authority's financial statements do not report plan assets or liabilities.

Note 8 - Defined benefit pension plan

Effective February 1, 1999 the Authority joined the City of Portsmouth Employees Pension Plan, a cost sharing multiple-employer defined benefit plan administered by the Virginia Retirement System (VRS). In 2013, the Authority split its account from the City of Portsmouth and now has its own account with the VRS. VRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The VRS is governed by the provisions of Title 51.1 of the Code of Virginia Chapters 1-7 and 10. Changes to the law can be made only by an act of the Virginia General Assembly. The VRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information. A copy of that report may be obtained by writing to VRS at P.O. Box 2500, Richmond, VA 23218.

Funding policy

Plan members are required to contribute 5% of their annual salary to VRS. In addition, the Authority is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the statute and approved by the VRS Board of Trustees.

The Authority's contributions to the VRS for the year ended June 30, 2019 totaled \$253,738.

In addition, VRS requires a group life plan for each employee, which pays life insurance at twice the annual salary. For the year ended June 30, 2019 contributions to the VRS totaled \$41,410.

Actuarial assumptions

The total pension liability for the Authority was determined by applying certain procedures to the actuarial valuation as of June 30, 2017, and rolling it forward to the measurement date of June 30, 2018. The financial reporting actuarial valuation as of June 30, 2017, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2017
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percent of Pay, Closed
Payroll Growth Rate	3% / year
Amortization Period	17 - 26 years (decreasing by one each year in subsequent valuations until reaching 0 years)
Asset Valuation Method	5-year, Smoothed Market
Investment Rate of Return	7% / year
Inflation Adjustment	2.50% / year

Portsmouth Redevelopment and Housing Authority

Notes to Financial Statements June 30, 2019

Projected Salary Increases	
1) Non-LEO Members	3.50% to 5.35%
2) LEO Members	3.5% to 4.75%
Cost-of-Living adjustment	
1) Plan 1 Members	2.50%
1) Plan 2 Members	2.25%
Marriage Assumption	100% of active employees are assumed to be married, with spouses the same age as participants.
Election of Deferred Termination Benefit	Terminating members are assumed to elect a return of contributions or a deferred annuity, whichever is most valuable at the time of termination. Termination benefits are assumed to commence at normal retirement.
Service Related Disability	Service related disability benefits do not include an adjustment for Social Security or Worker's Compensation benefits.
Mortality Rates	14% of deaths are assumed to be service related.
1) Pre-Retirement	RP-2014 Employee Mortality Table projected with Scale BB to 2020 with males set forward 1 year and females set back 1 year.
2) Post-Retirement	RP-2014 Combined Mortality Table projected with Scale BB to 2020 with males set forward 1 year and females set back 1 year.
3) Post-Disablement	RP-2014 Disabled Life Morality Table with males set forward 2 years and no provision for future mortality improvement.

Portsmouth Redevelopment and Housing Authority

Notes to Financial Statements June 30, 2019

Summary table of membership statistics, asset value, and contribution rates

1. Participants	June 30, 2017
a. Actives	81
b. Transfers Out	-
c. Retirees and Beneficiaries	17
d. Retirees and Beneficiaries Elsewhere	9
e. Inactive, Vested	3
f. Inactive, Nonvested	18
Total	128
2. Covered Payroll	\$ 3,537,729

Discount rate

The discount rate applied in the measurement of the total pension liability was 7.00%. The discount rate determination does not use a municipal bond rate for the Portsmouth Redevelopment and Housing Authority. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board and the member rate. The long-term expected rate of return on pension System investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension system 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 adding expected inflation.

Projected future benefit payments were projected through 2124.

Assumed asset allocation

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as provided by the system for use which was approved by the VRS Board of Trustees on October 10, 2019 are summarized below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public Equity	34.00%	1.91%
Fixed Income	15.00%	0.13%
Credit Strategies	14.00%	0.72%
Real Assets	14.00%	0.74%
Private Equity	14.00%	1.23%
MAPS - Multi-Asset Public Strategies	6.00%	0.21%
PIP - Private Investment Partnership	3.00%	0.19%
	100%	5.13%

Portsmouth Redevelopment and Housing Authority

Notes to Financial Statements June 30, 2019

Sensitivity analysis

In accordance with GASB 68 regarding the disclosure of the sensitivity of the Net Pension Liability to changes in the discount rate. The table on the following page presents the Net Pension Liability calculated using the discount rate of 7.00%, as well as what the Net Pension Liability would be if it were calculated using a discount rate that is 1.00% lower (6.00%) or 1.00% higher (8.00%) than the current rate. At time of audit report issuance, the sensitivity analysis was as detailed on the following page.

	1.0% Decrease 6.00%	Current Discount 7.00%	1.0% Increase 8.00%
Net Pension Liability	\$ 1,340,870	\$ 920,394	\$ 575,450

Changes in net pension liability

	Total Pension Liability (a)	Plan Fiduciary Net Pension (b)	Net Pension Liability (a)-(b)
Balance at June 30, 2017	\$ 1,929,935	\$ 1,485,302	\$ 444,633
Changes for the year:			
Service cost	428,923		428,923
Interest	121,636		121,636
Changes in benefit terms	-		-
Changes in assumptions	-		-
Difference between expected and actual experience	482,351		482,351
Contributions - employer		283,417	(283,417)
Contributions - employee		166,505	(166,505)
Net investment income		108,146	(108,146)
Benefit payments, including refund of employee contributions	(384,543)	(384,543)	-
Administrative expense		(816)	816
Other changes	-	(103)	103
Balance at June 30, 2018	\$ 2,578,302	\$ 1,657,908	\$ 920,394

At June 30, 2019, the Authority's proportionate share of the VRS net pension liability was 0.004%, which was an increase from its proportionate share of 0.002% measured at June 30, 2018.

Portsmouth Redevelopment and Housing Authority

**Notes to Financial Statements
June 30, 2019**

Roll forward of the total pension liability

	<u>Actual</u>	<u>Actual Before Assumption Changes</u>	<u>Expected</u>
(a) TPL as of June 30, 2017	\$ 2,380,730	\$ 2,380,730	\$ 1,929,935
(b) Entry age normal cost for the period			
June 30, 2017 - June 30, 2018	400,863	400,863	400,863
(c) Actual benefit payments and refunds for the period			
June 30, 2017 - June 30, 2018	384,543	384,543	384,543
(d) Changes in benefit terms	-	-	-
(e) TPL as of June 30, 2018 = (((a)+(b))*(1.07))-((c)*(1.035))+(d)	2,578,302	2,578,302	2,095,951
(f) Changes in assumption			
(g) Difference between expected and actual experience			482,351

Changes in actuarial assumptions and methods

There were no changes in assumptions or other inputs that affected the measurement of the total pension liability.

Changes in benefit terms

There have been no changes in benefit terms since the previous measurement date.

Deferred inflows and outflows

At June 30, 2019, the employer reported its proportionate share of deferred outflows of resources and deferred inflows of resources related to the Authority from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 376,804	\$ 683,592
Changes of assumptions	-	77,133
Net differences between projected and actual earnings on plan investments	-	7,389
Employer contributions subsequent to the measurement date	-	-
Total	<u>\$ 376,804</u>	<u>\$ 768,114</u>

Portsmouth Redevelopment and Housing Authority

**Notes to Financial Statements
June 30, 2019**

Amortization of deferred (inflows) and outflows of resources

Year ending June 30:		
2020	\$	(166,608)
2021		(170,302)
2022		(113,310)
2023		58,910
2024		-
Thereafter		-
Total	\$	<u><u>(391,310)</u></u>

Pension expense

	<u>June 30, 2019</u>
Service Cost	\$ 428,923
Interest on the total pension liability	121,636
Current period benefit changes	-
Expensed portion of current period difference between expected and actual experience in the total pension liability	105,547
Expensed portion of current period changes of assumptions	-
Member contributions	(166,505)
Projected earnings on plan investments	(106,227)
Expensed portion of current period differences between actual and projected earnings on plan investments	(384)
Administrative expense	816
Other	103
Recognition of beginning deferred outflows of resources as pension expense	15,360
Recognition of beginning deferred inflows of resources as pension expense	<u>(294,846)</u>
Pension Expense	<u><u>\$ 104,423</u></u>

Portsmouth Redevelopment and Housing Authority

Notes to Financial Statements June 30, 2019

Note 9 - Mortgages and notes payable

A summary of the primary government mortgages and notes payable at June 30, 2019 is as follows:

Mortgage payable to Deutsch Bank National Trust Company, due in monthly installments of \$43,807 including interest at 5.479% through June 2021. Repaid in full during fiscal year ended June 30, 2019.	\$	-
Note due to Towne Bank for construction due in monthly installments including interest at 4.0% plus LIBOR. Repaid in full during fiscal year ended June 30, 2019.		-
Note payable in the amount of \$4,700,000, due in monthly installments of \$21,263.87, including interest at a rate of 4.16%. Repaid in full during fiscal year ended June 30, 2019.		-
Note payable with BB&T, payable in full upon maturity at October 31, 2041, secured by First Leasehold Deed of Trust. No interest accrues on the unpaid balance.		<u>400,000</u>
Total		400,000
Less - current portion		<u>-</u>
Long-term debt, net of current portion	\$	<u><u>400,000</u></u>

A summary of the discretely presented component units mortgages and notes payable at June 30, 2019 is as follows:

	Due to Third Parties	Due to PRHA	Accrued Interest
King Square - Note payable with MMA Financial, with 24 interest only payments followed by 480 equal monthly payments of \$19,257.48 of principal and interest. Interest accrues at 6.60%. The loan matures September 1, 2048. Shown net of unamortized debt issuance costs.	\$ 3,202,345	\$ -	\$ -
King Square - Note payable with PRHA, in the original amount of \$600,000 payable in full upon maturity at September 1, 2046 secured by the Indenture. Compound interest accrues on the unpaid principal and interest at the Applicable Federal Rate (4.45%) at the time the funds are advanced and are due upon maturity. Interest is paid subject to available cash flow.	-	600,000	304,228
King Square - Note payable with PRHA, in the original amount of \$3,052,985 payable in full upon maturity at September 1, 2046 secured by the Indenture. Compound interest accrues on the unpaid principal and interest at the Applicable Federal Rate (4.45%) at the time the funds are advanced and are due upon maturity. Interest is paid subject to available cash flow.	-	3,052,985	1,911,603

