



NORFOLK REDEVELOPMENT AND HOUSING AUTHORITY, VIRGINIA

BASIC FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

JUNE 30, 2025

(With Independent Auditor's Report Thereon)

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Norfolk Redevelopment and Housing Authority, Virginia

Report on the Financial Statements

Qualified and Unmodified Opinions

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of the Norfolk Redevelopment and Housing Authority (the "Authority"), as of and for the year ended June 30, 2025, and the related notes to the basic financial statements, which collectively comprise the Authority's basic financial statements, as listed in the table of contents.

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Business-type Activities	Qualified
Aggregate Discretely Presented Component Units	Unmodified

Qualified Opinion on the Business-type Activities

In our opinion, except for the possible effects of the matter discussed in the Basis for Qualified and Unmodified Opinions section of our report, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority's business-type activities as of June 30, 2025, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinion on the Aggregate Discretely Presented Component Units

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority's aggregate discretely presented component units as of June 30, 2025, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Hampton Roads Ventures, LLC, NRHA Diggs Town Phase I, LP, NRHA Grandy Village VI, LP, and NRHA Partrea LP, the discretely presented component units, which statements comprises 100% of the assets, net position, and revenues of the discretely presented component units of the Authority. Those financial statements were audited by another auditor, whose reports have been furnished to us and, our opinion, in so far as it relates to the amounts included for the Authority are solely based on the reports of the other auditors. These statements were not audited in accordance with *Government Auditing Standards*.

Basis for Qualified and Unmodified Opinions

We conducted our audit of the financial statements of the business-type activities and the aggregate discretely presented component units 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. 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 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 qualified and unmodified audit opinions.

Matter Giving Rise to Qualified Opinion on the Business-Type Activities

Significant delays were noted in obtaining appropriate audit evidence which caused a delay in our audit procedures. Supporting documentation was not readily available for notes receivable, notes payable, other government grant revenue and receivables, current year fixed asset additions, other operating revenue, Capital Fund program activity, and other noncurrent liabilities. Complete audit procedures were not able to be performed as a result of these delays.

Emphasis of a Matter

As described in Note B-19 to the financial statements, the Authority discovered various corrections that were needed for the prior year to adjust the Authority's assets and revenues, including receivables, construction in progress, and other government operating grants. Accordingly, the beginning net position as of July 1, 2025, has been restated to correct these errors. Because the accompanying financial statements present only the current year, prior-year comparative information has not been restated. Our opinion is not modified with respect to this matter.

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 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 opinion. 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 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.

In performing an audit in accordance with generally accepted auditing standards 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 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 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require management's discussion and analysis, schedule of changes in proportional share of net pension liability – Virginia Retirement System, schedule of changes in proportional share of net OPEB liability – GLI and VLDP plans, schedule of changes in net OPEB liability – PHBP plan, and schedule of the Authority's pension and OPEB contributions, as listed in the table of contents, 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.

Supplementary 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 as a whole. The accompanying financial data schedule is presented for purposes of additional analysis as required by U.S. Department of Housing and Urban Development, and is not a required part of the basic financial statements of the Authority. The accompanying schedule of expenditures of federal awards and local assistance, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic 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 basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2026 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Doeren Mayhew Assurance

Melbourne, Florida
March 31, 2026

Norfolk Redevelopment and Housing Authority, Virginia

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended June 30, 2025

Norfolk Redevelopment and Housing Authority (the "Authority") offers the readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the year ended June 30, 2025. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements.

This financial report is designed to provide our residents, the citizens of the City of Norfolk, Virginia, all federal and state regulatory bodies, and any creditors with a general overview of the Authority's finances and program compliance.

Financial highlights

- The assets and deferred outflows of resources of the Authority exceeded its liabilities and deferred inflows of resources by \$242,381,288 (net position).
- The Authority's total cash and cash equivalents as of June 30, 2025 and 2024 are \$52,651,223 and \$42,900,170 respectively, representing an increase of \$9,751,053.
- The Authority received revenue from HUD of \$95,925,177 for fiscal year 2025, which includes funds for capital asset activities.

Overview of financial statements

The financial statements included in this annual report are those of a special-purpose governmental agency engaged in a single business-type activity prepared on an accrual basis. Over time, significant changes in the Authority's net position serve as a useful indicator of the entity's financial health. To fully assess the financial health of any authority, the reader must also consider other non-financial factors such as changes in family composition; fluctuations in the local economy, HUD mandated program changes, and the physical condition of capital assets. The following statements are included:

- **Statement of Net Position** - this statement reports the Authority's assets, liabilities, and net position at the end of the fiscal year. You can think of the Authority's net position as the difference between the Authority's rights (assets and deferred outflows of resources) and the Authority's obligations (liabilities and deferred inflows of resources).
- **Statement of Revenues, Expenses and Changes in Net Position** - this statement presents information showing how the Authority's net position increased or decreased during the current fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will result in cash inflows and cash outflows in future periods.
- **Statement of Cash Flows** - this statement presents information showing the total cash receipts and cash disbursements of the Authority during the current fiscal year. The statement reflects the net changes in cash resulting from operations plus any other cash requirements during the current year (i.e. capital additions, debt service, prior period obligations, etc.). In addition, the statement reflects the receipt of cash that was obligated to the Authority in prior periods and subsequently received during the current fiscal year (i.e. accounts receivable, notes receivable, etc.).

Overview of financial statements (continued)

- **Notes to the Basic Financial Statements** - notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided. These notes provide greater understanding on the overall activity of the Authority and how values are assigned to certain assets and liabilities and the longevity of these values. In addition, notes reflect the impact (if any) of any uncertainties the Authority may face.

In addition to the basic financial statements listed above, our report includes supplementary information. This information provides more detail on the Authority's various programs and the required information mandated by regulatory bodies that fund the Authority's various programs.

The Authority's programs

Low Rent Public Housing - under this program, the Authority rents units that it owns to low-income households. The Low Rent Public Housing Program is operated under an Annual Contributions Contract ("ACC") with HUD, and HUD provides Operating Subsidy to enable the Authority to provide housing to Public Housing eligible families at a rental rate that is based upon 30% of household income, adjusted for family composition and certain allowances.

Public Housing Capital Fund Program - this program is the primary funding source for physical improvements to the Authority's public housing properties.

Housing Choice Voucher ("HCV") Program and Veterans Affairs Supportive Housing ("VASH") - the Authority administers contracts with independent landlords and private property owners. Landlords and property owners enter into Housing Assistance Payment contracts with the Authority. The Authority then subsidizes the family's rent through a Housing Assistance Payment made to the landlord. The program is administered under an ACC with HUD. HUD provides Annual Contributions funding to enable the Authority to approve market rate leases, with the participants' portion of rent set at 30% of household income, adjusted for family composition and certain allowances.

The Emergency Housing Voucher ("EHV") program - this is a tenant-based rental assistance program funded by the American Rescue Plan Act ("ARPA"). Emergency Housing Vouchers are to assist individuals and families who are experiencing homelessness; at risk of experiencing homelessness; fleeing, or attempting to flee, domestic violence, dating violence, or having high risk of housing instability.

The Mainstream Voucher program - this is a tenant-based rental assistance program that serves non-elderly person(s) with disabilities.

Family Self-Sufficiency ("FSS") - is a program that provides funds for a coordinator to assist residents with supportive services, resident empowerment activities, and assistance in becoming economically self-sufficient.

Central Office Cost Center ("COCC") - is a business unit within the Authority that generates revenue from fees for service and other business activities. The COCC consists of activities funded through these revenue sources.

The Authority's programs (continued)

HOME Program ("HOME") - is a program that seeks to expand the supply of affordable housing, particularly rental housing, for low and very low-income people, to strengthen the abilities of state and local governments to design and implement strategies for achieving adequate supplies of decent affordable housing, provide both financial and technical assistance to participating jurisdictions, and to extend and strengthen partnerships among all levels of government and the private sector, including for-profit and nonprofit organizations, in the production and operation of affordable housing.

Community Development Block Grant Program ("CDBG") - is a program to develop viable urban communities by providing decent housing and a suitable living environment and by expanding economic opportunities, principally for people of low and moderate income.

Financial analysis

	2025	2024, restated	Total change
Current assets	\$ 69,061,489	\$ 58,468,896	\$ 10,592,593
Capital assets, net	150,651,605	142,363,304	8,288,301
Other noncurrent assets	121,481,966	118,259,420	3,222,546
Total assets	341,195,060	319,091,620	22,103,440
Total deferred outflows of resources	3,427,510	71,087	3,356,423
Current liabilities	18,120,670	8,269,521	9,851,149
Noncurrent liabilities	75,423,294	80,316,871	(4,893,577)
Total liabilities	93,543,964	88,586,392	4,957,572
Total deferred inflows of resources	8,697,318	7,987,963	709,355
Net investment in capital assets	100,114,898	91,562,826	8,552,072
Restricted net position	88,835,349	14,521,417	74,313,932
Unrestricted net position	53,431,041	116,504,109	(63,073,068)
Total net position	\$ 242,381,288	\$ 222,588,352	\$ 19,792,936

Financial analysis (continued)

Current assets increased by \$10,592,593 primarily due to an increase in cash of \$9,751,053 during the year, from additional HUD revenue and capital contributions during the year.

Net capital assets increased by \$8,288,301 due to current year additions of \$15,806,175 composed mostly of construction in progress offset by current year depreciation of \$6,857,778, and current year net disposals of \$660,121.

Other noncurrent assets increased by \$3,222,546 primarily due to changes in the classification of restricted cash in the amount of \$1,409,411, which was previously included as a current asset.

Total liabilities increased by \$4,957,572 primarily due to an increase in other noncurrent liabilities, offset by principal payments on long-term debt.

Net position - The difference between an organization's assets and deferred outflows and its liabilities and deferred inflows is its net position. Net position is categorized as one of three types.

1. Net investment in capital assets - the Authority's capital assets, net of accumulated depreciation and related debt.
2. Restricted - the Authority's net position which is subject to constraints imposed by law or agreement.
3. Unrestricted - the Authority's net position that is neither invested in capital assets nor restricted which changes principally due to operations. These resources are available to meet the Authority's ongoing obligations to its residents and creditors.

