

WILLIAMSBURG
REDEVELOPMENT AND
HOUSING AUTHORITY

ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

**WILLIAMSBURG REDEVELOPMENT AND
HOUSING AUTHORITY**

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WILLIAMSBURG REDEVELOPMENT AND HOUSING AUTHORITY
Annual Financial Report
Year Ended September 30, 2013

TABLE OF CONTENTS

| | <u>Page</u> |
|---|-------------|
| Independent Auditors' Report | 1-3 |
| Management's Discussion and Analysis | 4-11 |
| Basic Financial Statements: | |
| Statement of Net Position | 12-13 |
| Statement of Revenues, Expenses and Changes in Net Position | 14 |
| Statement of Cash Flows | 15-16 |
| Notes to Financial Statements | 17-29 |
| Required Supplementary Information: | |
| Schedule of Pension Funding Progress | 30 |
| Entity Wide Balance Sheet Summary | 31-34 |
| Entity Wide Revenue and Expense Summary | 35-40 |
| Other Supplementary Information: | |
| Combining Statements | |
| Combining Statement of Net Position | 41-42 |
| Combining Statement of Revenues, Expenses and Changes in Net Position | 43 |
| Combining Statement of Cash Flows | 44-45 |
| Compliance: | |
| Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> | 46-47 |

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF COMMISSIONERS
WILLIAMSBURG REDEVELOPMENT AND HOUSING AUTHORITY
WILLIAMSBURG, VIRGINIA

Report on Financial Statements

We have audited the accompanying financial statements of the business-type activities of Williamsburg Redevelopment and Housing Authority, a component unit of the City of Williamsburg, Virginia, as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Williamsburg Redevelopment and Housing Authority, as of September 30, 2013, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 1 to the financial statements, in 2013 the Authority adopted new accounting guidance, GASB Statement Nos. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-8, and schedule of pension funding progress be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Williamsburg Redevelopment and Housing Authority's basic financial statements. The combining statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining statements are the responsibility of management and were derived from 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 combining statements 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 February 17, 2014, on our consideration of Williamsburg 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 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 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 Williamsburg Redevelopment and Housing Authority's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Richmond, Virginia
February 17, 2014

Williamsburg Redevelopment & Housing Authority

Management's Discussion and Analysis

September 30, 2013

Management's Discussion and Analysis (MD&A) is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Authority's financial activity, and (c) identify changes in the Authority's financial position for the fiscal year ended September 30, 2013. Please read it in conjunction with the Authority's financial statements.

Overview of the financial statements

The Authority's financial statements are prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. The Authority's accounting records are structured as an enterprise fund with revenues recognized when earned, rather than when received. Expenses are recognized when incurred, not when they are paid. Capital assets are capitalized and depreciated over their estimated useful lives. The accounting for enterprise funds is similar to the accounting used by businesses. See the notes to the financial statements for a summary of the Authority's significant accounting policies.

Following the MD&A are the basic financial statements of the Authority together with notes, which are essential to a full understanding of the data contained in the financial statements. The Authority's basic financial statements are designed to provide readers with a broad overview of the Authority's finances.

The **Statement of Net Position** presents information similar to a Balance Sheet. The Statement of Net Position reports all financial and capital resources of the Authority. The statement is presented in the format where assets, minus liabilities, equal net position. Assets and liabilities are presented in order of liquidity, and are classified as current and non-current.

Net position is reported in three broad categories:

Net Position Invested in Capital Assets, Net of Related Debt: This component consists of all capital assets, 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: This component consists of assets that are constrained by limitations placed on their use by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc.

Unrestricted Net Position: This component consists of assets that are not restricted and do not meet the definition of Invested in Capital Assets, Net of Related Debt.

The **Statement of Revenues, Expenses, and Changes in Net Position** presents information showing how the Authority's net position changed during the year. This statement includes operating revenues, such as rental income, operating expenses, such as administrative, utilities, maintenance, and depreciation, and non-operating revenue and expenses, such as grant revenue, investment income, interest expense, and gains or losses from the sale or disposition of capital assets. The focus of the statement is the change in net position, which is similar to net income or loss for a business entity.

The **Statement of Cash Flows** reports net cash provided by or used by operating activities, non-capital financing activities, capital and related financing activities and investing activities.

Williamsburg Redevelopment & Housing Authority

Management's Discussion and Analysis

September 30, 2013

The **Notes to Financial Statements** provide additional information that is essential to a full understanding of the information included in the financial statements.

In addition to the basic financial statements and accompanying notes, this report includes two types of supplementary information: required supplementary information and other supplementary information. Required supplementary information must be included to conform with generally accepted accounting principles. Management's Discussion and Analysis is the required supplementary information.

Other supplementary information is not required by generally accepted accounting principles but is presented for additional analysis purposes or to meet other requirements. The financial data schedule is required by the U.S. Department of Housing and Urban Development (HUD).

Program information

Low Income Public Housing: The Authority owns 104 units. Under the Low Income Public Housing program, the Authority rents units that it owns to low-income households. The program is operated under an annual contributions contract with HUD, and HUD provides operating subsidy and capital funding to enable the Authority to provide housing at a rent that is based on 30% of household income. The conventional public housing program includes the capital fund program, which is the primary funding source for physical improvements to the Authority's properties.

Williamsburg Redevelopment & Housing Authority
Management's Discussion and Analysis
September 30, 2013

Financial position and analysis

Table 1 compares the Authority's financial position for the fiscal years ended September 30, 2013 and 2012:

| | 2013 | 2012 | Increase (Decrease) | Percent Variance |
|----------------------------|---------------------|---------------------|------------------------|---------------------|
| Assets | | | | |
| Cash | \$ 225,430 | \$ 159,336 | \$ 66,094 | 41.48% |
| Other current assets | 234,567 | 166,025 | 68,542 | 41.28% |
| Capital assets | 4,849,305 | 4,923,909 | (74,604) | -1.52% |
| Restricted cash | 31,769 | 34,688 | (2,919) | -8.42% |
| Total assets | <u>5,341,071</u> | <u>5,283,958</u> | <u>57,113</u> | <u>1.08%</u> |
| Liabilities | | | | |
| Current liabilities | 70,517 | 67,935 | 2,582 | 3.80% |
| Noncurrent liabilities | 114,000 | 11,692 | 102,308 | 875.03% |
| Total liabilities | <u>184,517</u> | <u>79,627</u> | <u>104,890</u> | <u>131.73%</u> |
| Net position | | | | |
| Invested in capital assets | 4,735,305 | 4,923,909 | (188,604) | -3.83% |
| Unrestricted net position | 421,249 | 280,422 | 140,827 | 50.22% |
| Total net position | <u>\$ 5,156,554</u> | <u>\$ 5,204,331</u> | <u>\$ (47,777)</u> | <u>-0.92%</u> |

Cash increased by \$66,094 or 41.48% primarily due to operating receipts from tenants and grantors in excess of operating expenses.

Restricted Cash decreased by \$2,919 or -8.42% primarily due to the decrease in amounts held on behalf of tenants for security deposits.

Other Current Assets increased by \$68,542 or 41.28% primarily due to increases in inventory on hand and balances held as investments.

Current Liabilities increased by \$2,582 or 3.80% primarily due to a decrease in outstanding payables to vendors at year-end.

Noncurrent Liabilities increased by \$102,308 or 50.22% primarily due to the receipt of a \$114,000 note payable held as debt.

Williamsburg Redevelopment & Housing Authority
Management's Discussion and Analysis
September 30, 2013

Table 2 focuses on the changes in net position:

Table 2
Changes in Net Position

| | 2013 | 2012 | Increase (Decrease) | Percent Variance |
|---------------------------------------|---------------------|---------------------|------------------------|---------------------|
| Operating revenue & expense | | | | |
| Operating revenue | \$ 762,536 | \$ 844,716 | \$ (82,180) | -9.73% |
| Operating expenses | 824,413 | 1,043,583 | (219,170) | -21.00% |
| Operating income (loss) | (61,877) | (198,867) | (301,350) | 151.53% |
| Non-operating revenues & expenses | 408 | 1,478 | (1,070) | -72.40% |
| Increase (decrease) in net position | (61,469) | (197,389) | 135,920 | -68.86% |
| Other Financing Sources (Uses) | | | | |
| Capital contributions - capital grant | 13,692 | 226,249 | (212,557) | -93.95% |
| Net position, beginning of year | 5,204,331 | 5,175,471 | 28,860 | 0.56% |
| Net position, end of year | <u>\$ 5,156,554</u> | <u>\$ 5,204,331</u> | <u>\$ (47,777)</u> | <u>-0.92%</u> |

Table 3 presents a summary of the Authority's revenue by source:

Table 3
Revenues by source

| | 2013 | 2012 | Increase (Decrease) | Percent Variance |
|------------------------------|-------------------|---------------------|------------------------|---------------------|
| Operating revenue | | | | |
| Tenant revenue | \$ 530,207 | \$ 526,780 | \$ 3,427 | 0.65% |
| HUD operating grants | 214,087 | 289,831 | (75,744) | -26.13% |
| Other income | 18,242 | 28,105 | (9,863) | -35.09% |
| Total operating revenue | <u>762,536</u> | <u>844,716</u> | <u>(82,180)</u> | <u>-9.73%</u> |
| Non-operating revenues | | | | |
| Other government grants | 13,692 | 226,249 | (212,557) | -93.95% |
| Interest income | 408 | 1,478 | (1,070) | -72.40% |
| Total non-operating revenues | <u>14,100</u> | <u>227,727</u> | <u>(1,070)</u> | <u>-0.47%</u> |
| Total revenues | <u>\$ 776,636</u> | <u>\$ 1,072,443</u> | <u>\$ (83,250)</u> | <u>-7.76%</u> |

Other Income decreased by \$9,863 or -35.09%. This decrease is primarily due to having fewer revenue sources in the Business Activities program.