Portsmouth Redevelopment and Housing Authority

Notes to Financial Statements June 30, 2019

	Due to Third Parties	Due to PRHA	Accrued Interest
Phoebus - Mortgage payable to Oak Grove Capital, due in monthly installments calculated on an interest only basis against principal of \$7.2 million at an interest rate of 4.12% through January 2013. Beginning February 2013, principal and interest payments will commence at the same interest rate. Principal payments are being held in a principal reserve. Payment estimate is \$30,266 monthly. The Partnership is required to make escrow deposits of taxes, insurance and replacement of project assets, and is subject to restrictions as to operating policies, rental charges and operating expenditures.	7,200,000	-	-
Phoebus - Note payable with PRHA, in the original amount of \$600,000 payable in full upon maturity at September 1, 2053 secured by the Indenture. Compound interest accrues on the unpaid principal and interest at the Applicable Federal Rate (4.58%) at the time the funds are advanced and are due upon maturity. Interest is paid subject to available cash flow.	-	600,000	282,484
Phoebus - Note payable with PRHA, in the original amount of \$3,448,218 payable in full upon maturity at September 1, 2053 secured by a fourth priority mortgage lien on the property. Compound interest accrues on the unpaid principal and interest at the Applicable Federal Rate (4.58%) at the time the funds are advanced. Payments of principal and interest are required from available gross cash receipts, as defined.	-	1,673,508	321,574
Clarke Manor - Note payable with Virginia Housing Development Authority (VHDA) TCAP Program. Repayment of the principal shall be deferred through December 31, 2041. Beginning December 31, 2042, one-twentieth of the principal balance of this Note outstanding on December 31, 2041 shall be due and payable annually until December 31, 2061, at which time the balance of principal remaining unpaid shall be due and payable. Secured by Deed of Trust. No interest accrues on the unpaid balance.	4,279,090	-	-
Clarke Manor - Note payable with PRHA, in the original amount of \$6,000,000 payable in full upon maturity at March 1, 2065 secured by a second priority mortgage lien on the property. Compound interest accrues on the unpaid principal and interest at .05% and are due upon maturity. Interest is paid subject to available cash flow.	-	5,949,454	24,348
Clarke Manor - Note payable with PRHA, in the original amount of \$1,101,109 payable in full upon maturity at March 1, 2065 secured by a third priority mortgage lien on the property. Compound interest accrues on the unpaid principal and interest at .05% and are due upon maturity. Interest is paid subject to available cash flow.	-	990,997	3,746
Clarke Manor - Note payable with PRHA, in the original amount of \$1,652,004 payable in full upon maturity at March 1, 2065 secured by a fourth priority mortgage lien on the property. Compound interest accrues on the unpaid principal and interest at .05% and are due upon maturity. Interest is paid subject to available cash flow.	-	1,092,250	4,495

Portsmouth Redevelopment and Housing Authority

Notes to Financial Statements June 30, 2019

	Due to Third Parties	Due to PRHA	Accrued Interest
Clarke Manor - Note payable with PRHA, in the original amount of \$1,183,066 payable in full upon maturity at March 1, 2065 secured by a fifth priority mortgage lien on the property. Compound interest accrues on the unpaid principal and interest at .05% and are due upon maturity. Interest is paid subject to available cash flow.	-	1,183,066	4,870
Seaboard Square II - Note payable with PRHA, in the original amount of \$300,000 payable in full upon maturity at February 1, 2066 secured by a first priority mortgage lien on the property. Compound interest accrues on the unpaid principal and interest at .05% and are due upon maturity. Interest is paid subject to available cash flow.	-	300,000	1,135
Seaboard Square II - Two notes payable with PRHA in the original amounts of \$3,927,443 and \$3,303,857 payable in full upon maturity at February 1, 2066 secured by second and third priority mortgage liens on the property. Compound interest accrues on the unpaid principal and interest at .05% and are due upon maturity. Interest is paid subject to available cash flow.	-	5,946,720	22,500
Hamilton Place - A 6.141% mortgage payable to VHDA in the original amount of \$4,375,000 is due in monthly installments of \$25,361.44 including interest, through May 2046. Payments started in June 2011. The note is collateralized by a deed of trust on the rental property. This is shown net of unamortized debt issuance costs.	4,031,600	-	2,129
Hamilton Place - Note payable with PRHA in the original amount of \$2,236,305 payable in full upon maturity at November 1, 2044 secured by a second priority mortgage lien on the property. Compound interest accrues on the unpaid principal and interest at .05% and are due upon maturity. Interest is paid subject to available cash flow.	-	1,794,486	4,940
Hamilton Place - Note payable with VHDA, non-interest bearing. Repayment of the principal of the note shall be deferred through December 31, 2041. Beginning on December 31, 2042, one-twentieth (1/20th) of the principal balance of the Note outstanding on December 31, 2041 shall be due and payable on December 31st of each year until December 31, 2061, at which time the balance of principal remaining unpaid shall be due and payable.	809,573	-	-
Hamilton II - Note payable with VHDA, with 360 equal monthly payments of \$15,439.81 of principal and interest. Interest accrues at 6.241%. The loan matures August 1, 2043.	2,329,384	-	507

Portsmouth Redevelopment and Housing Authority

Notes to Financial Statements June 30, 2019

	Due to Third Parties	Due to PRHA	Accrued Interest
Hamilton II - Note payable with PRHA in the original amount of \$250,000 payable in full upon maturity at December 1, 2051 secured by a second priority mortgage lien on the property. Interest accrues on the outstanding principal balance remaining unpaid from day to day computed at .05%. The entire amount of unpaid principal and interest shall be due and payable at maturity.	-	250,000	625
Hamilton II - Note payable with PRHA in the original amount of \$500,000 payable in full upon maturity at January 1, 2052 secured by a third priority mortgage lien on the property. Interest accrues on the outstanding principal balance remaining unpaid from day to day computed at .05%. The entire amount of unpaid principal and interest shall be due and payable at maturity.	-	500,000	1,250
HV Community, LP - Mortgage payable with VHDA in the amount of \$1,815,000 and bearing interest at a rate of 5.138% per annum. Principal and interest are due in monthly installments of \$9,896.96, until final maturity at November 1, 2045. The mortgage is collateralized by a deed of trust on the rental property. Shown net of unamortized debt issuance costs.	1,729,972	-	-
HV Community, LP - Note payable with PRHA in the original amount of \$1,323,000 payable in full upon maturity at December 1, 2043 secured by a second priority mortgage lien on the property. Compound interest accrues on the unpaid principal and interest at 3.50% and are due upon maturity. Interest is paid subject to available cash flow.	-	1,323,000	284,785
HV Community, LP - Note payable with PRHA in the original amount of \$457,561 payable in full upon maturity at December 1, 2053 secured by a third priority mortgage lien on the property. Compound interest accrues on the unpaid principal and interest at 3.37% and are due upon maturity.	-	457,561	47,836
Westbury Cottages - Note payable with PRHA in the original amount of \$729,556 payable in full upon maturity at February 1, 2064 secured by a first priority mortgage lien on the property. Compound interest accrues on the unpaid principal and interest at .05% and are due upon maturity. Interest is paid subject to available cash flow.	-	729,556	1,296
Westbury Cottages - Note payable with PRHA in the original amount of \$250,000 payable in full upon maturity at February 1, 2064 secured by a second priority mortgage lien on the property. Compound interest accrues on the unpaid principal and interest at .05% and are due upon maturity. Interest is paid subject to available cash flow.	-	247,381	371
Dale I, LP - Note payable with HUNT Mortgage Partners in the amount of \$4,700,000, payable interest only for the first 24 months at a rate of 4.16%. Payable in full upon maturity at September 1, 2034, secured by the Pledged Security pledged pursuant to the Funding Loan Agreement.	4,747,424	-	120,554

Portsmouth Redevelopment and Housing Authority

Notes to Financial Statements June 30, 2019

	Due to Third Parties	Due to PRHA	Accrued Interest
Dale I, LP - Note payable with PRHA in the original amount of \$6,200,000 payable in full upon maturity at August 31, 2073 secured by a second priority mortgage lien on the property. Compound interest accrues on the unpaid principal and interest at 3.00% and are due upon maturity. Interest is paid subject to available cash flow.	-	6,200,000	346,608
Dale I, LP - Note payable with PRHA in the original amount of \$2,500,000 payable in full upon maturity at August 31, 2073 secured by a third priority mortgage lien on the property. Compound interest accrues on the unpaid principal and interest at 3.00% and are due upon maturity. Interest is paid subject to available cash flow.	-	2,500,000	139,761
Dale I, LP - Note payable with PRHA in the original amount of \$500,000 payable in full upon maturity at August 31, 2073 secured by a fourth priority mortgage lien on the property. Compound interest accrues on the unpaid principal and interest at 3.00% and are due upon maturity. Interest is paid subject to available cash flow.		500,000	15,205
Dale II, LP - Construction note payable with PRHA in the original amount of \$11,500,000 payable in full at maturity at the permanent loan closing but no later than December 15, 2019. Interest only payments are due monthly at a rate equal to 30-day LIBOR plus 400 basis points (6.35% at December 31, 2018). The note is to be used for the purpose of construction of the property and while amounts are considered payable to the Authority, the funds are ultimately due from the Authority to TowneBank.	-	8,723,555	43,953
Dale II, LP - Note payable with PRHA in the original amount of \$9,500,000 payable in full upon maturity at December 12, 2072 secured by a second priority mortgage lien on the property. Compound interest accrues on the unpaid principal and interest at 3.00% and are due upon maturity. Interest is paid subject to available cash flow.	-	9,500,000	285,000
Dale II, LP - Note payable with PRHA in the original amount of \$645,000 payable in full upon maturity at December 12, 2072 secured by a third priority mortgage lien on the property. Compound interest accrues on the unpaid principal and interest at 3.00% and are due upon maturity. Interest is paid subject to available cash flow.	-	645,000	19,350
Total	28,329,388	54,759,519	4,195,153
Less - unamortized debt issuance costs	(2,255,153)	-	-
Less - common control debt as a component of equity	-	(9,500,000)	(285,000)
Less - current portion	(223,716)	(28,749)	(194,450)
Long-term debt, net of current portion	<u>\$ 25,850,519</u>	<u>\$ 45,230,770</u>	<u>\$ 3,715,703</u>

Accrued interest payable on the PRHA notes payable is included in mortgages and other notes payable - noncurrent on the accompanying statement of net position.

Portsmouth Redevelopment and Housing Authority

Notes to Financial Statements June 30, 2019

As of December 31, 2018, future debt service for the discretely presented component unit long-term debt is as follows:

Year ending December 31,	Principal	Interest	Total
2019	\$ 8,976,020	\$ 139,866	\$ 9,115,886
2020	396,893	139,269	536,162
2021	412,507	138,628	551,135
2022	428,945	137,938	566,883
2023	446,200	137,196	583,396
2024-2028	8,647,607	675,860	9,323,467
2029-2033	5,579,307	675,860	6,255,167
2034-2038	1,711,029	675,860	2,386,889
2039-2043	4,363,398	1,896,639	6,260,037
2044-2048	9,546,337	914,082	10,460,419
2049-2053	4,550,842	2,942,849	7,493,691
2054-2058	1,950,486	2,942,849	4,893,335
2059-2063	294,912	2,942,849	3,237,761
2064-2068	16,439,424	2,913,674	19,353,098
2069-2073	19,345,000	2,321,400	21,666,400
	<u>\$ 83,088,907</u>	<u>\$ 19,594,819</u>	<u>\$ 102,683,726</u>

Principal repayment for the Dale II, LP construction loan was made with limited partner equity contributions and was therefore included as a noncurrent liability on the accompanying statement of net position.

Note 10 - Long-term liabilities

A summary of the long-term liabilities at June 30, 2019 is as follows:

	Balance June 30, 2018	Increases	Decreases	Balance June 30, 2019	Current portion
Notes payable	\$ 9,213,485	\$ -	\$ (8,813,485)	\$ 400,000	\$ -
Compensated absences	200,049	8,256	-	208,305	17,675
Other noncurrent liabilities	433,894	24,203	-	458,097	-
Net pension liability	444,633	1,033,829	(558,068)	920,394	-
Total	<u>\$ 10,292,061</u>	<u>\$ 1,066,288</u>	<u>\$ (9,371,553)</u>	<u>\$ 1,986,796</u>	<u>\$ 17,675</u>

Note 11 - Federally assisted grant programs

The Authority participates in a number of federally assisted grant programs. Although the Authority has been audited in accordance with the provisions of the Uniform Guidance, these programs are still subject to financial and compliance audits by the grantors or their representatives. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the Authority believes such disallowance, if any, will not be significant.