Financial analysis (continued)

	2025	2024, restated	Total change
Operating revenues			
HUD operating revenues	\$ 82,958,180	\$ 76,017,798	\$ 6,940,382
Other government grants	4,836,463	5,026,392	(189,929)
Tenant revenue, net	26,185,923	25,965,667	220,256
Other operating revenue	6,346,166	4,142,347	2,203,819
Total operating revenues	120,326,732	111,152,204	9,174,528
Operating expenses			
Administrative	21,070,308	14,917,226	6,153,082
Tenant services	2,527,783	1,567,488	960,295
Utilities	10,685,621	10,677,454	8,167
Maintenance	13,741,052	14,589,065	(848,013)
Protective services	2,343,737	1,789,617	554,120
General	6,363,927	10,548,049	(4,184,122)
Depreciation	6,857,778	6,692,351	165,427
Housing assistance payments	52,638,580	48,964,532	3,674,048
Total operating expenses	116,228,786	109,745,782	6,483,004
Operating Income	4,097,946	1,406,422	2,691,524
Nonoperating revenues (expenses)			
Interest income	5,452,532	5,936,393	(483,861)
Gain (loss) on sale of capital assets	260,076	(8,085,321)	8,345,397
Interest expense	(2,984,615)	(4,655,116)	1,670,501
Total nonoperating revenues (expenses)	2,727,993	(6,804,044)	9,532,037
Change in net position before capital contributions and transfers	6,825,939	(5,397,622)	12,223,561
Capital contributions	12,966,997	9,765,743	3,201,254
Change in net position	\$ 19,792,936	\$ 4,368,121	\$ 15,424,815

Total operating revenue increased by \$9,174,528 primarily from an approximately \$4.6 million increase in the revenues earned by the Housing Voucher Cluster, which includes Housing Choice Voucher, Emergency Housing Voucher, and Mainstream Voucher programs, and an approximately \$4.7 million increase in the Capital Fund Program, offset by an approximately \$6.3 decrease in the Choice Neighborhoods Implementation Grant. The increase in the Housing Voucher Cluster is due to increases in market rent rates and voucher utilization across all three programs, and the increase in the Capital Fund Program is due to additional capital activity incurred during the year. Additionally, other operating revenue increased primarily due to a \$1.2 million distribution received from Hampton Roads Ventures, LLC, a discrete component unit of the Authority.

Financial analysis (continued)

Total operating expenses increased by \$6,483,004 during the year. This increase was primarily due to increases in administrative expenses from salary and benefit increases for additional staffing. In addition, due to the rise in fair market rent and its impact on payment standards, there was an increase in the housing assistance payments during the year. These increases were offset by decreases in general expenses due to compensated absence expenses being allocated to the associated salary expense, and a decrease to Homebuyer Program fees during the year.

Capital asset and debt activity

At the end of the fiscal year, the Authority's net capital assets increased by \$8,288,301 over the prior year. The net change was due to current year additions of \$15,806,200. These increases were offset by current year depreciation of \$6,857,778 and net disposals of \$660,121. Additions primarily consist of construction in progress in the public housing programs. Disposals primarily consist of buildings and land sold during the year.

At the end of the fiscal year, the Authority had debt of \$49,524,440 which is comprised of \$39,897,200 in long-term debt and \$9,627,240 as the current portion of long-term debt. Principal payments of \$1,276,038 were made during the current year.

Factors affecting next year's budget

Federal Budget and Appropriations: The Authority has Annual Contributions Contracts with HUD for the funding of the Low Rent Public Housing, Section 8 Housing Choice Voucher, Veterans Affairs Supportive Housing, and Public Housing Capital Fund programs; therefore, the Authority is affected more by the Federal budget than by local economic conditions for the operation of these programs. The current funding levels are anticipated to remain for fiscal year 2026.

Economic Factors: In addition to the above, other significant economic factors affecting the Authority are as follows:

- Local inflationary, recessionary and employment trends, which can affect resident incomes and subsequently the amount of rental income;
- Inflationary pressure on utility rates, housing costs, supplies and other costs; and
- Federal funding provided by Congress to the U.S. Department of Housing and Urban Development.

Conclusion

The Authority continues to operate a diverse housing portfolio to provide revenue not dependent on Federal sources. The Authority's management is committed to staying abreast of regulations and appropriations as well as performing ongoing analysis of budgets, expenses and program compliance to assure the Authority continues to operate at the highest standards established by the Real Estate Assessment Center and the U.S. Department of Housing and Urban Development.

Requests for information

This financial report is designed to provide our residents, the citizens of the City of Norfolk, Virginia, all Federal and State regulatory bodies, and any creditors with an overview of the Authority's finances. If you have questions regarding these financial statements or supplemental information, they should be addressed to CaShawn Easter, Interim Chief Administrative Finance Officer, 555 E. Main Street, Norfolk, VA 23501.

Norfolk Redevelopment and Housing Authority, Virginia

STATEMENT OF NET POSITION

June 30, 2025

	Primary government	Discrete component units 12/31/24
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents - unrestricted	\$ 34,801,195	\$ 4,769,323
Cash and cash equivalents - restricted	16,440,617	906,509
Investments - unrestricted	-	7,205,245
Investments - restricted	26,882	-
Receivables, net	11,643,594	539,365
Prepaid expenses	124,786	78,324
Inventory, net	1,233,089	36,549
Assets held for sale - restricted	4,791,326	-
Total current assets	<u>69,061,489</u>	<u>13,535,315</u>
NONCURRENT ASSETS		
Cash and cash equivalents - restricted	1,409,411	-
Investment in joint ventures	100,143	20,122
Lease receivable, net of current portion	6,275,868	-
Notes and loans receivable - restricted	68,557,063	-
Notes and loans receivable - unrestricted	45,139,481	675,000
Capital assets, net	150,651,605	50,046,935
Other noncurrent assets	-	385,202
Total noncurrent assets	<u>272,133,571</u>	<u>51,127,259</u>
Total assets	<u>341,195,060</u>	<u>64,662,574</u>
DEFERRED OUTFLOWS OF RESOURCES		
Defined benefit pension plan	3,210,114	-
Other postemployment benefit plans	217,396	-
Total deferred outflows of resources	<u>3,427,510</u>	<u>-</u>

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

Norfolk Redevelopment and Housing Authority, Virginia

STATEMENT OF NET POSITION (continued)

June 30, 2025

	Primary government	Discrete component units 12/31/24
LIABILITIES		
CURRENT LIABILITIES		
Current portion of long-term debt	9,627,240	499,505
Current portion of subscription agreement payable	330,907	-
Accounts payable	3,709,618	1,705,637
Due to other government	422,905	83,905
Accrued interest payable	56,064	-
Accrued salaries	808,524	-
Current portion of accrued compensated absences	118,510	-
Tenant security deposits	925,200	60,479
Unearned revenue	471,850	166,891
Current portion of family self sufficiency escrow	55,339	-
Other current liabilities	707,357	-
Other accrued liabilities	887,156	2,296,906
Total current liabilities	<u>18,120,670</u>	<u>4,813,323</u>
NONCURRENT LIABILITIES		
Long-term debt, net	39,897,200	35,162,157
Subscription agreement payable, net of current portion	681,360	-
Accrued compensated absences, net of current portion	1,066,588	-
Net pension liability	10,949,494	-
Net OPEB liability	1,778,172	-
Family self sufficiency escrow, net of current portion	1,409,411	-
Other noncurrent liabilities	19,641,069	3,930,522
Total noncurrent liabilities	<u>75,423,294</u>	<u>39,092,679</u>
Total liabilities	<u>93,543,964</u>	<u>43,906,002</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred lease receivable	4,887,585	-
Defined benefit pension plan	2,741,637	-
Other postemployment benefit plans	1,068,096	-
Total deferred outflows of resources	<u>8,697,318</u>	<u>-</u>
NET POSITION		
Net investment in capital assets	100,114,898	14,385,273
Restricted	88,835,349	846,030
Unrestricted	53,431,041	5,525,269
Total net position	<u><u>\$ 242,381,288</u></u>	<u><u>\$ 20,756,572</u></u>

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

Norfolk Redevelopment and Housing Authority, Virginia

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the year ended June 30, 2025

	Primary government 06/30/25	Discrete component units 12/31/24
OPERATING REVENUES		
HUD operating revenues	\$ 82,958,180	\$ -
Other government operating grants	4,836,463	-
Tenant revenue, net	26,185,923	5,418,102
Other operating revenue	6,346,166	2,205,810
Total operating revenues	<u>120,326,732</u>	<u>7,623,912</u>
OPERATING EXPENSES		
Administrative	21,070,308	2,193,371
Tenant services	2,527,783	45,385
Utilities	10,685,621	1,412,230
Maintenance	13,741,052	887,216
Protective services	2,343,737	130,226
General	6,363,927	1,476,166
Depreciation	6,857,778	2,330,110
Housing assistance payments	52,638,580	-
Total operating expenses	<u>116,228,786</u>	<u>8,474,704</u>
OPERATING INCOME (LOSS)	<u>4,097,946</u>	<u>(850,792)</u>
NONOPERATING REVENUES (EXPENSES)		
Mortgage interest income	3,966,144	-
Interest income	1,486,388	633,291
Gain on sale of capital assets	260,076	-
Interest expense	(2,984,615)	(1,096,240)
Total nonoperating revenues (expenses)	<u>2,727,993</u>	<u>(462,949)</u>
Change in net position before capital contributions	6,825,939	(1,313,741)
CAPITAL CONTRIBUTIONS		
HUD capital grants	12,966,997	-
CHANGE IN NET POSITION	<u>19,792,936</u>	<u>(1,313,741)</u>
Total net position - beginning, as previously reported	225,815,608	22,070,313
Adjustment for correction of error - See Note B-19	(3,227,256)	-
Total net position - beginning, restated	<u>222,588,352</u>	<u>22,070,313</u>
TOTAL NET POSITION - ENDING	<u><u>\$ 242,381,288</u></u>	<u><u>\$ 20,756,572</u></u>

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

Norfolk Redevelopment and Housing Authority, Virginia

STATEMENT OF CASH FLOWS

For the year ended June 30, 2025

CASH FLOWS FROM OPERATING ACTIVITIES

HUD operating grants received	\$ 84,571,172
Other government grants received	4,411,413
Collections from tenants	25,712,326
Collections from other sources	5,107,241
Payments to employees	(24,189,374)
Payments to suppliers	(29,882,539)
Housing assistance payments	<u>(52,033,520)</u>
Net cash provided by operating activities	<u>13,696,719</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Proceeds from sale of property and equipment	920,197
Purchase of property and equipment	(15,806,200)
Payments of interest	(2,928,551)
Principal payments on long-term debt	(1,276,038)
HUD capital grant received	<u>12,966,997</u>
Net cash used in capital and related financing activities	<u>(6,123,595)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Mortgage interest received	1,040,589
Advances of notes receivable	(553,000)
Collections of notes receivable and related interest	203,952
Interest received	<u>1,486,388</u>
Net cash provided by investing activities	<u>2,177,929</u>

NET INCREASE IN CASH AND CASH EQUIVALENTS

Cash and cash equivalents at beginning of the year	<u>42,900,170</u>
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CASH AND CASH EQUIVALENTS AT END OF THE YEAR