Williamsburg Redevelopment & Housing Authority

Management's Discussion and Analysis

September 30, 2013

Other government grants decreased by \$212,557 or -93.95% as the Authority utilized fewer Capital Fund Grants for asset purchases and development.

Table 4 presents a summary of the Authority's operating expenses:

| | 2013 | 2012 | Increase (Decrease) | Percent Variance |
|-----------------------|-------------------|---------------------|------------------------|---------------------|
| Administrative | \$ 169,542 | \$ 285,224 | \$ (115,682) | -40.56% |
| Tenant services | 7,281 | 4,370 | 2,911 | 66.61% |
| Utilities | 149,471 | 143,605 | 5,866 | 4.08% |
| Maintenance | 207,389 | 298,593 | (91,204) | -30.54% |
| General expense | 87,434 | 111,291 | (23,857) | -21.44% |
| Depreciation | 203,296 | 200,500 | 2,796 | 1.39% |
| Total expenses | \$ 824,413 | \$ 1,043,583 | \$ (219,170) | -21.00% |

Administrative expenses decreased by \$169,542 or -40.56% primarily due to decreases in salaries and benefits through consolidating operations of the Authority and City.

General Expenses decreased by \$23,857 or -21.44% primarily due to a decrease in compensated absences expense and fewer bad debt write-offs in 2013.

Williamsburg Redevelopment & Housing Authority

Management's Discussion and Analysis

September 30, 2013

Budgetary Analysis

The Authority adopts a consolidated annual operating budget for all programs. The budget for Low Income Public Housing is adopted on the basis of accounting prescribed by HUD, which differs in some respects from generally accepted accounting principles.

Low Income Public Housing

| | <u>Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> | <u>Percent Variance Favorable (Unfavorable)</u> |
|-----------------------------|-----------------|-------------------|---|---|
| Operating revenue | | | | |
| Rental income | \$ 440,200 | \$ 530,207 | \$ 90,007 | 20.45% |
| Operating subsidy | 182,000 | 214,087 | 32,087 | 17.63% |
| Interest income | 600 | 408 | (192) | -32.00% |
| Other income | <u>12,000</u> | <u>18,242</u> | <u>6,242</u> | <u>52.02%</u> |
| Total revenue | 634,800 | 762,944 | 128,144 | 20.19% |
| Expenses | | | | |
| Administrative | 181,900 | 169,542 | 12,358 | 6.79% |
| Tenant services | 4,000 | 7,281 | (3,281) | -82.03% |
| Utilities | 130,000 | 149,471 | (19,471) | -14.98% |
| Maintenance | 228,590 | 207,389 | 21,201 | 9.27% |
| Insurance | 63,500 | - | 63,500 | 100.00% |
| General expenses | <u>25,500</u> | <u>87,434</u> | <u>(61,934)</u> | <u>-242.88%</u> |
| Total expenses | <u>633,490</u> | <u>621,117</u> | <u>12,373</u> | <u>1.95%</u> |
| Income over/(under) expense | <u>\$ 1,310</u> | <u>\$ 141,827</u> | <u>\$ 140,517</u> | <u>10,726.49%</u> |

Other Income was over the budget by \$6,242 or 52.02%. This was primarily due to an overestimated budget amount.

Administrative Expenses was under budget by \$12,358 or 6.79% primarily due to a decrease in administrative salaries and decreases in employee benefits for administrative salaries.

Utilities were over budget by \$19,471 or 14.98% primarily due to higher charges and usage for water and electricity consumption than anticipated.

Williamsburg Redevelopment & Housing Authority

Management's Discussion and Analysis

September 30, 2013

Capital assets

Table 7 summarizes the Authority's investment in capital assets:

Table 7

Changes in Net Capital Assets

| | 2013 | 2012 | Increase (Decrease) | Percent Variance |
|--------------------------------|---------------------|---------------------|------------------------|---------------------|
| Land | \$ 1,587,071 | \$ 1,472,071 | \$ 115,000 | 7.81% |
| Buildings and equipment | \$ 8,451,213 | \$ 8,200,020 | \$ 251,193 | 3.06% |
| Construction in progress | 47,472 | 284,973 | (237,501) | -83.34% |
| | <u>10,085,756</u> | <u>9,957,064</u> | <u>128,692</u> | <u>1.29%</u> |
| Less: accumulated depreciation | <u>(5,236,451)</u> | <u>(5,033,155)</u> | <u>(203,296)</u> | <u>4.04%</u> |
| Capital assets, net | <u>\$ 4,849,305</u> | <u>\$ 4,923,909</u> | <u>\$ (74,604)</u> | <u>-1.52%</u> |

Acquisitions are capitalized at cost and depreciated using the straight-line method of depreciation. Additional information and details can be found in the Notes to the Financial Statements.

Capital funding available for 2013 is as follows:

| | Grant | Total Budget | 9/30/2013 | Budget Remaining at 9/30/2013 |
|---------------------------|--------|--------------|------------|-------------------------------------|
| Capital Fund Program 2009 | 501-09 | \$ 176,138 | \$ 176,138 | \$ - |
| Capital Fund Program 2010 | 501-10 | 174,866 | 174,866 | - |
| Capital Fund Program 2011 | 501-11 | 148,144 | 148,144 | - |
| Capital Fund Program 2012 | 501-12 | 130,741 | 115,213 | 15,528 |
| Capital Fund Program 2013 | 501-13 | 127,395 | - | 127,395 |
| | | | | <u>\$ 142,923</u> |

Analysis of Debt Activity

| | |
|------------------------|-------------------|
| September 30, 2012 | \$ - |
| Issuance of Debt | 114,000 |
| Current year debt paid | <u>-</u> |
| September 30, 2013 | <u>\$ 114,000</u> |

Williamsburg Redevelopment & Housing Authority

Management's Discussion and Analysis

September 30, 2013

Significant economic factors affecting the Authority are as follows:

- The Department of Housing and Urban Development (HUD) has historically been underfunded to meet the subsidy needs of Public Housing Authorities (PHAs). We do not expect this consistent trend to change.
- Even if HUD was fully funded for both the Operating and Capital Funds, it is unlikely that Congress would appropriate adequate funding. Pressure on the federal budget will remain in the form of both record deficits and competing funding needs. Further, funding for the Departments of Defense and Homeland Security will probably result in reduced appropriations for all other domestic program spending.
- Rising cost of utility rates, supplies, and other costs may impact our budgets in future years.

Request for Information

This financial report is designed to provide a general overview of the Authority's accountability for all those interested. If you should have additional questions regarding the financial information, you can contact our office in writing at the following address:

Williamsburg Housing and Redevelopment Authority
Attn: Julie Phares, Purchasing Agent/Risk Manager
401 Lafayette Street
Williamsburg, VA 23185

WILLIAMSBURG REDEVELOPMENT AND HOUSING AUTHORITY

Statement of Net Position

At September 30, 2013

Assets

Current Assets:

| | | |
|--------------------------------------|----|---------|
| Cash and cash equivalents | \$ | 225,430 |
| Restricted cash and cash equivalents | | 31,769 |
| Investments | | 149,295 |
| Client receivables, net | | 41,218 |
| Inventories, net | | 39,858 |
| Prepaid items | | 4,196 |
| | | <hr/> |
| Total current assets | \$ | 491,766 |

Noncurrent Assets:

Capital Assets:

| | | |
|--|----|-------------|
| Land | \$ | 1,587,071 |
| Buildings | | 6,760,233 |
| Furniture, equipment and machinery - Dwellings | | 456,853 |
| Furniture, equipment and machinery - Admin | | 148,479 |
| Leasehold improvements | | 1,085,648 |
| Less: accumulated depreciation | | (5,236,451) |
| Construction in progress | | 47,472 |
| | | <hr/> |
| Capital assets, net | \$ | 4,849,305 |

Total noncurrent assets \$ 4,849,305

Total assets \$ 5,341,071

Liabilities

Current Liabilities:

| | | |
|--------------------------|----|--------|
| Accounts payable | \$ | 18,404 |
| Accrued liabilities | | 2,521 |
| Tenant security deposits | | 31,769 |
| Unearned revenue | | 17,823 |
| | | <hr/> |

Total current liabilities \$ 70,517

WILLIAMSBURG REDEVELOPMENT AND HOUSING AUTHORITY

Statement of Net Position

At September 30, 2013

| | |
|------------------------------------|--------------|
| Noncurrent Liabilities: | |
| Note payable | \$ 114,000 |
| | <hr/> |
| Total noncurrent liabilities | \$ 114,000 |
| | <hr/> |
| Total liabilities | \$ 184,517 |
| | <hr/> |
| Net Position: | |
| Net investment in capital assets | \$ 4,735,305 |
| Unrestricted | 421,249 |
| | <hr/> |
| Total net position | \$ 5,156,554 |
| | <hr/> |
| Total liabilities and net position | \$ 5,341,071 |
| | <hr/> <hr/> |

The accompanying notes to financial statements are an integral part of this statement.

