

**PETERSBURG REDEVELOPMENT
AND HOUSING AUTHORITY**

**AUDITED
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED
DECEMBER 31, 2023**

PETERSBURG REDEVELOPMENT AND HOUSING AUTHORITY

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FOR THE YEAR ENDED DECEMBER 31, 2023

PETERSBURG REDEVELOPMENT AND HOUSING AUTHORITY

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Dooley & Vicars

Certified Public Accountants, L.L.P.

Daniel J. Dooley, C.P.A.

Michael H. Vicars, C.P.A.

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INDEPENDENT AUDITORS' REPORT

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

Opinions

We have audited the accompanying financial statements of the business-type activities which comprise the major fund of the Petersburg Redevelopment and Housing Authority as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Petersburg Redevelopment and Housing Authority's basic financial statements as listed in the table of contents.

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 Petersburg Redevelopment and Housing Authority, as of December 31, 2023, and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Petersburg Redevelopment and Housing Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Petersburg Redevelopment and Housing Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

INDEPENDENT AUDITORS' REPORT**(CONTINUED)**

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Petersburg Redevelopment and Housing Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Petersburg Redevelopment and Housing Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matters*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 12 and the required supplementary information related to pensions and OPEB on pages 83 through 93 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.

**INDEPENDENT AUDITORS' REPORT
(CONTINUED)**

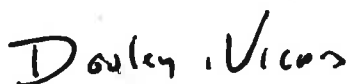
Other Information

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

The accompanying Schedule of Expenditures of Federal Awards, Financial Data Schedule, and other supplementary information 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 the U.S. Department of Housing and Urban Development, are presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2024, on our consideration of the Petersburg Redevelopment and Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Petersburg Redevelopment and Housing Authority's internal control over financial reporting and compliance.



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

Richmond, Virginia
September 30, 2024

**PETERSBURG REDEVELOPMENT & HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FOR THE YEAR ENDED DECEMBER 31, 2022**

The Petersburg Redevelopment & Housing Authority's ("the Authority") Management's Discussion and Analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Authority's financial activity, (c) identify changes in the Authority's financial position (its ability to address the next and subsequent year challenges), and (d) identify individual program issues or concerns.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the Authority's financial statements.

FINANCIAL HIGHLIGHTS

- The Authority's net position increased by \$2.2 million during 2023, from \$31.7 million in 2022 to \$33.9 million in 2023.
- Revenues increased by \$4.9 million during 2023, from \$12.2 million in 2022 to \$17.1 million in 2023.
- The total expenses of all Authority programs increased \$3.5 million during 2023. Total expenses were \$13.9 million and \$10.5 million for 2023 and 2022, respectively.

USING THIS ANNUAL REPORT

The Report includes three major sections, the "Management's Discussion and Analysis (MD&A)," "Basic Financial Statements," and "Other Required Supplementary Information":

MD&A

~ Management's Discussion
and Analysis ~

Basic Financial Statements

~ Authority-wide Financial Statements ~
~ Notes to Financial Statements ~

Other Required Supplementary Information

~ Required Supplementary Information ~
(Other than the MD&A)

Authority-Wide Financial Statements

The Authority-wide financial statements are designed to be corporate-like in that all business-type activities are consolidated into columns which add to a total for the entire Authority.

Statement of Net Position

These Statements include a Statement of Net Position, which is similar to a Balance Sheet. The Statement of Net Position reports all financial and capital resources for the Authority. The statement is presented in the format where assets, minus liabilities, equals "Net Position," formerly known as equity or net assets. Assets and liabilities are presented in order of liquidity and are classified as "Current" (convertible into cash within one year), and "Non-current."

The focus of the Statement of Net Position (the "Unrestricted Net Position") is designed to represent the net available liquid (non-capital) assets, net of liabilities, for the entire Authority. Net Position (formerly equity or net assets) are reported in three broad categories:

Investment in Capital Assets, Net of Related Debt: This component of Net Position 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 of Net Position consists of restricted assets, when constraints are placed on the asset by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc.

Unrestricted Net Position: This component of Net Position consists of assets that do not meet the definition of Investment in Capital Assets, Net of Related Debt" or "Restricted Net Position."

Statement of Revenues, Expenses, and Changes in Net Position

The Authority-wide financial statements also include a Statement of Revenues, Expenses and Changes in Net Position (similar to an Income Statement). 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 and interest expense.

The focus of the Statement of Revenues, Expenses and Changes in Net Position is the "Change in Net Position," which is similar to Net Income or Loss.

Statement of Cash Flows

Finally, a Statement of Cash Flows is included, which discloses net cash provided by, or used for operating activities, non-capital financing activities, from capital and related financing activities and from investing activities.

The Authority's Main Programs

Significant Programs -The focus of the Authority's Financial Statements should be on the significant programs of the Authority. The following are considered significant programs of the Authority.

Conventional Public Housing – Under the Conventional Public Housing Program, the Authority rents units that it owns to low-income households. The Conventional Public Housing Program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides Operating Subsidy and Capital Grant funding to enable the PHA to provide the housing at a rent that is based upon 30% of household income. The Conventional Public Housing Program also includes the Capital Fund Program, which is the primary funding source for physical and management improvements to the Authority's properties.

Housing Choice Voucher Program – Under the Housing Choice Voucher Program, the Authority administers contracts with independent landlords that own the property. The Authority subsidizes the family's rent through a Housing Assistance Payment made to the landlord. The program is administered under an Annual Contributions Contract (ACC) with HUD. HUD provides Annual Contributions Funding to enable the Authority to structure a lease that sets the participants' rent at 30% of household income.

Component Unit – The Authority has three low-income housing tax credit limited partnerships that are classified and reported as component units.

Other Non-Significant Programs – In addition to the significant programs above, the Authority also maintains non-significant programs:

- HOME Investment Partnership
- Business Activities
- State Rental Assistance Program (SRAP)
- Emergency Housing Vouchers (EHV)

AUTHORITY-WIDE FINANCIAL STATEMENTS

Statement of Net Position

The following table reflects the condensed Statement of Net Position compared to the prior year. The Authority is engaged only in Business-Type Activities.

TABLE 1
STATEMENT OF NET POSITION

	<u>2023</u>	<u>2022</u>	<u>Variance</u>
Assets:			
Current & Restricted Assets	\$ 9,380,687	\$ 9,455,371	\$ (74,684)
Fixed Assets	49,790,658	46,293,573	3,497,085
Non-current Assets	<u>3,174,178</u>	<u>3,613,121</u>	<u>(438,943)</u>
Total Assets	\$ 62,345,523	\$ 59,362,065	\$ 2,983,458
Deferred Outflow of Resources	<u>78,049</u>	<u>98,115</u>	<u>(20,066)</u>
Total Assets and Deferred Outflow of Resources	\$ 62,423,572	\$ 59,460,180	\$ 2,963,392
Liabilities:			
Current Liabilities	\$ 19,060,401	\$ 23,366,879	\$ (4,306,478)
Non-Current Liabilities	<u>9,211,832</u>	<u>4,105,549</u>	<u>5,106,283</u>
Total Liabilities	\$ 28,272,233	\$ 27,472,428	\$ 799,805
Deferred Inflow of Resources	<u>230,850</u>	<u>274,273</u>	<u>(43,423)</u>
Total Liabilities and Deferred Inflow of Resources	\$ 28,503,083	\$ 27,746,701	\$ 756,382
Net Position:			
Investment in Capital Assets	\$ 12,965,086	\$ 12,370,754	\$ 594,332
Restricted Net Position	751,453	2,322,273	(1,570,820)
Unrestricted Net Position	<u>20,203,950</u>	<u>17,020,452</u>	<u>3,183,498</u>
Total Net Position	\$ 33,920,489	\$ 31,713,479	\$ 2,207,010

Major Factors Affecting the Statement of Net Position

The overall net position of the Authority grew by \$2.2 million in 2023 from \$31.7 million to \$33.9 million. The increase is primarily due to capital contributions from investors and other funding sources which flowed into the component unit and business activities during the year to further the development of two low-income housing tax credit (LIHTC) properties. Pecan Acres Estates, L.P., a 50-unit property, completed lease up in 2022 and converted to permanent financing in 2023. Pin Oaks Estates, L.P., a 98-unit property, completed lease up in 2023 and converted to permanent financing in 2024.

Table 2 presents details on the change in Unrestricted Net Position

TABLE 2
CHANGES IN UNRESTRICTED NET POSITION

Unrestricted Net Position, December 31, 2022	\$17,020,452
Results of Operations	4,741,677
Capital Expenditures from Operations	(2,331,448)
Prior Period Adjustment	(963,847)
Depreciation Expense	<u>1,737,116</u>
Unrestricted Net Position, December 31, 2023	<u>\$20,203,950</u>

While the results of operations are a significant measure of the Authority's activities, the analysis of the changes in Unrestricted Net Position provides a clearer summary of changes in financial well-being. The prior period adjustment represents the expensing of capitalized construction interest and loan cost in the Component Unit.

TABLE 3
STATEMENT OF REVENUES AND EXPENSES

The following schedule compares the revenues and expenses for the current and previous fiscal year. The Authority is engaged only in Business-Type Activities.

	2023	2022	Variance
Revenue:			
Tenant Rental Revenue	\$ 1,125,405	\$ 881,892	\$243,513
Operating Grants and Capital Subsidy	9,110,746	8,173,086	937,660
Gain (Loss) Disposition of Assets	-	7,611	(7,611)
Investment Income	67,688	11,597	56,091
Other Revenue	6,798,638	3,175,238	3,623,400
Total Revenue	17,102,477	12,249,424	4,853,053
Expenses:			
Administrative Expenses	\$1,620,428	\$1,497,864	\$122,564
Tenant Services	23,534	12,864	10,670
Utilities	614,299	619,512	(5,213)
Maintenance & Operations	1,152,228	833,935	318,293
Protective Services	49,383	26,090	23,293
Insurance Premiums	227,493	184,441	43,052
Interest and General Expenses	1,181,035	641,061	539,974
HAP Payments	7,326,104	5,665,518	1,660,586
Depreciation	1,737,116	982,586	754,530
Total Expenses	13,931,620	10,463,871	3,467,749
Excess (Deficiency) Revenue Over Expense	\$3,170,857	\$1,785,553	\$1,385,304

MAJOR FACTORS AFFECTING THE STATEMENT OF REVENUE AND EXPENSES

Revenues increased by \$4.9 million, from \$12.2 million in 2022 to \$17.1 million in 2023. Other revenue increased significantly in 2023 due to funding and capital contributions related to the redevelopment of two properties owned by LIHTC limited partnerships, Pecan Acres Estates, L.P. and Pin Oaks Estates, L.P. The Housing Choice Voucher (HCV) program experienced significant revenue growth in 2023 due to the lease up of Project Based Vouchers (PBV) administered on the newly completed LIHTC properties. Expenses increased by \$3.5 million from \$10.5 million in 2022 to \$13.9 million as an additional ninety-eight (98) LIHTC units leased up in 2023. In addition to the PBV lease up, the HCV program pulled from its waitlist heavily in 2023 to lease up its tenant-based vouchers. The HCV Program experienced record high per unit costs in 2023 due to rising rent levels in the market. These factors increased HAP expenses by \$1.7 million.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of year end, the Authority had \$49.8 million invested in a variety of capital assets as reflected in the following schedule, which represents a net increase (additions, deductions, and depreciation) of \$3.5 million or 8% from the end of last year.

TABLE 4
CAPITAL ASSETS AT YEAR-END
(NET OF DEPRECIATION)

	2023	2022	Variance	% Change
Land	\$300,339	\$300,339	-	0%
Buildings	56,961,295	34,712,476	22,248,819	64%
Furniture & Equipment	2,913,733	2,172,334	741,399	34%
Construction in Process	3,134,765	20,984,327	(17,849,562)	-85%
Accumulated Depreciation	(13,519,474)	(11,875,903)	(1,643,571)	14%
Net Capital Assets	<u>\$49,790,658</u>	<u>\$46,293,573</u>	<u>\$3,497,085</u>	<u>8%</u>

TABLE 5
CHANGE IN CAPITAL ASSETS

The following reconciliation summarizes the change in Capital Assets.

	Business Type Activities
Beginning Balance, December 31, 2022	\$ 46,293,573
Additions	
Capital Improvements	5,234,201
Other Additions	-
Disposals	
Capital Assets, Net of Depreciation	-
Depreciation Expense	(1,737,116)
Ending Balance, December 31, 2023	<u>\$ 49,790,658</u>

The Authority has outstanding debt totaling \$26.5 million at December 31, 2023, which represents construction loans owed by its component unit, Pin Oaks Estates, L.P and mortgage debt owed by its component units, Sycamore Towers Apartments, L.P and Pecan Acres Estates, L.P.

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

- Federal funding provided by Congress to the US Department of Housing and Urban Development.
- Local labor supply and demand, which can affect salary and wage rates.
- Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore the amount of rental income.
- Inflationary pressure on supplies and other costs.

FINANCIAL CONTACT

This financial report is designed to provide our residents, the citizens of the Petersburg area, all federal and state regulatory bodies, and any creditors with a general overview of the Authority's finances. If you have any questions regarding these financial statements or supplemental information, you may contact Nathaniel Pride, Executive Director, Petersburg Redevelopment & Housing Authority, 128 South Sycamore Street, Petersburg, VA, 23803.

Petersburg Redevelopment and Housing Authority

Statement of Net Position December 31, 2023

ASSETS	Enterprise Fund
Current Assets	
Cash and Cash Equivalents	\$ 3,145,888
Restricted Cash and Cash Equivalents	1,994,210
Investments	3,522,000
Receivables - Net of Allowance	574,964
Inventories - Net of Allowance	16,488
Assets Held for Sale	35,733
Prepaid Expenses and Other Assets	91,404
Total Current Assets	9,380,687
Noncurrent Assets	
Capital assets:	
Land	300,339
Buildings	56,961,295
Furniture, Equipment & Machinery - Dwellings	1,988,158
Furniture, Equipment & Machinery - Admin	925,575
Less: Accumulated Depreciation	(13,519,474)
Construction in Progress	3,134,765
Capital assets, net	49,790,658
Other Assets	3,174,178
Total Noncurrent Assets	52,964,836
Total Assets	\$ 62,345,523
Deferred Outflow of Resources	
Deferred Outflow of Resources	78,049
Total Assets and Deferred Outflow of Resources	\$ 62,423,572

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

Petersburg Redevelopment and Housing Authority

Statement of Net Position December 31, 2023

LIABILITIES	Enterprise Fund
Current Liabilities	
Bank Overdraft	\$ 7,983
Accounts Payable	604,443
Accrued Liabilities	145,308
Current portion of long-term debt	17,998,153
Intergovernmental	52,075
Tenant Security Deposits	69,691
Unearned Revenue	52,353
Other Liabilities	130,395
Total Current Liabilities	19,060,401
Noncurrent liabilities	
Long Term Debt	8,464,619
Accrued Absences - Long-Term	86,423
Other Liabilities	660,790
Total Noncurrent Liabilities	9,211,832
Total Liabilities	28,272,233
Deferred Inflow of Resources	
Deferred Inflow of Resources	230,850
NET POSITION	
Investment in Capital Assets - Net of Related Debt	12,965,086
Restricted Net Position	751,453
Unrestricted Net Position	20,203,950
Total Net Position	33,920,489
Total Liabilities, Deferred Inflow of Resources, and Net Position	\$ 62,423,572

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

Petersburg Redevelopment and Housing Authority

Statement of Revenues, Expenses, and Changes in Net Position For the year ended December 31, 2023

	Enterprise Fund
Operating Revenues	
Tenant Revenue	\$ 1,125,405
Government Grants/Subsidies	8,661,237
Other Government Grants	1,960,799
Other Revenue	4,832,561
Total operating revenues	<u>16,580,002</u>
Operating Expenses	
Administrative	1,620,428
Tenant Services	23,534
Utilities	614,299
Maintenance	1,152,228
Protective Services	49,383
Insurance Premiums	227,493
General	400,412
Housing Assistance Payment	7,326,104
Depreciation	1,737,116
Total operating expenses	<u>13,150,997</u>
Operating income (loss)	<u>3,429,005</u>
Non-Operating Revenues (Expenses)	
Interest Expense	(780,623)
Interest and Investment Revenue	72,966
Total Nonoperating Revenues (Expenses)	<u>(707,657)</u>
Income (Loss) Before Contributions and Transfers	<u>2,721,348</u>
Capital Grants	449,509
Change in Net Position	<u>3,170,857</u>
Total Beginning Net Position	31,713,479
Transfers, Prior Period Adjustments	<u>(963,847)</u>
Total Ending Net Position	<u><u>\$ 33,920,489</u></u>

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

Petersburg Redevelopment and Housing Authority

Statement of Cash Flows For the year ended December 31, 2023

	Enterprise Fund
Cash flows from operating activities:	
Cash received from tenants	\$ 917,424
Cash received from operating grants	10,555,807
Cash received from other sources	5,810,424
Cash paid for goods and services	(1,487,962)
Cash paid for employees and administrative	(4,034,257)
Housing assistance payments	(7,326,104)
Cash paid for other	4,421,006
Net cash provided (used) by operating activities	<u>8,856,338</u>
Cash flows from capital and related financing activities:	
Capital grants received	449,509
Purchases, sales and construction of capital assets	(5,155,327)
Proceeds from capital debt	(2,213,678)
Interest paid on capital debt	(1,065,720)
Net cash provided (used) for capital and related financing activities	<u>(7,985,216)</u>
Cash flows from investing activities:	
Interest and dividends	72,966
Net Purchase/Sale of investments	(2,093,000)
Net cash provided (used) by investing activities	<u>(2,020,034)</u>
Net increase (decrease) in cash and cash equivalents	(2,112,759)
Cash and cash equivalents at beginning of year	<u>7,252,857</u>
Cash and cash equivalents at end of year	<u>\$ 5,140,098</u>
Unrestricted cash	\$ 3,145,888
Restricted cash	<u>1,994,210</u>
Total Cash	<u>\$ 5,140,098</u>

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

Petersburg Redevelopment and Housing Authority
Statement of Cash Flows - All funds
For the year ended December 31, 2023

	Enterprise Fund
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ 3,714,102
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	1,737,116
Changes in assets and liabilities:	
(Increase) Decrease in Receivables - Net	(317,378)
(Increase) Decrease in Inventory	(10,551)
(Increase) Decrease in Prepaid Expenses	372,494
(Increase) Decrease in Interprogram Due From	(93,544)
(Increase) Decrease in Deferred Outflow of Resources	20,066
Increase (Decrease) in Deferred Inflow of Resources	(43,408)
Increase (Decrease) in Accounts Payable	(1,469,506)
Increase (Decrease) in Accrued Expenses	41,045
Increase (Decrease) in Other Liabilities	4,786,668
Increase (Decrease) in Intergovernmental Payables	22,544
Increase (Decrease) in Interprogram Due To	93,544
Increase (Decrease) in Noncurrent Liabilities	3,146
Net cash provided (used) by operating activities	\$ 8,856,338

PETERSBURG REDEVELOPMENT AND HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 1: ORGANIZATION AND REPORTING ENTITY

- A. Reporting Entity – The Petersburg Redevelopment and Housing Authority (PRHA) is a non-profit organization with a Board of Commissioners. PRHA was organized under the laws of the Commonwealth of Virginia to provide low rent housing for qualified individuals in accordance with the rules and regulations prescribed by the Department of HUD and other Federal Agencies. PRHA is responsible for operating a low-rent housing program which provides housing for eligible families, for operating redevelopment and conservation programs and for the delivery of services to citizens of low-rent housing and urban renewal areas through the encouragement and development of social and economic opportunities.