<u><u>\$ 52,651,223</u></u>

AS PRESENTED IN THE ACCOMPANYING STATEMENT OF NET POSITION

Cash and cash equivalents - unrestricted	\$ 34,801,195
Cash and cash equivalents - restricted current	16,440,617
Cash and cash equivalents - restricted noncurrent	<u>1,409,411</u>
	<u><u>\$ 52,651,223</u></u>

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

Norfolk Redevelopment and Housing Authority, Virginia

STATEMENT OF CASH FLOWS (continued)

For the year ended June 30, 2025

**RECONCILIATION OF OPERATING INCOME TO NET CASH
PROVIDED BY OPERATING ACTIVITIES**

Operating income	\$ 4,097,946
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation	6,857,778
Change in provision for allowance of bad debt	737,862
(Increase) decrease in assets and deferred outflows:	
Receivables, net	(1,039,484)
Prepaid expenses	(12,595)
Inventory, net	(892,394)
Assets held for sale	104,999
Other noncurrent assets	312,129
Deferred outflows - pension	(3,210,114)
Deferred outflows - OPEB	(146,309)
Increase (decrease) in liabilities and deferred inflows:	
Subscription agreement payable	(321,264)
Accounts payable	548,015
Due to HUD	(4,262)
Due to other government	(75,657)
Accrued salaries	94,817
Accrued compensated absences	(273,345)
Tenant security deposits	36,001
Unearned revenue	(179,040)
Family self sufficiency escrow	605,060
Other current liabilities	236,128
Other accrued liabilities	580,497
Net pension liability	97,241
Net OPEB liability	(162,534)
Other noncurrent liabilities	4,995,889
Deferred inflows - leases	1,472,917
Deferred inflows - pension	828,667
Deferred inflows - OPEB	(1,592,229)
Net cash provided by operating activities	<u>\$ 13,696,719</u>

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

Norfolk Redevelopment and Housing Authority, Virginia

NOTES TO BASIC FINANCIAL STATEMENTS

For the year ended June 30, 2025

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Reporting entity

Norfolk Redevelopment and Housing Authority (the "Authority" or "NRHA"), was created by the City of Norfolk (the "City"), a related organization, on July 30, 1940 under the provisions of the United States Housing Act of 1937. As a chartered political subdivision of the Commonwealth of Virginia, the Authority provides subsidized public housing and administers redevelopment and conservation projects within the City in accordance with state and federal legislation. The seven member Board of Commissioners (the "Board") is appointed by Norfolk's City Council for staggered four year terms. The Board, in turn, elects a chairman and appoints an executive director to administer the affairs of the Authority.

The Authority's governing board consists of a five member Board of Commissioners (the "Board"), the members of which are appointed by the Governor of the State of Virginia. The Authority is not a component unit of the County, as defined in Governmental Accounting Standards Board ("GASB") *Codification of Governmental Accounting and Financial Reporting Standards*, Section 2100, *Defining the Financial Reporting Entity*, as the Board independently oversees the Authority's operations.

The definition of the reporting entity as defined by GASB Codification Section 2100 is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government.

Blended component units

Some component units, despite being legally separate from the primary government, are so integrated with the primary government that they are in substance part of the primary government. These component units are blended with the primary government. The Authority's operations include nine blended component units, which are all included in the basic financial statements of the Authority. The blended component units are as follows:

- MCA
- Norfolk One, L.P. ("NOLP")
- NRHA Grandy Village V, L.L.C. ("Grandy V")
- NRHA North Wellington, L.L.C. ("North Wellington")
- City View Tower GL, L.L.C. ("CVT")
- NRHA Grandy Village, L.P. ("Grandy Village")
- Mission College 1 ("MC1")
- Residential Options, Inc. ("ROI")
- NRHA Arts Education Limited Partnership ("AELP")

Norfolk Redevelopment and Housing Authority, Virginia

NOTES TO BASIC FINANCIAL STATEMENTS

For the year ended June 30, 2025

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1. Reporting entity (continued)

Blended component units (continued)

MCA, a Virginia limited partnership, was formed to develop and operate a low income housing project located in Norfolk, Virginia. On December 31, 2006, the Authority purchased the 99% limited partnership interest from an unrelated third party and assigned its previously existing 1% general partnership interest to HRVI. HRVI is the only general partner in the partnership. NRHA owns a 99.9999% interest in HRVI and, therefore, is responsible for all business decisions of MCA. Additionally, per the partnership agreement, the Authority is required to fund all deficits of MCA, when necessary. Separate audited financial statements are not available for MCA. On December 28, 2007, MCA sold 100% of its capital assets to MC1.

NOLP, a Virginia limited partnership, was formed to develop and operate Franklin Arms, a 100 unit low income public housing complex for the elderly, which is located in Norfolk, Virginia. On April 5, 2017, the Authority purchased the Limited Partner's interest from an unrelated third party. Norfolk One GP, LLC, is the general partner in the partnership, of which the Authority is the sole partner. The Authority is also the managing agent for the partnership. NOLP is an intricate part of the daily operation of the Authority; as the two entities share personnel for daily operation and administrative support, they serve the same clientele, and also share in subsidy funding received from HUD under a single annual contributions contract ("ACC"). The Authority is not only responsible for all day to day business decisions of NOLP, but is also responsible for funding any operating deficits via an operating loan that will not bear interest and is nonrecourse to the other partners. Fees to the Authority are limited to reimbursement for actual costs incurred for the management of the complex, unless there is an operating surplus in which case the Authority will receive an oversight fee. Any excess subsidy the Authority provided to NOLP must be returned to the Authority.

Grandy V., a Virginia limited liability company, was formed on November 18, 2016, to operate and lease Grandy View, a 16 unit project based voucher complex located in Norfolk, Virginia. The Authority is the sole owner of NRHA Grandy View, L.L.C., and is responsible for all business decisions as well as the managing agent for the company. NRHA Grandy View, L.L.C., is an intricate part of the daily operation of the Authority; as the two entities share personnel for daily operations and administrative support, they serve the same clientele, and also share in subsidy funding received from HUD. The project was converted to project based under HUD's Rental Assistance Demonstration ("RAD") program effective August 1, 2018.

Norfolk Redevelopment and Housing Authority, Virginia

NOTES TO BASIC FINANCIAL STATEMENTS

For the year ended June 30, 2025

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1. Reporting entity (continued)

Blended component units (continued)

North Wellington, a Virginia limited liability company, was formed on November 18, 2016, to operate and lease North Wellington, a 25 unit project based voucher complex located in Norfolk, Virginia. The Authority is the sole owner of NRHA North Wellington, L.L.C., and is responsible for all business decisions as well as the managing agent for the company. NRHA North Wellington, L.L.C., is an intricate part of the daily operation of the Authority; as the two entities share personnel for daily operations and administrative support, they serve the same clientele, and also share in subsidy funding received from HUD. This project was converted to project based under HUD's RAD program effective August 1, 2018.

CVT, a Virginia limited liability company was formed on December 15, 2017, to own and operate 555 East Main Street, a 17 story commercial office building located in downtown Norfolk. The Authority is the sole owner of City View Tower GP, L.L.C. The purpose of the acquisition is to develop affordable housing in the downtown area within the next 10 years. Currently, approximately 34% of the building houses the administrative offices of the Authority; the remainder of the building is leased to private commercial enterprises. Project revenue consists of rental income from the commercial leases of office space and the parking garage. The Authority retained Commonwealth Commercial Partners, LLC to manage the property in 2020.

Grandy Village, a Virginia limited partnership, was formed on April 3, 2007, for the purpose of developing, rehabilitation, owning and managing a 275 unit project based voucher Apartment Complex located in Norfolk, Virginia. NRHA Grandy Village is the sole general partner in the partnership. NRHA has interest in NRHA Partrea I, LLC, and is, therefore, responsible for all business decisions. The Authority is also the managing agent for the partnership. NRHA Grandy Village is an intricate part of the daily operations and administrative support, they serve the same clientele, and also share in subsidy funding received from HUD.

MC1, a Virginia limited partnership, was formed to acquire, redevelop, and operate a low income housing project located in Norfolk, Virginia. NRHA Mission College I, LLC is a 0.01% general partner, Hudson Mission College, LLC is a 99.98% limited partner, and Hudson SLP, LLC is a 0.01% special limited partner. NRHA Mission College I, LLC is the only general partner in the partnership. The Authority has interest in NRHA Mission College I, LLC and is, therefore, responsible for all business decisions. On December 28, 2007, MC1 purchased 100% of the capital assets of MCA.

Norfolk Redevelopment and Housing Authority, Virginia

NOTES TO BASIC FINANCIAL STATEMENTS

For the year ended June 30, 2025

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1. Reporting entity (continued)

Blended component units (continued)

ROI, a non-profit foundation organized in 1992 as an IRC section 501(c)(3) to house mentally disadvantaged individuals. Residential Options, Inc. was previously operated by Norfolk Community Services Board. The Authority assumed control over operations January 26, 2018. The project consists of: 32 units on Guy Avenue; 5 units on Hugo Street, and on building at 7439 Fenner Street which is projected to be demolished. The project is located in Norfolk, Virginia. The income from this project consists of non-federal rent subsidies and tenant rent.

AELP, a Virginia limited partnership, was formed June 13, 2012, to acquire, renovate, and operate the historic Monroe Building located in Norfolk, Virginia. NRHA Monroe GP, LLC, which is wholly owned by NRHA, is the sole 0.01% general partner in the partnership. As general partner, NRHA is responsible for funding all operating deficits. On March 15, 2019, the Community Historic Credit Fund VII, LLC withdrew as limited partner and the Authority was admitted as Limited Partner.

Discrete component units

For consolidation purposes, the discrete information identified in these accompanying financial statements is presented as of and for the year ended December 31, 2024. The discrete component units are not considered governmental entities. Therefore they follow all applicable FASB standards and do not follow government accounting standards similar to the Authority. However, for presentation purposes in order to conform to the presentation of the Authority, certain transactions may be reflected differently in these financial statements than in separately issued information. Separately issued financial information for Hampton Roads Ventures LLC, NRHA Partrea, L.P., NRHA Diggs Town Phase I, LP and Grandy Village VI, LP can be obtained from the Authority.

Hampton Roads Ventures, LLC ("HRV"), whose managing member is NRHA, was formed on May 1, 2003, and is a qualified Community Development Entity that holds New Markets Tax Credit allocation authority to be used for investment in a Qualified Active Low-Income Community Business pursuant to Section 45D of the Internal Revenue Code.

NRHA Partrea, L.P. ("Partrea"), whose general partner is NRHA Partrea I, LLC, was formed on March 4, 2011, and is the owner of the Cottage Bridge Apartments, a 47 unit low-income rental housing project.