Portsmouth Redevelopment and Housing Authority

Notes to Financial Statements

June 30, 2019

In addition, the fund balances of the federally assisted grant programs are either reserved for inventory or designated for future grant program expenditures. Should any of the grant programs cease to be active, the Authority would be required to either remit to HUD, or expend in accordance with special contract provisions, any final surpluses or fund any deficit at the date of program termination.

Note 12 - Economic dependency

The Authority received approximately 51% of its revenues from the federal government in the fiscal year. If the amount of revenues received from HUD falls below critical levels, the Authority's operating results could be adversely affected.

Note 13 - Other contingencies

Greater Portsmouth Development Corp. (GPDC) purchases and renovates various properties in the City of Portsmouth. The Authority is a 1/3 member of this non-profit organization.

The Authority participates in a risk group for its insurance program where the revenues and costs at the end of each annual program year is shared by all participants. The Authority is responsible at the end of each year to pay additional costs or receive refunds.

The Authority is subject to federal, state and local laws and regulations concerning the environment and is currently participating in several legal suits involving property covered under these laws.

These proceedings are at a preliminary stage and management believes it is impossible to estimate with any certainty the total cost of remediation, or the timing and extent of remedial action which may be required by governmental authorities, or the amount of liability, if any, of the Authority alone or in relation to that of any other responsible parties. Based on facts presently known to it, the Authority does not believe that the outcome of any one of these proceedings will have a material adverse effect on its financial condition.

Note 14 - Norfolk-Portsmouth empowerment zone

The cities of Norfolk and Portsmouth jointly applied and were awarded an Empowerment Zone designation in January of 1999. The application preparation was a combined effort of the Norfolk and Portsmouth Redevelopment and Housing Authorities. The designation carries with it \$100 million over ten years in Title XX Health and Human Services funding and an allocation of tax exempt bond financing of \$130 million. The administration of these funds is under the auspices of the Empowerment 2010 Board of Directors, a non-profit 501(c)(3) organization whose 34 members are comprised of a cross section of the two cities and the local region.

Portsmouth Redevelopment and Housing Authority

Notes to Financial Statements June 30, 2019

Note 15 - Condensed financial statements - blended component units

	PHDC	SPDC	PDC	Southside Development Enterprises	PMP Offices	Pine Street	Westbury	Total
Assets								
Current assets	\$ 2,706,358	\$ 11,327	\$ 60,093	\$ 578,999	\$ -	\$ 216,166	\$ 96,660	\$ 3,669,603
Restricted assets	-	-	-	-	-	241,263	405,194	646,457
Capital assets	-	-	45,844	-	2,222,207	4,321,504	4,981,991	11,571,546
Other assets	83,182	-	-	1,000	-	186,468	129,127	399,777
Total assets	2,789,540	11,327	105,937	579,999	2,222,207	4,965,401	5,612,972	16,287,383
Liabilities								
Current liabilities	-	14,487	-	130,950	14,928	59,752	53,719	273,836
Noncurrent liabilities	-	-	-	-	-	8,089,579	6,254,654	14,344,233
Total liabilities	-	14,487	-	130,950	14,928	8,149,331	6,308,373	14,618,069
Net Position								
Net investment in capital assets	-	-	45,844	-	2,222,207	(3,762,298)	(1,266,792)	(2,761,039)
Restricted net position	-	-	-	-	-	219,744	382,289	602,033
Unrestricted net position	2,789,540	(3,160)	60,093	449,049	(14,928)	358,624	189,102	3,828,320
Total net position	\$ 2,789,540	\$ (3,160)	\$ 105,937	\$ 449,049	\$ 2,207,279	\$ (3,183,930)	\$ (695,401)	\$ 1,669,314
	PHDC	SPDC	PDC	Southside Development Enterprises	PMP Offices	Pine Street	Westbury	Total
Operating								
Operating revenues	\$ -	\$ -	\$ -	\$ 101,429	\$ 61,124	\$ 235,646	\$ 312,020	\$ 710,219
Operating expenses	(6,334)	(2,946)	(21,975)	(20,835)	(208,440)	(442,906)	(517,305)	(1,220,741)
Operating income (loss)	(6,334)	(2,946)	(21,975)	80,594	(147,316)	(207,260)	(205,285)	(510,522)
Non-operating revenues (expenses)								
Other revenue	-	-	-	-	-	-	-	-
Investment income	43,162	-	-	-	-	-	-	43,162
Interest expense	-	-	-	-	-	(314,738)	(164,903)	(479,641)
Gain on sale of capital assets	356,780	-	-	-	-	-	-	356,780
Notes receivable interest income	-	-	-	-	-	-	-	-
Increase (decrease) in net position	393,608	(2,946)	(21,975)	80,594	(147,316)	(521,998)	(370,188)	(590,221)
Beginning net position	5,175,852	(214)	127,912	368,455	2,354,595	(2,661,932)	(325,213)	5,039,455
Equity transfers	(2,779,920)	-	-	-	-	-	-	(2,779,920)
Ending net position	\$ 2,789,540	\$ (3,160)	\$ 105,937	\$ 449,049	\$ 2,207,279	\$ (3,183,930)	\$ (695,401)	\$ 1,669,314

Portsmouth Redevelopment and Housing Authority

Notes to Financial Statements June 30, 2019

	PHDC	SPDC	PDC	Southside Development Enterprises	PMP Offices	Pine Street	Westbury	Total
Cash flows from (used by) operating activities	\$ -	\$ -	\$ -	\$ 7,801	\$ (67,340)	\$ (1,778)	\$ (178,822)	\$ (240,139)
Cash flows from (used by) capital and related financing activities	2,043,162	(420)	(48)	0	67,340	0	0	2,110,034
Cash flows from (used by) investing activities	(2,043,162)	-	0	0	(381,391)	19,493	143,118	(2,261,942)
Net increase (decrease) in cash and restricted cash	-	(420)	(48)	7,801	(381,391)	17,715	(35,704)	(392,047)
Beginning cash and restricted cash	-	11,747	38,241	8,452	381,391	265,779	440,898	1,146,508
Ending cash and restricted cash	\$ -	\$ 11,327	\$ 38,193	\$ 16,253	\$ -	\$ 283,494	\$ 405,194	\$ 754,461
Reconciliation of operating income (loss) to net cash provided (used) by operating activities								
Operating income (loss)	\$ (6,334)	\$ (2,946)	\$ (21,975)	\$ 80,594	\$ (147,316)	\$ (207,260)	\$ (205,285)	\$ (510,522)
Depreciation	-	1,653	-	-	79,976	207,260	204,534	493,423
Change in other operating assets and liabilities	6,334	1,293	21,975	(72,793)	-	(1,778)	(178,071)	(223,040)
Net cash provided (used) by operating activities	\$ -	\$ -	\$ -	\$ 7,801	\$ (67,340)	\$ (1,778)	\$ (178,822)	\$ (240,139)

Note 16 - Condensed financial statements - discrete component units

	King Square 2006, LP	Phoebus Square, LP	Clarke Manor Limited Partnership	Seaboard Square II, LP	Hamilton Place, LP	Hamilton II, LP
Assets						
Current assets	\$ 80,496	\$ 154,124	\$ 85,050	\$ 71,936	\$ 202,491	\$ 171,426
Restricted assets	619,414	1,231,054	228,558	74,000	423,357	857,541
Capital assets	7,174,044	9,570,194	15,941,866	11,441,339	7,436,082	8,646,894
Other assets	-	18,605	10,558	10,558	-	-
Total assets	7,873,954	10,973,977	16,266,032	11,597,833	8,061,930	9,675,861
Liabilities						
Current liabilities	185,908	932,327	171,540	77,843	761,516	533,745
Noncurrent liabilities	8,953,356	9,425,393	14,314,241	5,936,513	6,554,537	3,047,228
Total liabilities	9,139,264	10,357,720	14,485,781	6,014,356	7,316,053	3,580,973
Net Position						
Net investment in capital assets	(1,814,604)	156,887	2,409,551	5,170,984	830,195	5,565,635
Restricted net position	595,562	1,194,691	181,718	35,735	389,165	813,180
Unrestricted net position	(46,268)	(735,321)	(811,018)	376,758	(473,483)	(283,927)
Total net position	\$ (1,265,310)	\$ 616,257	\$ 1,780,251	\$ 5,583,477	\$ 745,877	\$ 6,094,888

Portsmouth Redevelopment and Housing Authority

**Notes to Financial Statements
June 30, 2019**

	HV Community, LP	Westbury Cottages, LP	Dale I, LP	Dale II, LP	Gosport Elderly, LP	Total
Assets						
Current assets	\$ 103,330	\$ 18,429	\$ 318,641	\$ 167,618	\$ -	\$ 1,373,541
Restricted assets	354,833	71,347	743,359	2,351,632	-	6,955,095
Capital assets	4,912,460	2,484,864	21,244,975	9,955,182	-	98,807,900
Other assets	16,003	10,558	50,217	51,049	-	167,548
Total assets	5,386,626	2,585,198	22,357,192	12,525,481	-	107,304,084
Liabilities						
Current liabilities	73,817	13,263	1,712,837	238,759	-	4,701,555
Noncurrent liabilities	3,749,126	826,647	14,038,184	11,242,508	-	78,087,733
Total liabilities	3,822,943	839,910	15,751,021	11,481,267	-	82,789,288
Net Position						
Net investment in capital assets	1,138,193	1,506,259	7,187,243	1,629,100	-	23,779,443
Restricted net position	339,623	66,935	718,329	2,327,696	-	6,662,634
Unrestricted net position	85,867	172,094	(1,299,401)	(2,912,582)	-	(5,927,281)
Total net position	\$ 1,563,683	\$ 1,745,288	\$ 6,606,171	\$ 1,044,214	\$ -	\$ 24,514,796

Portsmouth Redevelopment and Housing Authority

**Notes to Financial Statements
June 30, 2019**

	King Square 2006, LP	Phoebus Square, LP	Clarke Manor Limited Partnership	Seaboard Square II, LP	Hamilton Place, LP	Hamilton II, LP
Operating						
Operating revenues	\$ 621,384	\$ 1,125,673	\$ 673,604	\$ 500,789	\$ 762,927	\$ 649,434
Operating expenses	(755,136)	(1,295,551)	(1,156,281)	(969,332)	(819,512)	(911,123)
Operating income (loss)	(133,752)	(169,878)	(482,677)	(468,543)	(56,585)	(261,689)
Non-operating revenues (expenses)						
Other revenue	-	-	-	-	-	-
Investment income	8,020	-	-	-	3,074	2,091
Interest expense	(430,167)	(414,396)	(4,625)	(3,134)	(251,610)	(147,069)
Gain on sale of capital assets	-	-	-	-	-	-
Notes receivable interest income	-	-	-	-	-	-
Increase (decrease) in net position	(555,899)	(584,274)	(487,302)	(471,677)	(305,121)	(406,667)
Beginning net position	(709,411)	1,200,531	2,267,553	6,055,154	1,050,998	6,501,555
Capital contributions from limited partners	-	-	-	-	-	-
Equity transfers	-	-	-	-	-	-
Ending net position	<u>\$ (1,265,310)</u>	<u>\$ 616,257</u>	<u>\$ 1,780,251</u>	<u>\$ 5,583,477</u>	<u>\$ 745,877</u>	<u>\$ 6,094,888</u>