In determining how to define the reporting entity, management has considered all potential component units. The decision to include a component unit in the reporting entity was made by applying the criteria set forth in *Section 2100 and 2500 of the Codification of Governmental Accounting and Financial Reporting Standards and Statement No. 61, of the Governmental Accounting Standards Board: The Financial Reporting Entity*. These criteria include manifestation of oversight responsibility including financial accountability, appointment of a voting majority, imposition of will, financial benefit to or burden on a primary organization, financial accountability as a result of fiscal dependency, potential for dual inclusion, and organizations included in the reporting entity although the primary organization is not financially accountable. Based upon the application of these criteria, the reporting entity includes the following blended component unit:

Petersburg Housing Corporation (PHC) is a Virginia not for profit Corporation under Section 115 of the Internal Revenue Code of 1986, and is exempt from Federal income tax. PHC is organized and operated exclusively as a subsidiary of PRHA to develop, sell, finance, purchase, manage, maintain, construct, rehabilitate or rent housing exclusively for low and moderate-income persons within the City of Petersburg, Virginia. The Authority approves all nominees for the Board of Directors of PHC. Financial statements for PHC are reflected in supplementary schedules, pages 59 to 62.

Pin Oaks Estates, L.P. (POLP) and Pecan Acres Estates, L.P. (PALP) were formed to redevelop, operate and maintain the Authority's obsolete public housing projects in accordance with Section 18(f) of the U.S. Housing Act of 1937. PRHA has significant influence over the partnerships and the financial activities of the entities are included in PRHA's basic financial statements.

Sycamore Towers, L.P. (STALP) was formed to acquire, develop, rehabilitate, own, maintain and operate a 100-unit elderly apartment complex for rental to individuals and families of low-income consisting of one residential building, to be known as Sycamore Towers Apartments. PRHA has significant influence over the partnership and the financial activities of the entity are included in PRHA's basic financial statements.

- B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation – The financial statements of the Housing Authority have been prepared in conformity with generally accepted accounting principals (GAAP) as applied to government units. The Authority is a Special Purpose Government entity engaged only in business-type activities and therefore, presents only the financial statements required for the enterprise fund, in accordance with GASB 34. The Authority has multiple programs which are accounted for in one enterprise fund, which is presented as the "enterprise fund" in the basic financial statements as follows:

PETERSBURG REDEVELOPMENT AND HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 1: ORGANIZATION AND REPORTING ENTITY – (Cont.)

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation – (Cont.)

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 at the time liabilities are incurred. This requires PRHA 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. Enterprise funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally 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 this definition are reported as non-operating revenues and expenses.

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

- C. 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.
- D. Cash and Cash Equivalents – Highly liquid investments with initial maturities of three months or less from date of purchase are considered cash equivalents.
- E. Investments – Investments are carried 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.
- F. Land, Structures and Equipment – Land, structures and equipment are capitalized at cost with depreciation calculated on the straight-line basis over the following estimated useful lives:

Real Property	30 years
Real Property Improvements	15 years
Office Furniture and Equipment	3-10 years

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

- G. Inventory – Inventories are recorded at cost; cost being determined on the first-in first-out basis. The perpetual system is used to account for inventories. Under this method, inventory records are maintained and updated based on individual transactions. An annual physical count is made to reconcile the perpetual records to actual.
- H. Annual Contributions and Operating Subsidies – In accordance with the annual contributions contracts, PRHA receives operating subsidies from HUD. Such amounts are included as grant revenues from the federal government in the financial statements.
- I. Prepaid Items – Prepaid Items consist of payments made to vendors for services that will benefit future periods.

PETERSBURG REDEVELOPMENT AND HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 1: ORGANIZATION AND REPORTING ENTITY – (Cont.)

- J. Assets Held for Resale – Assets held for resale are carried on the statement of net assets at the lower of cost or resale market value.
- K. Compensated Absences – Accumulated unpaid vacation, sick pay, and other employee benefit amounts are accrued when incurred in the applicable fund. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits.
- L. Costs Allocation Plan – In accordance with OMB Uniform Guidance, the Authority utilizes a Cost Allocation Plan. The Authority allocates indirect costs to programs on the basis of one of the following methods: direct salaries and wages, number of vouchers and/or units, estimated/actual time spent, number of checks processed or the allotment stipulated in contractual agreements.
- M. Restricted Net Position – Restricted Net Position balances are designated by the Low Rent Fund, Section 8 Fund, Other Federal Grants Fund, Business Activities and State/Local Fund for future expenses, or must be returned to the grantor, and generally may not be used in any manner by PRHA except as specified under their respective contracts. The Restricted Net Position balance of the Business Activities Fund and of the Component Units is designated to provide for financial resource utilization in future periods.
- N. Pension Plans – PRHA participates in a defined benefit pension plan administered by the Virginia Retirement System (VRS). For purposes of measuring net pension liability, deferred inflows/outflows of resources related to pensions, and pension expense, information about the fiduciary net position of PRHA's retirement plan and the additions to/deductions from the plan's net fiduciary position have been determined on the same basis as they were reported by the VRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.
- O. Other Postemployment Benefits (OPEB) – PRHA participates in a multiple-employer, agent defined benefit plan and two multiple-employer cost-sharing benefit plans administered by the Virginia Retirement System (VRS). For purposes of measuring PRHA's net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position; and the additions to/deductions from the VRS plans' net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.
- P. Income Taxes – As a political subdivision of the State of Virginia, PRHA is exempt from Federal and State income taxes. The Component Unit is a non-profit, tax-exempt entity and as such any tax liabilities or benefits flow through to the Authority. The Corporation has no material uncertain tax positions requiring disclosure. Fiscal years ending on or after December 31, 2020, remain subject to examination by federal and state tax authorities.
- Q. Deferred Outflows/Inflows of Resources – In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, Deferred Outflows of Resource, represents a consumption of net position that applies to a future period and so will not be recognized as an expense of expenditure until then.

PETERSBURG REDEVELOPMENT AND HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 1: ORGANIZATION AND REPORTING ENTITY – (Cont.)

- Q. Deferred Outflows/Inflows of Resources - (Cont.) - The Authority has five items that meet the criterion for this category, deferrals of pension and OPEB expense that result from differences in expected and actual experience, differences in projected and actual earnings on plan investments, changes in assumptions, changes in proportionate shares and employer contributions subsequent to the measurement date. 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 and so will not be recognized as revenue until then. The Authority has four items that meet the criterion for this category, deferrals of earnings on pension and OPEB plan investments that result from; differences in actual experience, changes in assumptions, net differences in projected and actual investment earnings and changes in the proportional share.
- R. Leases - The Authority implemented Governmental Accounting Standards Board Statement No. 87, Leases, in fiscal year 2023. The Authority has one copier lease that requires recognition under GASBS No. 87. The lease interest expense is included on the Statement of Revenues, Expenses and Changes in Net Position related to the Authority's right of use asset. The Authority now recognizes, on the Statement of Net Position, a lease liability and a right-of-use asset for the copier.
- S. Subscription-Based Information Technology Arrangements (SBITA) - The Authority implemented Governmental Accounting Standards Board Statement No. 96, Subscription-Based Information Technology Arrangements, in fiscal year 2023. The Authority has two software arrangements that require recognition under GASBS No. 96. The software amortization expense is included on the Statement of Revenues, Expenses and Changes in Net Position related to the Authority's intangible asset of two software systems. The Authority now recognizes a subscription-based information technology arrangements (SBITA) liability and an intangible right-to-use asset for the accounting software.

NOTE 2: DEPOSITS & INVESTMENTS

Deposits – At year end, the carrying amount of deposits with banks and savings institutions was \$5,140,098. Deposits are covered by Federal depository insurance or collateralized in accordance with the Virginia Security for Public Deposits Act (the Act) and HUD requirements. Under the Act, banks holding public deposits in excess of the amounts insured by federal depository insurance must pledge collateral in the amount of 50% of excess deposits to a collateral pool in the name of the State Treasury Board. Savings and loan institutions are required to collateralize 100% of deposits in excess of federal depository insurance limits under the Act, while HUD requires collateralization of 100% of deposits in excess of federal depository insurance from all banks, savings and loan, and investment institutions for all cash deposits and for investment vehicles not directly held. The State Treasury Board requires PRHA to obtain additional collateral from participating financial institutions to cover collateral shortfalls in the event of default and is responsible for monitoring compliance with the collateralization and reporting requirements of the Act and for notifying local governments of noncompliance by banks and savings and loan institutions. PRHA follows HUD's guidelines for investments policy.

Investments – As of December 31, 2023, the Authority has \$3,522,000 in investments.

Interest Rate Risk – The Authority does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

PETERSBURG REDEVELOPMENT AND HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 2: DEPOSITS & INVESTMENTS – (Cont.)

Concentration of Credit Risk – The Authority places no limit on the amount the Authority may invest in any one issuer. All of the Authority's investments are in certificates of deposit.

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority does not have a deposit policy for custodial credit risk. As of December 31, 2023, the Authority does not consider custodial credit risk.

Restricted Cash – Restricted cash is made up of FSS escrows, proceeds from sales of public housing units, tenant security deposits, HAP funds, and unspent insurance proceeds. They are restricted by HUD for the purposes stated above.

NOTE 3: RECEIVABLES

Receivables as of December 31, 2023, and allowances for uncollectible accounts, are as follows:

	Low-Rent Public Housing	Housing Choice Voucher	Component Unit - Blended	HOME Investment Partnerships	Business Activities	COCC	Total
Tenants	\$ 91,618	\$ -	\$ 75,519	\$ -	\$ -	\$ -	\$ 167,137
Intergovernmental	178,035	-	-	22,800	-	37,213	238,048
Fraud Recovery	-	65,628	-	-	-	-	65,628
Miscellaneous	17,000	118,500	68,374	-	4,747	91,493	300,114
Gross Receivables	286,653	184,128	143,893	22,800	4,747	128,706	770,927
Less: Allowance for Uncollectables	(85,012)	(65,628)	(41,911)	-	(3,412)	-	(195,963)
Net Total Receivables	<u>\$ 201,641</u>	<u>\$ 118,500</u>	<u>\$ 101,982</u>	<u>\$ 22,800</u>	<u>\$ 1,335</u>	<u>\$ 128,706</u>	<u>\$ 574,964</u>

NOTE 4: PREPAID EXPENSES AND OTHER ASSETS

At December 31, 2023, prepaid expenses include the following premiums covering future periods:

Commercial Property	\$ 55,361
Auto	10,719
Flood	8,511
Commercial Liability and Other Assets	9,658
Worker's Compensation	7,155
Total Prepaid Insurance	<u>\$ 91,404</u>

PETERSBURG REDEVELOPMENT AND HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 5: PROPERTY AND EQUIPMENT

Land, structures and equipment consist of the following at December 31, 2023:

	Low-Rent Public Housing	Housing Choice Voucher	Component Unit	COCC	Total
Land	\$ 169,150	\$ -	\$ 119,189	\$ 12,000	\$ 300,339
Buildings and Improvements	13,027,047	-	43,536,107	398,141	56,961,295
Furniture, Fixtures, and Equipment	1,370,640	111,137	1,219,295	212,661	2,913,733
Construction in Progress	2,892,208	-	-	242,557	3,134,765
Less: Accumulated Depreciation	(10,286,968)	(72,516)	(2,652,375)	(507,615)	(13,519,474)
Total	<u>\$ 7,172,077</u>	<u>\$ 38,621</u>	<u>\$ 42,222,216</u>	<u>\$ 357,744</u>	<u>\$ 49,790,658</u>

The following is a summary of changes in property and equipment and related accumulated depreciation for the year ended December 31, 2023:

	Prior Year Balance	Additions	Transfers & Deletion	Year End Balance
Land	\$ 300,339	\$ -	\$ -	\$ 300,339
Buildings and Improvements	34,712,476	4,399,257	17,849,562	56,961,295
Furniture, Fixtures, and Equipment	2,172,334	834,944	(93,545)	2,913,733
Construction in Progress	20,984,327	-	(17,849,562)	3,134,765
Total Property and Equipment	58,169,476	5,234,201	(93,545)	63,310,132
Less: Accumulated Depreciation	(11,875,903)	(1,737,116)	93,545	(13,519,474)
Net Book Value	<u>\$ 46,293,573</u>	<u>\$ 3,497,085</u>	<u>\$ -</u>	<u>\$49,790,658</u>

PETERSBURG REDEVELOPMENT AND HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 6: NOTES RECEIVABLE

Notes Receivable at December 31, 2023, consisted of the following:

Pin Oaks Estates, L.P.	\$ 4,930,559
Pecan Acres Estates, L.P.	4,867,274
Sycamore Towers Apartments, L.P.	2,221,967
Total Notes Receivable - Non - Current	<u>\$ 12,019,800</u>

Pin Oaks Estates, L.P. – PRHA is due 4 sponsor loans secured by deeds of trust, from Pin Oaks Estates, L.P. in the amounts of \$1,000,000, \$712,000, \$500,000 and \$1,960,000. The loans carry interest rates of 0%, 0%, 2.95% and 6.5%, respectively, per annum, and are due 40 years from closing. Accrued interest on the notes totaled \$308,559. These loans are eliminated in the financial statements. PRHA is also due a developer fee from Pin Oaks Estates L.P. in the amount of \$450,000. The fee is payable from available net cash flow and any amount due and not paid shall be deferred with interest until net cash flow is available. At December 31, 2023, the balance of earned and unpaid developer fees is \$450,000. The aggregate balance of the loans and developer fee are eliminated in the financial statements.

Pecan Acres Estates, L.P. - PRHA is due 4 sponsor loans, secured by deeds of trust, from Pecan Acres Estates, L.P. in the amounts of \$1,060,000, 1,000,000, \$535,938, and \$500,000. The loans accrue interest of 0%, 8%, 8%, and 0%, respectively, per annum, and are due 40 years from closing. Accrued interest on the notes totaled \$371,336. PRHA is also due a developer fee from Pecan Acres Estates L.P. in the amount of \$900,000. The fee is payable from available net cash flow and any amount due and not paid shall be deferred with interest until net cash flow is available. At December 31, 2023, the balance of earned and unpaid developer fees is \$900,000. The aggregate balance of the loans and developer fee are eliminated in the financial statements.

Sycamore Towers Apartments, L.P. - PRHA is due 2 Sponsor Loans, secured by deeds of trust, from Sycamore Towers Apartments, L.P. in the amounts of \$805,000 and \$409,967. The loans do not accrue interest and are due from available cash flow on or before May 3, 2049. PRHA is also due a note payable of \$700,000. This note, secured by a deed of trust, requires interest only payments of \$292 until May 1, 2036, at which time any remaining principal and interest is due in full. PRHA is also due a developer fee from Sycamore Towers Apartments, L.P. in the amount of \$857,000. The fee is payable from available net cash flow and any amount due and not paid shall be deferred with interest until net cash flow is available. At December 31, 2023, the balance of earned and unpaid developer fees is \$307,000. The aggregate balance of the loans and developer fee are eliminated in the financial statements.

PETERSBURG REDEVELOPMENT AND HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 7: ACCOUNTS PAYABLE

Accounts payable at December 31, 2023, consisted of the following:

Due to Vendors and Contractors	\$ 604,443
Total Accounts Payable	<u>\$ 604,443</u>

NOTE 8: ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

Accrued expenses and other current liabilities at December 31, 2023, consisted of the following:

Bank Overdraft	\$ 7,983
Accrued Salary and Payroll Taxes	59,984
Accrued Compensated Absences - Current Portion	21,604
Tenant Security Deposits	69,691
Accrued Interest	56,971
PILOT	46,580
Accounts Payable - HUD	5,495
Unearned Revenue	52,353
Current Portion of Long-Term Debt*	17,998,153
Other	137,144
	<u>\$ 18,455,958</u>

*Current Portion of Long-Term Debt includes the following financing related to development activities of the component units Sycamore Towers Apartments, L.P., Pecan Acres Estates, L.P., and Pin Oaks Estates, L.P.:

Lender/Lessor	Amount	Term	Rate	Current Balance 12/31/2023
Virginia Housing	\$4,000,000	360 months	0.500%	\$ 125,505
Virginia Housing	5,086,264	360 months	0.500%	157,869
Atlantic Union Bank	17,700,000	24 months	3.500%	17,700,000
Canon	77,200	60 months	3.850%	14,779
TOTAL				<u>\$ 17,998,153</u>

PETERSBURG REDEVELOPMENT AND HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 9: NONCURRENT LIABILITIES

Noncurrent liabilities at December 31, 2023, consisted of the following:

	Balance 12/31/2022	Increases	Decreases	Balance 12/31/2023	Long-Term Portion	Current Portion of Balance
Long-Term Debt	\$3,678,668	\$5,208,983	\$ (124,879)	\$ 8,762,772	\$ 8,464,619	\$ 298,153
Long-Term Compensated Absences	88,777	91,950	(72,700)	108,027	86,423	21,604
Non-Current Liabilities-Other	338,104	406,082	(44,686)	699,500	660,790	38,710
Total Non-Current Liabilities	<u>\$4,105,549</u>	<u>\$5,707,015</u>	<u>\$ (242,265)</u>	<u>\$ 9,570,299</u>	<u>\$ 9,211,832</u>	<u>\$ 358,467</u>

Long-Term Debt consists of the following:

A note payable (STALP VH) for an original amount of \$4,000,000, due to Virginia Housing, bearing interest at 0.500% per annum. Monthly payments of principal and interest shall be due commencing March 1, 2021 until the note matures February 1, 2051. This note represents a mortgage loan from Virginia Housing and is secured by a deed of trust. At December 31, 2023, the note balance and accrued interest are \$3,678,668 and \$1,533, respectively.