NRHA Diggs Town Phase I, LP ("Diggs Town"), whose general partner is NRHA Diggs Town Phase I GL, LLC, was formed on July 16, 2016, and is the owner of Diggs Town Phase I, a 222 unit project based voucher apartment complex.

Norfolk Redevelopment and Housing Authority, Virginia

NOTES TO BASIC FINANCIAL STATEMENTS

For the year ended June 30, 2025

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1. Reporting entity (continued)

Discrete component units (continued)

NRHA Grandy Village VI, LP ("Grandy VI"), whose general partner is NRHA Grandy Village VI GP, LLC, was formed on February 13, 2015, and is the owner of Grandy Village Phase VI, a 70 unit low-income rental housing project.

Related parties

The Authority has relations with for-profit limited partnerships that were formed to develop and operate mixed finance housing properties. The Authority has no direct ownership interest in these entities but holds notes receivable as detailed in Note B-4, and provides limited program support on behalf of these entities. The development of these entities is still in progress, and the reporting will be finalized upon completion of the associated project.

These limited partnerships are not considered to be component units of the Authority and, therefore, are not a part of the reporting entity.

2. Government-wide and fund financial statements

The government-wide financial statements report information about the reporting government as a whole excluding fiduciary activities. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities rely to a significant extent on fees and charges for support.

Governments use fund accounting, whereby funds are organized into three major categories: governmental, proprietary and fiduciary. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues and expenditures/expenses.

For financial reporting purposes, the Authority reports all of its operations as a single business activity in a single enterprise fund. Therefore, the government-wide and the fund financial statements are the same.

Enterprise funds are proprietary funds. Proprietary funds distinguish operating revenues and expenses from nonoperating items.

Operating activity generally arises from providing services in connection with a proprietary fund's principal activity. The operating revenues of the Authority consists primarily of rental charges to tenants, county operating grants and operating grants from the Department of Housing and Urban Development ("HUD"), and include, to a lesser extent, certain operating amounts of capital grants that offset operating expenses.

Norfolk Redevelopment and Housing Authority, Virginia

NOTES TO BASIC FINANCIAL STATEMENTS

For the year ended June 30, 2025

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2. Government-wide and fund financial statements (continued)

Operating expenses for the Authority include the cost of tenant services, general, administrative, utilities, maintenance, protective services, depreciation and housing assistance payments. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses, except for capital contributions, which are presented separately.

When restricted resources meet the criteria to be available for use and unrestricted resources are also available for use, it is the Authority's policy to use restricted resources first, and then unrestricted resources, as needed.

3. Measurement focus and basis of accounting

Measurement focus is a term used to describe which transactions are recorded within the various financial statements. The proprietary fund utilizes an economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of accounting refers to when transactions are recorded regardless of the measurement focus applied. The basis of accounting used is similar to businesses in the private sector; thus, these funds are maintained on the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded in the period incurred or economic asset used.

For financial reporting purposes, the Authority considers its HUD grants associated with operations as operating revenue because these funds more closely represent revenues generated from operating activities rather than nonoperating activities. HUD grants associated with capital acquisition and improvements are considered capital contributions and are presented after nonoperating activity on the accompanying statement of revenues, expenses and changes in net position. As provided by GASB Codification Section P80.115, *Proprietary Fund Accounting and Financial Reporting: Defining Operating Expenses*, and related guidance, tenant revenue is reported net of \$737,862 in accounts written-off.

Norfolk Redevelopment and Housing Authority, Virginia

NOTES TO BASIC FINANCIAL STATEMENTS

For the year ended June 30, 2025

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4. Summary of programs

The accompanying basic financial statements include the activities of several housing programs subsidized by HUD at the Authority. A summary of each significant program is provided below.

Low Rent Public Housing Programs

The Low Rent Public Housing Programs include the following: asset management projects ("AMPs") and Public Housing Capital Fund.

The purpose of the public housing program is to provide decent and affordable housing to low-income families at reduced rents. The developments are owned, maintained and managed by the Authority. The developments/units are acquired, developed and modernized under HUD's Development and Capital Fund programs.

Funding of the program operations and development is provided by operating subsidies and tenant rentals (determined as a percentage of family income, adjusted for family composition and other allowances).

Family Self-Sufficiency

The Family Self-Sufficiency ("FSS") program provides funds for a coordinator to assist residents with supportive services, resident empowerment activities, and assistance in becoming economically self-sufficient.

Central Office Cost Center

The Central Office Cost Center ("COCC") is a business unit within the Authority that generates revenue from fees for service and other business activities. The COCC consists of activities funded through these revenue sources.

Home Program

The objectives of this program are to: 1) expand the supply of affordable housing, particularly rental housing, for low and very low-income Americans; 2) to strengthen the abilities of state and local governments to design and implement strategies for achieving adequate supplies of decent affordable housing; 3) to provide both financial and technical assistance to participating jurisdictions, including the development of model programs for developing affordable low-income housing and; 4) to extend and strengthen partnerships among all levels of government and the private sector, including for-profit and nonprofit organizations, in the production and operation of affordable housing.

Norfolk Redevelopment and Housing Authority, Virginia

NOTES TO BASIC FINANCIAL STATEMENTS

For the year ended June 30, 2025

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4. Summary of programs (continued)

Housing Assistance Payments Programs

The Section 8 Housing Choice Voucher (“HCV”), Veterans Affairs Supportive Housing (“VASH”), Emergency Housing Vouchers (“EHV”), and Section 8 New Construction programs utilize existing privately owned family rental housing units to provide decent and affordable housing to low-income families.

Funding of the programs is provided by federal housing assistance contributions from HUD for the difference between the approved landlord contract rent and the rent paid by the tenant. In addition, the Authority receives an administrative fee to cover operating expenses.

The VASH program combines HUD HCV rental assistance for homeless veterans with case management and clinical services provided by the Department of Veterans Affairs at its medical centers and in the community. For reporting purposes, the VASH program is reported within HCV.

The Emergency Housing Voucher program is a tenant-based rental assistance program funded by the American Rescue Plan Act (“ARPA”). Emergency Housing Vouchers are to assist individuals and families who are experiencing homelessness; at risk of experiencing homelessness; fleeing, or attempting to flee, domestic violence, dating violence, or having high risk of housing instability.

The Mainstream Voucher program is a tenant-based rental assistance program vouchers serve non-elderly person(s) with disabilities.

Section 8 Project-Based Cluster

The Section 8 New Construction and Substantial Rehabilitation is a program to provide rental subsidies for eligible tenant families (including single persons) residing in newly constructed, rehabilitated, and existing rental and cooperative apartment projects.

The Section 8 Moderate Rehabilitation Single Room Occupancy is a program to assist eligible low-income families in affording decent, safe, and sanitary housing by encouraging property owners to rehabilitate existing substandard housing, and then to lease the units with rental subsidies to low-income families. The program also works to provide rental assistance to homeless individuals.

Choice Neighborhoods Implementation Grant

The Choice Neighborhoods Implementation Grant enable the Authority to improve the living environment for public housing residents of severely distressed housing projects through the demolition, substantial rehabilitation, reconfiguration, and/or replacement of severely distressed units.

Norfolk Redevelopment and Housing Authority, Virginia

NOTES TO BASIC FINANCIAL STATEMENTS

For the year ended June 30, 2025

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

5. Assets, deferred outflows, liabilities, deferred inflows, and net position

a. *Cash and cash equivalents*

For financial statement purposes cash and cash equivalents are considered to be cash in banks, bond fund reserves in U.S. treasuries, certificates of deposits and money market funds with original maturities of three months or less.

b. *Receivables*

Receivables consist of all revenues earned at year-end and not yet received. The majority of receivables consist of tenant receivables and other grant receivables. The receivables are reported net of an allowance for doubtful accounts. The allowance for uncollectible amounts is based on periodic aging of tenant accounts receivables and fraud recovery receivables.

c. *Inventories*

Inventory consists of expendable materials and supplies. Inventories of the Authority are valued at average cost. The cost is expensed when the materials and supplies are used (consumption method of accounting).

d. *Assets held for sale*

Assets held for sale are stated at acquisition cost plus improvements, but not in excess of net realizable value. Properties that the Authority intends to donate to the City are stated at their net realizable value of \$0, as the Authority does not expect to recover any of the cost of the property. Proceeds received from sales of these properties are required to be remitted to either the City or the federal government and, with the approval of the grantors, can be reprogrammed by the Authority or be used to reduce outstanding indebtedness. Consequently, as a result of this restriction, fund net position associated with the above assets are considered restricted in the accompanying financial statements.

e. *Notes receivable*

A significant portion of the notes receivable represent loans to related parties (see Note A-1). The Authority subordinated mortgage loans to the related parties in conjunction with financing arrangements related to the development of mixed-income, multifamily rental communities, in most cases, on land owned by the Authority. Such loans are generally interest-bearing and are payable from cash flow from the property owned by each respective related party. Such loans are typically funded from Choice Neighborhoods Initiative and Revitalization of Severely Distressed Public Housing, representing a significant portion of the construction costs associated with the Authority-assisted component of the mixed income rental property.

Norfolk Redevelopment and Housing Authority, Virginia

NOTES TO BASIC FINANCIAL STATEMENTS

For the year ended June 30, 2025

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

5. Assets, deferred outflows, liabilities, deferred inflows, and net position (continued)

f. Capital assets

The Authority's policy is to capitalize assets with a value in excess of \$5,000 and a useful life in excess of two years. The Authority capitalizes the costs of site acquisition and improvement, structures, equipment and direct development costs meeting the capitalization policy. Assets are valued at historical cost, or estimated historical cost if actual historical cost is not available, and contributed assets are valued at fair market value on the date contributed.

Depreciation and amortization have been provided using the straight-line method over the estimated useful lives, which range as follows:

Buildings and improvements	20 - 40 years
Equipment	3 - 7 years
Right of use asset - software	5 years

g. Impairment of long-lived assets

The Authority evaluates events or changes in circumstances affecting long-lived assets to determine whether an impairment of its assets has occurred. If the Authority determines that a capital asset is impaired, and that impairment is other-than-temporary, then an impairment loss will be recorded in the Authority's financial statements. Management has determined that there were no impairments as of June 30, 2025.

h. Deferred outflows of resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and thus, will not be recognized as an outflow of resources until then.

The Authority's balance of deferred outflows of resources relates to funding of the net pension and OPEB liabilities.