WILLIAMSBURG REDEVELOPMENT AND HOUSING AUTHORITY

Statement of Revenues, Expenses and Changes in Net Position
Year Ended September 30, 2013

| | |
|---|--------------------------|
| Operating revenues: | |
| Tenant revenue | \$ 530,207 |
| Federal subsidies | 190,377 |
| Federal grant - capital funds | 23,710 |
| Other revenues | 18,242 |
| | <hr/> |
| Total operating revenues | \$ 762,536 |
| Operating expenses: | |
| Administrative | \$ 169,542 |
| Tenant services | 7,281 |
| Utilities | 149,471 |
| Maintenance | 207,389 |
| General | 87,434 |
| Depreciation | 203,296 |
| | <hr/> |
| Total operating expenses | \$ 824,413 |
| Operating income (loss) | \$ (61,877) |
| Non-operating revenues (expenses): | |
| Interest and investment income | \$ 408 |
| | <hr/> |
| Income (loss) before capital grants and transfers | \$ (61,469) |
| Other financing sources (uses) | |
| Capital contributions - capital grant | \$ 13,692 |
| Transfers in | 620 |
| Transfers out | (620) |
| | <hr/> |
| Total other financing sources (uses) | \$ 13,692 |
| Change in net position | \$ (47,777) |
| Net position at beginning of year | <hr/> 5,204,331 |
| Net position at end of year | \$ <hr/> <hr/> 5,156,554 |

The accompanying notes to financial statements are an integral part of this statement.

WILLIAMSBURG REDEVELOPMENT AND HOUSING AUTHORITY

Statement of Cash Flows
Year Ended September 30, 2013

| | |
|--|------------------------|
| Cash flows from operating activities: | |
| Cash received from tenants | \$ 559,335 |
| Cash received from federal grants | 214,087 |
| Cash paid for goods and services | (477,031) |
| Cash paid for employees and administrative | (182,534) |
| | <hr/> |
| Net cash provided by (used for) operating activities | \$ 113,857 |
| | <hr/> |
| Cash flows from capital and related financing activities: | |
| Capital grants received | \$ 13,692 |
| Purchases, sales and construction of capital assets | (128,692) |
| Proceeds from issuance of note payable | 114,000 |
| | <hr/> |
| Net cash provided by (used for) capital and related financing activities | \$ (1,000) |
| | <hr/> |
| Cash flows from investing activities: | |
| Interest and investment income | \$ 318 |
| Purchase/sale of investments | (50,000) |
| | <hr/> |
| Net cash provided by (used for) investing activities | \$ (49,682) |
| | <hr/> |
| Net increase (decrease) in cash and cash equivalents | \$ 63,175 |
| Cash and cash equivalents, beginning of year, including restricted | <hr/> 194,024 |
| Cash and cash equivalents, end of year, including restricted | <hr/> <hr/> \$ 257,199 |

WILLIAMSBURG REDEVELOPMENT AND HOUSING AUTHORITY

Statement of Cash Flows
Year Ended September 30, 2013

Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:

| | | |
|---|----|-----------------------|
| Operating income (loss) | \$ | (61,877) |
| Adjustments to reconcile operating income (loss) to cash provided by (used for) operations: | | |
| Depreciation | | 203,296 |
| Changes in assets and liabilities: | | |
| (Increase) decrease in accounts receivable | | (4,018) |
| (Increase) decrease in inventory | | (16,894) |
| (Increase) decrease in prepaid items | | 2,460 |
| Increase (decrease) in accounts payable | | 2,105 |
| Increase (decrease) in accrued expenses | | (11,806) |
| Increase (decrease) in unearned revenue | | 17,823 |
| Increase (decrease) in tenant security deposits | | (2,919) |
| Increase (decrease) in other liabilities | | <u>(14,313)</u> |
| Cash flows provided by (used for) operating activities | \$ | <u><u>113,857</u></u> |

The accompanying notes to financial statements are an integral part of this statement.

WILLIAMSBURG REDEVELOPMENT AND HOUSING AUTHORITY

Notes to Financial Statements As of September 30, 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- a. Overview - The Williamsburg Redevelopment and Housing Authority (the Authority) was established by the Council of the City of Williamsburg (City) as a political subdivision of the Commonwealth of Virginia. The Authority is responsible for operating a low income housing program which provides housing for eligible families, for operating redevelopment and conservation programs and for delivering of services to citizens of low income housing and urban renewal areas through the encouragement and development of social and economic opportunities. The Commissioners of the Authority are appointed by City Council.
- b. Financial Reporting Entity - The financial statements report information on all of the activities of the Authority. For the most part, the effect of interfund activity has been removed from these statements. The Authority's activities are entirely business-type activities, which rely to a significant extent on fees and charges for support.

Both the funds of the Authority are proprietary funds. The authority includes all programs as a single enterprise fund in the financial statements.

As required by GAAP, the financial statements present the funds, activities and functions of the Authority (the primary government). The Authority has no component units.

The Authority has no governmental or fiduciary funds.

The Authority is reported as a discretely presented component unit in the City of Williamsburg, Virginia's financial report for the year ended June 30, 2013. Effective October 8, 2012, the City of Williamsburg replaced the Commissioners of the Authority with the members of City Council. The Authority is fiscally dependent on the City and the City performs many managerial and administrative functions for the Authority.

- c. Measurement Focus, Basis of Accounting, and Financial Statement Presentation - The government-wide fund financial statements are reported using the economic resources measurement focus and accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Proprietary Funds – are used to account for activities that are similar to those often found in the private sector. The measurement focus is upon determination of net income, financial position. Proprietary Funds consist of Enterprise Funds.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

c. Measurement Focus, Basis of Accounting, and Financial Statement Presentation- (Continued)

The Authority reports the following major enterprise funds:

Low Income Housing Fund - The Low Income Housing Fund accounts for public housing operations primarily funded by the Annual Contributions Contract with the Department of Housing and Urban Development (HUD). Under this contract, the Authority develops, modernizes and manages low income housing projects. The Authority is the owner of 104 public housing units located throughout the City. The Public Housing Capital Fund Program which is included in low income, is a federal grant to modernize low income public housing.

Business Activities – Represents non-HUD resources developed from a variety of activities, including the Indoor Plumbing Rehabilitation/Loan Program (IPR) which provides 0% interest loans in non-entitlement cities and counties of Virginia to low and moderate income owner-occupants of substandard housing where indoor plumbing does not exist or where an existing water delivery or waste disposal system has failed. The program also provides for the general rehabilitation of these units, and for accessibility improvements or relief from overcrowded conditions, as needed, once the primary income, ownership and failed plumbing criteria are met.

As a general rule the effect of inter-fund activity has been eliminated from the government wide fund financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between certain Authority's functions because the elimination of these charges would distort the direct costs and program revenues for the various functions concerned.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses are defined as those that result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of all the Authority's enterprise funds are governmental grants used for maintaining and operating low income housing assistance programs. Operating expenses for these enterprise funds include administrative expenses, utilities and maintenance of housing units and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

WILLIAMSBURG REDEVELOPMENT AND HOUSING AUTHORITY

Notes to Financial Statements
As of September 30, 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

- d. Use of Estimates - The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingencies at the date of the financial statements, and revenues and expenses recognized during the reporting period. Actual results could differ from those estimates.
- e. Cash and Cash Equivalents - Cash in bank and on hand are considered cash equivalents with a maturity date of less than 90 days from the date of acquisition.
- f. Investments- Investments reported at fair value, with changes in fair value recognized as a component of investment income. Fair value is determined by reference to quoted market prices.
- g. Due from/Due to Other Funds - During the course of its operations, the Authority has numerous transactions between funds to finance operations and provide services. To the extent that certain transactions between funds had not been paid or received as of September 30, 2013, balances of interfund amounts receivable and payable have been recorded.
- h. Capital Assets - Land, structures and equipment are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Depreciation is calculated on the straight-line basis over the following estimated useful lives:

| <u>Assets</u> | <u>Years</u> |
|-------------------------------------|--------------|
| Buildings | 40 |
| Leasehold improvements | 10 |
| Furniture, equipment, and machinery | 5-7 |

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest was capitalized for the fiscal year ending June 30, 2013.

When assets are retired, demolished, or sold, their costs are removed from the accounts and the proceeds, if any, are reflected in revenues currently.

WILLIAMSBURG REDEVELOPMENT AND HOUSING AUTHORITY

Notes to Financial Statements
As of September 30, 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

- i. Annual Contributions and Operating Subsidies - In accordance with the annual contributions contracts, the Authority receives operating subsidies from HUD. Such amounts are included as grant revenues from the federal government in the financial statements.
- j. Indirect Costs - Certain indirect costs are allocated to expenses in the various programs in accordance with cost allocation plans. These plans were approved by the appropriate grantors as of the Authority's overall operations budget for the fiscal year.
- k. Net Position - Net position is the difference between a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. Net investment in capital assets represents capital assets, less accumulated depreciation, less any outstanding debt related to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position.
- l. Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, Statement No. 63 of the Governmental Accounting Standards Board - The Authority has implemented the financial reporting provisions of the above Statement for the fiscal year ended September 30, 2013. The Statement provides guidance for reporting deferred inflows and deferred outflows of resources. The requirements of this Statement will improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on an entity's net position. With the implementation of this Statement certain terminology has changed and financial statement descriptions have changed from "net assets" to "net position." The net equity reported in the financial statements has not changed as a result of implementing this Statement and no restatement of prior balances is required.
- m. Deferred Outflow/Inflows of Resources - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows or resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The Authority does not have any deferred outflows of resources as of September 30, 2013.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The Authority does not have any deferred inflows of resources as of September 30, 2013.