A note payable (PAELP VH) for an original amount of \$5,086,264, due to Virginia Housing, bearing interest at 0.500% per annum. Monthly payments of principal and interest shall be due commencing June 20, 2023 until the note matures July 1, 2053. This note represents a mortgage loan from Virginia Housing and is secured by a deed of trust. At December 31, 2023, the note balance and accrued interest are \$5,020,718 and \$2,092, respectively.

A leasing arrangement of \$63,386, as discussed in Note 23.

Annual requirements to amortize long-term obligations are as follows:

	STALP VH	PAELP VH	Lease	TOTAL
2024	\$ 125,505	\$ 157,869	\$ 14,779	\$ 298,153
2025	126,134	158,660	15,357	300,151
2026	126,766	159,455	15,959	302,180
2027	127,401	160,254	17,291	304,946
2028	128,040	161,057	-	289,097
Thereafter	3,044,822	4,223,423	-	7,268,245
TOTAL	<u>\$ 3,678,668</u>	<u>\$5,020,718</u>	<u>\$ 63,386</u>	<u>\$8,762,772</u>

Non-Current Liabilities – Other is comprised of amounts payable to HUD, FSS escrows, and liabilities related to pension, intercompany developer fees, software-based information technology arrangements, and OPEB.

PETERSBURG REDEVELOPMENT AND HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 9: NONCURRENT LIABILITIES – (Cont.)

Conduit Debt:

PRHA serves as a financing conduit for the issuance of Tax Exempt Revenue Bonds used for the development of a 103b(4)A housing project known as Petersburg ArtistSpace. PRHA received an origination fee of \$103,750 during 2018 and will be paid an annual administration fee of 1/8th of 1 percent of the outstanding principal balance, commencing on December 14, 2019, for performing this service. At December 31, 2023, PRHA is due \$70,000 for 2022 and 2023 administration fees. The respective property is used as collateral for payment of these bonds and PRHA is not liable for payment in the event of default. All principal is guaranteed through Governmental insurance (ex. FHA) or private insurance. The Bonds issued to date, which are not part of these financial statements, are as follows:

Revenue Bonds	Date Issued	Amount of Issue	Balance
Series 2018A	12/14/2018	\$ 22,500,000	\$ 56,250
Series 2018B	12/14/2018	5,500,000	13,750
TOTAL		<u>\$ 28,000,000</u>	<u>\$ 70,000</u>

During 2021, PRHA approved a resolution to serve as a financing conduit for the issuance of Tax Exempt Revenue Bonds for the development of a 168 unit affordable housing project not to exceed \$15,540,000. PRHA received an application fee of \$2,500 during 2022 and will be paid an annual administration fee of 1/8th of 1 percent of the outstanding principal balance, commencing on December 15, 2021, for performing this service. The respective property is used as collateral for payment of these bonds and PRHA is not liable for payment in the event of default. All principal is guaranteed through Governmental insurance (ex. FHA) or private insurance. The Bonds issued to date, which are not part of these financial statements, are as follows:

Revenue Bonds	Date Issued	Amount of Issue	Balance
Series 2021	12/14/2021	\$ 14,229,185	\$ -
TOTAL		<u>\$ 14,229,185</u>	<u>\$ -</u>

During 2023, PRHA approved a resolution to serve as a financing conduit for the issuance of Tax Exempt Revenue Bonds for the development of a 118 unit affordable housing project for seniors not to exceed \$14,000,000. The respective property is used as collateral for payment of these bonds and PRHA is not liable for payment in the event of default. All principal is guaranteed through Governmental insurance (ex. FHA) or private insurance. The Bonds issued to date, which are not part of these financial statements, are as follows:

Revenue Bonds	Date Issued	Amount of Issue	Balance
Series 2023	11/27/2023	\$ 14,000,000	\$ -
TOTAL		<u>\$ 14,000,000</u>	<u>\$ -</u>

PETERSBURG REDEVELOPMENT AND HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 10: INTERFUND ACTIVITY

Other programs that the housing authority manages may incur costs that are either accrued or paid for by other funds, such as, payroll and other bills. The due to/from account has been set up to keep track of monies owed to or from other funds. Interfund accounts as of December 31, 2023, had the following balances:

Business Activities	\$ 975,120
COCC	189,662
HOME Investment Partnership	(26,104)
Low-Rent Public Housing	25,513
Housing Choice Voucher	(38,302)
State and Local	2,480
Emergency Housing Voucher	(11,984)
Component Units	(1,116,385)
	<u>\$ -</u>

NOTE 11: DEFINED BENEFIT PENSION PLAN

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

a. Plan Description

All full-time, salaried employees of Petersburg Redevelopment and Housing Authority are automatically covered by the VRS Retirement System upon employment. Benefits vest after five (5) years of service. Employees are eligible for an unreduced retirement benefit at age 65 with 5 years of service. The VRS issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for VRS. A copy of that report may be obtained by visiting the VRS website at <https://www.varetire.org/pdf/publications/2023-annual-report.pdf> or by writing the System's CFO at P.O. Box 2500, Richmond, VA 23218-2500.

b. Employees Covered by Benefit Terms

As of the June 30, 2022 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Number</u>
Inactive Members or Their Beneficiaries Currently Receiving Benefits	26
Inactive Members:	
Vested	3
Non-Vested	15
Active Elsewhere in VRS	8
Total Inactive Members	<u>26</u>
Active Members	<u>26</u>
Total Covered Employees	<u><u>78</u></u>

PETERSBURG REDEVELOPMENT AND HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 11: DEFINED BENEFIT PENSION PLAN - (Cont.)

c. Contributions

The contribution requirement for active employees is governed by Title 51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensations toward their retirement. Prior to July 1, 2012, all or part of the 5.00% member contribution may have been assumed by the employer. Beginning July 1, 2012, new employees were required to pay the 5.00% member contribution. In addition, for existing employees; employers were responsible to require employees to pay the 5.00% member contribution. This could be phased in over a period of up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution. PRHA's contractually required contribution rate for the year ended June 30, 2023 was 6.02% of covered employee compensation. This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from PRHA to the pension plan were \$92,617 and \$81,280 for the years ended June 30, 2023 and June 30, 2022, respectively.

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

a. Actuarial Assumptions

The total pension liability for General Employees in PRHA's retirement plan was based on an actuarial valuation as of June 30, 2022, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023.

Inflation	2.50%
Salary increases, including	
Inflation	3.5%-5.35%
Investment rate of return	6.75%

b. Net Pension Liability

The Authority's net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2022, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023. The following table summarizes the changes in the Net Pension Liability which resulted in \$165,478 being reported as a pension asset as of December 31, 2023.

PETERSBURG REDEVELOPMENT AND HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 11: DEFINED BENEFIT PENSION PLAN - (Cont.)

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2022	\$ 6,445,712	\$ 6,424,893	\$ 20,819
Changes for the year:			
Service Cost	124,439	-	124,439
Interest	434,311	-	434,311
Difference between expected and actual experience	(185,919)	-	(185,919)
Contributions-employer	-	80,993	(80,993)
Contributions-employee	-	68,629	(68,629)
Net Investment Income	-	413,475	(413,475)
Benefit payments, including refunds of employee contributions	(271,815)	(271,815)	-
Administrative expense	-	(4,135)	4,135
Other changes	-	166	(166)
Net Changes	101,016	287,313	(186,297)
Balances at June 30, 2023	\$ 6,546,728	\$ 6,712,206	\$(165,478)

c. Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Authority using the discount rate of 6.75%, as well as what the Authority's net pension liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Plan's Net Pension (Asset) Liability	\$612,168	\$ (165,478)	(\$849,332)

d. Pension Expense (Income)

For the year ended December 31, 2023, the Authority recognized pension (income) expense of (\$130,354). The components of pension (income) expense are as follows:

PETERSBURG REDEVELOPMENT AND HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 11: DEFINED BENEFIT PENSION PLAN - (Cont.)

Service Costs	\$ 124,439
Interest on total pensions liability	434,311
Expensed portion of current-period difference between expected and actual experience in the total pension liability	(81,903)
Member contributions	(68,629)
Projected earnings on plan investments	(429,422)
Expensed portion of current-period difference between actual and projected earnings on plan investments	3,189
Administrative expense	4,135
Other	(166)
Recognition of beginning deferred outflows of resources as pension expense	156,742
Recognition of beginning deferred inflows of resources as pension expense	(273,050)
Pension (Income) Expense	<u>\$ (130,354)</u>

e. Deferred Outflows of Resources and Deferred Inflows of Resources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 109,605
Employer Contributions Subsequent to the Measurement Date	43,224	-
Net difference between projected and actual earnings on plan investments	-	103,727
Total	<u>\$ 43,224</u>	<u>\$ 213,332</u>

\$43,224 reported as deferred outflows of resources related to pensions, resulting from employer contributions subsequent to the measurement date, will be recognized as a reduction of the Net Pension Liability in the year ended December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Reporting Date ended June 30:

2025	(161,695)
2026	(146,995)
2027	92,167
2028	3,191
Thereafter	-

PETERSBURG REDEVELOPMENT AND HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 12: DEFINED BENEFIT HEALTH INSURANCE CREDIT PROGRAM (OPEB-HIC)

The Political Subdivision Health Insurance Credit Program (OPEB-HIC) is a multiple-employer, agent defined benefit plan that provides a credit toward the cost of health insurance coverage for retired political subdivision employees of participating employers. The Political Subdivision Health Insurance Credit Program was established pursuant to §51.1-1400 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. For purposes of measuring the net Political Subdivision Health Insurance Credit Program OPEB-HIC liability, deferred outflows of resources and deferred inflows of resources related to the OPEB-HIC, and the OPEB-HIC expense, information about the fiduciary net position of the Virginia Retirement System (VRS) Political Subdivision Health Insurance Credit Program; and the additions to/deductions from the VRS Political Subdivision Health Insurance Credit Program's net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

a. Plan Description

All full-time, salaried permanent employees are automatically covered by the VRS Political Subdivision Health Insurance Credit Program upon employment. This plan is administered by the Virginia Retirement System (VRS), along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The health insurance credit is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death.

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

Eligible Employees

The Political Subdivision Retiree Health Insurance Credit Program was established July 1, 1993 for retired political subdivision employees of employers who elect the benefit and who retire with at least 15 years of service credit.

- Full-time permanent salaried employees of the participating political subdivision who are covered under the VRS pension plan are automatically enrolled upon employment.

Benefit Amounts

The political subdivision's Retiree Health Insurance Credit Program provides the following benefits for eligible employees:

- At Retirement – For employees who retire, the monthly benefit is \$1.50 per year of service per month with a maximum benefit of \$45.00 per month.

PETERSBURG REDEVELOPMENT AND HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 12: DEFINED BENEFIT HEALTH INSURANCE CREDIT PROGRAM (OPEB-HIC) – (Cont.)

- Disability Retirement – For employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is \$45.00 per month.

Health Insurance Credit Program Notes:

- The monthly Health Insurance Credit benefit cannot exceed the individual premium amount.
- No Health Insurance Credit for premiums paid and qualified under LODA; however, the employee may receive the credit for premiums paid for other qualified health plans.
- Employees who retire after being on long-term disability under VLDP must have at least 15 years of service credit to qualify for the Health Insurance Credit as a retiree.

b. Employees Covered by Benefit Terms

As of the June 30, 2022 actuarial valuation, the following employees were covered by the benefit terms of the HIC plan:

	Number
Inactive Members or Their Beneficiaries Currently Receiving Benefits	10
Inactive Members:	
Vested	1
Non-Vested	0
Active Elsewhere in VRS	8
Total Inactive Members	19
Active Members	26
Total Covered Employees	45

c. Contributions

The contribution requirement for active employees is governed by §51.1-1402(E) of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. PRHA's contractually required employer contribution rate for the year ended June 30, 2023 was 0.29% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2022. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from PRHA to the HIC were \$4,230 and \$3,588 for the years ended June 30, 2023 and 2022, respectively.

PETERSBURG REDEVELOPMENT AND HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 12: DEFINED BENEFIT HEALTH INSURANCE CREDIT PROGRAM (OPEB-HIC) – (Cont.)

a. Actuarial Assumptions

The total OPEB-HIC liability was based on an actuarial valuation as of June 30, 2022, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023.

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

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

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates Projected Generationally; males set forward 2 years; 105% of rates for females set forward 3 years.

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 95% of rates for males set forward 2 years; 95% of rates for females set forward 1 year.

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years.

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally.

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

PETERSBURG REDEVELOPMENT AND HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 12: DEFINED BENEFIT HEALTH INSURANCE CREDIT PROGRAM (OPEB-HIC) – (Cont.)

a. Actuarial Assumptions (continued)

The actuarial assumptions used in the June 30, 2022, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted termination rates to better fit experience at each year age and service decrement through 9 years of service.
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Long-Term Expected Rate of Return

The long-term expected rate of return on VRS 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 VRS 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 by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

PETERSBURG REDEVELOPMENT AND HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 12: DEFINED BENEFIT HEALTH INSURANCE CREDIT PROGRAM (OPEB-HIC) – (Cont.)

a. Actuarial Assumptions (continued)

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	34.00%	6.14%	2.09%
Fixed Income	15.00%	2.56%	0.38%
Credit Strategies	14.00%	5.60%	0.78%
Real Assets	14.00%	5.02%	0.70%
Private Equity	16.00%	9.17%	1.47%
MAPS Multi -Assets Public Strategies	4.00%	4.50%	0.18%
PIP – Private Investment Partnerships	2.00%	7.18%	0.14%
Cash	1.00%	1.20%	0.01%
Total	100.00%		5.75%
	Inflation		2.50%
	*Expected Arithmetic Nominal Return		8.25%

* The above allocation provides a one-year return of 8.25%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.14%, including expected inflation of 2.50%. On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total HIC OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2023, the rate contributed by the entity for the HIC OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2023 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the HIC OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total HIC OPEB liability.

PETERSBURG REDEVELOPMENT AND HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 12: DEFINED BENEFIT HEALTH INSURANCE CREDIT PROGRAM (OPEB-HIC) – (Cont.)

a. Actuarial Assumptions (continued)

Changes in Net HIC Program OPEB Liability:

	Total OPEB-HIC Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB-HIC Liability (a) - (b)
Balances at June 30, 2022	\$ 89,672,380	\$ 35,540,510	\$ 54,131,870
Changes for the year:			
Service Cost	1,134,481	-	1,134,481
Interest	5,968,100	-	5,968,100
Benefit Changes	96,968	-	96,968
Changes of assumptions	(9,141)	-	(9,141)
Difference between expected and actual experience	(15,215,782)	-	(15,215,782)
Contributions-employer	-	6,752,004	(6,752,004)
Net Investment Income	-	2,235,325	(2,235,325)
Benefit payments, including refunds of employee contributions	(4,302,724)	(4,302,724)	-
Administrative expense	-	(54,780)	54,780
Other changes	-	(113,107)	113,107
Net Changes	(12,328,098)	4,516,718	(16,844,816)
Balances at June 30, 2023	\$ 77,344,282	\$ 40,057,228	\$ 37,287,054

Totals are from Schedule E Total OPEB Liability and Fiduciary Net Position on pages 168-178 of the GASB Statement No. 75 Report. (Individual employer data is provided in the Political Subdivision's GASB 75 Report in the Schedule of Changes in the Net OPEB Liability on page 4.)

Information about the VRS Political Subdivision Health Insurance Credit Program is available in the separately issued VRS 2023 Comprehensive Annual Financial Report (CAFR). A copy of the 2023 VRS CAFR may be downloaded from the VRS website at <https://www.varetire.org/pdf/publications/2023-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

PETERSBURG REDEVELOPMENT AND HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 12: DEFINED BENEFIT HEALTH INSURANCE CREDIT PROGRAM (OPEB-HIC) – (Cont.)

b. Net OPEB-HIC Liability

The Authority's net OPEB-HIC liability was measured as of June 30, 2023. The total OPEB-HIC liability used to calculate the net OPEB-HIC liability was determined by an actuarial valuation performed as of June 30, 2022, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023. The following table summarizes the changes in the Net OPEB-HIC Liability which resulted in \$32,387 being reported as an OPEB-HIC liability as of December 31, 2023.