Norfolk Redevelopment and Housing Authority, Virginia

NOTES TO BASIC FINANCIAL STATEMENTS

For the year ended June 30, 2025

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

5. Assets, deferred outflows, liabilities, deferred inflows, and net position (continued)

i. Leasing activities

The Authority is the lessor of dwelling units to low-income and market rate residents. The low-income rents under the leases are determined generally by the resident's income as adjusted for eligible deductions regulated by HUD, although the resident may opt for a flat rent. Leases may be cancelled by the lessee at any time or renewed every year. The Authority may cancel the leases only for cause. A significant majority of the capital assets are used in these leasing activities. Revenues associated with these leases are recorded in the accompanying financial statements and related schedules within tenant revenue.

Under GASB Statement No. 87, *Leases*, the determination of whether an arrangement is a lease is made at the lease's inception and a contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having the right to direct the use of the asset. Management only reevaluates its determination if the terms and conditions of the contract are changed. Finance leases are included in lease right-of-use ("ROU") assets as part of capital assets, other current liabilities, and other long-term liabilities on the Authority's balance sheet. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

Lease receivables are measured at the present value of lease payments expected to be received during the lease terms and amortized over the terms of the agreements. The deferred inflow of resources is measured at the value of the lease receivables plus any payments received at or before the commencement of the lease terms that related to future periods.

j. Deferred ground lease

Deferred ground leases include ground leases made that were prepaid at the time of the lease. These ground leases are recognized as revenue throughout the life of the lease.

k. Accrued compensated absences

Employees can earn annual vacation leave at a rate ranging from 12 days per year, up to a maximum of 24 days per year after 31 years of service. There is no requirement that annual vacation leave be taken, but the maximum permissible accumulation is 36 days. At termination, employees are paid for any accumulated annual vacation leave. Employees also earn annual sick leave at the rate of one day per month. Employees hired prior to December 31, 1997 are paid for 30% of unused sick leave accumulated annual vacation leave and sick leave estimated to be paid upon separation are recorded in the Authority's basic financial statements.

Norfolk Redevelopment and Housing Authority, Virginia

NOTES TO BASIC FINANCIAL STATEMENTS

For the year ended June 30, 2025

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

5. Assets, deferred outflows, liabilities, deferred inflows, and net position (continued)

k. *Accrued compensated absences (continued)*

In accordance with the provisions of GASB Codification Section C60, Compensated Absences, the estimated liability for vested leave benefits is recorded when it is earned as an expense and the cumulative unpaid amount is reported as a liability.

l. *Tenant security deposits*

Tenant security deposits are deposits held by the Authority that are required of tenants before they are allowed to move into an Authority owned site. The Authority records this cash as restricted, with an offsetting liability, as these funds may be reimbursable to the tenant when they move out.

m. *Unearned revenues*

Unearned revenues include amounts collected before revenue recognition criteria are met. As of June 30, 2025, unearned revenues consist of prepaid rents.

n. *Subscription-Based Information Technology Arrangements*

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* ("SBITA"), establishes that a government should recognize a subscription liability at the commencement of the subscription term, which is when the subscription is placed into service. The subscription liability should be initially measured at the present value of the subscription payments expected to be made during the subscription term. A SBITA results in a ROU subscription asset and a corresponding subscription liability. Implementation costs are also recorded.

o. *Self-Insurance*

The Authority is covered by the City's self-insurance program commissioners' liability insurance. There are no limits set in this self-insurance program. All personal assets of the Board would be defended in civil actions arising from their duties. At June 30, 2025, there are no liabilities for unpaid claims.

p. *Deferred inflows of resources*

In addition to liabilities, the statement of net position reports 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 future periods and thus, will not be recognized as an inflow of resources until then. The Authority's balance of deferred inflows of resources relates to funding of the net pension, OPEB liabilities, and leasing activity.

Norfolk Redevelopment and Housing Authority, Virginia

NOTES TO BASIC FINANCIAL STATEMENTS

For the year ended June 30, 2025

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

5. Assets, deferred outflows, liabilities, deferred inflows, and net position (continued)

q. Pensions

The Authority contributes to the Virginia Retirement System ("VRS"), an agent multiple-employer public employee retirement system with separate cost-sharing pools for each locality, which acts as a common investment and administrative agent for political subdivisions in the commonwealth of Virginia. For purposes of measuring the net pension liability, deferred outflows of resource and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Authority's Retirement Plan and the additions to/deductions from the Authority's Retirement 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.

r. Other Post-employment Benefits Plans

i). Post-retirement Healthcare Benefits Plans

At its sole discretion, the Authority offers a Post-retirement Healthcare Benefits Plan ("PHBP") subject to eligibility. The plan is a single employer defined benefit OPEB plan. The Authority provides post-retirement health and dental care benefits, in accordance with the federal COBRA law, which requires the Authority to extend access to healthcare benefits for 18 months after termination to any employee participating in the health and dental plan. Under the plan, the Authority has elected to provide access to healthcare for retirees until age 65 or until they are eligible for Medicare. There are nine retirees participating 100% of their own cost. The Authority's regular healthcare provide underwrites the retiree's policies. Benefit terms are established and may be amended by the Authority. The Authority also established the requirements for the employer and nonemployer contributing entities to pay OPEB as the benefits come due.

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to PHBP OPEB expense, information about the fiduciary net position of the PHBP and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the PHBP. For this purpose, the PBHP recognizes benefit payments when due and payable in accordance with the benefit terms.

Norfolk Redevelopment and Housing Authority, Virginia

NOTES TO BASIC FINANCIAL STATEMENTS

For the year ended June 30, 2025

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

5. Assets, deferred outflows, liabilities, deferred inflows, and net position (continued)

r. Other Post-employment Benefits Plans (continued)

ii). Group Life Insurance Program

The VRS Group Life Insurance ("GLI") Program is a multiple-employer, cost-sharing plan. It provides coverage to state employees, teachers, and employees of participating political subdivisions. The GLI 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.

iii). Political Subdivision Employee Virginia Local Disability Program

The VRS Political Subdivision Employee Virginia Local Disability Program ("VLDP") is a multiple-employer, cost-sharing plan. The VLDP was implemented to provide short-term and long-term disability benefits for non-work-related and work-related disabilities for employees with VRS Hybrid retirement benefits.

For purposes of measuring the net GLI and VLDP Programs' corresponding OPEB liability, each individual plan's deferred outflows of resources and deferred inflows of resources related to the OPEB, and OPEB expense, information about the fiduciary net position of the OPEB and the additions to/deductions from the OPEB's fiduciary net 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.

s. Net position

In accordance with GASB Codification Section 1800.155, *Reporting Net Position in Government-Wide Financial Statements*, total equity as of June 30, 2025, is classified into three components of net position:

i). Net investment in capital assets

This category consists of capital assets, net of accumulated depreciation and reduced by any outstanding balances of bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, and improvements of those assets.

Norfolk Redevelopment and Housing Authority, Virginia

NOTES TO BASIC FINANCIAL STATEMENTS

For the year ended June 30, 2025

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

5. Assets, deferred outflows, liabilities, deferred inflows, and net position (continued)

s. *Net position (continued)*

ii). *Restricted component of net position*

This category consists of net position restricted in its use by (1) external groups such as grantors, creditors or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

iii). *Unrestricted component of net position*

This category includes all of the remaining net position that does not meet the definition of the other two categories. Certain amounts of unrestricted net position, even though categorized as unrestricted in accordance with generally accepted accounting standards, are still programmatically restricted based on the funding streams provided by HUD.

6. Budgets

Budgets are prepared on an annual basis for each major program and are used as a management tool throughout the accounting cycle. Budgets are approved annually by the Board of Commissioners.

7. Income taxes

The Authority is a governmental entity and is exempt from federal and state income taxes. Accordingly, no provision for income taxes has been made in the financial statements. The Authority's blended component units are subject to the income tax provisions of Virginia Statutes and the Internal Revenue Code.

The Authority's blended component units account for income taxes in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 740, *Income Taxes*, which clarifies the accounting and disclosure requirements for any uncertainty in a tax position. It requires a two-step approach to evaluate tax positions and determine if they should be recognized in the financial statements. The two-step approach involves recognizing any tax positions that are "more likely than not" to occur and then measuring those positions to determine if they are recognizable in the financial statements. Management regularly reviews and analyzes all tax positions and has determined no aggressive tax positions have been taken.

For the year ended June 30, 2025, the Authority's component units made no provision of liability for federal income taxes. The Authority's component units income tax filings are subject to audit by various taxing authorities. The Authority's component units are subject to income tax examinations by tax authorities for the prior three years.

Norfolk Redevelopment and Housing Authority, Virginia

NOTES TO BASIC FINANCIAL STATEMENTS

For the year ended June 30, 2025

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

8. Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, as well as certain deferred items, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

9. Impact of recently issued accounting standards

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*. This statement is effective for the Authority's June 30, 2026 fiscal year end.

In September 2024, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. This statement is effective for the Authority's June 30, 2026 fiscal year end.

In December 2025, the GASB issued Statement No. 105, *Subsequent Events*. This statement is effective for the Authority's June 30, 2027 fiscal year end.

Management is currently evaluating the impact of the adoption of these statements on the Authority's financial statements.

10. Adoption of new accounting standards

In June 2022, GASB issued statement No. 101, *Compensated Absences*. This statement updated the recognition and measurement guidance for compensated absences and associated salary-related payments and amended certain previously required disclosures. The Authority adopted the requirements of the guidance effective July 1, 2024, and has applied the provisions of this standard to the beginning of the period of adoption.

NOTE B - DETAILED NOTES

1. Cash and cash equivalents

As of June 30, 2025, the Authority's cash and cash equivalents consists of deposits held by banks in the amount of \$52,651,223.

In accordance with GASB Codification Section C20, *Cash Deposits with Financial Institutions* the Authority's exposure to deposit risk is disclosed as follows:

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. The Authority's deposit policy for custodial credit risk requires collateral to be held in the Authority's name by its agent or by the bank's trust department.

Norfolk Redevelopment and Housing Authority, Virginia

NOTES TO BASIC FINANCIAL STATEMENTS

For the year ended June 30, 2025

NOTE B - DETAILED NOTES (continued)

1. Cash and cash equivalents (continued)

The Authority's deposits are insured by the Federal Deposit Insurance Corporation up to \$250,000, for interest bearing accounts. Financial institutions must meet the criteria of being a Qualified Public Depository as described in the Virginia Security for Public Deposits Act, under Chapter 44, Virginia Statutes, before any investments are made with those institutions. As of June 30, 2025, none of the Authority's total bank balance was exposed to custodial credit risk.