WILLIAMSBURG REDEVELOPMENT AND HOUSING AUTHORITY

Notes to Financial Statements
Twelve Months Ended September 30, 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

- n. Items Previously Reported as Assets and Liabilities, Statement No. 65 of Governmental Accounting Standards Board - The Board implemented the financial reporting provisions of the above Statement for the fiscal year ended September 30, 2013. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.
- o. Net Position Flow Assumption - Sometimes the Authority will fund outlays for a particular purpose from both restricted (e.g. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Authority's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.
- p. Pension Plans - The Authority participates in a defined benefit pension plan through the City of Williamsburg, administered by the Virginia Retirement System. It is the Authority's policy to fund the pension costs, which consist of normal costs actuarially determined using entry age, normal cost calculations, and amortization of unfunded prior service cost (over 30 years). Expenses are recognized as incurred.
- q. Income Taxes - As a political subdivision of the State of Virginia, the Authority is exempt from Federal and State income taxes.
- r. Inventories - The inventories consist principally of maintenance supplies and are valued at cost (first-in, first-out). Inventories are recognized as expenses when consumed or sold.
- s. Reclassification - Certain prior year balances have been reclassified to conform to current year presentation.

NOTE 2 DEPOSITS AND INVESTMENTS:

Deposits:

Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the "Act") Section 2.2-4400 et. Seq. of the Code of Virginia. Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial Institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges in the amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

WILLIAMSBURG REDEVELOPMENT AND HOUSING AUTHORITY

Notes to Financial Statements
As of September 30, 2013

NOTE 2 DEPOSITS AND INVESTMENTS: (Continued)

Investments:

The Authority follows HUD's guidelines and state laws regarding diversification of its investments.

The Authority does not have a separate investment policy.

Statutes authorize the Authority to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper and certain corporate notes, banker's acceptances, repurchase agreements and the State Treasurer's Local Government Investment Pool (LGIP).

The Authority does not have a deposit policy for custodial credit risk. The Authority had no custodial credit risk related to its investments at September 30, 2013.

The Authority's investments as of September 30, 2013 consist of funds held in the Local Government Investment Pool.

External Investment Pools:

The Authority invests in an externally managed investment pool, Local Government Investment Pool (LGIP), which is not SEC-registered. Pursuant to Section 2.2-4605 of the Code of Virginia, the Treasury Board of the Commonwealth sponsors the LGIP and regulatory oversight of the pool rests with the Virginia State Treasury. The LGIP reports to the Treasury Board at their regularly scheduled meetings, and the fair value of the position in the LGIP is the same as the value of the pool shares. Investments authorized by the LGIP are the same as those authorized for local governments in Section 2.2-4500 et seq. of the Code of Virginia. LGIP maintains a policy to operate in a manner consistent with SEC Rule 2a-7.

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WILLIAMSBURG REDEVELOPMENT AND HOUSING AUTHORITY

Notes to Financial Statements
As of September 30, 2013

NOTE 3 CLIENT RECEIVABLES:

Receivables as of year-end for the Authority's individual major funds including the applicable allowances for uncollectible accounts, are as follows:

| | Low Income Public Housing Fund | Business Activities | Total |
|---------------------------------------|---|------------------------|------------------|
| Client Receivables | | | |
| Tenants | \$ 7,009 | \$ 36,810 | \$ 43,819 |
| Less: Allowance for Uncollectibles | <u>(416)</u> | <u>(2,185)</u> | <u>(2,601)</u> |
| Net Total Client Receivables | <u>\$ 6,593</u> | <u>\$ 34,625</u> | <u>\$ 41,218</u> |

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WILLIAMSBURG REDEVELOPMENT AND HOUSING AUTHORITY

Notes to Financial Statements
As of September 30, 2013

NOTE 4 CAPITAL ASSETS:

The following is a summary of changes in capital assets for the fiscal year ended September 30, 2013:

| | Balance October 1, 2012 | Increases | Decreases | Balance September 30, 2013 |
|---|-------------------------------|--------------|------------|----------------------------------|
| <i>Low Income Public Housing:</i> | | | | |
| Capital assets not subject to depreciation: | | | | |
| Land | \$ 727,925 | \$ - | \$ - | \$ 727,925 |
| Construction in progress | 284,973 | - | 237,501 | 47,472 |
| Total capital assets not subject to depreciation | \$ 1,012,898 | \$ - | \$ 237,501 | \$ 775,397 |
| Capital assets subject to depreciation: | | | | |
| Buildings | \$ 5,404,442 | \$ 234,521 | \$ - | \$ 5,638,963 |
| Furniture, equipment & machinery - dwellings | 386,741 | 16,672 | - | 403,413 |
| Furniture, equipment & machinery - admin | 26,489 | - | - | 26,489 |
| Leasehold improvements | 1,032,178 | - | - | 1,032,178 |
| Total capital assets subject to depreciation | \$ 6,849,850 | \$ 251,193 | \$ - | \$ 7,101,043 |
| Accumulated depreciation: | | | | |
| Buildings | \$ (3,923,014) | \$ (142,049) | \$ - | \$ (4,065,063) |
| Furniture, equipment & machinery - dwellings | (320,734) | (17,164) | - | (337,898) |
| Furniture, equipment & machinery - admin | (17,225) | (3,272) | - | (20,497) |
| Leasehold improvements | (106,405) | (10,440) | - | (116,845) |
| Total accumulated depreciation | \$ (4,367,378) | \$ (172,925) | \$ - | \$ (4,540,303) |
| Total capital assets subject to depreciation, net | \$ 2,482,472 | \$ 78,268 | \$ - | \$ 2,560,740 |
| Low Income Public Housing capital assets, net | \$ 3,495,370 | \$ 78,268 | \$ 237,501 | \$ 3,336,137 |

WILLIAMSBURG REDEVELOPMENT AND HOUSING AUTHORITY

Notes to Financial Statements
As of September 30, 2013

NOTE 4 CAPITAL ASSETS: (Continued)

| | Balance October 1, 2012 | Additions | Deletions | Balance September 30, 2013 |
|---|-------------------------------|-------------------|-------------------|----------------------------------|
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| <i>Business Activities:</i> | | | | |
| Capital assets not subject to depreciation: | | | | |
| Land | \$ 744,146 | \$ 115,000 | \$ - | \$ 859,146 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total capital assets not subject to depreciation | \$ 744,146 | \$ 115,000 | \$ - | \$ 859,146 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Capital assets subject to depreciation: | | | | |
| Buildings | \$ 1,121,270 | \$ - | \$ - | \$ 1,121,270 |
| Furniture, equipment & machinery - dwellings | 53,440 | - | - | 53,440 |
| Furniture, equipment & machinery - admin | 121,990 | - | - | 121,990 |
| Leasehold improvements | 53,470 | - | - | 53,470 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total capital assets subject to depreciation | \$ 1,350,170 | \$ - | \$ - | \$ 1,350,170 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Accumulated depreciation: | | | | |
| Buildings | \$ (495,767) | \$ (29,627) | \$ - | \$ (525,394) |
| Furniture, equipment & machinery - dwellings | (45,986) | (1,609) | - | (47,595) |
| Furniture, equipment & machinery - admin | (123,586) | 974 | - | (122,612) |
| Leasehold improvements | (438) | (109) | - | (547) |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total accumulated depreciation | \$ (665,777) | \$ (30,371) | \$ - | \$ (696,148) |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total capital assets subject to depreciation, net | \$ 684,393 | \$ (30,371) | \$ - | \$ 654,022 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Business Activities capital assets, net | \$ 1,428,539 | \$ 84,629 | \$ - | \$ 1,513,168 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |

WILLIAMSBURG REDEVELOPMENT AND HOUSING AUTHORITY

Notes to Financial Statements
As of September 30, 2013

NOTE 5 DEFINED BENEFIT PENSION PLAN:

A. Plan Description

Name of Plan: Virginia Retirement System (VRS)
Identification of Plan: Agent and Cost-Sharing Multiple-Employer Defined Benefit Pension Plan
Administering Entity: Virginia Retirement System (System)

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

VRS administers two defined benefit plans for local government employees - Plan 1 and Plan 2:

- Members hired before July 1, 2010 and who were vested as of January 1, 2013 are covered under Plan 1. Non-hazardous duty members are eligible for an unreduced retirement benefit beginning at age 65 with at least five years of service credit or age 50 with at least 30 years of service credit. They may retire with a reduced benefit early at age 55 with at least five years of service credit or age 50 with at least ten years of service credit.
- Members hired or rehired on or after July 1, 2010 and Plan 1 members who were not vested on January 1, 2013 are covered under Plan 2. Non-hazardous duty members are eligible for an unreduced benefit beginning at their normal Social Security retirement age with at least five years of service credit or when the sum of their age and service equals 90. They may retire with a reduced benefit as early as age 60 with a least five years of service credit.
- Eligible hazardous duty members in Plan 1 and Plan 2 are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. These members include sheriffs, deputy sheriffs and hazardous duty employees of political subdivisions that have elected to provide enhanced coverage for hazardous duty service. They may retire with a reduced benefit as early as age 50 with at least five years of service credit. All other provisions of the member's plan apply.

The VRS Basic Benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the member's average final compensation multiplied by the member's total service credit. Under Plan 1, average final compensation is the average of the member's 36 consecutive months of highest compensation. Under Plan 2, average final compensation is the average of the member's 60 consecutive months of highest compensation. The retirement multiplier for non-hazardous duty members is 1.70%. The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. The retirement multiplier for eligible political subdivision hazardous duty employees other than sheriffs and jail superintendents is 1.70% or 1.85% as elected by the employer. The multiplier for Plan 2 members was reduced to 1.65% effective January 1, 2013 unless they are hazardous duty employees and their employer has elected the enhanced retirement multiplier. At retirement, members can elect the Basic Benefit, the Survivor Option, a Partial Lump-Sum Option Payment (PLOP) or the Advance Pension Option. A retirement reduction factor is applied to the Basic Benefit amount for members electing the Survivor Option, PLOP or Advance Pension Option or those retiring with a reduced benefit.