	Total OPEB- HIC Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB- HIC Liability (a) - (b)
Balances at June 30, 2022	\$ 67,377	\$ 32,062	\$ 35,315
Changes for the year:			
Service Cost	901	-	901
Interest	4,474	-	4,474
Changes of assumptions	-	-	-
Difference between expected and actual experience	(2,150)	-	(2,150)
Contributions-employer	-	4,229	(4,229)
Contributions-employee	-	-	-
Net Investment Income	-	1,891	(1,891)
Benefit payments, including refunds of employee contributions	(4,007)	(4,007)	-
Administrative expense	-	(45)	45
Other changes	-	78	(78)
Net Changes	(782)	2,146	(2,928)
Balances at June 30, 2023	\$ 66,595	\$ 34,208	\$ 32,387

c. Sensitivity of the Net OPEB-HIC Liability to Changes in the Discount Rate

The following presents the net OPEB-HIC liability of the Authority using the discount rate of 6.75%, as well as what the Authority's net OPEB-HIC liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (5.75%)	Current Discount Rate	1% Increase (7.75%)
Net OPEB-HIC Liability	\$38,986	\$32,387	\$26,722

PETERSBURG REDEVELOPMENT AND HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 12: DEFINED BENEFIT HEALTH INSURANCE CREDIT PROGRAM (OPEB-HIC) – (Cont.)

d. OPEB-HIC Expense (Income)

For the year ended June 30, 2023, the Authority recognized OPEB-HIC expense of \$4,286. The components of OPEB-HIC expense/(income) are as follows:

Service Costs	\$ 901
Interest on total pensions liability	4,474
Expensed portion of current-period difference between expected and actual experience in the total OPEB-HIC liability	(547)
Projected earnings on plan investments	(2,173)
Expensed portion of current-period difference between actual and projected earnings on plan investments	56
Administrative expense	45
Other	(78)
Recognition of beginning deferred outflows of resources as OPEB-HIC expense	3,049
Recognition of beginning deferred inflows of resources as OPEB-HIC expense	(1,441)
OPEB-HIC Expense (Income)	<u>\$ 4,286</u>

e. Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2023, PRHA reported deferred outflows of resources and deferred inflows of resources related to OPEB-HIC from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 986	\$ 1,948
Net difference between projected and actual earnings on plan investments	-	249
Changes in Assumptions	3,892	-
Employer Contributions Subsequent to the Measurement Date	2,168	-
Total	<u><u>\$ 7,046</u></u>	<u><u>\$ 2,197</u></u>

PETERSBURG REDEVELOPMENT AND HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 12: DEFINED BENEFIT HEALTH INSURANCE CREDIT PROGRAM (OPEB-HIC) – (Cont.)

e. Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

\$2,168 is reported as deferred outflows of resources related to OPEB-HIC, resulting from employer contributions subsequent to the measurement date, that will be recognized as a reduction of the Net OPEB-HIC Liability in the fiscal year ended December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB-HIC will be recognized in OPEB expense as follows:

Reporting Date ended June 30:	
2025	1,177
2026	525
2027	921
2028	58
Thereafter	-

NOTE 13: COST-SHARING GROUP LIFE INSURANCE PROGRAM (OPEB-GLI)

The Virginia Retirement System (VRS) Group Life Insurance Program (OPEB-GLI) is a multiple employer, cost-sharing plan. It provides coverage to state employees, teachers, and employees of participating political subdivisions. The Group Life Insurance Program was established pursuant to §51.1-500 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. The Group Life Insurance Program is a defined benefit plan that provides a basic group life insurance benefit for employees of participating employers. For purposes of measuring the net OPEB-GLI liability, deferred outflows of resources and deferred inflows of resources related to the OPEB-GLI, and OPEB-GLI expense, information about the fiduciary net position of the VRS Group Life Insurance program OPEB and the additions to/deductions from the VRS Group Life Insurance Program OPEB's net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

PETERSBURG REDEVELOPMENT AND HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 13: COST-SHARING GROUP LIFE INSURANCE PROGRAM (OPEB-GLI) – (Cont.)

a. Plan Description (continued)

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

Eligible Employees

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

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

Benefit Amounts

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

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

Reduction in Benefit Amounts

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

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

For covered members with at least 30 years of creditable service, there is a minimum benefit payable under the Group Life Insurance Program. The minimum benefit was set at \$8,000 by statute. This amount is increased annually based on the VRS Plan 2 cost-of-living adjustment and was increased to \$9,254 as of June 30, 2024.

PETERSBURG REDEVELOPMENT AND HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 13: COST-SHARING GROUP LIFE INSURANCE PROGRAM (OPEB-GLI) – (Cont.)

b. Contributions

The contribution requirements for the Group Life Insurance Program are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the Group Life Insurance Program was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% X 40%) and the employer component was 0.54% (1.34% X 40%). Employers may elect to pay all or part of the employee contribution, however the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2023, was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2022. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contribution to the Group Life Insurance Program from PRHA were \$8,308 and \$6,691 for the years ended June 30, 2023 and June 30, 2022, respectively.

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

a. Actuarial Assumptions

The total OPEB-GLI liability was based on an actuarial valuation as of June 30, 2021, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

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

PETERSBURG REDEVELOPMENT AND HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 13: COST-SHARING GROUP LIFE INSURANCE PROGRAM (OPEB-GLI) – (Cont.)

a. Actuarial Assumptions (continued)

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

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates Projected Generationally; males set forward 2 years; 105% of rates for females set forward 3 years.

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 95% of rates for males set forward 2 years; 95% of rates for females set forward 1 year.

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years.

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally.

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2022, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No Change
Salary Scale	No Change
Line of Duty Disability	No Change
Discount Rate	No Change

PETERSBURG REDEVELOPMENT AND HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 13: COST-SHARING GROUP LIFE INSURANCE PROGRAM (OPEB-GLI) – (Cont.)

a. Actuarial Assumptions (continued)

Net GLI OPEB Liability

The net OPEB liability (NOL) for the Group Life Insurance Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the Measurement Date of June 30, 2023, NOL amounts for the Group Life Insurance Program are as follows (amounts expressed in thousands):

	Group Life Insurance OPEB Program
Total GLI OPEB Liability	\$ 3,907,052
Plan Fiduciary Net Position	<u>2,707,739</u>
Employer's Net GLI OPEB Liability (Asset)	<u>\$ 1,199,313</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	69.30%

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

Long-Term Expected Rate of Return

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

PETERSBURG REDEVELOPMENT AND HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 13: COST-SHARING GROUP LIFE INSURANCE PROGRAM (OPEB-GLI) – (Cont.)

a. Actuarial Assumptions (continued)

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Fixed Income	15.00%	2.565	0.38%
Credit Strategies	14.00%	5.60%	0.78%
Real Assets	14.00%	5.02%	0.70%
Private Equity	16.00%	9.17%	1.47%
MAPS Multi -Assets Public Strategies	4.00%	4.50%	0.18%
PIP – Private Investment Partnerships	2.00%	7.18%	0.14%
Cash	1.00%	1.20%	0.01%
Total	100.00%		5.75%
	Inflation		2.50%
	*Expected Arithmetic Nominal Return		8.25%

* The above allocation provides a one-year return of 8.25%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.14%, including expected inflation of 2.50%. On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2023, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2023 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability. Detailed information about the Group Life Insurance Program's Fiduciary Net Position is available in the separately issued VRS 2023 Comprehensive Annual Financial Report (CAFR). A copy of the 2023 VRS CAFR may be downloaded from the VRS website at <https://www.varetire.org/pdf/publications/2023-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

PETERSBURG REDEVELOPMENT AND HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 13: COST-SHARING GROUP LIFE INSURANCE PROGRAM (OPEB-GLI) – (Cont.)

b. Net OPEB-GLI Liability

At December 31, 2023, PRHA reported a liability of \$74,238 for its proportionate share of the Net OPEB-GLI Liability. The Net OPEB-GLI Liability was measured as of June 30, 2023 and the total OPEB-GLI liability used to calculate the Net OPEB-GLI Liability was determined by an actuarial valuation as of that date. The covered employer's proportion of the Net OPEB-GLI Liability was based on the covered employer's actuarially determined employer contributions to the Group Life Insurance Program for the year ended June 30, 2023, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023, PRHA's employer's proportion was 0.00569% as compared to 0.00619% at June 30, 2022.

c. Sensitivity of the Net OPEB-GLI Liability to Changes in the Discount Rate

The following presents the net OPEB-GLI liability of the Authority using the discount rate of 6.75%, as well as what the Authority's net OPEB-GLI liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Net OPEB-GLI Liability	\$110,043	\$74,238	\$45,288

d. OPEB-GLI Expense (Income)

For the year ended June 30, 2023, the Authority recognized OPEB-GLI expense of \$3,084. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense (income) was related to deferred amounts from changes in proportion.

e. Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2023, PRHA reported deferred outflows of resources and deferred inflows of resources related to OPEB-GLI from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 7,415	\$ 2,253
Net difference between projected and actual earnings on plan investments	-	2,983
Changes in Assumptions	1,587	5,143
Changes in Proportion	6,385	4,074
Employer Contributions Subsequent to the Measurement Date	10,017	-
Total	\$ 25,404	\$ 14,453

PETERSBURG REDEVELOPMENT AND HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 13: COST-SHARING GROUP LIFE INSURANCE PROGRAM (OPEB-GLI) – (Cont.)

e. Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

\$10,017 reported as deferred outflows of resources related to OPEB-GLI, resulting from employer contributions subsequent to the measurement date, that will be recognized as a reduction of the Net OPEB-GLI Liability in the year ended December 31, 2024.

NOTE 14: COST-SHARING VIRGINIA LOCAL DISABILITY PROGRAM (OPEB-VLDP)

The VRS Political Subdivision Employee Virginia Local Disability Program (OPEB-VLDP) is a multiple-employer, cost-sharing plan. For purposes of measuring the net OPEB-VLDP liability, deferred outflows of resources and deferred inflows of resources related to the OPEB-VLDP, and the OPEB-VLDP expense, information about the fiduciary net position of the Virginia Retirement System (VRS) Political Subdivision Employee Virginia Local Disability Program; and the additions to/deductions from the VRS Political Subdivision Employee Virginia Local Disability Program's net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

- a. Plan Description- All full-time, salaried general employees; including local law enforcement officers, firefighters, or emergency medical technicians of political subdivisions who do not provide enhanced hazardous duty benefits; who are in the VRS Hybrid Retirement Plan benefit structure and whose employer has not elected to opt out of the VRS-sponsored program are automatically covered by the VRS Political Subdivision Employee Virginia Local Disability Program. This plan is administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for eligible public employer groups in the Commonwealth of Virginia. Political subdivisions are required by Title 51.1 of the Code of Virginia, as amended to provide short-term and long-term disability benefits for their Hybrid employees either through a local plan or through the Virginia Local Disability Program (VLDP).

PETERSBURG REDEVELOPMENT AND HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 14: COST-SHARING VIRGINIA LOCAL DISABILITY PROGRAM (OPEB-VLDP) – (Cont.)

a. Plan Description- (continued)

Significant plan provisions of the Political Subdivision Employee Virginia Local Disability Program OPEB, including eligibility, coverage and benefits are as follows:

Eligible Employees

The Political Subdivision Employee Virginia Local Disability Program was implemented January 1, 2014 to provide short-term and long-term disability benefits for non-work-related and work-related disabilities for employees with Hybrid retirement benefits.

- Full-time general employees covered under VRS are automatically enrolled unless their employers have elected to provide comparable coverage.

Benefit Amounts

The Virginia Disability Local Program (VLDP) provides the following benefits for eligible employees:

- Short-Term Disability- The program provides a short-term disability benefit beginning after a seven-calendar-day waiting period from the first day of disability. Employees become eligible for non-work-related short-term disability coverage after one year of continuous participation in VLDP with their current employer. During the first five years of continuous participation in VLDP with their current employer, employees are eligible for 60% of their pre-disability income if they go out on non-work-related or work-related disability. Once the eligibility period is satisfied, employees are eligible for higher income replacement levels.

Benefit Amounts

- Long-Term Disability – The VLDP program provides a long-term disability benefit beginning after 125 workdays of short-term disability. Members are eligible if they are unable to work at all or are working fewer than 20 hours per week. Members approved for long-term disability will receive 60% of their pre-disability income. If approved for work-related long-term disability, the VLDP benefit will be offset by the workers' compensation benefit. Members will not receive a VLDP benefit if their workers' compensation benefit is greater than the VLDP benefit.

Virginia Local Disability Program Notes

- Members approved for short-term or long-term disability at age 60 or older will be eligible for a benefit, provided they remain medically eligible.
- VLDP Long-Term Care Plan is a self-funded program that assists with the cost of covered long-term care services.

PETERSBURG REDEVELOPMENT AND HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 14: COST-SHARING VIRGINIA LOCAL DISABILITY PROGRAM (OPEB-VLDP) – (Cont.)

b. Contributions

The contribution requirement for active Hybrid employees is governed by §51.1-1178(C) of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to political subdivisions by the Virginia General Assembly. Each political subdivision's contractually required employer contribution rate for the year ended June 30, 2023, was 0.85% of covered employee compensation for employees in the VRS Political Subdivision Employee Virginia Local Disability Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2022. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the political subdivision to the VRS Political Subdivision Employee Virginia Local Disability Program were \$4,367 and \$2,435 for the years ended June 30, 2023 and June 30, 2022, respectively.

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

a. Actuarial Assumptions

The total OPEB-VLDP liability was based on an actuarial valuation as of June 30, 2022, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023.

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

PETERSBURG REDEVELOPMENT AND HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 14: COST-SHARING VIRGINIA LOCAL DISABILITY PROGRAM (OPEB-VLDP) – (Cont.)

a. Actuarial Assumptions (continued)

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

Pre-Retirement:

Pub-2010 Amount Weighted General Employee Rates projected generationally; males set forward 2 years; 105% of rates for females set forward 3 years.

Post-Retirement:

Pub-2010 Amount Weighted General Healthy Retiree Rates projected generationally; 95% of rates for males set forward 2 years; 95% of rates for females set forward 1 year.

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years..

Beneficiaries and Survivors:

Pub-2010 Amount Weighted General Contingent Annuitant Rates projected generationally.

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No Change

PETERSBURG REDEVELOPMENT AND HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 14: COST-SHARING VIRGINIA LOCAL DISABILITY PROGRAM (OPEB-VLDP) – (Cont.)

a. Actuarial Assumptions (continued)

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

Long-Term Expected Rate of Return

The long-term expected rate of return on VRS 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 VRS 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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	34.00%	6.14%	2.09%
Fixed Income	15.00%	2.56%	0.38%
Credit Strategies	14.00%	5.60%	0.78%
Real Assets	14.00%	5.02%	0.70%
Private Equity	16.00%	9.17%	1.47%
MAPS Multi -Assets Public Strategies	4.00%	4.50%	0.18%
PIP – Private Investment Partnerships	2.00%	7.18%	0.14%
Cash	1.00%	1.20%	0.01%
Total	100.00%		5.75%
	Inflation		2.50%
	*Expected Arithmetic Nominal Return		8.25%

* The above allocation provides a one-year return of 8.25%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.14%, including expected inflation of 2.50%. On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

PETERSBURG REDEVELOPMENT AND HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 14: COST-SHARING VIRGINIA LOCAL DISABILITY PROGRAM (OPEB-VLDP) – (Cont.)

a. Actuarial Assumptions (continued)

Discount Rate

The discount rate used to measure the total Political Subdivision Employee VLDP OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2023, the rate contributed by the political subdivision for the VRS Political Subdivision Employee Virginia Local Disability Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2023, on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Political Subdivision Employee VLDP OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Political Subdivision Employee VLDP OPEB liability.

Detailed information about the VRS Political Subdivision Employee Virginia Local Disability Program's Fiduciary Net Position is available in the separately issued VRS 2023 Comprehensive Annual Financial Report (CAFR). A copy of the 2023 VRS CAFR may be downloaded from the VRS website at <https://www.varetire.org/pdf/publications/2023-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

b. Net OPEB-VLDP Liability

At December 31, 2023, PRHA reported an asset of \$1,129 for its proportionate share of the Net OPEB-VLDP Liability. The Net OPEB-VLDP Liability was measured as of June 30, 2023, and the total OPEB-VLDP liability used to calculate the Net OPEB-VLDP Liability was determined by an actuarial valuation as of that date. The covered employer's proportion of the Net OPEB-VLDP Liability was based on the covered employer's actuarially determined employer contributions to the Virginia Local Disability Program for the year ended June 30, 2023 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023, PRHA's employer's proportion was 0.07016% as compared to 0.06262% at June 30, 2022.

c. Sensitivity of the Net OPEB-VLDP Liability to Changes in the Discount Rate

The following presents the net OPEB-VLDP liability of the Authority using the discount rate of 6.75%, as well as what the Authority's net OPEB-VLDP liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Net OPEB-VLDP Liability (Asset)	(\$591)	(\$1,129)	(\$1,600)

PETERSBURG REDEVELOPMENT AND HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 14: COST-SHARING VIRGINIA LOCAL DISABILITY PROGRAM (OPEB-VLDP) – (Cont.)

d. OPEB-VLDP Expense (Income)

For the year ended June 30, 2023, the Authority recognized OPEB-VLDP expense of \$2,859. Since there was a change in proportionate share between measurement dates, a portion of the VLDP OPEB expense was related to deferred amounts from changes in proportion.

e. Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2023, PRHA reported deferred outflows of resources and deferred inflows of resources related to OPEB-VLDP from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 424	\$ 703
Net difference between projected and actual earnings on plan investments	3	-
Changes in Assumptions	7	103
Changes in Proportion	9	61
Employer Contributions Subsequent to the Measurement Date	1,941	-
Total	\$ 2,384	\$ 867

\$1,941 reported as deferred outflows of resources related to OPEB-VLDP, resulting from employer contributions subsequent to the measurement date, will be recognized as a reduction of the Net OPEB-VLDP Liability in the fiscal year ended December 31, 2023.

NOTE 15: IMPAIRMENT OF CAPITAL ASSETS

In accordance with new financial reporting standards issued by the Government Accounting Standards Board's, "Statement No. 42, "Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries" requires certain note disclosures. There were no permanent impairments experienced by the Authority that required material adjustments to the Statement of Net Position.

NOTE 16: CONTINGENCIES AND OTHER MATTERS

- a. Litigation and Other Matters - Certain other claims, suits and complaints may arise in the ordinary course of business. Except as noted above, none have been filed and none are pending against the Authority. The Authority's management is reasonably optimistic that all such matters are adequately covered by insurance; or, if not so covered, are without merit or involve such amounts as would not have a material adverse effect on the Authority's financial statements.
- b. Grants - PRHA 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. PRHA management is of the opinion that disallowances, if any, will not be material.

The Component Unit received no grant funding during the year ended December 31, 2023.

PETERSBURG REDEVELOPMENT AND HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 17: RELATED PARTY TRANSACTIONS

Washington Columns, L.P.

The Petersburg Redevelopment and Housing Authority is owed a developer fee from Washington Columns, L.P. in the amount of \$341,286. The development fee accrues interest at a rate of 6.00% annually, however the partnership ceased accruing interest following the VH mortgage payoff in July 2018. At December 31, 2023, the balance of the development fee including accrued interest is \$742,713 which is to be paid from available cash flow and has been fully allowed. This fee is for the acquisition and development of the Washington Columns apartments. At December 31, 2023, PRHA is also due \$861 in accrued management fees. The Partnership paid PRHA a management fee of \$9,950 in 2023. The Partnership also has a note payable to Petersburg Housing Corporation, a subsidiary of PRHA, as discussed in Note 6.