Restricted cash and cash equivalents. As of June 30, 2025, restricted cash and cash equivalents consist of:

<i>Current</i>	
Replacement reserves	\$ 6,025,547
State Rental Assistance Program reserves	4,100,519
HCV HAP reserves	1,861,023
Tax and insurance escrows	1,459,359
Operating reserve	976,926
Tenant security deposits	925,200
Debt reserves	781,533
Mainstream HAP reserves	223,713
FSS escrow	55,339
FSS escrow forfeitures	31,458
Subtotal current	16,440,617
<i>Noncurrent</i>	
FSS escrow	1,409,411
Total restricted cash and cash equivalents	<u>\$ 17,850,028</u>

Norfolk Redevelopment and Housing Authority, Virginia

NOTES TO BASIC FINANCIAL STATEMENTS

For the year ended June 30, 2025

NOTE B - DETAILED NOTES (continued)

2. Receivables, net

As of June 30, 2025, receivables consist of:

Lease receivable - current	\$ 952,717
Due from HUD	1,223,758
Due from other government	2,177,036
Tenant accounts receivable	2,242,879
Fraud recovery receivable	48,986
Predevelopment costs	2,284,166
Other	<u>3,623,127</u>
Subtotal receivables	12,552,669
Allowance for doubtful accounts - tenants	<u>(909,075)</u>
Total receivables, net	<u><u>\$ 11,643,594</u></u>

Norfolk Redevelopment and Housing Authority, Virginia

NOTES TO BASIC FINANCIAL STATEMENTS

For the year ended June 30, 2025

NOTE B - DETAILED NOTES (continued)

3. Lease receivable

The Authority owns a commercial building which houses its office space and also has commercial leases with third parties. The lease terms consist of a base rent plus a charge for common area maintenance. All leases are for office space located at 555 E. Main Street, Norfolk, VA.

A summary of agreements in which the Authority is the lessor for the fiscal year ended June 30, 2025 is as follows:

Location	Lease receivable balance	Deferred inflow balance	Lease revenue	Interest income	Interest rate	Lease maturity
City of Norfolk	\$ 729,179	\$ 490,631	\$ 70,090	\$ 40,284	5%	12/18/2031
Governors School	2,740,156	1,838,039	262,577	151,381	5%	12/18/2031
Capital Financial Group	42,028	21,800	21,800	3,159	5%	06/30/2026
Patrick Thrasher, M.D., PC	12,323	9,786	16,776	1,150	5%	01/31/2026
W.M. Stone Logistics, LLC	97,176	84,438	33,775	5,784	5%	12/31/2027
PNC Bank	2,066,823	971,785	103,198	107,117	5%	11/30/2034
Peninsula Child & Family Services	70,539	62,640	44,217	4,814	5%	11/15/2026
Law Office of Eric Korslund	-	-	28,261	1,195	5%	06/30/2025
Law Office of J.D. LeCruise	-	-	11,229	167	5%	11/30/2024
Kalbaugh, Pfund & Messersmith, PC	148,644	72,026	48,017	9,898	5%	12/31/2026
James R. Theurer, PLLC	30,292	18,866	22,640	2,442	5%	03/01/2026
Tavss, Fletcher, Maiden & Reed	700,324	216,447	44,023	35,063	5%	05/31/2030
B. Cullen Gibson	-	-	16,303	723	5%	05/31/2025
Virginia Stage Company	-	-	3,213	14	5%	07/31/2024
Shoreline Healthcare Group	38,101	37,214	23,504	2,609	5%	01/31/2027
Partrea ground lease	-	230,463	3,533	-	0%	03/31/2089
TWG Phase A Ground Lease	553,000	833,450	10,550	22,673	4.1%	12/19/2103
	<u>\$ 7,228,585</u>	<u>\$ 4,887,585</u>	<u>\$ 763,706</u>	<u>\$ 388,473</u>		

Norfolk Redevelopment and Housing Authority, Virginia

NOTES TO BASIC FINANCIAL STATEMENTS

For the year ended June 30, 2025

NOTE B - DETAILED NOTES (continued)

4. Notes receivable

A summary of changes in notes receivable is as follows:

	Receivable at July 1, 2024, restated	Additions	Reductions	Receivable at June 30, 2025
Restricted notes receivable:				
TCB - Marshall Manor II LP	\$ 3,885,753	\$ -	\$ -	\$ 3,885,753
TCB - Marshall Manor II LP	51,370	-	-	51,370
TCB - Bowling Green II LP	2,754,168	-	-	2,754,168
TCB - Marshall Manor III LP	2,470,485	-	-	2,470,485
TCB - Marshall Manor III LP	131,211	-	-	131,211
TCB - Bowling Green III LP	2,020,387	-	-	2,020,387
TCB - Marshall Manor IV LP	1,368,552	-	-	1,368,552
TCB - Marshall Manor IV LP	650,000	-	-	650,000
TCB - Bowling Green IV LP	1,531,494	-	-	1,531,494
TCB - Bowling Green IV LP	650,000	-	-	650,000
TCB - Broad Creek V LP	1,737,000	-	-	1,737,000
TCB - Broad Creek	39,525	-	-	39,525
Accrued interest - TCB Notes	30,355,688	2,826,915	-	33,182,603
Block 17 and Block 18 Loan	6,973,314	-	-	6,973,314
Block 17 and Block 18 Loan	1,800,000	-	-	1,800,000
Block 19 LP	3,756,893	-	-	3,756,893
Block 20 LP	2,500,000	-	-	2,500,000
TWG Phase A Loan	2,859,308	-	-	2,859,308
EOV Note	195,000	-	-	195,000
Total restricted notes receivable and accrued interest	65,730,148	2,826,915	-	68,557,063
Unrestricted notes receivable:				
NRHA Diggs Town Phase I LP	4,025,349	-	-	4,025,349
NRHA Diggs Town Phase I LP	8,661,870	-	-	8,661,870
Accrued interest - Diggs Town notes	2,877,137	598,794	-	3,475,931
NRHA Partrea LP	2,348,865	-	(49,526)	2,299,339
NRHA Partrea LP	926,782	-	-	926,782
Accrued interest - NRHA Partrea notes	-	52,846	-	52,846
Partrea CDBG Loan Receivable	400,000	-	-	400,000
Mortgage Receivable - Grandy VI	6,908,217	-	(64,524)	6,843,693
N/R - Partnership	7,010,434	-	-	7,010,434
Accrued interest - Partnership	1,213,156	-	-	1,213,156
Program Income	54,059	-	-	54,059
Rehabilitation Loans	10,265,924	-	(89,902)	10,176,022
Total unrestricted notes receivable and accrued interest	44,691,793	651,640	(203,952)	45,139,481
Total notes receivable and accrued interest	<u>\$ 110,421,941</u>	<u>\$ 3,478,555</u>	<u>\$ (203,952)</u>	<u>\$ 113,696,544</u>

Norfolk Redevelopment and Housing Authority, Virginia

NOTES TO BASIC FINANCIAL STATEMENTS

For the year ended June 30, 2025

NOTE B - DETAILED NOTES (continued)

4. Notes receivable (continued)

HUD has provided some of the funding to the Authority for the development of the mixed finance properties owned by discrete component units and related parties of the Authority. As funds were received by the Authority from HUD, they were loaned to the respective affiliates. When the notes that originated through HUD grants are paid back, they will be considered restricted program income to be used for similar project developments in the future.

a. *TCB - Marshall Manor II LP*

Promissory note receivable from The Community Builders ("TCB") Marshall Manor II LP. Funds were provided for the construction of 66 units of rental housing, of which 56 units will be reserved for qualified low-income tenants on an ongoing basis. The note bears interest at a rate of 5.85% per annum, and all outstanding principal and accrued interest will be due at maturity on December 31, 2044.

Promissory note receivable from TCB Marshall Manor II LP. Funds were provided for approved costs of the Marshall Manor II development. The note bears no interest, and principal payments shall be made from available cash flows and/or net proceeds TCB receives. There is no stated due date.

b. *TCB - Bowling Green II LP*

Promissory note receivable from TCB Bowling Green II LP. Funds were provided for the construction of 43 units of rental housing, of which 34 units will be reserved for qualified low-income tenants on an ongoing basis. The note bears interest at a rate of 5.85% per annum, and all outstanding principal and accrued interest will be due at maturity on December 31, 2044.

c. *TCB - Marshall Manor III LP*

Promissory note receivable from TCB Marshall Manor III LP. Funds were provided for the construction of 58 units of rental housing, of which 46 units will be reserved for qualified low-income tenants on an ongoing basis. The note bears interest at a rate of 5.85% per annum, and all outstanding principal and accrued interest will be due at maturity on December 31, 2045.

Promissory note receivable from TCB Marshall Manor III LP. Funds were provided for approved costs of the Marshall Manor III development. The note bears no interest, and principal payments shall be made from available cash flows and/or net proceeds TCB receives. There is no stated due date.

Norfolk Redevelopment and Housing Authority, Virginia

NOTES TO BASIC FINANCIAL STATEMENTS

For the year ended June 30, 2025

NOTE B - DETAILED NOTES (continued)

4. Notes receivable (continued)

d. *TCB - Bowling Green III LP*

Promissory note receivable from TCB Bowling Green III LP. Funds were provided for the construction of 45 units of rental housing, of which 35 units will be reserved for qualified low-income tenants on an ongoing basis. The note bears interest at a rate of 5.85% per annum, and all outstanding principal and accrued interest will be due at maturity on December 31, 2045.

e. *TCB - Marshall Manor IV LP*

Promissory note receivable from TCB Marshall Manor IV LP. Funds were provided for the construction of 38 units of rental housing, all of which will be reserved for qualified low-income tenants on an ongoing basis. The note bears interest at a rate of 5.85% per annum, and all outstanding principal and accrued interest will be due at maturity on December 31, 2046.

Promissory note receivable from TCB Marshall Manor IV LP. Funds were provided for the construction of 38 units of rental housing, all of which will be reserved for qualified low-income tenants on an ongoing basis. The note bears interest at a rate of 5.36% per annum, and all outstanding principal and accrued interest will be due at maturity on December 31, 2046.

f. *TCB - Bowling Green IV LP*

Promissory note receivable from TCB Bowling Green IV LP. Funds were provided for the construction of 43 units of rental housing, of which 34 units will be reserved for qualified low-income tenants on an ongoing basis. The note bears interest at a rate of 5.85% per annum, and all outstanding principal and accrued interest will be due at maturity on December 31, 2046.

Promissory note receivable from TCB Bowling Green IV LP. Funds were provided for the construction of 43 units of rental housing, of which 34 units will be reserved for qualified low-income tenants on an ongoing basis. The note bears interest at a rate of 5.36% per annum, and all outstanding principal and accrued interest will be due at maturity on December 31, 2046.

g. *TCB - Broad Creek V LP*

Promissory note receivable from TCB Broad Creek V LP. Funds were provided for the construction of 50 units of rental housing, all of which will be reserved for qualified low-income tenants on an ongoing basis. The note bears interest at a rate of 6.0% per annum, and all outstanding principal and accrued interest will be due at maturity on December 31, 2056.