WILLIAMSBURG REDEVELOPMENT AND HOUSING AUTHORITY

Notes to Financial Statements
As of September 30, 2013

NOTE 5 DEFINED BENEFIT PENSION PLAN: (Continued)

A. Plan Description (Continued)

Retirees are eligible for an annual cost-of-living adjustment (COLA) effective July 1 of the second calendar year of retirement. Under Plan 1, the COLA cannot exceed 5.00%; under Plan 2, the COLA cannot exceed 6.00%. During years of no inflation or deflation, the COLA is 0.00%. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950) as amended, assigns the authority to establish and amend benefit provisions administered by the General Assembly of Virginia.

The system issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for VRS. A copy of the most recent report may be obtained from the VRS website at: <http://www.varetire.org/Pdf/Publications/2012-annual-report.pdf> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

B. Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their compensation toward their retirement. All or part of the 5.00% member contribution may be assumed by the employer. Beginning July 1, 2012 new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5% member contribution. This could be phased in over a period up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution. In addition, the Authority is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The Authority's contribution rate for the fiscal year ended 2013 was 16.29% of annual covered payroll.

C. Annual Pension Cost

For the fiscal year ended June 30, 2013, the Authority's annual pension cost of \$32,700 for VRS was equal to the Authority's required and actual contributions.

Three-Year Trend Information for Authority (1)

| <u>Fiscal Year Ending</u> | <u>Annual Pension Cost (APC)</u> | <u>Percentage of APC Contributed</u> | <u>Net Pension Obligation</u> |
|-------------------------------|--|--|---------------------------------------|
| June 30, 2013 | \$ 32,700 | 100% | \$ - |
| June 30, 2012 | 33,572 | 100% | - |
| June 30, 2011 | 40,108 | 100% | - |

(1) Employer portion only

WILLIAMSBURG REDEVELOPMENT AND HOUSING AUTHORITY

Notes to Financial Statements
As of September 30, 2013

NOTE 5 DEFINED BENEFIT PENSION PLAN: (Continued)

C. Annual Pension Cost (Continued)

The required contributions were determined as part of the June 30, 2009 actuarial valuation using the entry age actuarial cost method for the Defined Contribution plan of the City of Williamsburg, Virginia. The actuarial value of the Authority's assets and the Authority's unfunded actuarial accrued liability is included in the audited financial statements of the City of Williamsburg.

NOTE 6 CONTINGENCIES AND OTHER MATTERS:

A. Litigation

At September 30, 2013 there were no matters of litigation involving the Authority or which would materially affect the Authority's financial position should any court decisions or pending matters not be favorable to such entities.

B. Grants

The Authority has received various other grants for specific purposes. These grants are subject to financial and compliance audits. Such audits could result in requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. The Authority management is of the opinion that disallowances, if any, will not be material.

NOTE 7 RISK MANAGEMENT:

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. To provide for these contingencies, the Authority has obtained third party commercial insurance including property insurance, general liability insurance, employee dishonesty and crime insurance, commercial automobile coverage, directors and officers liability coverage, workers compensation insurance and employee health insurance. These policies transfer all risk except a relatively small deductible amount to the commercial carrier.

As of and for the year ended September 30, 2013, the Authority had not incurred or paid claims and no claims were outstanding at the beginning or end of the year. Settled claims for the Authority resulting from these risks have not exceeded insurance coverage for each of the past three years.

NOTE 8 OPERATING LEASES:

As discussed in Note 1, the Authority leases certain property included in the Low Income Housing Fund. Minimum annual rental income amounts receivable for the next five (5) years have not been presented for the Low Income Housing Fund because rental income depends on the ultimate occupancy of units and tenant income. Tenant rental income in these funds is supplemented by HUD through annual contributions.

WILLIAMSBURG REDEVELOPMENT AND HOUSING AUTHORITY

Notes to Financial Statements
As of September 30, 2013

NOTE 9 NOTE PAYABLE:

The Authority received a zero interest loan for \$114,000 from the City of Williamsburg for the acquisition of property at 743 Scotland Street. The terms of the note payable require the Authority to repay the loan when the property is sold.

NOTE 10 ECONOMIC DEPENDENCY:

The PHA Owned Housing Program is economically depended on annual contributions and grants from HUD. The program operates at a loss prior to receiving the contributions and grants. For the year ended September 30, 2013 the Authority received and expended \$227,779 in funds from HUD.

NOTE 11 RELATED PARTY TRANSACTIONS:

The Authority has significant financial transactions with the City of Williamsburg. Beginning March 1, 2013, the City of Williamsburg began processing all payroll transactions for the Housing Authority. The Housing Authority reimbursed the City of Williamsburg \$139,407 for payroll and related fringe benefits paid on their behalf. In addition, the City provided many fiscal and administrative services, managerial support, space, utilities, and other support services to the Housing Authority at no charge.

NOTE 12 FUTURE ACCOUNTING AND REPORTING CHANGES:

The GASB has issued Statement No. 68, "Accounting and Financial Reporting for Pensions; an amendment of GASB Statement No. 27." This Statement replaces the requirements of Statements No. 27 and No. 50 related to pension plans that are administered through trusts or equivalent arrangements. The requirements of Statements No. 27 and No. 50 remain applicable for pensions that are not administered as trusts or equivalent arrangements. The requirements of this Statement are effective for financial statements for fiscal years beginning after June 15, 2014 (fiscal year ended September 30, 2015). The Authority has not determined the impact of this pronouncement on its financial statements.

WILLIAMSBURG REDEVELOPMENT AND HOUSING AUTHORITY

Schedule of Pension Funding Progress

As of September 30, 2013

City of Williamsburg, Virginia
Virginia Retirement System*

| Actuarial Valuation Date | Actuarial Value of Assets | Actuarial Accrued Liability (AAL) | Unfunded AAL (UAAL) | Funded Ratio | Covered Payroll | UAAL as a % of Covered Payroll |
|--------------------------------|---------------------------------|---|------------------------|-----------------|--------------------|--------------------------------------|
| 6/30/2012 | \$ 42,461,720 | \$ 59,788,018 | 17,326,298 | 71.02% | \$ 8,824,465 | 196.34% |
| 6/30/2011 | 43,151,301 | 57,921,924 | 14,770,623 | 74.50% | 8,886,724 | 166.21% |
| 6/30/2010 | 42,619,156 | 55,617,806 | 12,998,650 | 76.63% | 8,761,550 | 148.36% |
| 6/30/2009 | 43,493,522 | 50,835,802 | 7,342,280 | 85.56% | 9,066,098 | 80.99% |

* Williamsburg Redevelopment and Housing Authority employees are included in the City of Williamsburg, Virginia VRS plan.

Williamsburg Redevelopment & Housing Auth. (VA026)

Williamsburg, VA

Entity Wide Balance Sheet Summary

Submission Type: Unaudited/Non-A-133

Fiscal Year End: 09/30/2013

| | Project Total | 1 Business Activities | Subtotal | ELIM | Total |
|--|---------------|-----------------------|-----------|------|-----------|
| 111 Cash - Unrestricted | \$203,085 | \$22,345 | \$225,430 | | \$225,430 |
| 112 Cash - Restricted - Modernization and Development | | \$0 | \$0 | | \$0 |
| 113 Cash - Other Restricted | | \$0 | \$0 | | \$0 |
| 114 Cash - Tenant Security Deposits | \$30,894 | \$875 | \$31,769 | | \$31,769 |
| 115 Cash - Restricted for Payment of Current Liabilities | | \$0 | \$0 | | \$0 |
| 100 Total Cash | \$233,979 | \$23,220 | \$257,199 | \$0 | \$257,199 |
| 121 Accounts Receivable - PHA Projects | | \$0 | \$0 | | \$0 |
| 122 Accounts Receivable - HUD Other Projects | | \$0 | \$0 | | \$0 |
| 124 Accounts Receivable - Other Government | | \$0 | \$0 | | \$0 |
| 125 Accounts Receivable - Miscellaneous | | | | | |
| 126 Accounts Receivable - Tenants | \$7,009 | \$36,810 | \$43,819 | | \$43,819 |
| 126.1 Allowance for Doubtful Accounts - Tenants | -\$416 | -\$2,185 | -\$2,601 | | -\$2,601 |
| 126.2 Allowance for Doubtful Accounts - Other | | | | | |
| 127 Notes, Loans, & Mortgages Receivable - Current | | | | | |
| 128 Fraud Recovery | | | | | |
| 128.1 Allowance for Doubtful Accounts - Fraud | | | | | |
| 129 Accrued Interest Receivable | | | | | |
| 120 Total Receivables, Net of Allowances for Doubtful Accounts | \$6,593 | \$34,625 | \$41,218 | \$0 | \$41,218 |
| 131 Investments - Unrestricted | | \$149,295 | \$149,295 | | \$149,295 |
| 132 Investments - Restricted | | | | | |
| 135 Investments - Restricted for Payment of Current Liability | | | | | |
| 142 Prepaid Expenses and Other Assets | \$4,196 | | \$4,196 | | \$4,196 |
| 143 Inventories | \$41,956 | | \$41,956 | | \$41,956 |

Williamsburg Redevelopment & Housing Auth. (VA026)