Wythe Row, L.P.

The Petersburg Redevelopment and Housing Authority has a developer fee receivable from Wythe Row, L.P. in the amount of \$203,823. The development fee accrues interest at a rate of 6.50% however the partnership ceased accruing interest at December 31, 2018. At December 31, 2023, the balance including accrued interest is \$589,122. This fee is for the acquisition and development of the Wythe Row apartments. The developer fee and accrued interest is to be paid from cash flows and has been fully allowed for. PRHA is also due a note receivable in the amount of \$187,000. The note receivable is to be paid back from available cash flow and has been fully allowed. The Authority was paid a management fee of \$5,665 during 2023 and is also due \$403 in accrued management fees at December 31, 2023.

Sycamore Towers Apartments, L.P.

The Petersburg Redevelopment and Housing Authority, an affiliate of Sycamore Towers Apartments, L.P., is the management agent of the Project and charged the Partnership management fees of \$53,063 during 2023. At December 31, 2023, \$16,983 is due to PRHA for management fees earned during the year.

PRHA has a ground lease agreement with the Partnership, as discussed in Note 23.

PRHA has three notes receivable totaling \$1,914,967 from the Partnership, as discussed in Note 6.

PRHA is due developer fees of \$307,000, as discussed in Note 6.

Pin Oaks Estates, L.P.

The Petersburg Redevelopment and Housing Authority, an affiliate of Pin Oaks Estates, L.P., is due 4 sponsor loans secured by deeds of trust, from Pin Oaks Estates, L.P. in the amounts of \$1,000,000, \$712,000, \$500,000 and \$1,960,000. The loans carry interest rates of 0%, 0%, 2.95% and 6.5%, respectively and are due 40 years from closing.

Pecan Acres Estates, L.P.

The Petersburg Redevelopment and Housing Authority, an affiliate of Pecan Acres Estates, L.P., is due 3 sponsor loans secured by deeds of trust, from Pecan Acres Estates, L.P. in the amounts of \$1,060,000, \$535,938, and \$1,000,000. The loans accrue interest of 8% per annum and are due 40 years from closing. PRHA is also due a loan of \$500,000 that does not accrue interest and is due 40 years from closing.

PETERSBURG REDEVELOPMENT AND HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 18: INVESTMENT IN OPERATING PARTNERSHIPS

The Authority, through its component unit, formed two Limited Partnerships, Washington Columns L.P. and Wythe Row, L.P. The component unit has a .009% general partner interest in Washington Columns, L.P., which is a 26-unit project. The Component Unit has a .01% general partner interest in Wythe Row, L.P., which is a 12-unit project. Condensed information on the component unit at December 31, 2023, is as follows:

	<u>Washington Columns, L.P.</u>	<u>Wythe Row, L.P.</u>
<u>Balance Sheet</u>		
Total Current Assets	\$ 346,119	\$ 20,571
Total Net Fixed Assets	2,438,239	699,022
Total Other Assets	<u>5,888</u>	<u>3,614</u>
 TOTAL Assets	 <u>\$ 2,790,246</u>	 <u>\$ 723,207</u>
 Total Current Liabilities	 \$ 31,913	 \$ 17,771
Total Other Liabilities	551	2,715
Total Long-Term Liabilities	938,180	776,377
Total Partners' Capital	<u>1,819,602</u>	<u>(73,656)</u>
 TOTAL Liabilities & Partners' Capital	 <u>\$ 2,790,246</u>	 <u>\$ 723,207</u>
 <u>Income Statement</u>		
Rental Income	\$ 204,957	\$ 106,885
Other Income	<u>1,559</u>	<u>1,024</u>
 TOTAL Income	 206,516	 107,909
 TOTAL Expenses	 <u>(321,773)</u>	 <u>(137,615)</u>
 Net Income (Loss)	 (115,267)	 (29,706)
 Beginning Capital	 <u>1,934,869</u>	 <u>(43,950)</u>
 TOTAL CAPITAL (DEFICIT)	 <u>\$ 1,819,602</u>	 <u>\$ (73,656)</u>

PETERSBURG REDEVELOPMENT AND HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 19: ECONOMIC DEPENDENCY

Both the PHA Owned Housing Program and the Section 8 Program are economically dependent on annual contributions and grants from HUD. Both programs operate at a loss prior to receiving the contributions and grants.

NOTE 20: COMMITMENTS AND CONTINGENCIES

The entity is subject to possible examinations made by federal regulators who determine compliance with terms, conditions, laws and regulations governing grants given to the entity in the current and prior years. These examinations may result in required refunds by the entity to federal grantors and/or program beneficiaries.

NOTE 21: SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 30, 2024, the date on which the financial statements were available to be issued.

NOTE 22: SUPPLEMENTAL INFORMATION

The supplemental information has been included in order to show the financial statements of the Housing Authority on the GAAP basis of accounting but in the format of the HUD Handbook 7476.3, Audit Guide. This is due to the fact that some supplemental information is reviewed by the field office and provides greater detail concerning the operations of the Housing Authority.

PETERSBURG REDEVELOPMENT AND HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 23: LEASES

As discussed in Note 1, the Authority leases certain property included in the Low-Rent Public Housing Fund. Minimum annual rental income amounts receivable for the next five (5) years have not been presented for the Low-Rent 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.

On November 26, 2018, the Authority entered into a ground lease as Landlord with Sycamore Towers Apartments, L.P. ("Tenant"). Pursuant to the lease, Tenant will renovate, operate and maintain the former public housing project, known as Sycamore Towers Apartments, solely to provide low-income housing consistent with the requirements of the Project Based Voucher Program. The lease term ends on November 25, 2117 and the base rent due to PRHA is \$1 for the lease term.

On September 3, 2021, the Authority entered into a ground lease as Landlord with Pin Oak Estates, L.P. ("Tenant"). Pursuant to the lease, Tenant will renovate, operate and maintain the former public housing project, known as Pin Oaks Apartments, solely to provide low-income housing consistent with the requirements of the Project Based Voucher Program. The lease term ends on September 3, 2101 and the base rent due to PRHA is \$1 for the lease term.

On February 26, 2021, the Authority entered into a ground lease as Landlord with Pecan Acres Estates, L.P. ("Tenant"). Pursuant to the lease, Tenant will renovate, operate and maintain the former public housing project, known as Pecan Acres Apartments, solely to provide low-income housing consistent with the requirements of the Project Based Voucher Program. The lease term ends on February 26, 2101 and the base rent due to PRHA is \$1 for the lease term.

As disclosed in Note 1, the Authority implemented GASB 87 to record long-term copier leases on the Statement of Net Position. As of December 31, 2023, the right-of-use assets had a balance of \$61,760, as shown in fixed assets and the lease liability is included in current liabilities and long-term liabilities in the amounts of \$14,779 and \$48,607, respectively. The lease requires monthly payments of \$1,412 and interest is being calculated using an incremental borrowing rate of 3.85%. Annual requirements to amortize long-term obligations and related interest are as follows:

	Principal	Interest
2024	\$ 14,779	\$ 2,166
2025	15,357	1,587
2026	15,959	985
2027	17,291	359
TOTAL	\$ 63,386	\$ 5,097

PETERSBURG REDEVELOPMENT AND HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 24: SOFTWARE INFORMATION BASED TECHNOLOGY ARRANGEMENTS (SBITA)

The Authority has a YARDI software arrangement that is a renewable three-year agreement, initiated in fiscal year 2017 with monthly payments of \$6,733. The Authority has used a 3.85% discount rate for calculating interest on this arrangement. There is no option to purchase the software.

The Authority has a MS365 software arrangement that is a five-year agreement, initiated in fiscal year 2023 with a monthly payment of \$522. The Authority has used a 3.85% discount rate for calculating interest on this arrangement. There is no option to purchase the software.

A summary of the principal and interest amounts for the remaining arrangements is as follows:

MS365			
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 5,463	\$ 801	\$ 6,264
2025	5,677	587	6,264
2026	5,900	364	6,264
2027	5,795	469	6,264
TOTAL	<u>\$ 22,835</u>	<u>\$ 2,221</u>	<u>\$ 25,056</u>

YARDI			
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 33,247	\$ 426	\$ 33,673
TOTAL	<u>\$ 33,247</u>	<u>\$ 426</u>	<u>\$ 33,673</u>

NOTE 25: PRIOR PERIOD ADJUSTMENT

During 2023, the Authority discovered a reporting error in the two preceding prior periods in which loan costs and construction interest were recorded in accordance with FASB reporting standards for three LIHTC projects and not expensed as incurred as required for GASB reporting. As a result, the Authority has restated Net Position of the Blended Component Unit as follows:

Net Position, December 31, 2022	\$ 5,080,599
Adjustment to expense prior period capitalized interest and loan costs	(963,847)
Net Position, December 31, 2022, Restated	<u>\$ 4,116,752</u>

SUPPORTING SCHEDULES

Petersburg Redevelopment and Housing Authority

Statement of Net Position - All Programs December 31, 2023

ASSETS	Business Activities	Low-Rent Housing Fund	HOME Investment Partnership	Housing Choice Voucher	State/Local	Emergency Housing Voucher	COCC	Component Unit	Interfund Eliminations	Total
Current Assets										
Cash and Cash Equivalents	\$ 140,442	\$ 2,003,829	\$ 47,777	\$ 44,986	\$ 92	\$ 19,610	\$ 576,954	\$ 312,198	\$ -	\$ 3,145,888
Restricted Cash and Cash Equivalents	-	195,205	-	42	1,000,783	-	-	798,180	-	1,994,210
Investments	375,000	1,436,000	-	-	-	-	1,711,000	-	-	3,522,000
Receivables - Net of Allowance	1,335	201,641	22,800	118,500	-	-	128,706	101,982	-	574,964
Interprogram Due From	975,120	47,956	-	-	2,480	-	189,662	-	(1,215,218)	-
Inventories - Net of Allowance	-	13,679	-	-	-	-	-	2,809	-	16,488
Assets Held for Sale	-	35,733	-	-	-	-	-	-	-	35,733
Prepaid Expenses and Other Assets	255	13,976	23	4,059	34	-	4,569	68,488	-	91,404
Total Current Assets	1,492,152	3,948,019	70,600	167,587	1,003,389	19,610	2,610,891	1,283,657	(1,215,218)	9,380,587
Noncurrent Assets										
Capital Assets										
Land	-	169,150	-	-	-	-	12,000	119,189	-	300,339
Buildings	-	13,027,047	-	-	-	-	398,141	43,536,107	-	56,961,295
Furniture Equipment & Machinery- Dwelling	-	1,009,776	-	-	-	-	-	978,382	-	1,988,158
Furniture Equipment & Machinery- Admin	-	360,864	-	111,137	-	-	212,661	240,913	-	925,575
Less: Accumulated Depreciation	-	(10,286,968)	-	(72,516)	-	-	(507,615)	(2,652,375)	-	(13,519,474)
Construction in Progress	-	2,892,208	-	-	-	-	242,557	-	-	3,134,765
Fixed Assets - Net	-	7,172,077	-	38,621	-	-	357,744	42,222,216	-	49,790,658
Notes, Loans, & Mortgages Receivable	10,362,800	-	-	-	-	-	1,657,000	-	(12,019,800)	-
Other Assets	-	10,633	57	99,373	640	498	151,952	2,911,025	-	3,174,178
Total Noncurrent Assets	10,362,800	7,182,710	57	137,994	640	498	2,166,696	45,133,241	(12,019,800)	52,964,836
Total Assets	11,854,952	11,130,729	70,657	305,581	1,004,029	20,108	4,777,587	46,416,898	(13,235,018)	62,345,523
Deferred Outflow of Resources										
Deferred Outflow of Resources	-	44,703	498	8,349	-	-	24,499	-	-	78,049
Total Assets and Deferred Outflow of Resources	\$ 11,854,952	\$ 11,175,432	\$ 71,155	\$ 313,930	\$ 1,004,029	\$ 20,108	\$ 4,802,086	\$ 46,416,898	\$ (13,235,018)	\$ 62,423,572

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

Petersburg Redevelopment and Housing Authority

Statement of Net Position - All Programs December 31, 2023

LIABILITIES	Business Activities	Low-Rent Housing Fund	HOME Investment Partnership	Housing Choice Voucher	State/Local	Emergency Housing Voucher	COCC	Component Unit	Interfund Eliminations	Total
Current Liabilities										
Bank Overdraft	\$ 1,074	\$ 382,249	\$ 529	\$ 60,245	\$ 4	\$ 4	\$ 66,097	\$ 7,983	\$ -	\$ 7,983
Accounts Payable	6,749	12,063	172	12,393	85	85	39,719	94,241	-	604,443
Accrued Liabilities	-	2,767	-	4,589	-	-	3,061	74,042	-	145,308
Current portion of long-term debt	-	22,443	26,104	38,302	-	11,984	-	17,987,736	-	17,998,153
Interprogram Due To Intergovernmental	-	2,835	-	-	-	-	5,495	1,116,385	(1,215,218)	-
Tenant Security Deposits	-	22,964	-	-	-	-	-	43,745	-	52,075
Unearned Revenue	-	15,050	-	-	-	5,713	-	46,727	-	69,691
Other Liabilities	-	4,721	14	25,750	177	242	1,968	31,590	-	52,353
Total Current Liabilities	7,823	485,092	26,819	141,279	266	18,028	116,340	19,499,972	(1,215,218)	19,060,401
Noncurrent Liabilities										
Long Term Debt	-	9,902	-	14,995	-	-	9,954	18,792,568	(10,362,800)	8,464,619
Accrued Absences - Long-Term	-	8,889	404	6,990	341	341	54,939	14,519	-	86,423
Other Liabilities	-	68,835	1,309	12,442	-	17	226,165	2,009,022	(1,657,000)	660,790
Total Noncurrent Liabilities	-	87,626	1,713	34,427	341	358	291,058	20,816,109	(12,019,800)	9,211,832
Total Liabilities	7,823	552,718	28,532	175,706	607	18,386	407,398	40,316,081	(13,235,018)	28,272,233
Deferred Inflow of Resources										
Deferred Inflow of Resources	-	90,820	313	35,095	-	-	104,622	-	-	230,850
Net Position										
Invested in Capital Assets, Net of Related Debt	-	7,159,408	-	19,037	-	-	344,729	5,441,912	-	12,965,086
Restricted Net Position	11,847,129	3,372,486	42,310	84,092	1,003,422	1,722	3,945,337	751,453	-	751,453
Unrestricted Net Position	11,847,129	10,531,894	42,310	103,129	1,003,422	1,722	4,290,066	6,100,817	-	20,203,950
Total Net Position	11,847,129	10,531,894	42,310	103,129	1,003,422	1,722	4,290,066	6,100,817	-	33,920,489
Total Liabilities, Deferred Inflow of Resources, and Net Position	\$ 11,854,952	\$ 11,175,432	\$ 71,155	\$ 313,930	\$ 1,004,029	\$ 20,108	\$ 4,802,086	\$ 46,416,898	\$ (13,235,018)	\$ 62,423,572

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

Petersburg Redevelopment and Housing Authority

Statement of Revenues, Expenses, and Changes in Fund Net Position - All Programs For the year ended December 31, 2023

Operating Revenues	Business Activities	Low-Rent Housing Fund	HOME Investment Partnership	Housing Choice Voucher	State/Local	Emergency Housing Voucher	COCC	Component Unit	Interfund Eliminations	Total
Tenant Revenue	\$ -	\$ 366,058	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 759,347	\$ -	\$ 1,125,405
Program Grants/Subsidies	-	1,178,456	-	7,396,227	-	86,554	-	-	-	8,661,237
Other Government Grants	10,000	140,452	118,919	-	340,540	-	-	1,350,888	-	1,960,799
Other Income	784,020	5,846	-	30,415	-	1,200	1,233,085	3,676,283	(898,298)	4,832,561
Total Operating Revenues	794,020	1,690,812	118,919	7,426,642	340,540	87,754	1,233,085	5,786,528	(898,298)	16,580,002
Operating Expenses										
Administrative	11,353	460,958	3,735	558,655	1,120	1,107	741,490	435,651	(593,641)	1,620,428
Asset Management Fee	-	19,560	-	-	-	-	-	-	(19,560)	-
Tenant Services	-	10,168	-	-	-	8,537	-	4,829	-	23,534
Utilities	-	353,575	-	-	-	-	10,613	250,111	-	614,299
Maintenance	15,196	668,289	-	18,847	1,452	290	52,570	395,584	-	1,152,228
Protective Services	-	20,433	-	-	-	-	-	28,950	-	49,383
Insurance Premiums	-	118,139	-	20,897	33	-	15,860	70,388	-	227,493
General	2,176	60,510	106,689	36,766	326	249	43,814	152,058	-	400,412
Housing Assistance Payments	-	-	-	7,139,539	95,547	91,018	-	-	-	7,326,104
Depreciation	-	289,618	-	10,321	-	-	25,661	1,411,516	-	1,737,116
Total Operating Expenses	28,725	2,001,250	110,424	7,785,025	98,478	101,201	890,008	2,749,087	(613,201)	13,150,997
Operating Income (Loss)	765,295	(310,438)	8,495	(358,383)	242,062	(13,447)	343,077	3,037,441	(285,097)	3,429,005
Non-Operating Revenues (Expenses)										
Interest Expense	-	(717)	-	(846)	-	-	(564)	(1,063,593)	285,097	(780,623)
Interest and Investment Revenue	13,765	33,508	-	-	-	-	15,476	10,217	-	72,966
Total Nonoperating Revenues (Expenses)	13,765	32,791	-	(846)	-	-	14,912	(1,053,376)	285,097	(707,657)
Income (Loss) Before Contributions and Transfers	779,060	(277,647)	8,495	(359,229)	242,062	(13,447)	357,989	1,984,065	-	2,721,348
Capital Grants	-	331,002	-	-	-	-	118,507	-	-	449,509
Change in Net Assets	779,060	53,355	8,495	(359,229)	242,062	(13,447)	476,496	1,984,065	-	3,170,857
Beginning of Year Net Assets	11,068,069	10,478,539	33,815	462,358	761,360	15,169	3,813,570	5,080,599	-	31,713,479
Transfers, Prior Period Adjustments	-	-	-	-	-	-	-	(963,847)	-	(963,847)
Total Ending Net Assets	\$ 11,847,129	\$ 10,531,894	\$ 42,310	\$ 103,129	\$ 1,003,422	\$ 1,722	\$ 4,290,066	\$ 6,100,817	\$ -	\$ 33,920,489