Portsmouth Redevelopment and Housing Authority

**Notes to Financial Statements
June 30, 2019**

	HV Community, LP	Westbury Cottages, LP	Dale I, LP	Dale II, LP	Gosport Elderly, LP	Total
Operating						
Operating revenues	\$ 423,369	\$ 66,424	\$ 1,240,203	\$ 1,053,499	\$ -	\$ 7,117,306
Operating expenses	(453,934)	(170,403)	(1,454,292)	(1,028,524)	-	(9,014,088)
Operating income (loss)	(30,565)	(103,979)	(214,089)	24,975	-	(1,896,782)
Non-operating revenues (expenses)						
Other revenue	-	-	-	-	-	-
Investment income	636	-	20	1,436	-	15,277
Interest expense	(164,500)	(489)	(521,164)	(405,810)	-	(2,342,964)
Gain on sale of capital assets	-	-	-	-	-	-
Notes receivable interest income	-	-	-	-	-	-
Increase (decrease) in net position	(194,429)	(104,468)	(735,233)	(379,399)	-	(4,224,469)
Beginning net position	1,758,112	1,849,756	739,276	1,423,613	2,779,920	24,917,057
Capital contributions from limited partners	-	-	6,602,128	-	-	6,602,128
Equity transfers	-	-	-	-	(2,779,920)	(2,779,920)
Ending net position	<u>\$ 1,563,683</u>	<u>\$ 1,745,288</u>	<u>\$ 6,606,171</u>	<u>\$ 1,044,214</u>	<u>\$ -</u>	<u>\$ 24,514,796</u>

Portsmouth Redevelopment and Housing Authority

Notes to Financial Statements

June 30, 2019

Note 17 - Subsequent events

Events that occur after the date of the statement of net position but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the date of the statement of net position are recognized in the accompanying financial statements. Subsequent events, which provide evidence about conditions that existed after the date of the statement of net position, require disclosure in the accompanying notes. Management evaluated the activity of Portsmouth Redevelopment and Housing Authority through May 3, 2021 (the date the financial statements were available to be issued) and concluded the following subsequent event to have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

In early 2020, an outbreak of a novel strain of coronavirus (COVID-19) emerged globally. As a result, events have occurred including mandates from federal, state and local authorities leading to an overall decline in economic activity which could result in a loss of lease revenue and other material adverse effects to the Authority's financial position, results of operations, and cash flows. The Authority is not able to estimate the length or severity of this outbreak and the related financial impact. Management plans to adjust its operations accordingly and will continue to assess and monitor the situation as it evolves. If the length of the outbreak and related effects on the Authority's operations continue for an extended period of time, the Authority may have to seek alternative measures to finance its operations. There is no assurance these measures will be successful. The financial statements do not include any adjustments that might result if the Authority is unable to continue as a going concern.

Required Supplementary Information

Portsmouth Redevelopment and Housing Authority

**Schedule of Proportionate Share of Net Pension Liability
(Unaudited)
June 30, 2019**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Authority's proportion of the VRS net pension liability	0.004%	0.002%	0.003%	0.007%
Authority's proportionate share of the VRS net pension liability	\$ 920,394	\$ 444,633	\$ 678,472	\$ 1,800,797
Authority's covered payroll	\$ 3,537,729	\$ 3,658,152	\$ 3,658,152	\$ 3,693,717
Authority's proportionate share of the VRS net pension liability as a percentage of its covered payroll	26.02%	12.15%	18.55%	48.75%
VRS Plan fiduciary net position as a percentage of the total pension liability	90.24%	76.96%	69.19%	36.73%

Change in assumptions: There were no changes in actuarial assumptions or methods or changes in benefit terms that affected the measurement of total pension liability from the previous measurement dates in the periods presented.

Portsmouth Redevelopment and Housing Authority

**Schedule of Required Contributions
(Unaudited)
June 30, 2019**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required VRS contribution	\$ 428,923	\$ 459,485	\$ 477,384	\$ 210,607
Contributions made in relation to the contractually required contribution	<u>449,922</u>	<u>453,731</u>	<u>492,477</u>	<u>502,921</u>
Contribution deficiency (excess)	<u><u>\$ (20,999)</u></u>	<u><u>\$ 5,754</u></u>	<u><u>\$ (15,093)</u></u>	<u><u>\$ (292,314)</u></u>
Authority's covered payroll	\$ 3,537,729	\$ 3,658,152	\$ 3,658,152	\$ 3,693,717
Contributions as a percentage of covered payroll	12.72%	12.40%	13.46%	13.62%

Independent Auditor's Report on Internal Control over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed
In Accordance with *Government Auditing Standards*

To the Board of Commissioners
Portsmouth Redevelopment and Housing Authority

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate discretely presented component units of the Portsmouth Redevelopment and Housing Authority, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Portsmouth Redevelopment and Housing Authority's basic financial statements, and have issued our report thereon dated May 3, 2021. Our report includes a reference to other auditors who audited the financial statements of the discretely presented component units and three blended component units, as described in our report on the Portsmouth Redevelopment and Housing Authority's financial statements. The financial statements of six of the ten discretely presented component units and the three blended component units were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with six of the ten discretely presented component units and the three blended component units.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Portsmouth 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 Portsmouth Redevelopment and Housing Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Portsmouth Redevelopment and Housing Authority's internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

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



Charlotte, North Carolina
May 3, 2021

Independent Auditor's Report on Compliance for Each Major Federal Program
and on Internal Control over Compliance Required by the Uniform Guidance

To the Board of Commissioners
Portsmouth Redevelopment and Housing Authority

Report on Compliance for Each Major Federal Program

We have audited Portsmouth Redevelopment and Housing Authority's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Portsmouth Redevelopment and Housing Authority's major federal programs for the year ended June 30, 2019. Portsmouth Redevelopment and Housing 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Portsmouth Redevelopment and Housing Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 Portsmouth Redevelopment and Housing Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Portsmouth Redevelopment and Housing Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control over Compliance

Management of Portsmouth 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 Portsmouth Redevelopment and Housing Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program 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 Portsmouth Redevelopment and Housing Authority's internal control over compliance.

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

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

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



Charlotte, North Carolina
May 3, 2021

**Portsmouth Redevelopment and Housing Authority
Schedule of Findings and Questioned Costs**

Year Ended June 30, 2019

I. Summary of Independent Auditor's Results

Financial Statements:

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with generally accepted accounting principles:

Unmodified opinion

Internal control over financial reporting:

Material weakness(es) identified? ☐ Yes ☒ No

Significant deficiency(ies) identified? ☐ Yes ☒ None reported

Noncompliance material to financial statement noted ☐ Yes ☒ No

Federal Awards:

Internal Control over major programs:

Material weakness(es) identified? ☐ Yes ☒ No

Significant deficiency(ies) identified? ☐ Yes ☒ None reported

Type of auditor's report issued on compliance for each major federal program:

Unmodified opinion

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a) ☐ Yes ☒ No

Identification of major federal programs:

CFDA 14.850 Public and Indian Housing

CFDA 14.872 Public Housing Capital Fund Program

CFDA 97.036 Disaster Grants - Public Assistance (Presidentially Declared Disasters)

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

Auditee qualified as low-risk auditee ☒ Yes ☐ No

II. Financial Statement Findings

None

III. Federal Award Findings and Questioned Costs

None

Supplementary Information

**Portsmouth Redevelopment and Housing Authority
Supplementary Information**

**Financial Data Schedule
June 30, 2019**

Line Item No.	Account Description	Project Totals	Program Totals	Central Office Cost Center	Subtotal	Elimination	Total
111	Cash - Unrestricted	\$ 52,455	\$ 2,678,242	\$ 73,621	\$ 2,804,318	\$ -	\$ 2,804,318
113	Cash - Other Restricted	17,209	7,518,835	-	7,536,044	-	7,536,044
114	Cash - Tenant Security Deposits	37,991	336,885	-	374,876	-	374,876
115	Cash -Restricted for Payment of Current Liability	-	218,355	-	218,355	-	218,355
100	Total Cash	107,655	10,752,317	73,621	10,933,593	-	10,933,593
122	Accounts Receivable - HUD Other Projects	9,687	216,233	-	225,920	-	225,920
124	Accounts Receivable - Other Government	-	2,167,573	-	2,167,573	-	2,167,573
125	Accounts Receivable - Miscellaneous	1,118,113	1,826,917	1,906,866	4,851,896	(345,391)	4,506,505
126	Accounts Receivable - Tenants - Dwelling Rents	16,945	118,998	-	135,943	-	135,943
126.1	Allowance for Doubtful Accounts - tenants	(12,960)	(15,521)	-	(28,481)	-	(28,481)
127	Notes, Loans, and Mortgages Receivable - Current	-	28,749	-	28,749	-	28,749
128	Fraud Recovery	1,271	-	-	1,271	-	1,271
129	Accrued Interest Receivable	-	9,582,520	-	9,582,520	(5,510,556)	4,071,964
120	Total Receivables, Net of Allowances for Doubtful Accounts	1,133,056	13,925,469	1,906,866	16,965,391	(5,855,947)	11,109,444
131	Investments - Unrestricted	1,222,410	2,334,393	20,227	3,577,030	-	3,577,030
142	Prepaid Expenses and Other Assets	23,510	321,477	-	344,987	-	344,987
144	Interprogram Due From	305,860	393,175	167,574	866,609	(866,609)	-
150	TOTAL CURRENT ASSETS	2,792,491	27,726,831	2,168,288	32,687,610	(6,722,556)	25,965,054
NONCURRENT ASSETS:							
Fixed Assets:							
161	Land	2,933,406	7,372,387	-	10,305,793	-	10,305,793
162	Buildings	20,457,664	131,165,610	-	151,623,274	-	151,623,274
163	Furniture, Equipment and Machinery - Dwelling	-	702,476	-	702,476	-	702,476
164	Furniture, Equipment and Machinery - Administration	341,168	1,953,918	354,455	2,649,541	-	2,649,541
165	Leasehold Improvements	-	87,546	-	87,546	-	87,546
166	Accumulated Depreciation	(15,175,597)	(29,985,731)	(342,752)	(45,504,080)	-	(45,504,080)
167	Construction in Progress	192,849	1,968,060	-	2,160,909	-	2,160,909
160	Total Capital Assets, Net of Accumulated Depreciation	8,749,490	113,264,266	11,703	122,025,459	-	122,025,459
171	Notes, Loans, & mortgages receivable - Non-Current	-	63,152,799	-	63,152,799	(8,422,029)	54,730,770
174	Other Assets	-	262,409	-	262,409	-	262,409
176	Investment in Joint Ventures	197,378	1,000	-	198,378	-	198,378
180	TOTAL NONCURRENT ASSETS	8,946,868	176,680,474	11,703	185,639,045	(8,422,029)	177,217,016
200	Deferred Outflow of Resources	45,377	98,137	233,290	376,804	-	376,804
290	TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	\$ 11,784,736	\$ 204,505,442	\$ 2,413,281	\$ 218,703,459	\$ (15,144,585)	\$ 203,558,874