Williamsburg, VA

Entity Wide Balance Sheet Summary

Submission Type: Unaudited/Non-A-133

Fiscal Year End: 09/30/2013

| | Project Total | 1 Business Activities | Subtotal | ELIM | Total |
|---|---------------|-----------------------|--------------|----------|--------------|
| 143.1 Allowance for Obsolete Inventories | -\$2,098 | | -\$2,098 | | -\$2,098 |
| 144 Inter Program Due From | | \$3,378 | \$3,378 | -\$3,378 | \$0 |
| 145 Assets Held for Sale | | | | | |
| 150 Total Current Assets | \$284,626 | \$210,518 | \$495,144 | -\$3,378 | \$491,766 |
| 161 Land | \$727,925 | \$859,146 | \$1,587,071 | | \$1,587,071 |
| 162 Buildings | \$5,638,963 | \$1,121,270 | \$6,760,233 | | \$6,760,233 |
| 163 Furniture, Equipment & Machinery - Dwellings | \$403,413 | \$53,440 | \$456,853 | | \$456,853 |
| 164 Furniture, Equipment & Machinery - Administration | \$26,489 | \$121,990 | \$148,479 | | \$148,479 |
| 165 Leasehold Improvements | \$1,032,178 | \$53,470 | \$1,085,648 | | \$1,085,648 |
| 166 Accumulated Depreciation | -\$4,540,303 | -\$696,148 | -\$5,236,451 | | -\$5,236,451 |
| 167 Construction in Progress | \$47,472 | | \$47,472 | | \$47,472 |
| 168 Infrastructure | | | | | |
| 160 Total Capital Assets, Net of Accumulated Depreciation | \$3,336,137 | \$1,513,168 | \$4,849,305 | \$0 | \$4,849,305 |
| 171 Notes, Loans and Mortgages Receivable - Non-Current | | | | | |
| 172 Notes, Loans, & Mortgages Receivable - Non Current - Past | | | | | |
| 173 Grants Receivable - Non Current | | | | | |
| 174 Other Assets | | | | | |
| 176 Investments in Joint Ventures | | | | | |
| 180 Total Non-Current Assets | \$3,336,137 | \$1,513,168 | \$4,849,305 | \$0 | \$4,849,305 |
| 190 Total Assets | \$3,620,763 | \$1,723,686 | \$5,344,449 | -\$3,378 | \$5,341,071 |
| 311 Bank Overdraft | | | | | |
| 312 Accounts Payable <= 90 Days | \$18,150 | \$254 | \$18,404 | | \$18,404 |

Williamsburg Redevelopment & Housing Auth. (VA026)

Williamsburg, VA

Entity Wide Balance Sheet Summary

Submission Type: Unaudited/Non-A-133

Fiscal Year End: 09/30/2013

| | Project Total | 1 Business Activities | Subtotal | ELIM | Total |
|--|---------------|-----------------------|-----------|----------|-----------|
| 313 Accounts Payable >90 Days Past Due | | | | | |
| 321 Accrued Wage/Payroll Taxes Payable | | | | | |
| 322 Accrued Compensated Absences - Current Portion | | | | | |
| 324 Accrued Contingency Liability | | | | | |
| 325 Accrued Interest Payable | | | | | |
| 331 Accounts Payable - HUD PHA Programs | | | | | |
| 332 Account Payable - PHA Projects | | | | | |
| 333 Accounts Payable - Other Government | | | | | |
| 341 Tenant Security Deposits | \$30,894 | \$875 | \$31,769 | | \$31,769 |
| 342 Deferred Revenues | \$17,823 | | \$17,823 | | \$17,823 |
| 343 Current Portion of Long-term Debt - Capital | | | | | |
| 344 Current Portion of Long-term Debt - Operating Borrowings | | | | | |
| 345 Other Current Liabilities | | | | | |
| 346 Accrued Liabilities - Other | \$2,521 | | \$2,521 | | \$2,521 |
| 347 Inter Program - Due To | \$3,378 | | \$3,378 | -\$3,378 | \$0 |
| 348 Loan Liability - Current | | | | | |
| 310 Total Current Liabilities | \$72,766 | \$1,129 | \$73,895 | -\$3,378 | \$70,517 |
| 351 Long-term Debt, Net of Current - Capital Projects/Mortgage | | | | | |
| 352 Long-term Debt, Net of Current - Operating Borrowings | | \$114,000 | \$114,000 | | \$114,000 |
| 353 Non-current Liabilities - Other | | | | | |
| 354 Accrued Compensated Absences - Non Current | | | | | |
| 355 Loan Liability - Non Current | | | | | |
| 356 FASB 5 Liabilities | | | | | |
| 357 Accrued Pension and OPEB Liabilities | | | | | |
| 350 Total Non-Current Liabilities | \$0 | \$114,000 | \$114,000 | \$0 | \$114,000 |

Williamsburg Redevelopment & Housing Auth. (VA026)

Williamsburg, VA

Entity Wide Balance Sheet Summary

Submission Type: Unaudited/Non-A-133

Fiscal Year End: 09/30/2013

| | Project Total | 1 Business Activities | Subtotal | ELIM | Total |
|---|---------------|-----------------------|-------------|----------|-------------|
| 300 Total Liabilities | \$72,766 | \$115,129 | \$187,895 | -\$3,378 | \$184,517 |
| 508.1 Invested In Capital Assets, Net of Related Debt | \$3,336,137 | \$1,399,168 | \$4,735,305 | | \$4,735,305 |
| 511.1 Restricted Net Assets | | | | | |
| 512.1 Unrestricted Net Assets | \$211,860 | \$209,389 | \$421,249 | | \$421,249 |
| 513 Total Equity/Net Assets | \$3,547,997 | \$1,608,557 | \$5,156,554 | \$0 | \$5,156,554 |
| 600 Total Liabilities and Equity/Net Assets | \$3,620,763 | \$1,723,686 | \$5,344,449 | -\$3,378 | \$5,341,071 |

Williamsburg Redevelopment & Housing Auth. (VA026)

Williamsburg, VA

Entity Wide Revenue and Expense Summary

Submission Type: Unaudited/Non-A-133

Fiscal Year End: 09/30/2013

| | Project Total | 1 Business Activities | Subtotal | ELIM | Total |
|---|---------------|-----------------------|-----------|------|-----------|
| 70300 Net Tenant Rental Revenue | \$451,490 | \$27,533 | \$479,023 | | \$479,023 |
| 70400 Tenant Revenue - Other | \$47,338 | \$3,846 | \$51,184 | | \$51,184 |
| 70500 Total Tenant Revenue | \$498,828 | \$31,379 | \$530,207 | | \$530,207 |
| 70600 HUD PHA Operating Grants | \$214,087 | | \$214,087 | | \$214,087 |
| 70610 Capital Grants | \$13,692 | | \$13,692 | | \$13,692 |
| 70710 Management Fee | | | | | |
| 70720 Asset Management Fee | | | | | |
| 70730 Book Keeping Fee | | | | | |
| 70740 Front Line Service Fee | | | | | |
| 70750 Other Fees | | | | | |
| 70700 Total Fee Revenue | | | | | |
| 70800 Other Government Grants | | | | | |
| 71100 Investment Income - Unrestricted | \$68 | \$340 | \$408 | | \$408 |
| 71200 Mortgage Interest Income | | | | | |
| 71300 Proceeds from Disposition of Assets Held for Sale | | | | | |
| 71310 Cost of Sale of Assets | | | | | |
| 71400 Fraud Recovery | | | | | |
| 71500 Other Revenue | \$17,707 | \$535 | \$18,242 | | \$18,242 |
| 71600 Gain or Loss on Sale of Capital Assets | | | | | |
| 72000 Investment Income - Restricted | | | | | |
| 70000 Total Revenue | \$744,382 | \$32,254 | \$776,636 | | \$776,636 |
| 91100 Administrative Salaries | \$55,860 | \$3,451 | \$59,311 | | \$59,311 |

Williamsburg Redevelopment & Housing Auth. (VA026)

Williamsburg, VA

Entity Wide Revenue and Expense Summary

Submission Type: Unaudited/Non-A-133

Fiscal Year End: 09/30/2013

| | Project Total | 1 Business Activities | Subtotal | ELIM | Total |
|--|---------------|-----------------------|-----------|------|-----------|
| 91200 Auditing Fees | \$9,750 | | \$9,750 | | \$9,750 |
| 91300 Management Fee | | | | | |
| 91310 Book-keeping Fee | | | | | |
| 91400 Advertising and Marketing | \$2,187 | | \$2,187 | | \$2,187 |
| 91500 Employee Benefit contributions - Administrative | \$42,661 | -\$1 | \$42,660 | | \$42,660 |
| 91600 Office Expenses | \$32,701 | \$2,683 | \$35,384 | | \$35,384 |
| 91700 Legal Expense | \$490 | \$149 | \$639 | | \$639 |
| 91800 Travel | | | | | |
| 91810 Allocated Overhead | | | | | |
| 91900 Other | \$19,611 | | \$19,611 | | \$19,611 |
| 91000 Total Operating - Administrative | \$163,260 | \$6,282 | \$169,542 | | \$169,542 |
| 92000 Asset Management Fee | | | | | |
| 92100 Tenant Services - Salaries | | | | | |
| 92200 Relocation Costs | | | | | |
| 92300 Employee Benefit Contributions - Tenant Services | | | | | |
| 92400 Tenant Services - Other | \$7,281 | | \$7,281 | | \$7,281 |
| 92500 Total Tenant Services | \$7,281 | \$0 | \$7,281 | | \$7,281 |
| 93100 Water | \$41,395 | \$795 | \$42,190 | | \$42,190 |
| 93200 Electricity | \$104,043 | \$3,238 | \$107,281 | | \$107,281 |
| 93300 Gas | | | | | |
| 93400 Fuel | | | | | |
| 93500 Labor | | | | | |
| 93600 Sewer | | | | | |
| 93700 Employee Benefit Contributions - Utilities | | | | | |

Williamsburg Redevelopment & Housing Auth. (VA026)