Petersburg Redevelopment and Housing Authority

**Statement of Cash Flows - All Programs
For the year ended December 31, 2023**

	Business Activities	Low-Rent Housing Fund	HOME Investment Partnership	Housing Choice Voucher	State/Local	Emergency Housing Voucher	COCC	Component Unit	Total
Cash flows from operating activities:									
Cash received from tenants	\$ -	\$ 211,047	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 706,377	\$ 917,424
Cash received from operating grants	10,000	1,318,908	118,919	7,329,988	340,540	86,554	-	1,350,888	10,555,807
Cash received from other sources	784,020	5,846	-	53,939	-	1,200	1,233,085	3,732,334	5,810,424
Cash paid for goods and services	25,193	(999,800)	(226)	(81,426)	(1,788)	2,681	(314,340)	(118,256)	(1,487,962)
Cash paid for employees and administrative	(11,353)	(480,958)	(3,746)	(544,568)	(1,105)	(11,451)	(741,898)	(2,259,178)	(4,034,257)
Housing Assistance Payments	-	-	-	(7,139,539)	(95,547)	(91,018)	-	-	(7,326,104)
Cash paid for other	11,815	(83,005)	(117,630)	(659)	(1,215)	(249)	(43,814)	4,655,763	4,421,006
Net cash provided (used) by operating activities	819,675	(7,962)	(2,683)	(382,255)	240,885	(12,283)	133,033	8,067,928	8,856,338
Cash flows from noncapital financing activities:									
Transfers, Prior Period Adjustments, and Corrections	-	-	-	-	-	-	-	(963,847)	(963,847)
Net cash from noncapital financing activities	-	-	-	-	-	-	-	(963,847)	(963,847)
Cash flows from capital and related financing activities:									
Capital Grants received	-	331,002	-	-	-	-	118,507	-	449,509
Purchases, Sales and construction of capital assets	-	(952,110)	-	(34,283)	-	-	(159,195)	(4,009,739)	(5,155,327)
Proceeds from capital debt	(779,737)	-	(57)	-	-	-	-	(1,433,884)	(2,213,678)
Interest paid on capital debt	-	(717)	-	(846)	-	-	(564)	(1,053,593)	(1,065,720)
Net cash (used) for capital and related financing activities	(779,737)	(621,825)	(57)	(35,129)	-	-	(41,252)	(6,507,216)	(7,985,216)
Cash flows from investing activities:									
Interest and dividends	13,765	33,508	-	-	-	-	15,476	10,217	72,966
(Purchase)/Sale of Investments	(200,000)	(452,000)	-	-	-	-	(1,441,000)	-	(2,093,000)
Net cash provided by investing activities	(186,235)	(418,492)	-	-	-	-	(1,425,524)	10,217	(2,020,034)
Net increase (decrease) in cash and cash equivalents	(146,297)	(1,048,279)	(2,740)	(417,384)	240,885	(12,283)	(1,333,743)	607,082	(2,112,759)
Cash and cash equivalents at beginning of year	286,739	3,247,313	50,517	462,412	739,990	31,893	1,910,697	503,296	7,252,857
Cash and cash equivalents at end of year	140,442	2,199,034	47,777	45,028	1,000,875	19,610	576,954	1,110,378	5,140,098
Unrestricted Cash	140,442	2,003,829	47,777	44,986	92	19,610	576,954	312,198	3,145,888
Restricted Cash	-	195,205	-	42	1,000,783	-	-	798,180	1,994,210
Total Cash	\$ 140,442	\$ 2,199,034	\$ 47,777	\$ 45,028	\$ 1,000,875	\$ 19,610	\$ 576,954	\$ 1,110,378	\$ 5,140,098

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

Petersburg Redevelopment and Housing Authority

Statement of Cash Flows - All Programs

For the year ended December 31, 2023

Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	
Changes in assets and liabilities:	
(Increase) Decrease in Receivables - Net	
(Increase) Decrease in Note Receivables	
(Increase) Decrease in Inventory	
(Increase) Decrease in Prepaid Expenses and Other Assets	
(Increase) Decrease in Interprogram Due From	
(Increase) Decrease in Deferred Outflow of Resources	
(Increase) Decrease in Deferred Inflow of Resources	
(Increase) Decrease in Accounts Payable	
(Increase) Decrease in Accrued Expenses	
(Increase) Decrease in Other Liabilities	
(Increase) Decrease in Intergovernmental Payables	
(Increase) Decrease in Interprogram Due To	
(Increase) Decrease in Noncurrent Liabilities	
Net cash provided (used) by operating activities	

Business Activities	Low-Rent Housing Fund	HOME Investment Partnership	Housing Choice Voucher	State/Local	Emergency Housing Voucher	COCC	Component Unit	Total
\$ 765,295	\$ (310,438)	\$ 8,495	\$ (358,383)	\$ 242,062	\$ (13,447)	\$ 343,077	\$ 3,037,441	\$ 3,714,102
-	289,618	-	10,321	-	-	25,661	1,411,516	1,737,116
11,815	(155,011)	(11,450)	(58,393)	-	-	(83,837)	(52,970)	(349,846)
-	-	-	-	-	-	-	32,468	32,468
7	(9,353)	-	-	-	-	-	(1,198)	(10,551)
41,484	(7,729)	-	(86,103)	(34)	(498)	(127,126)	593,977	372,494
-	(47,956)	-	-	(80)	22	(87,144)	130	(93,544)
-	3,656	-	3,618	-	-	12,760	-	20,066
-	(7,925)	32	(7,836)	15	-	(27,619)	-	(43,408)
1,074	258,704	509	44,421	(138)	(1,695)	51,146	(1,823,527)	(1,469,506)
-	(5,297)	(161)	2,208	(51)	(471)	6,692	38,040	40,960
-	9,440	14	30,281	(889)	(8,210)	4,972	4,751,145	4,786,753
-	(1,664)	-	-	-	-	-	24,208	22,544
-	1,995	-	23,524	-	11,984	-	56,041	93,544
-	(26,002)	(79)	14,087	-	32	14,451	657	3,146
\$ 819,675	\$ (7,962)	\$ (2,683)	\$ (382,255)	\$ 240,885	\$ (12,283)	\$ 133,033	\$ 8,067,928	\$ 8,856,338

Petersburg Redevelopment & Housing Authority (VA020)
PETERSBURG, VA

Entity Wide Balance Sheet Summary
Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2023

	Project Total	6.2 Component Unit - Blended	1 Business Activities	2 State/Local	14.239 HOME Investment Partnerships Program	14.871 Housing Choice Vouchers	14 EHV Emergency Housing Voucher	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$2,003,829	\$312,198	\$140,442	\$92	\$47,777	\$44,986	\$19,610	\$576,954	\$3,145,888		\$3,145,888
112 Cash - Restricted - Modernization and Development											
113 Cash - Other Restricted	\$172,241	\$751,453		\$1,000,783		\$42			\$1,924,519		\$1,924,519
114 Cash - Tenant Security Deposits	\$22,954	\$46,727							\$69,691		\$69,691
115 Cash - Restricted for Payment of Current Liabilities											
100 Total Cash	\$2,199,034	\$1,110,378	\$140,442	\$1,000,875	\$47,777	\$45,028	\$19,610	\$576,954	\$5,140,098	\$0	\$5,140,098
121 Accounts Receivable - PHA Projects											
122 Accounts Receivable - HUD Other Projects	\$178,035							\$37,213	\$215,248		\$215,248
124 Accounts Receivable - Other Government					\$22,800				\$22,800		\$22,800
125 Accounts Receivable - Miscellaneous	\$17,000	\$68,374	\$4,747			\$118,500		\$91,493	\$300,114		\$300,114
126 Accounts Receivable - Tenants	\$91,618	\$75,519							\$167,137		\$167,137
125.1 Allowance for Doubtful Accounts - Tenants	-\$68,012	-\$41,911							-\$109,923		-\$109,923
126.2 Allowance for Doubtful Accounts - Other	-\$17,000	\$0	-\$3,412		\$0	\$0		\$0	-\$20,412		-\$20,412
127 Notes, Loans, & Mortgages Receivable - Current											
128 Fraud Recovery						\$65,628			\$65,628		\$65,628
128.1 Allowance for Doubtful Accounts - Fraud						-\$65,628			-\$65,628		-\$65,628
129 Accrued Interest Receivable											
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$201,641	\$101,982	\$1,335	\$0	\$22,800	\$118,500	\$0	\$128,706	\$574,964	\$0	\$574,964
131 Investments - Unrestricted	\$1,436,000		\$375,000					\$1,711,000	\$3,522,000		\$3,522,000
132 Investments - Restricted											
135 Investments - Restricted for Payment of Current Liability											
142 Prepaid Expenses and Other Assets	\$13,976	\$68,488	\$255	\$34	\$23	\$4,059		\$4,569	\$91,404		\$91,404
143 Inventories	\$13,679	\$2,809							\$16,488		\$16,488
143.1 Allowance for Obsolete Inventories	\$0	\$0							\$0		\$0
144 Inter Program Due From	\$47,956		\$975,120	\$2,480	\$0			\$189,662	\$1,215,218	-\$1,215,218	\$0
145 Assets Held for Sale	\$35,733								\$35,733		\$35,733
150 Total Current Assets	\$3,948,019	\$1,283,657	\$1,492,152	\$1,003,389	\$70,600	\$167,587	\$19,610	\$2,610,891	\$10,595,905	-\$1,215,218	\$9,380,687
161 Land	\$169,150	\$119,189						\$12,000	\$300,339		\$300,339
162 Buildings	\$13,027,047	\$43,536,107						\$398,141	\$56,961,295		\$56,961,295
163 Furniture, Equipment & Machinery - Dwellings	\$1,009,776	\$978,382							\$1,988,158		\$1,988,158
164 Furniture, Equipment & Machinery - Administration	\$360,864	\$240,913				\$111,137		\$212,861	\$925,575		\$925,575
165 Leasehold Improvements											
166 Accumulated Depreciation	-\$10,286,968	-\$2,652,375				-\$72,516		-\$507,615	-\$13,519,474		-\$13,519,474
167 Construction in Progress	\$2,892,208							\$242,557	\$3,134,765		\$3,134,765
168 Infrastructure											
160 Total Capital Assets, Net of Accumulated Depreciation	\$1,172,077	\$42,222,216	\$0	\$0	\$0	\$38,621	\$0	\$357,744	\$49,790,658	\$0	\$49,790,658
171 Notes, Loans and Mortgages Receivable - Non-Current		\$0	\$10,362,800					\$1,657,000	\$12,019,800	-\$12,019,800	\$0
172 Notes, Loans, & Mortgages Receivable - Non-Current - Past Due											
173 Grants Receivable - Non-Current											
174 Other Assets	\$10,633	\$2,911,025		\$640	\$57	\$99,373	\$498	\$151,992	\$3,174,178		\$3,174,178
176 Investments in Joint Ventures											

	Project Total	6.2 Component Unit - Blended	1 Business Activities	2 State/Local	14.239 HOME Investment Partnerships Program	14.871 Housing Choice Vouchers	14.EHV Emergency Housing Voucher	COCC	Subtotal	ELIM	Total
180 Total Non-Current Assets	\$7,182,710	\$45,133,241	\$10,362,800	\$640	\$57	\$137,994	\$498	\$2,166,696	\$64,984,636	-\$12,019,800	\$52,964,836
200 Deferred Outflow of Resources	\$44,703				\$498	\$8,349		\$24,499	\$78,049		\$78,049
290 Total Assets and Deferred Outflow of Resources	\$11,175,432	\$46,116,898	\$11,854,952	\$1,004,029	\$71,155	\$313,930	\$20,108	\$4,802,086	\$75,658,590	-\$13,235,018	\$62,423,572
311 Bank Overdraft		\$7,983							\$7,983		\$7,983
312 Accounts Payable <= 90 Days	\$302,249	\$94,241	\$1,074	\$4	\$529	\$60,245	\$4	\$66,097	\$604,443		\$604,443
313 Accounts Payable >90 Days Past Due											
321 Accrued Wage/Payroll Taxes Payable	\$9,841	\$13,442			\$71	\$10,646		\$25,984	\$59,984		\$59,984
322 Accrued Compensated Absences - Current Portion	\$2,222	\$3,629		\$85	\$101	\$1,747	\$85	\$13,735	\$21,604		\$21,604
324 Accrued Contingency Liability											
325 Accrued Interest Payable		\$56,971						\$5,495	\$56,971		\$56,971
331 Accounts Payable - HUD PHA Programs								\$5,495	\$5,495		\$5,495
332 Account Payable - PHA Projects											
333 Accounts Payable - Other Government	\$2,835	\$43,745							\$46,580		\$46,580
341 Tenant Security Deposits	\$22,964	\$46,727							\$69,691		\$69,691
342 Unearned Revenue	\$15,050	\$31,590							\$52,353		\$52,353
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	\$2,767	\$17,987,736				\$4,589	\$5,713	\$3,061	\$17,998,153		\$17,998,153
344 Current Portion of Long-term Debt - Operating Borrowings											
345 Other Current Liabilities	\$4,121	\$97,523		\$177	\$14	\$25,750	\$242	\$1,968	\$130,395		\$130,395
346 Accrued Liabilities - Other			\$6,749						\$6,749		\$6,749
347 Inter Program - Due To	\$22,443	\$1,116,385			\$26,104	\$38,302	\$11,984		\$1,215,218	-\$1,215,218	\$0
348 Loan Liability - Current											
310 Total Current Liabilities	\$465,092	\$19,499,972	\$7,823	\$265	\$26,619	\$141,279	\$18,028	\$116,340	\$20,275,619	-\$1,215,218	\$19,060,401
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$9,902	\$18,792,568			\$0	\$14,995		\$9,954	\$18,827,419	-\$10,362,800	\$8,464,619
352 Long-term Debt, Net of Current - Operating Borrowings											
353 Non-current Liabilities - Other	\$1,581	\$2,009,022			\$38	\$42	\$17	\$177,018	\$2,187,718	-\$1,657,000	\$530,718
354 Accrued Compensated Absences - Non Current	\$8,889	\$14,519		\$341	\$404	\$6,990	\$341	\$54,939	\$86,423		\$86,423
355 Loan Liability - Non Current											
356 FASB 5 Liabilities											
357 Accrued Pension and OPEB Liabilities	\$87,254				\$1,271	\$12,400		\$48,147	\$130,072		\$130,072
350 Total Non-Current Liabilities	\$87,626	\$20,816,109	\$0	\$341	\$1,713	\$34,427	\$358	\$291,059	\$21,231,632	-\$12,019,800	\$9,211,832
300 Total Liabilities	\$552,718	\$40,316,081	\$7,823	\$607	\$28,532	\$175,706	\$18,386	\$407,398	\$41,507,251	-\$13,235,018	\$28,272,233
400 Deferred Inflow of Resources	\$90,820				\$313	\$35,085		\$104,622	\$230,850		\$230,850
508.4 Net Investment in Capital Assets	\$7,159,408	\$5,441,912				\$19,037		\$344,729	\$12,965,086		\$12,965,086
511.4 Restricted Net Position		\$751,453							\$751,453		\$751,453
512.4 Unrestricted Net Position	\$3,372,486	-\$92,548	\$11,847,129	\$1,003,422	\$42,310	\$84,092	\$1,722	\$3,945,337	\$20,203,950		\$20,203,950
513 Total Equity - Net Assets / Position	\$10,531,894	\$6,100,817	\$11,847,129	\$1,003,422	\$42,310	\$103,128	\$1,722	\$4,290,066	\$33,520,489	\$0	\$33,520,489
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$11,175,432	\$46,116,898	\$11,854,952	\$1,004,029	\$71,155	\$313,930	\$20,108	\$4,802,086	\$75,658,590	-\$13,235,018	\$62,423,572

Petersburg Redevelopment & Housing Authority (VA020)
PETERSBURG, VA

Submission Type: Audited/Single Audit
Entity Wide Revenue and Expense Summary
Fiscal Year End: 12/31/2023