Norfolk Redevelopment and Housing Authority, Virginia

NOTES TO BASIC FINANCIAL STATEMENTS

For the year ended June 30, 2025

NOTE B - DETAILED NOTES (continued)

4. Notes receivable (continued)

h. TCB - Broad Creek

Promissory notes receivable due from local citizens on deferred basis to purchase homes located in a targeted neighborhood. The notes are noninterest bearing, and are secured by a deed of trust on the homes and are partially forgivable.

i. Block 17 and Block 18 Loans

Promissory note receivable from Block 17 and 18 MF Combined, LLC in the original amount of \$7,959,933. The note accrues no interest, and all outstanding principal will be due at maturity on September 7, 2063.

Promissory note receivable from Block 17 and 18 MF Combined, LLC in the original amount of \$1,800,000. The note accrues no interest, and all outstanding principal will be due at maturity on September 7, 2063.

j. Block 19 LP

Promissory note receivable from Block 19, L.P. in the original amount of \$3,756,893. The note accrues no interest, and all outstanding principal will be due at maturity on April 18, 2062.

k. Block 20 LP

Promissory note receivable from Block 20, L.P. in the original amount of \$2,500,000. The note accrues no interest, and all outstanding principal will be due at maturity on April 18, 2062.

l. EOY Note

Promissory note for the purchase of a residence. The note is noninterest bearing, and is due when the signor vacates the residence or upon the homeowner's death. The note is secured by a deed of trust on the residence.

m. NRHA Diggs Town Phase I LP

The mortgage note bears interest at the rate of 4.6% per annum. Any payments shall be made from surplus cash and any such payments shall be applied first to interest and then to outstanding principal. Any unpaid principal and accrued interest are due at maturity on March 26, 2051. The loan is secured by a deed of trust on the property.

Norfolk Redevelopment and Housing Authority, Virginia

NOTES TO BASIC FINANCIAL STATEMENTS

For the year ended June 30, 2025

NOTE B - DETAILED NOTES (continued)

4. Notes receivable (continued)

m. NRHA Diggs Town Phase I LP (continued)

The mortgage note bears interest at the rate of 4.6% per annum. Any payments shall be made from surplus cash and any such payments shall be applied first to interest and then to outstanding principal. Any unpaid principal and accrued interest are due at maturity on March 26, 2051. The loan is secured by a deed of trust on the property.

n. NRHA Partrea LP

The mortgage note bears interest at the rate of 5.0% per annum. Monthly payments of \$14,226 began on October 28, 2017, and will continue through maturity on October 28, 2035. The loan is secured by a deed of trust on the property.

The mortgage note bears interest at the rate of 5.9% per annum. All outstanding principal and accrued interest will be due at maturity on April 10, 2034.

o. Partrea CDBG Loan Receivable

The mortgage note bears interest at the rate of 5.9% per annum. All outstanding principal and accrued interest will be due at maturity on February 10, 2034.

p. Mortgage Receivable - Grandy VI

The mortgage note bears interest at the rate of 6.0% per annum. Interest only payments were due until December 31, 2020, at which time regular payments began, which will continue through maturity on January 1, 2045, at which time all outstanding principal and accrued interest will be due. The mortgage is secured by a deed of trust on the property.

q. Program Income

Promissory notes receivable due from local citizens and businesses on a deferred basis, forgivable basis, or in monthly installments of principal and interest. These notes bear interest at rates between 0% and 8%. Program income consists of gap financing, demo in lieu of acquisition, and other notes. Gap financing is issued to qualifying person(s) to provide second deeds of trust for down payments and closing costs. Demo in lieu of acquisition is issued to qualifying person(s) in which the Authority incurs the cost of demolition and takes a note to be paid at a future date.

Other notes are issued to nonprofit agencies for land the Authority has donated to the agency. The note becomes payable if the use of the property is not secured by low to moderate income residents for its affordability period.

Norfolk Redevelopment and Housing Authority, Virginia

NOTES TO BASIC FINANCIAL STATEMENTS

For the year ended June 30, 2025

NOTE B - DETAILED NOTES (continued)

4. Notes receivable (continued)

r. Rehabilitation Loans

Promissory notes receivable, due from local citizens either on a deferred basis or in monthly installments of principal and interest. The loans are made to qualifying persons to make improvements to property located in certain redevelopment and rehabilitation areas as designated by the Authority and the City. The notes bear interest at rates between 5% and 12%, and are secured by deeds of trust on the rehabilitation improvements made to the properties. The source of these funds is generally the City of Norfolk and is offset by the payable included in other non-current liabilities.

5. Capital assets and right-of-use assets, net

A summary of changes in capital assets and right-of-use assets for the year ended June 30, 2025 is as follows:

	Balance at July 1, 2024, restated	Transfers in/ additions	Transfers out/ deletions	Balance at June 30, 2025
Non-depreciable:				
Land	\$ 28,107,033	\$ -	\$ (93,000)	\$ 28,014,033
Construction in progress	30,790,727	15,394,149	(14,567,296)	31,617,580
Total non-depreciable	58,897,760	15,394,149	(14,660,296)	59,631,613
Depreciated/amortized:				
Buildings and improvements	208,927,824	14,616,857	(804,891)	222,739,790
Equipment	6,006,374	71,880	(75,092)	6,003,162
Improvements other than buildings	52,432,752	-	(3,853)	52,428,899
Right-of-use asset - software	1,655,977	-	-	1,655,977
Total depreciated/amortized	269,022,927	14,688,737	(883,836)	282,827,828
Total capital assets	327,920,687	30,082,886	(15,544,132)	342,459,441
Less accumulated depreciation/amortization:				
Buildings and improvements	(147,616,795)	(5,190,136)	554,115	(152,252,816)
Equipment	(1,907,732)	(73,430)	51,696	(1,929,466)
Improvements other than buildings	(35,922,458)	(1,263,017)	1,514	(37,183,961)
Right-of-use asset - software	(110,398)	(331,195)	-	(441,593)
Total accumulated depreciation/amortization	(185,557,383)	(6,857,778)	607,325	(191,807,836)
Capital assets, net	\$ 142,363,304	\$ 23,225,108	\$ (14,936,807)	\$ 150,651,605

Current year additions primarily consist of new construction in progress activity across public housing sites.

Norfolk Redevelopment and Housing Authority, Virginia

NOTES TO BASIC FINANCIAL STATEMENTS

For the year ended June 30, 2025

NOTE B - DETAILED NOTES (continued)

6. Noncurrent liabilities

A summary of changes in noncurrent liabilities is as follows:

	Payable at July 1, 2024	Additions	Reductions	Payable at June 30, 2025	Due within one year
Long-term debt					
Merrimack Construction Loan	\$ 18,661,638	\$ -	\$ (451,220)	\$ 18,210,418	\$ 413,405
NRHA Partrea I Loan	926,782	-	-	926,782	-
Partrea Construction Loan	2,374,033	-	(31,473)	2,342,560	29,628
Grandy VI Loan	6,831,983	-	(90,310)	6,741,673	84,947
CW Capital, LLC	9,135,810	-	(187,183)	8,948,627	8,948,627
NRHA Arts Education LP	3,698,735	-	(133,630)	3,565,105	131,545
VHDA Loan	105,746	-	(105,746)	-	-
VHDA Loan	59,277	-	(59,277)	-	-
CVT Townebank	9,006,474	-	(217,199)	8,789,275	19,088
Total long-term debt	50,800,478	-	(1,276,038)	49,524,440	9,627,240
Family self-sufficiency escrow	859,690	903,892	(298,832)	1,464,750	55,339
Accrued compensated absences	1,458,443	-	(273,345)	1,185,098	118,510
Net pension liability	10,852,253	11,085,996	(10,988,755)	10,949,494	-
Net OPEB liability	1,940,706	415,874	(578,408)	1,778,172	-
Subscription agreement payable	1,333,531	-	(321,264)	1,012,267	330,907
Other noncurrent liabilities	14,645,180	4,995,889	-	19,641,069	-
Total noncurrent liabilities	\$ 81,890,281	\$ 17,401,651	\$ (13,736,642)	\$ 85,555,290	\$ 10,131,996

a. *Merrimack Construction Loan*

On April 1, 2016, the Authority entered into a loan agreement with TowneBank in the original amount of \$20,500,000 for the renovation and construction of a 492-unit apartment complex. The note bears interest at a rate of 5.75% per annum. Principal and interest are payable in monthly installments of \$124,975 through maturity on July 1, 2046, at which time all outstanding principal and accrued interest will be due.

b. *NRHA Partrea I Loan*

On April 10, 2014, the Authority entered into a loan agreement in the original amount of \$926,782, for the construction of a 47-unit apartment complex. The note is secured by the property. The note bears interest at a rate of 5.9% per annum. Principal and interest shall be payable annually from surplus cash, with all remaining principal and accrued interest due upon maturity on April 10, 2034.

Norfolk Redevelopment and Housing Authority, Virginia

NOTES TO BASIC FINANCIAL STATEMENTS

For the year ended June 30, 2025

NOTE B - DETAILED NOTES (continued)

6. Noncurrent liabilities (continued)

c. *Partrea Construction Loan*

On October 28, 2014, the Authority entered into a loan agreement with TowneBank in the original amount of \$6,900,000, for the construction of a 47-unit apartment complex. The note is secured by the property. The note bears interest at a rate of 4.58% per annum. Principal and interest are payable in monthly installments of \$14,169 through maturity on October 28, 2035, at which time all outstanding principal and accrued interest will be due.

d. *Grandy VI Loan*

On March 1, 2021, the Authority entered into a loan agreement with TowneBank in the original amount of \$7,062,505. The note bears interest at a rate of 5.75% per annum. Principal and interest are payable in monthly installments of \$40,752 through maturity on January 28, 2040, at which time all outstanding principal and accrued interest will be due.

e. *CW Capital, LLC*

On April 28, 2011, the Authority entered into a loan agreement with CW Capital, LLC in the original amount of \$10,458,000. The note bears interest at a rate of 6.71% per annum. Principal and interest are payable in monthly installments of \$64,698 through maturity on May 1, 2026, at which time all outstanding principal and accrued interest will be due.

f. *NRHA Arts Education LP*

On May 9, 2013 the Authority entered into a loan agreement with TowneBank in the original amount of \$9,303,582. The note bears interest at a rate of 5.75% per annum. Principal and interest are payable in monthly installments of \$28,565 through maturity on June 6, 2041, at which time all outstanding principal and accrued interest will be due.

g. *VHDA Loans*

In March 2006, Residential Options, Inc., which was purchased by the Authority in 2018, entered into a loan agreement. The note bears interest at a rate of 7.32% per annum. Principal and interest are payable in monthly installments of \$36,601 through maturity in November 2027, at which time all outstanding principal and accrued interest will be due.