Williamsburg, VA

Entity Wide Revenue and Expense Summary

Submission Type: Unaudited/Non-A-133

Fiscal Year End: 09/30/2013

| | Project Total | 1 Business Activities | Subtotal | ELIM | Total |
|---|---------------|-----------------------|-----------|------|-----------|
| 93800 Other Utilities Expense | | | | | |
| 93000 Total Utilities | \$145,438 | \$4,033 | \$149,471 | | \$149,471 |
| 94100 Ordinary Maintenance and Operations - Labor | \$61,027 | \$1,002 | \$62,029 | | \$62,029 |
| 94200 Ordinary Maintenance and Operations - Materials and | \$50,737 | | \$50,737 | | \$50,737 |
| 94300 Ordinary Maintenance and Operations Contracts | \$66,169 | \$6,383 | \$72,552 | | \$72,552 |
| 94500 Employee Benefit Contributions - Ordinary Maintenance | \$22,071 | | \$22,071 | | \$22,071 |
| 94000 Total Maintenance | \$200,004 | \$7,385 | \$207,389 | | \$207,389 |
| 95100 Protective Services - Labor | | | | | |
| 95200 Protective Services - Other Contract Costs | | | | | |
| 95300 Protective Services - Other | | | | | |
| 95500 Employee Benefit Contributions - Protective Services | | | | | |
| 95000 Total Protective Services | \$0 | \$0 | \$0 | | \$0 |
| 96110 Property Insurance | \$31,338 | \$1,078 | \$32,416 | | \$32,416 |
| 96120 Liability Insurance | \$7,177 | | \$7,177 | | \$7,177 |
| 96130 Workmen's Compensation | \$4,438 | | \$4,438 | | \$4,438 |
| 96140 All Other Insurance | \$2,191 | | \$2,191 | | \$2,191 |
| 96100 Total insurance Premiums | \$45,144 | \$1,078 | \$46,222 | | \$46,222 |
| 96200 Other General Expenses | \$1,287 | | \$1,287 | | \$1,287 |
| 96210 Compensated Absences | \$8,357 | | \$8,357 | | \$8,357 |
| 96300 Payments in Lieu of Taxes | \$10,948 | \$1,621 | \$12,569 | | \$12,569 |
| 96400 Bad debt - Tenant Rents | \$13,965 | \$133 | \$14,098 | | \$14,098 |
| 96500 Bad debt - Mortgages | | | | | |

Williamsburg Redevelopment & Housing Auth. (VA026)

Williamsburg, VA

Entity Wide Revenue and Expense Summary

Submission Type: Unaudited/Non-A-133

Fiscal Year End: 09/30/2013

| | Project Total | 1 Business Activities | Subtotal | ELIM | Total |
|---|---------------|-----------------------|-----------|------|-----------|
| 96600 Bad debt - Other | | | | | |
| 96800 Severance Expense | | | | | |
| 96000 Total Other General Expenses | \$34,557 | \$1,754 | \$36,311 | | \$36,311 |
| 96710 Interest of Mortgage (or Bonds) Payable | | | | | |
| 96720 Interest on Notes Payable (Short and Long Term) | | | | | |
| 96730 Amortization of Bond Issue Costs | | | | | |
| 96700 Total Interest Expense and Amortization Cost | \$0 | \$0 | \$0 | | \$0 |
| 96900 Total Operating Expenses | \$595,684 | \$20,532 | \$616,216 | | \$616,216 |
| 97000 Excess of Operating Revenue over Operating Expenses | \$148,698 | \$11,722 | \$160,420 | | \$160,420 |
| 97100 Extraordinary Maintenance | \$4,901 | | \$4,901 | | \$4,901 |
| 97200 Casualty Losses - Non-capitalized | | | | | |
| 97300 Housing Assistance Payments | | | | | |
| 97350 HAP Portability-In | | | | | |
| 97400 Depreciation Expense | \$172,925 | \$30,371 | \$203,296 | | \$203,296 |
| 97500 Fraud Losses | | | | | |
| 97600 Capital Outlays - Governmental Funds | | | | | |
| 97700 Debt Principal Payment - Governmental Funds | | | | | |
| 97800 Dwelling Units Rent Expense | | | | | |
| 90000 Total Expenses | \$773,510 | \$50,903 | \$824,413 | | \$824,413 |
| 10010 Operating Transfer In | | \$620 | \$620 | | \$620 |
| 10020 Operating transfer Out | | | | | |

Williamsburg Redevelopment & Housing Auth. (VA026)

Williamsburg, VA

Entity Wide Revenue and Expense Summary

Submission Type: Unaudited/Non-A-133

Fiscal Year End: 09/30/2013

| | Project Total | 1 Business Activities | Subtotal | ELIM | Total |
|---|---------------|-----------------------|-------------|------|-------------|
| 10030 Operating Transfers from/to Primary Government | | | | | |
| 10040 Operating Transfers from/to Component Unit | | | | | |
| 10050 Proceeds from Notes, Loans and Bonds | | | | | |
| 10060 Proceeds from Property Sales | | | | | |
| 10070 Extraordinary Items, Net Gain/Loss | | | | | |
| 10080 Special Items (Net Gain/Loss) | | | | | |
| 10091 Inter Project Excess Cash Transfer In | | | | | |
| 10092 Inter Project Excess Cash Transfer Out | | | | | |
| 10093 Transfers between Program and Project - In | | | | | |
| 10094 Transfers between Project and Program - Out | -\$620 | | -\$620 | | -\$620 |
| 10100 Total Other financing Sources (Uses) | -\$620 | \$620 | \$0 | | \$0 |
| 10000 Excess (Deficiency) of Total Revenue Over (Under) Total | -\$29,748 | -\$18,029 | -\$47,777 | | -\$47,777 |
| 11020 Required Annual Debt Principal Payments | \$0 | \$0 | \$0 | | \$0 |
| 11030 Beginning Equity | \$3,577,745 | \$1,626,586 | \$5,204,331 | | \$5,204,331 |
| 11040 Prior Period Adjustments, Equity Transfers and Correction | \$0 | | \$0 | | \$0 |
| 11050 Changes in Compensated Absence Balance | | | | | |
| 11060 Changes in Contingent Liability Balance | | | | | |
| 11070 Changes in Unrecognized Pension Transition Liability | | | | | |
| 11080 Changes in Special Term/Severance Benefits Liability | | | | | |
| 11090 Changes in Allowance for Doubtful Accounts - Dwelling | | | | | |
| 11100 Changes in Allowance for Doubtful Accounts - Other | | | | | |
| 11170 Administrative Fee Equity | | | | | |
| 11180 Housing Assistance Payments Equity | | | | | |

Williamsburg Redevelopment & Housing Auth. (VA026)

Williamsburg, VA

Entity Wide Revenue and Expense Summary

Submission Type: Unaudited/Non-A-133

Fiscal Year End: 09/30/2013

| | Project Total | 1 Business Activities | Subtotal | ELIM | Total |
|--|---------------|-----------------------|-----------|------|-----------|
| 11190 Unit Months Available | 1248 | 60 | 1308 | | 1308 |
| 11210 Number of Unit Months Leased | 1238 | 30 | 1268 | | 1268 |
| 11270 Excess Cash | \$118,166 | | \$118,166 | | \$118,166 |
| 11610 Land Purchases | \$0 | | \$0 | | \$0 |
| 11620 Building Purchases | \$0 | | \$0 | | \$0 |
| 11630 Furniture & Equipment - Dwelling Purchases | \$0 | | \$0 | | \$0 |
| 11640 Furniture & Equipment - Administrative Purchases | \$0 | | \$0 | | \$0 |
| 11650 Leasehold Improvements Purchases | \$0 | | \$0 | | \$0 |
| 11660 Infrastructure Purchases | \$0 | | \$0 | | \$0 |
| 13510 CFFP Debt Service Payments | \$0 | | \$0 | | \$0 |
| 13901 Replacement Housing Factor Funds | \$0 | | \$0 | | \$0 |

WILLIAMSBURG REDEVELOPMENT AND HOUSING AUTHORITY

Combining Statement of Net Position - Proprietary Funds
At September 30, 2013

| | <u>Business Activities</u> | <u>Low Income Housing</u> | <u>Interfund Elimin- ations</u> | <u>Total</u> |
|--|--------------------------------|-----------------------------------|---|---------------------|
| <u>Assets</u> | | | | |
| Current Assets: | | | | |
| Cash and cash equivalents | \$ 22,345 | \$ 203,085 | \$ - | \$ 225,430 |
| Restricted cash and cash equivalents | 875 | 30,894 | - | 31,769 |
| Investments | 149,295 | - | - | 149,295 |
| Client receivables, net | 34,625 | 6,593 | - | 41,218 |
| Inventories, net | - | 39,858 | - | 39,858 |
| Prepaid items | - | 4,196 | - | 4,196 |
| Interprogram due from | 3,378 | - | (3,378) | - |
| Total current assets | <u>\$ 210,518</u> | <u>\$ 284,626</u> | <u>\$ (3,378)</u> | <u>\$ 491,766</u> |
| Noncurrent Assets: | | | | |
| Capital Assets: | | | | |
| Land | \$ 859,146 | \$ 727,925 | \$ - | \$ 1,587,071 |
| Buildings | 1,121,270 | 5,638,963 | - | 6,760,233 |
| Furniture, equipment and machinery - Dwellings | 53,440 | 403,413 | - | 456,853 |
| Furniture, equipment and machinery - Administrative | 121,990 | 26,489 | - | 148,479 |
| Leasehold improvements | 53,470 | 1,032,178 | - | 1,085,648 |
| Less: accumulated depreciation | (696,148) | (4,540,303) | - | (5,236,451) |
| Construction in progress | - | 47,472 | - | 47,472 |
| Capital assets, net | <u>\$ 1,513,168</u> | <u>\$ 3,336,137</u> | <u>\$ -</u> | <u>\$ 4,849,305</u> |
| Total noncurrent assets | <u>\$ 1,513,168</u> | <u>\$ 3,336,137</u> | <u>\$ -</u> | <u>\$ 4,849,305</u> |
| Total assets | <u>\$ 1,723,686</u> | <u>\$ 3,620,763</u> | <u>\$ (3,378)</u> | <u>\$ 5,341,071</u> |
| <u>Liabilities</u> | | | | |
| Current Liabilities: | | | | |
| Accounts payable | \$ 254 | \$ 18,150 | \$ - | \$ 18,404 |
| Accrued liabilities | - | 2,521 | - | 2,521 |
| Tenant security deposits | 875 | 30,894 | - | 31,769 |
| Unearned revenue | - | 17,823 | - | 17,823 |
| Interprogram due to | - | 3,378 | (3,378) | - |
| Total current liabilities | <u>\$ 1,129</u> | <u>\$ 72,766</u> | <u>\$ (3,378)</u> | <u>\$ 70,517</u> |