	Project Total	6.2 Component Unit - Blended	1 Business Activities	2 State/Local	14.239 HOME Investment Partnerships Program	14.971 Housing Choice Vouchers	14.EHV Emergency Housing Voucher	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$366,008	\$752,059							\$1,118,067		\$1,118,067
70400 Tenant Revenue - Other	\$50	\$7,288							\$7,338		\$7,338
70500 Total Tenant Revenue	\$366,058	\$759,347	\$0	\$0	\$0	\$0	\$0	\$0	\$1,125,405	\$0	\$1,125,405
70600 HUD PHA Operating Grants	\$1,178,456					\$7,396,227	\$66,554		\$8,661,237		\$8,661,237
70610 Capital Grants	\$331,002							\$118,507	\$449,509		\$449,509
70710 Management Fee								\$502,960	\$502,960	-\$502,960	\$0
70720 Asset Management Fee								\$19,560	\$19,560	-\$19,560	\$0
70730 Book Keeping Fee								\$90,681	\$90,681	-\$90,681	\$0
70740 Front Line Service Fee											
70750 Other Fees								\$697,771	\$697,771		\$697,771
70700 Total Fee Revenue								\$1,210,972	\$1,210,972	-\$613,201	\$597,771
70800 Other Government Grants	\$140,452	\$1,350,888	\$10,000	\$340,540	\$118,919				\$1,960,799		\$1,960,799
71100 Investment Income - Unrestricted	\$33,508	\$10,217	\$8,487					\$15,476	\$67,688		\$67,688
71200 Mortgage Interest Income			\$5,278						\$5,278	-\$5,278	\$0
71300 Proceeds from Disposition of Assets Held for Sale											
71310 Cost of Sale of Assets						\$3,773		\$22,113	\$3,773	-\$279,819	\$3,773
71400 Fraud Recovery						\$26,642	\$1,200		\$4,516,114		\$4,236,295
71500 Other Revenue	\$5,846	\$3,676,293	\$764,020								
71600 Gain or Loss on Sale of Capital Assets											
72000 Investment Income - Restricted											
70000 Total Revenue	\$2,055,322	\$5,796,745	\$807,785	\$340,540	\$118,919	\$7,426,642	\$87,754	\$1,367,068	\$18,000,775	-\$898,298	\$17,102,477
91100 Administrative Salaries	\$52,293	\$142,918		\$33	\$1,205	\$223,386	\$281	\$519,325	\$978,441		\$978,441
91200 Auditing Fees	\$6,897	\$8,875	\$1,222	\$923	\$69	\$18,495	\$12	\$4,542	\$40,835		\$40,835
91300 Management Fee	\$228,007	\$137,467				\$127,486			\$502,960	-\$502,960	\$0
91310 Book-keeping Fee	\$11,406					\$79,275			\$90,681	-\$90,681	\$0
91400 Advertising and Marketing	\$1,245	\$677				\$24			\$1,946		\$1,946
91500 Employee Benefit Contributions - Administrative	\$10,459	\$14,415		\$49	\$363	\$23,304	\$212	\$65,368	\$114,170		\$114,170
91600 Office Expenses	\$16,225	\$27,353		\$20	\$102	\$18,854	\$15	\$18,372	\$80,941		\$80,941
91700 Legal Expense	\$302	\$4,391						\$2,663	\$7,356		\$7,356
91800 Travel								\$2,004	\$2,004		\$2,004
91810 Allocated Overhead											
91900 Other	\$84,124	\$99,795	\$10,131	\$85	\$1,996	\$57,831	\$587	\$130,216	\$394,735		\$394,735
91000 Total Operating - Administrative	\$460,958	\$435,651	\$11,353	\$1,120	\$3,735	\$556,655	\$1,107	\$741,490	\$2,214,069	-\$593,641	\$1,620,428
92000 Asset Management Fee											
92100 Tenant Services - Salaries	\$19,560								\$19,560	-\$19,560	\$0
92200 Relocation Costs							\$8,537		\$8,537		\$8,537
92300 Employee Benefit Contributions - Tenant Services											
92400 Tenant Services - Other	\$10,168	\$4,829							\$14,997		\$14,997
92500 Total Tenant Services	\$10,168	\$4,829	\$0	\$0	\$0	\$0	\$8,537	\$0	\$23,534	\$0	\$23,534

	Project Total	6.2 Component Unit - Blended	1 Business Activities	2 State/Local	14.239 HOME Investment Partnerships Program	14.871 Housing Choice Vouchers	14.EHV Emergency Housing Voucher	COCC	Subtotal	ELIM	Total
93100 Water	\$44,224	\$34,272							\$76,496		\$76,496
93200 Electricity	\$14,552	\$119,201						\$5,737	\$269,490		\$269,490
93300 Gas	\$56,991	\$21,387						\$4,876	\$83,254		\$83,254
93400 Fuel											
93500 Labor											
93600 Sewer	\$107,808	\$75,251							\$183,059		\$183,059
93700 Employee Benefit Contributions - Utilities											
93800 Other Utilities Expense											
93900 Total Utilities	\$363,575	\$250,111	\$0	\$0	\$0	\$0	\$0	\$10,613	\$614,299	\$0	\$614,299
94100 Ordinary Maintenance and Operations - Labor	\$133,984	\$126,524						\$516	\$261,024		\$261,024
94200 Ordinary Maintenance and Operations - Materials and Other	\$63,040	\$31,729				\$1,892		\$1,887	\$98,548		\$98,548
94300 Ordinary Maintenance and Operations Contracts	\$455,391	\$222,353	\$15,196	\$1,452		\$16,955	\$290	\$50,127	\$761,764		\$761,764
94500 Employee Benefit Contributions - Ordinary Maintenance	\$15,874	\$14,978						\$40	\$30,892		\$30,892
94900 Total Maintenance	\$668,289	\$395,584	\$15,196	\$1,452	\$0	\$18,847	\$290	\$52,570	\$1,152,228	\$0	\$1,152,228
95100 Protective Services - Labor											
95200 Protective Services - Other Contract Costs	\$15,066								\$15,066		\$15,066
95300 Protective Services - Other	\$5,367	\$28,950							\$34,317		\$34,317
95500 Employee Benefit Contributions - Protective Services											
95900 Total Protective Services	\$20,433	\$28,950	\$0	\$0	\$0	\$0	\$0	\$0	\$49,383	\$0	\$49,383
96110 Property Insurance	\$66,717	\$47,119						\$3,772	\$117,608		\$117,608
96120 Liability Insurance	\$23,218	\$7,518				\$14,901		\$2,814	\$50,627		\$50,627
96130 Workmen's Compensation	\$3,879	\$3,082		\$33		\$2,839		\$5,573	\$15,386		\$15,386
96140 All Other Insurance	\$24,325	\$12,689				\$3,157		\$3,701	\$43,872		\$43,872
96100 Total Insurance Premiums	\$118,139	\$70,398	\$2,176	\$33	\$0	\$20,897	\$0	\$15,860	\$227,493	\$0	\$227,493
96200 Other General Expenses	\$5,728	\$17,037		\$326	\$106,336	\$27,948	\$249	\$2,418	\$160,042		\$160,042
96210 Compensated Absences	\$13,524	\$7,133			\$353	\$6,818		\$41,396	\$71,224		\$71,224
96300 Payments in Lieu of Taxes	\$2,835	\$43,745							\$46,580		\$46,580
96400 Bad debt - Tenant Rents	\$38,423	\$51,675							\$90,098		\$90,098
96500 Bad debt - Mortgages											
96600 Bad debt - Other		\$32,468							\$32,468		\$32,468
96800 Severance Expense											
96900 Total Other General Expenses	\$60,510	\$152,058	\$0	\$326	\$106,689	\$35,766	\$249	\$43,814	\$400,412	\$0	\$400,412
96710 Interest of Mortgage (or Bonds) Payable											
96720 Interest on Notes Payable (Short and Long Term)	\$717	\$1,058,315				\$946		\$564	\$1,060,442	-\$279,819	\$780,623
96730 Amortization of Bond Issue Costs		\$5,278							\$5,278	-\$5,278	\$0
96700 Total Interest Expense and Amortization Cost	\$717	\$1,063,593	\$0	\$0	\$0	\$946	\$0	\$564	\$1,065,720	-\$285,097	\$780,623
96900 Total Operating Expenses	\$1,712,349	\$2,401,164	\$28,725	\$2,931	\$110,424	\$636,011	\$10,183	\$864,911	\$5,766,698	-\$898,238	\$4,868,460
97000 Excess of Operating Revenue over Operating Expenses	\$342,973	\$3,395,581	\$779,060	\$337,609	\$8,495	\$5,790,631	\$77,571	\$502,157	\$12,234,077	\$0	\$12,234,077
97100 Extraordinary Maintenance											
97200 Casualty Losses - Non-capitalized											
97300 Housing Assistance Payments											
				\$95,547		\$7,114,626	\$91,018		\$7,301,191		\$7,301,191

	Project Total	6.2 Component Unit - Blended	1 Business Activities	2 State/Local	14.239 HOME Investment Partnerships Program	14.871 Housing Choice Vouchers	14.EHV Emergency Housing Voucher	COC	Subtotal	ELIM	Total
97350 HAP Portability-In						\$24,913			\$24,913		\$24,913
97400 Depreciation Expense	\$289,618	\$1,411,516				\$10,321		\$25,661	\$1,737,116		\$1,737,116
97500 Fraud Losses											
97600 Capital Outlays - Governmental Funds											
97700 Debt Principal Payment - Governmental Funds											
97800 Dwelling Units Rent Expense											
90000 Total Expenses	\$2,001,967	\$3,812,660	\$28,725	\$98,478	\$110,424	\$7,785,871	\$101,201	\$890,572	\$14,829,918	-\$896,298	\$13,931,620
10010 Operating Transfer In											
10020 Operating Transfer Out	\$475,547							\$118,507	\$594,054	-\$594,054	\$0
10030 Operating Transfers from/to Primary Government	-\$475,547							-\$118,507	-\$594,054	\$594,054	\$0
10040 Operating Transfers from/to Component Unit											
10050 Proceeds from Notes, Loans and Bonds											
10060 Proceeds from Property Sales											
10070 Extraordinary Items, Net Gain/Loss											
10080 Special Items (Net Gain/Loss)											
10091 Inter Project Excess Cash Transfer In											
10092 Inter Project Excess Cash Transfer Out											
10093 Transfers between Program and Project - In											
10094 Transfers between Project and Program - Out											
10100 Total Other Financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$63,355	\$1,984,065	\$779,060	\$242,062	\$8,495	-\$359,229	-\$13,447	\$476,496	\$3,170,857	\$0	\$3,170,857
11020 Required Annual Debt Principal Payments											
11030 Beginning Equity	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$10,478,639	\$5,080,599	\$11,068,069	\$761,360	\$33,815	\$462,358	\$15,169	\$3,813,570	\$31,713,479		\$31,713,479
11050 Changes in Compensated Absence Balance		-\$963,947							-\$963,947		-\$963,947
11060 Changes in Contingent Liability Balance											
11070 Changes in Unrecognized Pension Transition Liability											
11080 Changes in Special Term/Severance Benefits Liability											
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents											
11100 Changes in Allowance for Doubtful Accounts - Other											
11170 Administrative Fee Equity						\$358,804			\$358,804		\$358,804
11180 Housing Assistance Payments Equity											
11190 Unit Months Available	1968	2706				-\$255,675			-\$255,675		-\$255,675
11210 Number of Unit Months Leased	1532	2586				11531	180		16385		16385
11270 Excess Cash	\$3,104,604					10570	108		14796		14796
11610 Land Purchases	\$0								\$3,104,604		\$3,104,604
11620 Building Purchases	\$402,319							\$0	\$0		\$0
11630 Furniture & Equipment - Dwelling Purchases	\$43,686							\$116,507	\$520,826		\$520,826
11640 Furniture & Equipment - Administrative Purchases	\$10,384							\$0	\$43,686		\$43,686
11650 Leasehold Improvements Purchases	\$14,455							\$24,700	\$35,084		\$35,084
11660 Infrastructure Purchases	\$0							\$15,989	\$30,444		\$30,444
13510 CFFP Debt Service Payments	\$0							\$0	\$0		\$0
13901 Replacement Housing Factor Funds	\$0							\$0	\$0		\$0

PETERSBURG REDEVELOPMENT AND HOUSING AUTHORITY
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED DECEMBER 31, 2023

<u>FEDERAL GRANTOR/PROGRAM</u>	<u>ALN</u>	<u>PASS THRU ENTITY</u>	<u>FEDERAL EXPENDITURES</u>
<u>U.S. DEPARTMENT OF HUD</u>			
Low Rent Public Housing	14.850	N/A	\$ 1,033,911
Total ALN 14.850			<u>\$ 1,033,911</u>
Housing Choice Vouchers	14.871*	N/A	\$ 7,396,227
Emergency Housing Voucher	14.871*	N/A	78,017
Total ALN 14.871			<u>\$ 7,474,244</u>
Public Housing Capital Fund	14.872	N/A	594,054
HOME Investment Partnership	14.239	DHCD	<u>107,980</u>
TOTAL US DEPARTMENT OF HUD			<u>\$ 9,210,189</u>
Total Federal Assistance			<u>\$ 9,210,189</u>

PETERSBURG REDEVELOPMENT AND HOUSING AUTHORITY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2023

Note 1: Basis of Accounting

The accompanying Schedule of Financial Assistance is prepared on the accrual basis of accounting. The information on this Schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

Note 2: Major Programs

The (*) to the right of a ALN identifies the grant as a major federal program as defined by the Uniform Guidance.

Note 3: Award Balance

On the Section 8 Vouchers/Certificate programs, the Authority receives annual funds based on an annual estimate of need. Unexpended grant funds are available to meet subsequent year HAP shortfalls.

Note 4: Program Costs

The amounts shown as current year expenditures represent only the federal portion of the actual program costs. Actual program costs, including the housing Authority's portion, may be more than shown.

Note 5: Indirect Cost Allocation

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

PETERSBURG REDEVELOPMENT AND HOUSING AUTHORITY
STATEMENT OF CERTIFICATION OF MODERNIZATION COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023

The Actual Modernization costs of Project are as follows:

	<u>VA36P02050118</u>
Funds Approved	\$ 1,034,359
Funds Expended	<u>1,034,359</u>
EXCESS (DEFICIENCY) OF FUNDS APPROVED	<u>\$ -</u>
Funds Approved	\$ 1,034,359
Funds Expended	<u>1,034,359</u>
EXCESS (DEFICIENCY) OF FUNDS APPROVED	<u>\$ -</u>

	<u>VA36P02050119</u>
Funds Advanced	\$ 1,082,300
Funds Expended	<u>1,082,300</u>
EXCESS (DEFICIENCY) OF FUNDS APPROVED	<u>\$ -</u>
Funds Advanced	\$ 1,082,300
Funds Expended	<u>1,082,300</u>
EXCESS (DEFICIENCY) OF FUNDS APPROVED	<u>\$ -</u>

The distribution of costs by project as shown on the Final Statement of Modernization Costs accompanying the Actual Modernization Cost Certificate submitted to HUD for approval is in agreement with the Authorities records.

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

**FINANCIAL COMPLIANCE REPORTS
FOR
FEDERAL FUNDS**



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

Daniel J. Dooley, C.P.A.

Michael H. Vicars, C.P.A.

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

Board of Commissioners
Petersburg Redevelopment
and Housing Authority
Petersburg, Virginia

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Petersburg Redevelopment and Housing Authority's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Petersburg Redevelopment and Housing Authority's major federal programs for the year ended December 31, 2023. Petersburg 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.

In our opinion, Petersburg 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 December 31, 2023.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Petersburg Redevelopment and Housing Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Petersburg Redevelopment and Housing Authority's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Petersburg Redevelopment and Housing Authority's federal programs.

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Petersburg Redevelopment and Housing Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Petersburg Redevelopment and Housing Authority's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Petersburg Redevelopment and Housing Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Petersburg Redevelopment and Housing Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Petersburg Redevelopment and Housing Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance or other matter that is required to be reported in accordance with Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2023-001 and 2023-002. Our opinion on each major federal program is not modified with respect to this matter.

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

Response to Findings

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

Report on Internal Control over Compliance

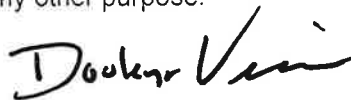
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings, questioned costs, and recommendations as item 2023-001 and 2023-002 that we consider to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.



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

Richmond, Virginia
September 30, 2024



Dooley & Vicars

Certified Public Accountants, L.L.P.

Daniel J. Dooley, C.P.A.

Michael H. Vicars, C.P.A.

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

Board of Commissioners
Petersburg Redevelopment
and Housing Authority
Petersburg, Virginia

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Petersburg Redevelopment and Housing Authority, which comprise the balance sheet as of December 31, 2023, and the related statements of income (loss), and cash flows for the year then ended and the related notes to the financial statements and have issued our report thereon September 30, 2024.

Internal Control over Financial Reporting

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

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Petersburg Redevelopment and Housing Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2023-001 and 2023-002.

Response to Findings

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

Purpose of this Report

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



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

Richmond, Virginia
September 30, 2024

PETERSBURG REDEVELOPMENT AND HOUSING AUTHORITY
STATUS OF PRIOR AUDIT FINDINGS
AT DECEMBER 31, 2023

There were no audit findings in the prior period.

PETERSBURG REDEVELOPMENT AND HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023

Section I -- Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified: ☐ yes ☒ no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? ☐ yes ☒ none reported
- Noncompliance material to financial statements noted? ☐ yes ☒ no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified: ☐ yes ☒ no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? ☒ yes ☐ none reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 2, Part 200 (Uniform Guidance): ☒ yes ☐ no

PETERSBURG REDEVELOPMENT AND HOUSING AUTHORITY
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED DECEMBER 31, 2023
 (CONTINUED)

Identification of major programs:

ALN

Name of Federal Program or Cluster

14.871

Section 8 Housing Choice Vouchers

14.871

Emergency Housing Vouchers

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

Auditee qualified as low-risk auditee? x yes no

Section II -- Financial Statement Findings

There are no financial statement findings.

Section III -- Federal Awards Findings and Questioned Costs

There are no federal awards findings.

PETERSBURG REDEVELOPMENT AND HOUSING AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(CONTINUED)Section III – Federal Awards Findings and Questioned Costs**Finding Reference:** 2023-001**Federal Agency:** US. Department of Housing and Urban Development**Federal Program(s):** Section 8 Housing Choice Vouchers**ALN:** 14.871**Category of Finding:** Special Tests and Provisions (N)**Type of Finding:** Noncompliance; Significant Deficiency

CONDITION: Based upon inspection of the PHA's files and on discussions with management, the PHA failed to document biannual Housing Quality Standards (HQS) inspections for two units in accordance with the PHA's Administrative Plan and HUD regulations.

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

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

CONTEXT: During audit fieldwork, 40 HAP contract files from a statistically valid sample were examined for compliance with annual HQS inspection requirements. Of the files examined, 2 files did not contain current biannual inspection reports.

EFFECT: The Authority is not in compliance with federal regulations regarding HQS inspections and documentation. This could result in unallowable HAP payments to owners of units that do not meet required Housing Quality Standards.

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

RECOMMENDATION: We recommend the PHA design and implement a corrective action plan that will assure compliance with the Uniform Guidance and the compliance supplement.

MANAGEMENT'S RESPONSE See separately prepared Corrective Action Plan.

PETERSBURG REDEVELOPMENT AND HOUSING AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(CONTINUED)

Section III – Federal Awards Findings and Questioned Costs

Finding Reference: 2023-002

Federal Agency: US. Department of Housing and Urban Development

Federal Program(s): Section 8 Housing Choice Vouchers

ALN: 14.871

Category of Finding: Eligibility (E)

Type of Finding: Noncompliance; Significant Deficiency

CONDITION: The Authority's Housing Choice Voucher program contains atleast one tenant whose income was not verified with current EIV Income Reports, as required by the PHA's Administrative Plan and HUD regulations.