**Portsmouth Redevelopment and Housing Authority
Supplementary Information**

**Financial Data Schedule
June 30, 2019**

Line Item No.	Account Description	Project Totals	Program Totals	Central Office Cost Center	Subtotal	Elimination	Total
312	Accounts Payable < = 90 Days	\$ 32,856	\$ 292,841	\$ 8,337	\$ 334,034	\$ -	\$ 334,034
321	Accrued Wage/Payroll Taxes Payable	8,592	36,517	58,624	103,733	-	103,733
322	Accrued Compensated Absences - Current Portion	351	13,230	10,646	24,227	-	24,227
325	Accrued Interest Payable	-	194,450	-	194,450	-	194,450
333	Accounts Payable - Other Government	21,759	179,043	-	200,802	-	200,802
341	Tenant Security Deposits	37,991	336,885	-	374,876	-	374,876
342-030	Deferred Revenue - Other	9,904	-	-	9,904	-	9,904
342	Deferred Revenues	9,904	151,917	-	161,821	-	161,821
343	Current Portion of Long-Term Debt - Capital Projects	-	231,465	-	231,465	-	231,465
345	Other Current Liabilities	142,877	3,820,259	-	3,963,136	-	3,963,136
346	Accrued Liabilities - Other	-	17,500	345,391	362,891	(345,391)	17,500
347	Interprogram Due To	373,290	493,319	-	866,609	(866,609)	-
348	Loan Liability - Current	-	21,000	-	21,000	-	21,000
310	TOTAL CURRENT LIABILITIES	627,620	5,788,426	422,998	6,839,044	(1,212,000)	5,627,044
NONCURRENT LIABILITIES:							
351	Long-Term Debt, Net of Current - Capital Projects	-	89,129,577	-	89,129,577	(13,932,585)	75,196,992
353	Noncurrent Liabilities - Other	24,203	3,653,430	-	3,677,633	-	3,677,633
354	Accrued Compensated Absences - Non Current	34,714	131,306	95,815	261,835	-	261,835
357	Accrued Pension and OPEB Liability	110,839	239,713	569,842	920,394	-	920,394
350	TOTAL NONCURRENT LIABILITIES	169,756	93,154,026	665,657	93,989,439	(13,932,585)	80,056,854
300	TOTAL LIABILITIES	797,376	98,942,452	1,088,655	100,828,483	(15,144,585)	85,683,898
400	Deferred Inflow of Resources	92,501	200,052	475,561	768,114	-	768,114
508.4	Net investment in capital assets	8,749,490	23,903,224	11,703	32,664,417	13,932,585	46,597,002
511.4	Restricted net position	-	7,518,835	-	7,518,835	-	7,518,835
512.4	Unrestricted net position	2,145,369	73,940,879	837,362	76,923,610	(13,932,585)	62,991,025
513	TOTAL EQUITY/NET POSITION	10,894,859	105,362,938	849,065	117,106,862	-	117,106,862
600	TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND EQUITY - NET	\$ 11,784,736	\$ 204,505,442	\$ 2,413,281	\$ 218,703,459	\$ (15,144,585)	\$ 203,558,874

Portsmouth Redevelopment and Housing Authority Supplementary Information

Financial Data Schedule June 30, 2019

Line Item No.	Account Description	Project Totals	Program Totals	Central Office Cost Center	Subtotal	Elimination	Total
REVENUE:							
70300	Net Tenant Rental Revenue	\$ 621,594	\$ 6,510,760	\$ -	\$ 7,132,354	\$ -	\$ 7,132,354
70400	Tenant Revenue - Other	27,315	58,486	-	85,801	-	85,801
70500	Total Tenant Revenue	648,909	6,569,246	-	7,218,155	-	7,218,155
70600	HUD PHA Operating Grants	5,582,310	15,993,883	-	21,576,193	-	21,576,193
70610	Capital Grants	82,819	-	-	82,819	-	82,819
70710	Management Fee	-	-	950,953	950,953	(950,953)	-
70720	Asset Management Fee	-	-	76,480	76,480	(76,480)	-
70730	Book-Keeping Fee	-	-	219,863	219,863	(219,863)	-
70700	Total Fee Revenue	-	-	1,247,296	1,247,296	(1,247,296)	-
70800	Other Governmental Grants	-	2,319,690	-	2,319,690	-	2,319,690
71100	Investment Income - Unrestricted	56,818	352,034	14,676	423,528	-	423,528
71200	Mortgage interest income	-	1,824,199	-	1,824,199	(479,641)	1,344,558
71400	Fraud Recovery	-	9,460	-	9,460	-	9,460
71500	Other Revenue	208,509	8,009,485	745,145	8,963,139	-	8,963,139
71600	Gain/Loss on Sale of Fixed Assets	-	369,283	-	369,283	-	369,283
72000	Investment Income - Restricted	-	43,000	-	43,000	-	43,000
700	TOTAL REVENUE	6,579,365	35,490,280	2,007,117	44,076,762	(1,726,937)	42,349,825
EXPENSES:							
91100	Administrative Salaries	192,371	1,134,105	981,212	2,307,688	-	2,307,688
91200	Auditing Fees	-	97,212	12,000	109,212	-	109,212
91300	Management Fee	689,545	629,306	-	1,318,851	(950,953)	367,898
91310	Book-Keeping Fee	56,483	163,380	-	219,863	(219,863)	-
91400	Advertising and Marketing	-	2,027	6,090	8,117	-	8,117
91500	Employee Benefit Contributions - administrative	118,489	624,104	348,238	1,090,831	-	1,090,831
91600	Office Expenses	90,259	655,123	259,136	1,004,518	-	1,004,518
91700	Legal Expense	31,845	52,695	860	85,400	-	85,400
91800	Travel	-	8,646	36,822	45,468	-	45,468
91900	Other	228,710	105,956	65,170	399,836	-	399,836
91000	Total Operating - Administrative	1,407,702	3,472,554	1,709,528	6,589,784	(1,170,816)	5,418,968
92000	Asset Management Fee	76,480	-	-	76,480	(76,480)	-
Tenant Services:							
92100	Tenant Services - Salaries	120,394	240,649	-	361,043	-	361,043
92200	Relocation Costs	-	9,795	-	9,795	-	9,795
92300	Employee Benefit Contributions - Tenant Services	3,922	113,600	-	117,522	-	117,522
92400	Tenant Services - Other	2,885	76,082	-	78,967	-	78,967
92500	Total Tenant Services	127,201	440,126	-	567,327	-	567,327
Utilities:							
93100	Water	151,545	214,982	-	366,527	-	366,527
93200	Electricity	228,531	360,108	-	588,639	-	588,639
93300	Gas	19,629	52,382	-	72,011	-	72,011
93600	Sewer	301,208	388,569	-	689,777	-	689,777
93800	Other Utilities Expense	39,708	118,831	601	159,140	-	159,140
93000	Total Utilities	740,621	1,134,872	601	1,876,094	-	1,876,094
Ordinary Maintenance and Operation:							
94100	Ordinary Maintenance and Operation - Labor	289,449	604,254	-	893,703	-	893,703
94200	Ordinary Maintenance and Operation - Materials & Other	119,193	251,019	14,291	384,503	-	384,503
94300	Ordinary Maintenance and Operations Contracts	446,936	1,212,216	16,111	1,675,263	-	1,675,263
94500	Employee Benefit Contributions - Ordinary Maintenance	87,060	239,085	-	326,145	-	326,145
94000	Total Maintenance	942,638	2,306,574	30,402	3,279,614	-	3,279,614

**Portsmouth Redevelopment and Housing Authority
Supplementary Information**

**Financial Data Schedule
June 30, 2019**

Line Item No.	Account Description	Project Totals	Program Totals	Central Office Cost Center	Subtotal	Elimination	Total
95200	Protective Services - other contract costs	2,020	60,659	1,301	63,980	-	63,980
95000	Total Protective Services	2,020	60,659	1,301	63,980	-	63,980
96110	Property Insurance	43,150	449,487	16,635	509,272	-	509,272
96120	Liability Insurance	22,091	76,486	2,685	101,262	-	101,262
96130	Workmen's Compensation	-	-	33,832	33,832	-	33,832
96140	All Other Insurance	15,856	51,363	14,609	81,828	-	81,828
96100	Total Insurance Premiums	81,097	577,336	67,761	726,194	-	726,194
96200	Other General Expenses	1,352,896	129,708	-	1,482,604	-	1,482,604
96210	Compensated Absences	21,029	33,148	40,884	95,061	-	95,061
96300	Payments in Lieu of Taxes	-	426,523	-	426,523	-	426,523
96400	Bad Debt - Tenant Rents	28,544	53,875	-	82,419	-	82,419
96000	Total Other General Expenses	1,402,469	643,254	40,884	2,086,607	-	2,086,607
96710	Interest of Mortgage (or Bonds) Payable	34,216	2,779,957	-	2,814,173	(479,641)	2,334,532
96730	Amortization of Bond Issue Costs	-	42,648	-	42,648	-	42,648
96700	Total Interest Expense and Amortization Cost	34,216	2,822,605	-	2,856,821	(479,641)	2,377,180
96900	TOTAL OPERATING EXPENSES	4,814,444	11,457,980	1,850,477	18,122,901	(1,726,937)	16,395,964
97000	EXCESS REVENUE OVER OPERATING EXPENSES	1,764,921	24,032,300	156,640	25,953,861	-	25,953,861
97200	Casualty Losses - Non-Capitalized	11,283	-	-	11,283	-	11,283
97300	Housing Assistance Payments	502,278	14,784,261	-	15,286,539	-	15,286,539
97350	HAP Portability-In	-	158,820	-	158,820	-	158,820
97400	Depreciation Expense	547,953	3,868,445	7,920	4,424,318	-	4,424,318
900	TOTAL EXPENSES	5,875,958	30,269,506	1,858,397	38,003,861	(1,726,937)	36,276,924
1001	Operating Transfers in	1,026,854	-	-	1,026,854	(1,026,854)	-
1002	Operating Transfers out	(1,026,854)	-	-	(1,026,854)	1,026,854	-
1008	Special Items, net gain/loss	(769,385)	-	-	(769,385)	-	(769,385)
1009.1	Inter-project excess cash transfer in	69,970	-	-	69,970	(69,970)	-
1009.2	Inter-project excess cash transfer out	(69,970)	-	-	(69,970)	69,970	-
1009.3	Transfer from Program to AMP	413,195	760,000	-	1,173,195	(1,173,195)	-
1009.4	Transfer from AMP to Program	(760,000)	(413,195)	-	(1,173,195)	1,173,195	-
10100	Total other financing sources (uses)	(1,116,190)	346,805	-	(769,385)	-	(769,385)
1000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	(412,783)	5,567,579	148,720	5,303,516	-	5,303,516
Memo Account Information							
1103	Beginning Equity (per 2018 Audit)	22,117,089	89,249,428	436,829	111,803,346	-	111,803,346
1104	Equity Transfers / Prior Period Adjustments	(10,809,447)	10,545,931	263,516	-	-	-
	Total Net Position, Ending	\$ 10,894,859	\$ 105,362,938	\$ 849,065	\$ 117,106,862	\$ -	\$ 117,106,862
1120	Unit Months Available	8,820	11,136	-	19,956	-	19,956
1121	Number of Unit Months Leased	8,040	9,924	-	17,964	-	17,964