WILLIAMSBURG REDEVELOPMENT AND HOUSING AUTHORITY

Combining Statement of Net Position - Proprietary Funds
At September 30, 2013

| | <u>Business Activities</u> | <u>Low Income Housing</u> | <u>Interfund Elimin- ations</u> | <u>Total</u> |
|------------------------------------|--------------------------------|-----------------------------------|---|--------------|
| Noncurrent Liabilities: | | | | |
| Note payable | \$ 114,000 | \$ - | \$ - | \$ 114,000 |
| Total noncurrent liabilities | \$ 114,000 | \$ - | \$ - | \$ 114,000 |
| Total liabilities | \$ 115,129 | \$ 72,766 | \$ (3,378) | \$ 184,517 |
| Net Position: | | | | |
| Net investment in capital assets | \$ 1,399,168 | \$ 3,336,137 | \$ - | \$ 4,735,305 |
| Unrestricted | 209,389 | 211,860 | - | 421,249 |
| Total net position | \$ 1,608,557 | \$ 3,547,997 | \$ - | \$ 5,156,554 |
| Total liabilities and net position | \$ 1,723,686 | \$ 3,620,763 | \$ (3,378) | \$ 5,341,071 |

The accompanying notes to financial statements are an integral part of this statement.

WILLIAMSBURG REDEVELOPMENT AND HOUSING AUTHORITY

Combining Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds
Year Ended September 30, 2013

| | Business Activities | Low Income Housing | Total |
|---|----------------------------|----------------------------|----------------------------|
| Operating revenues: | | | |
| Tenant revenue | \$ 31,379 | \$ 498,828 | \$ 530,207 |
| Federal subsidies | - | 190,377 | 190,377 |
| Federal grant - capital funds | - | 23,710 | 23,710 |
| Other revenues | 535 | 17,707 | 18,242 |
| Total operating revenues | <u>\$ 31,914</u> | <u>\$ 730,622</u> | <u>\$ 762,536</u> |
| Operating expenses: | | | |
| Administrative | \$ 6,282 | \$ 163,260 | \$ 169,542 |
| Tenant services | - | 7,281 | 7,281 |
| Utilities | 4,033 | 145,438 | 149,471 |
| Maintenance and operations | 7,385 | 200,004 | 207,389 |
| General | 2,832 | 84,602 | 87,434 |
| Depreciation | 30,371 | 172,925 | 203,296 |
| Total operating expenses | <u>\$ 50,903</u> | <u>\$ 773,510</u> | <u>\$ 824,413</u> |
| Operating income (loss) | <u>\$ (18,989)</u> | <u>\$ (42,888)</u> | <u>\$ (61,877)</u> |
| Non-operating revenues (expenses): | | | |
| Interest and investment income | \$ 340 | \$ 68 | \$ 408 |
| Income (loss) before capital grants and transfers | <u>\$ (18,649)</u> | <u>\$ (42,820)</u> | <u>\$ (61,469)</u> |
| Other financing sources (uses) | | | |
| Capital contributions - capital grant | \$ - | \$ 13,692 | \$ 13,692 |
| Transfers in | 620 | - | 620 |
| Transfers out | - | (620) | (620) |
| Total other financing sources (uses) | <u>\$ 620</u> | <u>\$ 13,072</u> | <u>\$ 13,692</u> |
| Change in net position | <u>\$ (18,029)</u> | <u>\$ (29,748)</u> | <u>\$ (47,777)</u> |
| Net position at beginning of year | <u>1,626,586</u> | <u>3,577,745</u> | <u>5,204,331</u> |
| Net position at end of year | <u><u>\$ 1,608,557</u></u> | <u><u>\$ 3,547,997</u></u> | <u><u>\$ 5,156,554</u></u> |

The accompanying notes to financial statements are an integral part of this statement.

WILLIAMSBURG REDEVELOPMENT AND HOUSING AUTHORITY

Combining Statement of Cash Flows
Year Ended September 30, 2013

| | <u>Business Activities</u> | <u>Low Income Housing</u> | <u>Total</u> |
|---|--------------------------------|-------------------------------|-------------------|
| Cash flows from operating activities: | | | |
| Cash received from tenants | \$ 25,455 | \$ 533,880 | \$ 559,335 |
| Cash received from federal grants | - | 214,087 | 214,087 |
| Cash paid for goods and services | (19,509) | (457,522) | (477,031) |
| Cash paid for employees and administrative | (9,548) | (172,986) | (182,534) |
| | <u> </u> | <u> </u> | <u> </u> |
| Net cash provided by (used for) operating activities | \$ (3,602) | \$ 117,459 | \$ 113,857 |
| | | | |
| Cash flows from non-capital and financing activities: | | | |
| (Increase) decrease in interfund due to/from | \$ 9,738 | \$ (9,738) | \$ - |
| Transfers between funds | 620 | (620) | - |
| | <u> </u> | <u> </u> | <u> </u> |
| Net cash provided by (used for) non-capital and related financing activities | \$ 10,358 | \$ (10,358) | \$ - |
| | | | |
| Cash flows from capital and related financing activities: | | | |
| Capital grants received | \$ - | \$ 13,692 | \$ 13,692 |
| Purchases, sales and construction of capital assets | (115,000) | (13,692) | (128,692) |
| Proceeds from issuance of note payable | 114,000 | - | 114,000 |
| | <u> </u> | <u> </u> | <u> </u> |
| Net cash provided by (used for) capital and related financing activities | \$ (1,000) | \$ - | \$ (1,000) |
| | | | |
| Cash flows from investing activities: | | | |
| Interest and investment income | \$ 250 | \$ 68 | \$ 318 |
| Purchase/sale of investments | (50,000) | - | (50,000) |
| | <u> </u> | <u> </u> | <u> </u> |
| Net cash provided by (used for) investing activities | \$ (49,750) | \$ 68 | \$ (49,682) |
| | | | |
| Net increase (decrease) in cash and cash equivalents | \$ (43,994) | \$ 107,169 | \$ 63,175 |
| | | | |
| Cash and cash equivalents, beginning of year, including restricted | <u>67,214</u> | <u>126,810</u> | <u>194,024</u> |
| | | | |
| Cash and cash equivalents, end of year, including restricted | <u>\$ 23,220</u> | <u>\$ 233,979</u> | <u>\$ 257,199</u> |

WILLIAMSBURG REDEVELOPMENT AND HOUSING AUTHORITY

Combining Statement of Cash Flows
Year Ended September 30, 2013

| | <u>Business Activities</u> | <u>Low Income Housing</u> | <u>Total</u> |
|--|--------------------------------|-------------------------------|-------------------|
| Reconciliation of operating income (loss) to net cash provided by (used for) operating activities: | | | |
| Operating income (loss) | \$ (18,989) | \$ (42,888) | \$ (61,877) |
| Adjustments to reconcile operating income (loss) to cash provided by (used for) operations: | | | |
| Depreciation | 30,371 | 172,925 | 203,296 |
| Changes in assets and liabilities: | | | |
| (Increase) decrease in accounts receivable | (2,104) | (1,914) | (4,018) |
| (Increase) decrease in inventory | - | (16,894) | (16,894) |
| (Increase) decrease in prepaid items | - | 2,460 | 2,460 |
| Increase (decrease) in accounts payable | (894) | 2,999 | 2,105 |
| Increase (decrease) in accrued expenses | (4,365) | (7,441) | (11,806) |
| Increase (decrease) in unearned revenue | - | 17,823 | 17,823 |
| Increase (decrease) in tenant security deposits | (4,355) | 1,436 | (2,919) |
| Increase (decrease) in other liabilities | (3,266) | (11,047) | (14,313) |
| Net Cash provided by (used for) operating activities | \$ <u>(3,602)</u> | \$ <u>117,459</u> | \$ <u>113,857</u> |

The accompanying notes to financial statements are an integral part of this statement.

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

INDEPENDENT AUDITORS' 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
WILLIAMSBURG REDEVELOPMENT AND HOUSING AUTHORITY
WILLIAMSBURG, VIRGINIA

We have audited, in accordance with the 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 *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the business-type activities of Williamsburg Redevelopment and Housing Authority as of and for the year ended September 30, 2013 and the related notes to the financial statements, which collectively comprise the Williamsburg Redevelopment and Housing Authority's basic financial statements and have issued our report thereon dated February 17, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Williamsburg 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Williamsburg Redevelopment and Housing Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Williamsburg 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 or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the 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 Williamsburg Redevelopment and Housing Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Robinson, Farmer, Cox Associates

Richmond, Virginia
February 17, 2014