CRITERIA: Tenants of the Housing Choice Voucher (HCV) program are required to be recertified biannually and on the interim basis in accordance with HUD regulations. Recertification guidelines require use of the Enterprise Income Verification (EIV) System to verify tenants' reported incomes during biannual recertifications and within 120 days of admission into the HCV program.

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

CONTEXT: During audit fieldwork, 40 HAP contract files from a statistically valid sample were examined for compliance with EIV use requirements. Of the files examined, 1 file did not contain documentation that tenants' reported income was verified with current EIV Income Reports within 120 days of admission into the HCV program.

EFFECT: The PHA could be issuing incorrect housing assistance payments on behalf of tenants who are not paying the appropriate amount of rent per program regulations.

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

RECOMMENDATION: We recommend the PHA design and implement a corrective action plan that will assure compliance with the Uniform Guidance and the compliance supplement.

MANAGEMENT'S RESPONSE See separately prepared Corrective Action Plan.



PRHA

Petersburg Redevelopment & Housing Authority

Management's Response to Findings Corrective Action Plan

Finding Reference 2023-001 and 2023-002

The Authority concurs with the findings in that PRHA's Housing Choice Voucher program didn't provide the EIV Income Report within 120 days for at least one tenant and the PRHA's HCVP failed to document the biannual Housing Quality Standards (HQS) inspections for two units in accordance with the PHA'S Administrative Plan.

The following corrective actions are for the EIV Income Report findings:

1. The HCV staff reviewed the tenant's files.
2. The EIV policy and procedure has been reiterated to each staff member.
3. Internal controls have been discussed and assigned to ensure the EIV Income Reports will be run within 120 days of the tenant's lease date.

The following corrective actions are for the HQS Inspection findings:

1. The inspector has attended an outsourced training from a reputable company that meets the HUD requirements and certification criteria. HQS includes requirements for all housing types, including single and multi-family dwelling units, as well as specific requirements for special housing types such as manufactured homes.
2. The Housing Authority HCV supervisor will implement greater oversight over the Housing Quality Standards by reinforcing the quality controls and monitoring failed inspection to improve on the standards mandated by HUD regarding biannual inspections and failed inspections.

Nathaniel Pride
Executive Director

REQUIRED SUPPLEMENTAL INFORMATION

PETERSBURG REDEVELOPMENT AND HOUSING AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION RELATED TO PENSIONS AND OPEB
FOR THE YEAR ENDED DECEMBER 31, 2023

Schedule of changes in Net Pension Liability and related ratios:

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Plan fiduciary net position									
Contributions - employer	\$ 80,983	\$ 77,118	\$ 77,658	\$ 68,823	\$ 67,122	\$ 79,396	\$ 78,660	\$ 114,125	\$ 108,517
Contributions - employee	68,629	58,923	59,536	57,713	55,866	56,257	55,582	57,645	56,879
Net investment income	413,475	(5,483)	1,437,368	101,112	339,354	362,552	544,627	77,856	200,446
Benefit payments, including refunds of employee contributions	(271,815)	(290,454)	(264,169)	(265,116)	(308,597)	(260,346)	(259,390)	(237,008)	(276,189)
Administrative expense	(4,135)	(4,130)	(3,602)	(3,497)	(3,482)	(3,172)	(3,203)	(2,818)	(2,814)
Other	166	151	135	(119)	(213)	(321)	(483)	(33)	(42)
Net change in plan fiduciary net position	287,313	(163,875)	1,306,926	(41,084)	150,050	234,366	415,793	9,767	86,797
Plan fiduciary net position - beginning	6,424,903	6,588,778	5,281,852	5,322,936	5,172,886	4,938,520	4,522,727	4,512,960	4,426,163
Plan fiduciary net position - ending (b)	\$ 6,712,216	\$ 6,424,903	\$ 6,588,778	\$ 5,281,852	\$ 5,322,936	\$ 5,172,886	\$ 4,938,520	\$ 4,522,727	\$ 4,512,960
PRHA's net pension liability (asset) - ending (a) - (b)	\$ (165,488)	\$ 20,809	\$ (263,485)	\$ 1,043,441	\$ 317,092	\$ 237,403	\$ 253,661	\$ 614,136	\$ 539,244
Plan fiduciary net position as a percentage of the total Pension liability	103%	100%	104%	84%	91%	92%	91%	87%	88%
Covered employee payroll	\$ 1,538,489	\$ 1,237,139	\$ 1,247,951	\$ 1,215,918	\$ 1,170,665	\$ 1,161,232	\$ 1,114,459	\$ 1,213,500	\$ 1,165,930
PRHA's net pension liability as a percentage of covered-employee payroll	-11%	2%	-21%	49%	27%	20%	23%	51%	46%

PETERSBURG REDEVELOPMENT AND HOUSING AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION RELATED TO PENSIONS AND OPEB
FOR THE YEAR ENDED DECEMBER 31, 2023
(CONTINUED)

Schedule of changes in Total Pension Liability and related ratios:

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability									
Service Cost	\$ 124,439	\$ 104,045	\$ 110,241	\$ 106,597	\$ 100,226	\$ 97,062	\$ 112,095	\$ 113,285	\$ 111,646
Interest	434,311	424,177	388,061	371,754	367,919	354,341	350,502	345,359	322,980
Differences between expected and actual experience	(185,919)	(117,349)	(1,843)	27,871	(77,852)	27,051	(107,520)	(136,977)	141,677
Changes in assumptions	-	-	211,869	-	147,843	-	(40,369)	-	-
Benefit Payments, including refunds of employee contributions	(271,815)	(290,454)	(264,169)	(265,116)	(308,597)	(260,346)	(259,390)	(237,008)	(276,189)
Net change in total pension liability	101,016	120,419	444,159	241,106	229,739	218,108	55,318	84,659	300,114
Total pension liability - beginning	6,445,712	6,325,293	5,881,134	5,640,028	5,410,289	5,192,181	5,136,863	5,052,204	4,752,090
Total pension liability - ending (a)	\$ 6,546,728	\$ 6,445,712	\$ 6,325,293	\$ 5,881,134	\$ 5,640,028	\$ 5,410,289	\$ 5,192,181	\$ 5,136,863	\$ 5,052,204

Totals are from Schedule E Total Pension Liability and Fiduciary Net Position on pages 114-131 of the GASB Statement No. 68 Report.

PETERSBURG REDEVELOPMENT AND HOUSING AUTHORITY
 REQUIRED SUPPLEMENTARY INFORMATION RELATED TO PENSIONS AND OPEB
 FOR THE YEAR ENDED DECEMBER 31, 2023
 (CONTINUED)

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

Date	Employer's Contribution Rate	Contractually Required Contribution (1)	Contributions in Relation to		Employers Covered Employee Payroll (4)	Contributions as a % of Covered Employee Payroll (5)
			Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)		
2023	6.02%	\$92,617	\$92,617	\$0	\$1,538,489	6.02%
2022	6.57%	\$81,280	\$81,280	\$0	\$1,237,139	6.57%
2021	6.57%	\$81,993	\$81,993	\$0	\$1,247,991	6.57%
2020	6.01%	\$73,077	\$73,077	\$0	\$1,215,918	6.01%
2019	6.01%	\$70,357	\$70,357	\$0	\$1,170,665	6.01%
2018	9.77%	\$113,452	\$67,122	\$46,330	\$1,161,232	5.78%
2017	9.77%	\$108,883	\$78,660	\$30,223	\$1,114,459	7.06%
2016	9.77%	\$118,559	\$114,125	\$4,434	\$1,213,500	9.40%
2015	9.77%	\$113,911	\$108,517	\$5,394	\$1,165,930	9.31%
2014	9.77%	\$108,886	\$104,342	\$4,544	\$1,114,495	9.36%

PETERSBURG REDEVELOPMENT AND HOUSING AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION RELATED TO PENSIONS AND OPEB
FOR THE YEAR ENDED DECEMBER 31, 2023
(CONTINUED)

Schedule of changes in Net OPEB-HIC Liability and related ratios:

	2023	2022	2021	2020	2019	2018	2017
Plan fiduciary net position							
Contributions - employer	\$ 4,229	\$ 3,588	\$ 3,619	\$ 3,139	\$ 3,020	\$ 3,014	\$ 2,984
Contributions - employee	-	-	-	-	-	-	-
Net investment income	1,891	57	6,678	548	1,718	1,821	2,708
Benefit payments, including refunds of employee contributions	(4,007)	(4,497)	(4,950)	(5,462)	(3,922)	(3,698)	(2,652)
Administrative expense	(45)	(55)	(76)	(50)	(37)	(9)	(45)
Other	78	1,456	-	-	(2)	(136)	136
Net change in plan fiduciary net position	2,146	549	5,271	(1,827)	777	992	3,131
Plan fiduciary net position - beginning	32,062	31,513	26,242	28,069	27,292	26,300	23,169
Plan fiduciary net position - ending (b)	\$ 34,208	\$ 32,062	\$ 31,513	\$ 26,242	\$ 28,069	\$ 27,292	\$ 26,300
PRHA's net OPEB-HIC liability (asset) - ending (a) - (b)	\$ 32,387	\$ 35,315	\$ 35,864	\$ 35,202	\$ 29,632	\$ 29,033	\$ 31,185
Plan fiduciary net position as a percentage of the total OPEB-HIC liability	51.37%	47.59%	51.29%	42.71%	47.67%	47.30%	46.69%
Covered employee payroll	\$ 1,458,464	\$ 1,237,139	\$ 1,247,991	\$ 1,215,918	\$ 1,170,665	\$ 1,147,824	\$ 1,147,824
PRHA's net OPEB-HIC liability as a percentage of covered-employee payroll	2.22%	2.85%	2.40%	2.68%	2.53%	2.53%	2.72%

PETERSBURG REDEVELOPMENT AND HOUSING AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION RELATED TO PENSIONS AND OPEB
FOR THE YEAR ENDED DECEMBER 31, 2023
(CONTINUED)

Schedule of changes in Total OPEB-HIC Liability and related ratios:

	2023	2022	2021	2020	2019	2018	2017
Total OPEB-HIC liability	\$ 901	\$ 966	\$ 1,166	\$ 1,112	\$ 928	\$ 902	\$ 1,160
Service Cost	4,474	4,061	3,808	3,710	3,805	3,895	3,872
Interest	(2,150)	(530)	1,659	1,826	(693)	(2,259)	-
Differences between expected and actual experience	-	5,933	874	-	1,258	-	(1,532)
Changes in assumptions	(4,007)	(4,497)	(4,950)	(5,462)	(3,922)	(3,698)	(2,652)
Benefit Payments, including refunds of employee contributions	(782)	5,933	2,557	1,186	1,376	(1,160)	848
Net change in total OPEB-HIC liability	67,377	61,444	58,887	57,701	56,325	57,485	56,637
Total OPEB-HIC liability - beginning	\$ 66,595	\$ 67,377	\$ 61,444	\$ 58,887	\$ 57,701	\$ 56,325	\$ 57,485
Total OPEB-HIC liability - ending (a)							

Totals, with the exception of the covered payroll are from Schedule E – Total OPEB Liability and Fiduciary Net Position on pages 168-178 and the Summary of Collective Amounts on page 17 of the GASB Statement No. 75 Report.

PETERSBURG REDEVELOPMENT AND HOUSING AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION RELATED TO PENSIONS AND OPEB
FOR THE YEAR ENDED DECEMBER 31, 2023
(CONTINUED)

Schedule of Employer OPEB-HIC Contributions to the VRS For the Years Ended June 30:

Date	Employer's Contribution Rate	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)		Employers Covered Employee Payroll (4)	Contributions as a % of Covered Employee Payroll (5)
			Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)		
2023	0.29%	\$4,229	\$4,229	\$0	\$1,458,464	0.29%
2022	0.29%	\$3,588	\$3,588	\$0	\$1,237,139	0.29%
2021	0.29%	\$3,619	\$3,619	\$0	\$1,247,991	0.29%
2020	0.26%	\$3,161	\$3,161	\$0	\$1,215,918	0.25%
2019	0.26%	\$3,161	\$3,044	\$117	\$1,215,918	0.25%
2018	0.26%	\$3,014	\$3,014	\$0	\$1,159,329	0.26%
2017	0.26%	\$2,984	\$2,984	\$0	\$1,147,824	0.26%
2016	0.27%	\$3,197	\$3,197	\$0	\$1,184,077	0.27%
2015	0.27%	\$3,014	\$3,014	\$0	\$1,116,112	0.27%
2014	0.27%	\$2,606	\$2,606	\$0	\$965,318	0.27%

PETERSBURG REDEVELOPMENT AND HOUSING AUTHORITY
 REQUIRED SUPPLEMENTARY INFORMATION RELATED TO PENSIONS AND OPEB
 FOR THE YEAR ENDED DECEMBER 31, 2023
 (CONTINUED)

Schedule of Employer's Share of Net OPEB-GLI for the years ended June 30:

	2023	2022	2021	2020	2019	2018	2017
Employer's Proportion of the Net GLI OPEB Liability (Asset)	0.00619%	0.00604%	0.00604%	0.00591%	0.00597%	0.00610%	0.00622%
Employer's Proportionate Share of the Net GLI OPEB Liability (Asset)	\$74,238	\$70,322	\$70,322	\$98,628	\$97,148	\$93,000	\$94,000
Employer's Covered Payroll	\$1,538,488	\$1,237,139	\$1,247,991	\$1,215,918	\$1,170,665	\$1,159,329	\$1,147,824
Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of its Covered Payroll	4.83%	5.09%	5.63%	8.11%	8.30%	8.02%	8.19%
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	69.30%	67.21%	52.64%	52.64%	52.00%	51.22%	48.86%

Schedule is intended to show information for 10 years. Since 2023 is the seventh year for this presentation, only five years of data is available. However, additional years will be included as they become available.

The Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability for the VRS Group Life Insurance Program for each year is presented on page 130 of the VRS 2023 Comprehensive Annual Financial Report (CAFR).

PETERSBURG REDEVELOPMENT AND HOUSING AUTHORITY
 REQUIRED SUPPLEMENTARY INFORMATION RELATED TO PENSIONS AND OPEB
 FOR THE YEAR ENDED DECEMBER 31, 2023
 (CONTINUED)

Schedule of Employer OPEB-GLI Contributions to the VRS for the years ended June 30:

Date	Employer's Contribution Rate	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employers Covered Employee Payroll (4)	Contributions as a % of Covered Employee Payroll (5)
2023	0.54%	\$8,308	\$8,308	\$0	\$1,538,489	0.54%
2022	0.54%	\$6,681	\$6,681	\$0	\$1,237,139	0.54%
2021	0.54%	\$6,739	\$6,739	\$0	\$1,247,991	0.54%
2020	0.52%	\$6,323	\$6,323	\$0	\$1,215,918	0.52%
2019	0.52%	\$6,087	\$6,087	\$0	\$1,170,665	0.52%
2018	0.52%	\$6,029	\$6,029	\$0	\$1,159,329	0.52%
2017	0.52%	\$5,969	\$5,969	\$0	\$1,147,824	0.52%
2016	0.53%	\$6,276	\$5,684	\$592	\$1,184,077	0.48%
2015	0.53%	\$5,915	\$5,357	\$558	\$1,116,112	0.48%
2014	0.53%	\$5,116	\$4,634	\$482	\$965,318	0.48%

PETERSBURG REDEVELOPMENT AND HOUSING AUTHORITY
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Schedule of Employer's Share of Net OPEB-VLDP for the years ended June 30:

	2023	2022	2021	2020	2019	2018	2017
Employer's Proportion of the Net VLDP OPEB Liability (Asset)	0.07018%	0.06262%	0.07129%	0.07372%	0.07474%	0.09850%	0.09850%
Employer's Proportionate Share of the Net VLDP OPEB Liability (Asset)	(\$1,129)	(\$368)	-\$722	\$736	\$0	\$0	\$1,000
Employer's Covered Payroll	\$513,760	\$293,348	\$286,364	\$274,695	\$230,989	\$170,963	\$180,872
Employer's Proportionate Share of the Net VLDP OPEB Liability (Asset) as a Percentage of its Covered Payroll	-0.22%	-0.13%	-0.25%	0.27%	0.00%	0.00%	0.55%
Plan Fiduciary Net Position as a Percentage of the Total VLDP OPEB Liability	0.00%	76.84%	76.84%	49.19%	49.19%	51.39%	38.40%

Schedule is intended to show information for 10 years. Since 2023 is the seventh year for this presentation, only five years of data is available. However, additional years will be included as they become available.

The Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability for the Virginia Local Disability (VLDP) for each year is presented on page 134 of the VRS 2023 Comprehensive Annual Financial Report (CAFR).

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 REQUIRED SUPPLEMENTARY INFORMATION RELATED TO PENSIONS AND OPEB
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 (CONTINUED)

Schedule of Employer OPEB-VLDP Contributions to the VRS for the years ended June 30:

Contributions in Relation to Contractually Required Contribution					Employers Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
Date	Employer's Contribution Rate	Contractually Required Contribution (1)	Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employers Covered Employee Payroll (4)	Contributions as a % of Covered Employee Payroll (5)
2023	0.85%	\$4,367	\$4,367	\$0	\$513,760	0.85%
2022	0.83%	\$2,435	\$2,435	\$0	\$293,348	0.83%
2021	0.83%	\$2,377	\$2,377	\$0	\$286,364	0.83%
2020	0.72%	\$1,978	\$1,978	\$0	\$274,695	0.72%
2019	0.72%	\$1,663	\$1,663	\$0	\$230,989	0.72%
2018	0.60%	\$1,026	\$1,026	\$0	\$170,963	0.60%
2017	0.60%	\$1,085	\$1,085	\$0	\$180,872	0.60%
2016	0.60%	\$935	\$935	\$0	\$155,887	0.60%

PETERSBURG REDEVELOPMENT AND HOUSING AUTHORITY
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION RELATED TO PENSIONS AND OPEB
FOR THE YEAR ENDED DECEMBER 31, 2023

Note 1: Changes of Benefit Terms

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

Note 2: Changes of assumptions

The actuarial assumptions used in the June 30, 2022, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Largest 10 Locality Employers – General Employees

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change