Portsmouth Redevelopment and Housing Authority Supplementary Information

Financial Data Schedule June 30, 2019

Line Item No.	Account Description	Housing Choice Voucher Program	Resident Opportunity and Supportive Services	Family Self Sufficiency	Component Unit - Blended	Disaster Grants - Presidentially Declared Disasters	Community Development Block Grant	Empowerment Zones Program	HOME Investment Partnerships Program	Revitalization of Severely Distressed Public Housing	Business Activities	Discrete Component Unit	Total Programs
111	Cash - Unrestricted	\$ 553,118	\$ -	\$ -	\$ 108,004	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,014,311	\$ 1,002,809	\$ 2,678,242
113	Cash - Other Restricted	254,168	-	-	602,033	-	-	-	-	-	-	6,662,634	7,518,835
114	Cash - Tenant Security Deposits	-	-	-	44,424	-	-	-	-	-	-	292,461	336,885
115	Cash -Restricted for Payment of Current Liability	218,355	-	-	-	-	-	-	-	-	-	-	218,355
100	Total Cash	1,025,641	-	-	754,461	-	-	-	-	-	1,014,311	7,957,904	10,752,317
122	Accounts Receivable - HUD Other Projects	-	101,990	114,243	-	-	-	-	-	-	-	-	216,233
124	Accounts Receivable - Other Government	505	-	-	-	1,777,452	-	-	-	-	389,616	-	2,167,573
125	Account Receivable - Miscellaneous - Other	345,391	-	-	1,236,274	-	-	-	-	-	212,309	32,943	1,826,917
126	Accounts Receivable - Tenants - Dwelling Rents	-	-	-	6,280	-	-	-	-	-	-	112,718	118,998
126.1	Allowance for Doubtful Accounts - Tenants	-	-	-	(819)	-	-	-	-	-	-	(14,702)	(15,521)
127	Notes, Loans, and Mortgages Receivable - Current	-	-	-	-	-	-	-	-	-	28,749	-	28,749
129	Accrued Interest Receivable	-	-	-	-	-	-	-	-	-	9,582,520	-	9,582,520
120	Total Receivables, Net of Allowances for Doubtful Accounts	345,896	101,990	114,243	1,241,735	1,777,452	-	-	-	-	10,213,194	130,959	13,925,469
131	Investments - Unrestricted	-	-	-	2,043,162	-	-	-	-	-	291,231	-	2,334,393
142	Prepaid Expenses and Other Assets	-	-	-	77,084	-	-	-	-	-	4,620	239,773	321,477
144	Interprogram Due From	-	-	-	199,618	-	-	-	-	-	193,557	-	393,175
150	TOTAL CURRENT ASSETS	1,371,537	101,990	114,243	4,316,060	1,777,452	-	-	-	-	11,716,913	8,328,636	27,726,831
NONCURRENT ASSETS:													
Fixed Assets:													
161	Land	-	-	-	45,844	-	-	-	-	-	451,258	6,875,285	7,372,387
162	Buildings	-	-	-	18,004,493	-	-	-	-	-	2,588,651	110,572,466	131,165,610
163	Furniture, Equipment and Machinery - Dwelling	-	-	-	134,224	-	-	-	-	-	-	568,252	702,476
164	Furniture, Equipment and Machinery - Administration	102,793	-	-	53,361	-	-	-	-	-	139,786	1,657,978	1,953,918
165	Leasehold Improvements	-	-	-	-	-	-	-	-	-	-	87,546	87,546
166	Accumulated Depreciation	(71,779)	-	-	(6,666,376)	-	-	-	-	-	(2,172,166)	(21,075,410)	(29,985,731)
167	Construction in Progress	-	-	-	-	1,846,277	-	-	-	-	-	121,783	1,968,060
160	Total Capital Assets, Net of Accumulated Depreciation	31,014	-	-	11,571,546	1,846,277	-	-	-	-	1,007,529	98,807,900	113,264,266
171	Notes, Loans, & Mortgages Receivable - Non-Current	-	-	-	303,916	-	-	-	-	-	62,848,883	-	63,152,799
174	Other Assets	-	-	-	94,861	-	-	-	-	-	-	167,548	262,409
176	Investment in Joint Ventures	-	-	-	1,000	-	-	-	-	-	-	-	1,000
180	TOTAL NONCURRENT ASSETS	31,014	-	-	11,971,323	1,846,277	-	-	-	-	63,856,412	98,975,448	176,680,474
200	Deferred Outflow of Resources	98,137	-	-	-	-	-	-	-	-	-	-	98,137
290	TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	\$ 1,500,688	\$ 101,990	\$ 114,243	\$ 16,287,383	\$ 3,623,729	\$ -	\$ -	\$ -	\$ -	\$ 75,573,325	\$ 107,304,084	\$ 204,505,442

**Portsmouth Redevelopment and Housing Authority
Supplementary Information**

**Financial Data Schedule
June 30, 2019**

Line Item No.	Account Description	Housing Choice Voucher Program	Resident Opportunity and Supportive Services	Family Self Sufficiency	Component Unit - Blended	Disaster Grants - Presidentially Declared Disasters	Community Development Block Grant	Empowerment Zones Program	HOME Investment Partnerships Program	Revitalization of Severely Distressed Public Housing	Business Activities	Discrete Component Unit	Total Programs
312	Accounts Payable < = 90 Days	\$ 2,098	\$ 113	\$ -	\$ 16,731	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 563	\$ 273,336	\$ 292,841
321	Accrued Wage/Payroll Taxes Payable	9,749	-	-	3,048	-	-	-	-	-	-	23,720	36,517
322	Accrued Compensated Absences - Current Portion	5,384	-	-	1,294	-	-	-	-	-	-	6,552	13,230
325	Accrued Interest Payable	-	-	-	-	-	-	-	-	-	-	194,450	194,450
333	Accounts Payable - Other Government	-	-	-	38,000	-	-	-	-	-	98,250	42,793	179,043
341	Tenant Security Deposits	-	-	-	44,424	-	-	-	-	-	-	292,461	336,885
342	Deferred Revenues	-	-	-	132,411	-	-	-	-	-	-	19,506	151,917
343	Current Portion of Long-Term Debt - Capital Projects	-	-	-	-	-	-	-	-	-	-	231,465	231,465
345	Other Current Liabilities	218,355	-	-	23,132	-	-	-	-	-	-	3,578,772	3,820,259
346	Accrued Liabilities - Other	-	-	-	-	-	-	-	-	-	-	17,500	17,500
347	Interprogram Due To	262,403	101,877	114,243	14,796	-	-	-	-	-	-	-	493,319
348	Loan Liability - Current	-	-	-	-	-	-	-	-	-	-	21,000	21,000
310	TOTAL CURRENT LIABILITIES	497,989	101,990	114,243	273,836	-	-	-	-	-	98,813	4,701,555	5,788,426
	NONCURRENT LIABILITIES:												
351	Long-Term Debt, Net of Current - Capital Projects	-	-	-	14,332,585	-	-	-	-	-	-	74,796,992	89,129,577
353	Noncurrent Liabilities - Other	-	-	-	-	-	-	-	-	-	433,894	3,219,536	3,653,430
354	Accrued Compensated Absences - Non Current	48,453	-	-	11,648	-	-	-	-	-	-	71,205	131,306
357	Accrued Pension and OPEB Liability	239,713	-	-	-	-	-	-	-	-	-	-	239,713
350	TOTAL NONCURRENT LIABILITIES	288,166	-	-	14,344,233	-	-	-	-	-	433,894	78,087,733	93,154,026
300	TOTAL LIABILITIES	786,155	101,990	114,243	14,618,069	-	-	-	-	-	532,707	82,789,288	98,942,452
400	Deferred Inflow of Resources	200,052	-	-	-	-	-	-	-	-	-	-	200,052
508.4	Invested in Capital Assets, Net of Related Debt	31,014	-	-	(2,761,039)	1,846,277	-	-	-	-	1,007,529	23,779,443	23,903,224
511.4	Restricted	254,168	-	-	602,033	-	-	-	-	-	-	6,662,634	7,518,835
512.4	Unrestricted	229,299	-	-	3,828,320	1,777,452	-	-	-	-	74,033,089	(5,927,281)	73,940,879
513	TOTAL EQUITY/NET POSITION	514,481	-	-	1,669,314	3,623,729	-	-	-	-	75,040,618	24,514,796	105,362,938
600	TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES AND NET POSITION	\$ 1,500,688	\$ 101,990	\$ 114,243	\$ 16,287,383	\$ 3,623,729	\$ -	\$ -	\$ -	\$ -	\$ 75,573,325	\$ 107,304,084	\$ 204,505,442

Portsmouth Redevelopment and Housing Authority Supplementary Information

Financial Data Schedule Year Ended June 30, 2019

Line Item No.	Account Description	Housing Choice Voucher Program	Resident Opportunity and Supportive Services	Family Self Sufficiency	Component Unit - Blended Presented	Disaster Grants - Presidentially Declared Disasters	Community Development Block Grant	Empowerment Zones Program	HOME Investment Partnerships Program	Revitalization of Severely Distressed Public Housing	Business Activities	Discrete Component Unit	Total Programs
REVENUE:													
70300	Net Tenant Rental Revenue	\$ -	-	\$ -	\$ 392,693	\$ -	\$ -	\$ -	\$ -	\$ -	-	6,118,067	\$ 6,510,760
70400	Tenant Revenue - Other	-	-	-	7,851	-	-	-	-	-	-	50,635	58,486
70500	Total Tenant Revenue	-	-	-	400,544	-	-	-	-	-	-	6,168,702	6,569,246
70600	HUD PHA Operating Grants	15,608,317	131,716	253,850	-	-	-	-	-	-	-	-	15,993,883
70800	Other Governmental Grants	-	-	-	248,551	2,071,139	-	-	-	-	-	-	2,319,690
71100	Investment Income - Unrestricted	-	-	-	162	-	-	-	-	-	336,595	15,277	352,034
71200	Mortgage interest income	-	-	-	-	-	-	-	-	-	1,824,199	-	1,824,199
71400	Fraud Recovery	9,460	-	-	-	-	-	-	-	-	-	-	9,460
71500	Other Revenue	163,331	-	-	61,124	-	-	-	-	-	234,298	7,550,732	8,009,485
71600	Gain/Loss on Sale of Fixed Assets	-	-	-	356,780	-	-	-	-	-	12,503	-	369,283
72000	Investment Income - Restricted	-	-	-	43,000	-	-	-	-	-	-	-	43,000
700	TOTAL REVENUE	15,781,108	131,716	253,850	1,110,161	2,071,139	-	-	-	-	2,407,595	13,734,711	35,490,280
EXPENSES:													
91100	Administrative Salaries	487,168	-	-	73,432	-	-	-	-	-	29,487	544,018	1,134,105
91200	Auditing Fees	14,000	-	-	19,300	-	-	-	-	-	162	63,750	97,212
91300	Management Fee	261,408	-	-	-	-	-	-	-	-	-	367,898	629,306
91310	Book-Keeping Fee	163,380	-	-	-	-	-	-	-	-	-	-	163,380
91400	Advertising and Marketing	250	-	-	-	-	-	-	-	-	1,777	-	2,027
91500	Employee Benefit Contributions - administrative	368,241	-	-	27,015	-	-	-	-	-	8,037	220,811	624,104
91600	Office Expenses	108,339	-	-	35,995	-	-	-	-	-	35,925	474,864	655,123
91700	Legal Expense	-	-	-	12,862	-	-	-	-	-	30,341	9,492	52,695
91800	Travel	87	-	-	1,446	-	-	-	-	-	66	7,047	8,646
91900	Other	41,006	-	-	-	-	-	-	-	-	64,950	-	105,956
91000	Total Operating - Administrative	1,443,879	-	-	170,050	-	-	-	-	-	170,745	1,687,880	3,472,554
Tenant Services:													
92100	Tenant Services - Salaries	-	67,562	172,687	-	-	-	-	-	-	-	400	240,649
92200	Relocation costs	-	-	-	-	-	-	-	-	-	-	9,795	9,795
92300	Employee Benefit Contributions - Tenant Services	-	31,869	81,163	-	-	-	-	-	-	-	568	113,600
92400	Tenant Services - Other	-	32,285	-	1,100	-	-	-	-	-	-	42,697	76,082
92500	Total Tenant Services	-	131,716	253,850	1,100	-	-	-	-	-	-	53,460	440,126
Utilities:													
93100	Water	-	-	-	995	-	-	-	-	-	-	213,987	214,982
93200	Electricity	-	-	-	64,625	-	-	-	-	-	-	295,483	360,108
93300	Gas	-	-	-	3,958	-	-	-	-	-	-	48,424	52,382
93600	Sewer	-	-	-	562	-	-	-	-	-	-	388,007	388,569
93800	Other Utilities Expense	-	-	-	8,930	-	-	-	-	-	6,865	103,036	118,831
93000	Total Utilities	-	-	-	79,070	-	-	-	-	-	6,865	1,048,937	1,134,872
Ordinary Maintenance and Operation:													
94100	Ordinary Maintenance and Operation - Labor	-	-	-	70,698	-	-	-	-	-	231	533,325	604,254
94200	Ordinary Maintenance and Operation - Materials & Other	-	-	-	55,130	-	-	-	-	-	2,094	193,795	251,019
94300	Ordinary Maintenance and Operations Contracts	-	-	-	135,716	-	-	-	-	-	104,500	972,000	1,212,216
94500	Employee Benefit Contributions - Ordinary Maintenance	-	-	-	23,999	-	-	-	-	-	-	215,086	239,085
94000	Total Maintenance	-	-	-	285,543	-	-	-	-	-	106,825	1,914,206	2,306,574

Portsmouth Redevelopment and Housing Authority Supplementary Information

Financial Data Schedule Year Ended June 30, 2019

Line Item No.	Account Description	Housing Choice Voucher Program	Resident Opportunity and Supportive Services	Family Self Sufficiency	Component Unit - Blended Presented	Disaster Grants - Presidentially Declared Disasters	Community Development Block Grant	Empowerment Zones Program	HOME Investment Partnerships Program	Revitalization of Severely Distressed Public Housing	Business Activities	Discrete Component Unit	Total Programs
95200	Protective Services - other contract costs	186	-	-	824	-	-	-	-	-	-	59,649	60,659
95000	Total Protective Services	186	-	-	824	-	-	-	-	-	-	59,649	60,659
96110	Property Insurance	-	-	-	81,456	-	-	-	-	-	7,948	360,083	449,487
96120	Liability Insurance	933	-	-	6,220	-	-	-	-	-	3,382	65,951	76,486
96140	All Other Insurance	3,347	-	-	30,845	-	-	-	-	-	1,111	16,060	51,363
96100	Total Insurance Premiums	4,280	-	-	118,521	-	-	-	-	-	12,441	442,094	577,336
96200	Other General Expenses	15,995	-	-	21,826	-	-	-	-	-	3,626	88,261	129,708
96210	Compensated Absences	20,299	-	-	5,736	-	-	-	-	-	-	7,113	33,148
96300	Payments in Lieu of Taxes	-	-	-	43,748	-	-	-	-	-	2,663	380,112	426,523
96400	Bad Debt - Tenant Rents	-	-	-	900	-	-	-	-	-	-	52,975	53,875
96000	Total Other General Expenses	36,294	-	-	72,210	-	-	-	-	-	6,289	528,461	643,254
96710	Interest of Mortgage (or Bonds) Payable	-	-	-	479,641	-	-	-	-	-	-	2,300,316	2,779,957
96730	Amortization of Bond Issue Costs	-	-	-	-	-	-	-	-	-	-	42,648	42,648
96700	Total Interest Expense and Amortization Cost	-	-	-	479,641	-	-	-	-	-	-	2,342,964	2,822,605
96900	TOTAL OPERATING EXPENSES	1,484,639	131,716	253,850	1,206,959	-	-	-	-	-	303,165	8,077,651	11,457,980
97000	EXCESS REVENUE OVER OPERATING EXPENSES	14,036,156	-	-	188,745	2,071,139	-	-	-	-	2,211,255	5,657,060	24,032,300
97300	Housing Assistance Payments	14,784,261	-	-	-	-	-	-	-	-	-	-	14,784,261
97350	HAP Portability-In	158,820	-	-	-	-	-	-	-	-	-	-	158,820
97400	Depreciation Expense	1,503	-	-	493,423	-	-	-	-	-	94,118	3,279,401	3,868,445
900	TOTAL EXPENSES	16,429,223	131,716	253,850	1,700,382	-	-	-	-	-	397,283	11,357,052	30,269,506
1009.3	Transfer from Program to AMP	-	-	-	-	-	-	-	-	-	760,000	-	760,000
1009.4	Transfer from AMP to Program	-	-	-	-	(293,687)	-	-	-	-	(119,508)	-	(413,195)
10100	Total other financing sources (uses)	-	-	-	-	(293,687)	-	-	-	-	640,492	-	346,805
1000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	(648,115)	-	-	(590,221)	1,777,452	-	-	-	-	2,650,804	2,377,659	5,567,579
	Memo Account Information												
1103	Beginning Equity (per 2018 Audit)	817,205	-	-	5,039,455	-	1,435,308	170,846	31,656,127	879,522	24,333,908	24,917,057	89,249,428
1104	Equity Transfers	345,391	-	-	(2,779,920)	1,846,277	(1,435,308)	(170,846)	(31,656,127)	(879,522)	48,055,906	(2,779,920)	10,545,931
	Total Net Position, Ending	\$ 514,481	\$ -	\$ -	\$ 1,669,314	\$ 3,623,729	\$ -	\$ -	\$ -	\$ -	\$ 75,040,618	\$ 24,514,796	\$ 105,362,938
11170-001	Administrative Fee Equity - Beginning Balance	280,996											
11170-010	Administrative Fee Revenue	1,304,306											
11170-040	Investment Income	-											
11170-045	Fraud Recovery Revenue	4,730											
11170-050	Other Revenue	315,243											
11170-060	Total Admin Fee Revenues	1,624,279											
11170-080	Total Operating Expenses	1,484,639											
11170-090	Depreciation	1,503											
11170-100	Other Expenses	158,820											
11170-110	Total Expenses	1,644,962											
11170-0002	Net Administrative Fee	(20,683)											
11170-0003	Administrative Fee Equity - Ending Balance	260,313											
11170	Administrative Fee Equity	260,313											
11180-001	Housing Assistance Payments Equity - Beginning Balance	536,209											
11180-010	Housing Assistance Payments Revenues	14,304,011											
11180-015	Fraud Recovery Revenue	4,730											
11180-020	Other Revenue	193,479											
11180-025	Investment Income	-											
11180-030	Total HAP Revenues	14,502,220											
11180-0080	Housing Assistance Payments	14,784,261											
11180-100	Total Housing Assistance Payments	14,784,261											
11180-002	Net Housing Assistance Payments	(282,041)											
11180-003	Housing Assistance Payments Equity - Ending Balance	254,168											
11180	Housing Assistance Payments Equity	254,168											
11190	Unit Months Available	27,834	-	-	1,404	-	-	-	-	-	12	11,136	40,386
11210	Number of Unit Months Leased	21,784	-	-	1,389	-	-	-	-	-	12	9,924	33,109

**Portsmouth Redevelopment and Housing Authority
Supplementary Information**

**Financial Data Schedule
Year Ended June 30, 2019**

Line Item No.	Account Description	AMP1	AMP 2	AMP 4	AMP 5	AMP 6	AMP 7	AMP 13	AMP 14	AMP 16	AMP 17	AMP 18	Total Projects
111	Cash - Unrestricted	\$ -	\$ -	\$ -	\$ -	\$ 50,455	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,000	\$ 52,455
113	Cash - Other Restricted	-	17,209	-	-	-	-	-	-	-	-	-	17,209
114	Cash - Tenant Security Deposits	-	33,857	-	-	4,134	-	-	-	-	-	-	37,991
100	Total Cash	-	51,066	-	-	54,589	-	-	-	-	-	2,000	107,655
122	Accounts Receivable - HUD Other Projects	-	9,687	-	-	-	-	-	-	-	-	-	9,687
125	Accounts Receivable - Miscellaneous	-	411,466	-	-	-	-	-	-	552,042	150,853	3,752	1,118,113
126	Accounts Receivable - Tenants - Dwelling Rents	-	16,641	-	-	304	-	-	-	-	-	-	16,945
126.1	Allowance for Doubtful Accounts - tenants	-	(12,871)	-	-	(89)	-	-	-	-	-	-	(12,960)
128	Fraud Recovery	-	1,271	-	-	-	-	-	-	-	-	-	1,271
120	Total Receivables, Net of Allowances for Doubtful Accounts	-	426,194	-	-	215	-	-	-	552,042	150,853	3,752	1,133,056
131	Investments - Unrestricted	-	491,545	-	-	374,758	-	200,650	155,457	-	-	-	1,222,410
142	Prepaid Expenses and Other Assets	-	23,510	-	-	-	-	-	-	-	-	-	23,510
144	Interprogram Due From	-	-	-	-	22,912	-	259,067	23,881	-	-	-	305,860
150	TOTAL CURRENT ASSETS	-	992,315	-	-	452,474	-	459,717	179,338	552,042	150,853	5,752	2,792,491
NONCURRENT ASSETS:													
Fixed Assets:													
161	Land	-	11,593	76,497	-	378,625	213,912	853,551	1,399,228	-	-	-	2,933,406
162	Buildings	-	15,095,202	-	-	5,362,462	-	-	-	-	-	-	20,457,664
164	Furniture, Equipment and Machinery - Administration	-	341,168	-	-	-	-	-	-	-	-	-	341,168
166	Accumulated Depreciation	-	(10,705,929)	-	-	(4,469,668)	-	-	-	-	-	-	(15,175,597)
167	Construction in Progress	-	-	-	-	192,849	-	-	-	-	-	-	192,849
160	Total Capital Assets, Net of Accumulated Depreciation	-	4,742,034	76,497	-	1,464,268	213,912	853,551	1,399,228	-	-	-	8,749,490
176	Investment in Joint Ventures	-	-	-	-	-	-	197,378	-	-	-	-	197,378
180	TOTAL NONCURRENT ASSETS	-	4,742,034	76,497	-	1,464,268	213,912	1,050,929	1,399,228	-	-	-	8,946,868
200	Deferred Outflow of Resources	-	45,377	-	-	-	-	-	-	-	-	-	45,377
290	TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	\$ -	\$ 5,779,726	\$ 76,497	\$ -	\$ 1,916,742	\$ 213,912	\$ 1,510,646	\$ 1,578,566	\$ 552,042	\$ 150,853	\$ 5,752	\$ 11,784,736

**Portsmouth Redevelopment and Housing Authority
Supplementary Information**

**Financial Data Schedule
Year Ended June 30, 2019**

Line Item No.	Account Description	AMP1	AMP 2	AMP 4	AMP 5	AMP 6	AMP 7	AMP 13	AMP 14	AMP 16	AMP 17	AMP 18	Total Projects
312	Accounts Payable < = 90 Days	\$ -	\$ 23,764	\$ -	\$ -	\$ 9,092	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 32,856
321	Accrued Wage/Payroll Taxes Payable	-	4,812	-	-	3,780	-	-	-	-	-	-	8,592
322	Accrued Compensated Absences - Current Portion	-	181	-	-	170	-	-	-	-	-	-	351
333	Accounts Payable - Other Government	-	21,759	-	-	-	-	-	-	-	-	-	21,759
341	Tenant Security Deposits	-	33,857	-	-	4,134	-	-	-	-	-	-	37,991
342	Deferred Revenues	-	8,839	-	-	1,065	-	-	-	-	-	-	9,904
345	Other Current Liabilities	-	142,877	-	-	-	-	-	-	-	-	-	142,877
347	Interprogram Due To	-	373,290	-	-	-	-	-	-	-	-	-	373,290
310	TOTAL CURRENT LIABILITIES	-	609,379	-	-	18,241	-	-	-	-	-	-	627,620
	NONCURRENT LIABILITIES:												
353	Noncurrent Liabilities - Other	-	17,209	-	-	6,994	-	-	-	-	-	-	24,203
354	Accrued Compensated Absences - Non Current	-	17,926	-	-	16,788	-	-	-	-	-	-	34,714
357	Accrued Pension and OPEB Liability	-	110,839	-	-	-	-	-	-	-	-	-	110,839
350	TOTAL NONCURRENT LIABILITIES	-	145,974	-	-	23,782	-	-	-	-	-	-	169,756
300	TOTAL LIABILITIES	-	755,353	-	-	42,023	-	-	-	-	-	-	797,376
400	Deferred Inflow of Resources	-	92,501	-	-	-	-	-	-	-	-	-	92,501
508.4	Net investment in capital assets	-	4,742,034	76,497	-	1,464,268	213,912	853,551	1,399,228	-	-	-	8,749,490
512.4	Unrestricted net position	-	189,838	-	-	410,451	-	657,095	179,338	552,042	150,853	5,752	2,145,369
513	TOTAL EQUITY/NET POSITION	-	4,931,872	76,497	-	1,874,719	213,912	1,510,646	1,578,566	552,042	150,853	5,752	10,894,859
	TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND EQUITY - NET	\$ -	\$ 5,779,726	\$ 76,497	\$ -	\$ 1,916,742	\$ 213,912	\$ 1,510,646	\$ 1,578,566	\$ 552,042	\$ 150,853	\$ 5,752	\$ 11,784,736

**Portsmouth Redevelopment and Housing Authority
Supplementary Information**

**Financial Data Schedule
Year Ended June 30, 2019**

Line Item No.	Account Description	AMP 1	AMP 2	AMP 4	AMP 5	AMP 6	AMP 7	AMP 13	AMP 14	AMP 16	AMP 17	AMP 18	Total
REVENUE:													
70300	Net Tenant Rental Revenue	\$ 4,223	\$ 465,294	\$ -	\$ -	\$ 152,077	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 621,594
70400	Tenant Revenue - Other	1,425	19,720	-	-	6,170	-	-	-	-	-	-	27,315
70500	Total Tenant Revenue	5,648	485,014	-	-	158,247	-	-	-	-	-	-	648,909
70600	HUD PHA Operating Grants	502,278	1,738,777	-	-	2,055,764	-	180,797	191,568	490,963	367,954	54,209	5,582,310
70610	Capital Grants	-	82,819	-	-	-	-	-	-	-	-	-	82,819
71100	Investment Income - Unrestricted	-	25,268	-	-	18,278	141	9,786	3,345	-	-	-	56,818
71500	Other Revenue	-	93,461	-	-	115,048	-	-	-	-	-	-	208,509
700	TOTAL REVENUE	507,926	2,425,339	-	-	2,347,337	141	190,583	194,913	490,963	367,954	54,209	6,579,365
EXPENSES:													
91100	Administrative Salaries	-	114,127	-	-	78,244	-	-	-	-	-	-	192,371
91300	Management Fee	-	225,088	-	-	183,717	-	46,086	46,477	95,815	79,558	12,804	689,545
91310	Book-Keeping Fee	-	18,306	-	-	6,600	-	5,183	5,228	10,778	8,948	1,440	56,483
91500	Employee Benefit Contributions - Administrative	-	83,199	-	-	35,290	-	-	-	-	-	-	118,489
91600	Office Expenses	-	42,185	-	-	48,074	-	-	-	-	-	-	90,259
91700	Legal Expense	-	1,525	-	-	30,320	-	-	-	-	-	-	31,845
91900	Other	5,648	73,499	-	-	149,563	-	-	-	-	-	-	228,710
91000	Total Operating - Administrative	5,648	557,929	-	-	531,808	-	51,269	51,705	106,593	88,506	14,244	1,407,702
92000	Asset Management Fee	-	25,200	-	-	8,800	-	6,960	7,080	14,520	12,000	1,920	76,480
Tenant Services:													
92100	Tenant Services - Salaries	-	-	-	-	120,394	-	-	-	-	-	-	120,394
92300	Employee Benefit Contributions - Tenant Services	-	-	-	-	3,922	-	-	-	-	-	-	3,922
92400	Tenant Services - Other	-	2,885	-	-	-	-	-	-	-	-	-	2,885
92500	Total Tenant Services	-	2,885	-	-	124,316	-	-	-	-	-	-	127,201
Utilities:													
93100	Water	-	83,761	-	-	67,784	-	-	-	-	-	-	151,545
93200	Electricity	-	151,534	-	-	76,997	-	-	-	-	-	-	228,531
93300	Gas	-	11,244	-	-	8,385	-	-	-	-	-	-	19,629
93600	Sewer	-	165,824	-	-	135,384	-	-	-	-	-	-	301,208
93800	Other Utilities Expense	-	22,623	-	-	17,085	-	-	-	-	-	-	39,708
93000	Total Utilities	-	434,986	-	-	305,635	-	-	-	-	-	-	740,621
Ordinary Maintenance and Operation:													
94100	Ordinary Maintenance and Operation - Labor	-	111,132	-	-	178,317	-	-	-	-	-	-	289,449
94200	Ordinary Maintenance and Operation - Materials & Other	-	97,721	-	-	21,472	-	-	-	-	-	-	119,193
94300	Ordinary Maintenance and Operations Contracts	-	304,057	-	-	142,879	-	-	-	-	-	-	446,936
94500	Employee Benefit Contributions - Ordinary Maintenance	-	44,624	-	-	42,436	-	-	-	-	-	-	87,060
94000	Total Maintenance	-	557,534	-	-	385,104	-	-	-	-	-	-	942,638

**Portsmouth Redevelopment and Housing Authority
Supplementary Information**

**Financial Data Schedule
Year Ended June 30, 2019**

Line Item No.	Account Description	AMP 1	AMP 2	AMP 4	AMP 5	AMP 6	AMP 7	AMP 13	AMP 14	AMP 16	AMP 17	AMP 18	Total
95200	Protective Services - other contract costs	-	1,851	-	-	169	-	-	-	-	-	-	2,020
95000	Total Protective Services	-	1,851	-	-	169	-	-	-	-	-	-	2,020
96110	Property Insurance	-	16,189	-	-	26,961	-	-	-	-	-	-	43,150
96120	Liability Insurance	-	11,901	-	-	10,190	-	-	-	-	-	-	22,091
96140	All Other Insurance	-	14,609	-	-	1,247	-	-	-	-	-	-	15,856
96100	Total Insurance Premiums	-	42,699	-	-	38,398	-	-	-	-	-	-	81,097
96200	Other General Expenses	-	444,588	-	-	62,978	-	57,697	102,031	376,976	265,332	43,294	1,352,896
96210	Compensated Absences	-	9,201	-	-	11,828	-	-	-	-	-	-	21,029
96400	Bad Debt - Tenant Rents	-	22,172	-	-	6,372	-	-	-	-	-	-	28,544
96000	Total Other General Expenses	-	475,961	-	-	81,178	-	57,697	102,031	376,976	265,332	43,294	1,402,469
96710	Interest of Mortgage (or Bonds) Payable	-	34,216	-	-	-	-	-	-	-	-	-	34,216
96700	Total Interest Expense and Amortization Cost	-	34,216	-	-	-	-	-	-	-	-	-	34,216
96900	TOTAL OPERATING EXPENSES	5,648	2,133,261	-	-	1,475,408	-	115,926	160,816	498,089	365,838	59,458	4,814,444
97000	EXCESS REVENUE OVER OPERATING EXPENSES	502,278	292,078	-	-	871,929	141	74,657	34,097	(7,126)	2,116	(5,249)	1,764,921
97200	Casualty Losses - Non-Capitalized	-	11,283	-	-	-	-	-	-	-	-	-	11,283
97300	Housing Assistance Payments	502,278	-	-	-	-	-	-	-	-	-	-	502,278
97400	Depreciation Expense	-	382,849	-	-	165,104	-	-	-	-	-	-	547,953
900	TOTAL EXPENSES	507,926	2,527,393	-	-	1,640,512	-	115,926	160,816	498,089	365,838	59,458	5,875,958
1001	Operating Transfers in	184,035	82,819	-	-	760,000	-	-	-	-	-	-	1,026,854
1002	Operating Transfers out	(184,035)	(82,819)	-	-	(760,000)	-	-	-	-	-	-	(1,026,854)
1008	Special Items, Net Gain (Loss)	-	-	-	-	(769,385)	-	-	-	-	-	-	(769,385)
1009.1	Inter-project excess cash transfer in	-	67,970	-	-	-	-	-	-	-	-	2,000	69,970
1009.2	Inter-project excess cash transfer out	-	-	-	-	(2,000)	(67,970)	-	-	-	-	-	(69,970)
1009.3	Transfer from Program to AMP	-	413,195	-	-	-	-	-	-	-	-	-	413,195
1009.4	Transfer from AMP to Program	-	-	-	-	(760,000)	-	-	-	-	-	-	(760,000)
10100	Total other financing sources (uses)	-	481,165	-	-	(1,531,385)	(67,970)	-	-	-	-	2,000	(1,116,190)
1000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-	379,111	-	-	(824,560)	(67,829)	74,657	34,097	(7,126)	2,116	(3,249)	(412,783)
Memo Account Information													
1103	Beginning Equity (per 2018 Audit)	-	8,176,490	50,878	5,774,716	2,699,279	624,000	1,435,989	1,544,469	571,211	501,500	738,557	22,117,089
1104	Equity Transfers	-	(3,623,729)	25,619	(5,774,716)	-	(342,259)	-	-	(12,043)	(352,763)	(729,556)	(10,809,447)
	Total Net Position, Ending	\$ -	\$ 4,931,872	\$ 76,497	\$ -	\$ 1,874,719	\$ 213,912	\$ 1,510,646	\$ 1,578,566	\$ 552,042	\$ 150,853	\$ 5,752	\$ 10,894,859
1120	Unit Months Available	900	2,520	-	-	1,152	-	696	708	1,452	1,200	192	8,820
1121	Number of Unit Months Leased	483	2,441	-	-	906	-	691	697	1,437	1,193	192	8,040

Portsmouth Redevelopment and Housing Authority

Schedule of Expenditures of Federal Awards Year Ended June 30, 2019

Federal Grantor/Passthrough Grantor/Program or Cluster Title	Federal CFDA #	Federal Expenditures	Amounts Passed Through to Subrecipients
Direct Awards			
U.S. Department of Housing & Urban Development			
Public and Indian Housing	14.850	\$ 3,649,658	\$ -
Public Housing Capital Fund Program	14.872	1,932,652	-
Family Self-Sufficiency Program	14.896	253,850	-
Resident Opportunity and Support Services - Service Coordinators	14.870	131,716	-
Housing Voucher Cluster			
Section 8 Housing Choice Vouchers	14.871	15,608,317	-
Total Housing Voucher Cluster		15,608,317	-
Total HUD		21,576,193	-
Department of Homeland Security			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	2,071,139	-
Total Department of Homeland Security		2,071,139	-
Total Direct Federal Awards		23,647,332	-
Total Federal Awards		\$ 23,647,332	\$ -

See Note to Schedule of Expenditures of Federal Awards.

Portsmouth Redevelopment and Housing Authority

**Note to Schedule of Expenditures of Federal Awards
June 30, 2019**

Note A - Basis of presentation

1. The accompanying schedule of expenditures of federal awards ("Schedule") includes the federal award activity of Portsmouth Redevelopment and Housing Authority under programs of the federal government. The information on this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* ("CFR") Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.
2. Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
3. At June 30, 2019, the Authority is not the guarantor of any loans outstanding, except as discussed in the notes to the financial statements.
4. The Authority has elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.



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