Norfolk Redevelopment and Housing Authority, Virginia

NOTES TO BASIC FINANCIAL STATEMENTS

For the year ended June 30, 2025

NOTE B - DETAILED NOTES (continued)

6. Noncurrent liabilities (continued)

g. *VHDA Loans (continued)*

In March 2006, Residential Options, Inc. entered into a loan. The note bears interest at a rate of 3.5% per annum. Principal and interest are payable in monthly installments through maturity in March 2030, at which time all outstanding principal and accrued interest will be due.

Due to additional principal payments made on these loans during their respective terms, all outstanding principal was paid during the fiscal year ended June 30, 2025.

h. *CVT TowneBank*

On March 2, 2018 the Authority entered into a loan agreement with TowneBank in the original amount of \$9,860,000. The terms of the agreement were changed on May 5, 2025, when the outstanding principal was \$8,789,365. The note now bears interest at a rate of 6.39% per annum. Interest only payments are due through June 2, 2026, at which time principal and interest will be payable in monthly installments of \$68,390 through maturity on March 2, 2045, at which time all outstanding principal and accrued interest will be due.

The future principal and interest maturities for the Authority's long-term debt is as follows:

	Principal	Interest
2026	\$ 9,627,240	\$ 1,890,368
2027	809,743	2,501,202
2028	857,008	2,453,940
2029	920,994	2,389,953
2030	982,466	2,328,481
2031 - 2035	6,907,426	10,574,090
2036 - 2040	15,468,463	7,580,757
2041 - 2045	8,428,698	3,081,807
2046 - 2047	5,522,402	348,617
	<u>\$ 49,524,440</u>	<u>\$ 33,149,215</u>

Norfolk Redevelopment and Housing Authority, Virginia

NOTES TO BASIC FINANCIAL STATEMENTS

For the year ended June 30, 2025

NOTE B - DETAILED NOTES (continued)

7. Subscription agreement payable

On March 18, 2024, the Authority entered into a subscription-based information technology arrangement for its accounting software. The term of the agreement is for 5 years for a total of \$1,807,952. The calculation of the present value of the total payments of agreement term was \$1,655,977. The agreement did not specify an explicit interest rate; therefore a 3% interest rate is used based on average industry interest rates.

The future liability payments as of June 30, 2025 were as follows:

<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 330,907	\$ 30,683
2027	340,833	20,757
2028	340,527	10,532
	<u>\$ 1,012,267</u>	<u>\$ 61,972</u>

8. Restricted net position

The statement of net position of the Authority reports \$88,835,349 of the restricted component of net position which consists of the following:

- \$68,557,063 of restricted notes receivable and accrued interest;
- \$9,243,365 of restricted escrows and reserves;
- \$4,791,326 of restricted assets held for sale;
- \$4,100,519 of State Rental Assistance Program reserves;
- \$1,861,023 of HCV HAP reserves;
- \$223,713 of Mainstream HAP reserves;
- \$31,458 of FSS forfeitures; and
- \$26,882 of restricted investments.

9. Eliminations of interprogram activity

For financial reporting purposes, the Authority eliminates amounts that are internally generated from and among various programs within the Authority as well as certain activity with blended component units.

Norfolk Redevelopment and Housing Authority, Virginia

NOTES TO BASIC FINANCIAL STATEMENTS

For the year ended June 30, 2025

NOTE B - DETAILED NOTES (continued)

9. Eliminations of interprogram activity (continued)

The following have been eliminated from the financial statements.

i). *Interprogram due to/from*

In the normal course of operations, certain programs pay for common costs that create interprogram receivables or payables. These interprogram receivables and payables normally offset and are eliminated for the presentation of the Authority as a whole. In addition, certain programs pay for operating deficits in other programs that may be paid back over time. As of June 30, 2025, \$9,124,390 of interprogram borrowings has been eliminated.

In addition, various blended component units have received funding from other programs of the Authority. In accordance with HUD guidelines for financial reporting purposes, the internal loan balances, both current and noncurrent, and interest, are being eliminated. As of June 30, 2025, \$46,773,028 of internal loans and receivables and related accrued interest was eliminated for financial reporting purposes. The corresponding mortgage interest income and expense of \$130,306 related to these notes were also eliminated.

ii). *Fee for service*

The Authority's COCC internally charges fees for services rendered to the AMPs and other programs of the Authority. In addition, the Authority charges fees to other programs. These charges include management fees, bookkeeping fees, asset management fees, and other fees for service. For financial reporting purposes, \$6,659,216 of fees has been eliminated for the year ended June 30, 2025.

10. Retirement plans

Plan description

All full time, salaried permanent employees of the Authority are automatically covered by the VRS Retirement Plan upon employment. This plan is administered by the VRS along with plan for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the *Code of Virginia*, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

Norfolk Redevelopment and Housing Authority, Virginia

NOTES TO BASIC FINANCIAL STATEMENTS

For the year ended June 30, 2025

NOTE B - DETAILED NOTES (continued)

10. Retirement plans (continued)

Plan description (continued)

The System administers three different benefit structures for covered employees - Plan 1, Plan 2, and Hybrid. Each plan has a different eligibility and benefit structure as set forth below:

VRS Plan 1 is a defined benefit plan. Members hired before July 1, 2010 and who were vested as of January 1, 2013 are eligible for Plan 1. The retirement benefit is based on a member's age, creditable service, and average final compensation at retirement using a formula. Employees are eligible for an unreduced retirement benefit at age 65 with five years of service and at age 50 with 30 years of service for participating employers. An optional reduced retirement benefit is available to members of VRS as early as age 50 with at least 10 years of service credit or age 55 with at least five years of service credit.

VRS Plan 2 is a defined benefit plan. Members hired or rehired on or after July 1, 2010 and who have no service credits before July 1, 2010 and are not vested as of January 1, 2013 are covered under Plan 2. The retirement benefit is based on a member's age, creditable service, and average final compensation at retirement using a formula. Employees are eligible for an unreduced benefit beginning at their normal Social Security retirement age with at least five years of service credit or when the sum of their age and service equals 90. An optional reduced retirement benefit is available to Plan 2 members as early as age 60 with at least five years of service credit.

The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Members hired on or after January 1, 2014 are eligible for the Hybrid Plan. The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. The benefit payment payable from the defined contribution plan depends on the member and employer contributions made to the plan and the investment performance of those contributions. Employees are eligible for an unreduced benefit beginning at their normal Social Security retirement age with at least five years of service credit or when the sum of their age and service equals 90. An optional reduced retirement benefit is available as early as age 60 with at least five years of service credit.

The VRS Basic Benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the member's average final compensation multiplied by the member's total service credit. The retirement multiplier for the Authority's employees is 1.7% for Plan 1 members, 1.65% for Plan 2 members, and 1.0% for Hybrid Plan members. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

Norfolk Redevelopment and Housing Authority, Virginia

NOTES TO BASIC FINANCIAL STATEMENTS

For the year ended June 30, 2025

NOTE B - DETAILED NOTES (continued)

10. Retirement plans (continued)

Plan description (continued)

Under Plan 1, average final compensation is the average of the member's 36 consecutive months of highest compensation. Under Plan 2 and the Hybrid Plan, average final compensation is the average of the member's 60 consecutive months of highest compensation. An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.

Retirees are eligible for an annual cost-of-living adjustment ("COLA") effective July 1 of the second calendar year of retirement. Under Plan 1, the COLA cannot exceed 5.00%; under Plan 2 and the Hybrid Plan, the COLA cannot exceed 3.00%. During years of no inflation or deflation per the Consumer Price Index for all Urban Consumers ("CPIU"), the COLA is 0.00%. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the Authority to establish and amend benefit provisions to the General Assembly of Virginia.

The System issues a publicly available annual comprehensive financial report that includes financial statements and required supplementary information for the plans administered by VRS. A copy of the most recent report may be obtained from the VRS website at <http://www.varetire.org/pdf/publications/2024annualreport.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218250.

Employees covered by benefit terms

As of June 30, 2023 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

Inactive members or their beneficiaries	
currently receiving benefits	376
Inactive members:	
Vested inactive members	52
Nonvested inactive members	131
Long-term disability	2
Inactive members active elsewhere in VRS	45
Total inactive members	606
Active members	196
Total covered employees	802

Norfolk Redevelopment and Housing Authority, Virginia

NOTES TO BASIC FINANCIAL STATEMENTS

For the year ended June 30, 2025

NOTE B - DETAILED NOTES (continued)

10. Retirement plans (continued)

Contributions

The contribution requirement for active employees is governed by 51.1145 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. Employees are required to contribute 5.00% of their compensation toward their retirement.

The Authority's actuarially determined required contribution rate for the year ended June 30, 2025 was 15% of covered employee compensation. This rate was actuarially determined from a valuation performed as of June 30, 2023. 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 to the pension plan from the Authority were \$1,967,850 for the year ended June 30, 2025.

Net pension liability

The Authority's net pension liability is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. For the Authority, the net pension liability was measured as of June 30, 2024. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2023, rolled forward to the measurement date of June 30, 2024.

Actuarial assumptions

The total pension liability for employees in the Defined Benefit Pension Plan was based on an actuarial valuation as of June 30, 2023, 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, 2024.

Inflation	2.50%
Salary increases	3.50% - 5.35%, including inflation
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Norfolk Redevelopment and Housing Authority, Virginia

NOTES TO BASIC FINANCIAL STATEMENTS

For the year ended June 30, 2025

NOTE B - DETAILED NOTES (continued)

10. Retirement plans (continued)

Long-term expected rate of return

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

<u>Asset class (strategy)</u>	<u>Target allocation</u>	<u>Arithmetic long-term expected rate of return</u>	<u>Weighted average long-term expected rate of return</u>
Public equity	32.00%	6.70%	2.14%
Fixed income	16.00%	5.40%	0.86%
Credit strategies	16.00%	8.10%	1.30%
Real assets	15.00%	7.20%	1.08%
Private equity	15.00%	8.70%	1.31%
Private investment partnerships	1.00%	8.00%	0.08%
Diversifying strategies	6.00%	5.80%	0.35%
Cash	2.00%	3.00%	0.06%
Leverage	-3.00%	3.50%	-0.11%
Total	<u>100.00%</u>		<u>7.07%</u>
* Expected arithmetic nominal return			<u>7.07%</u>

* The above allocation provides a one-year return of 7.07% (includes 2.50% inflation assumption). However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.10%, including expected inflation of 2.50%.

Norfolk Redevelopment and Housing Authority, Virginia

NOTES TO BASIC FINANCIAL STATEMENTS

For the year ended June 30, 2025

NOTE B - DETAILED NOTES (continued)

10. Retirement plans (continued)

Discount rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. For the year ended June 30, 2024, the employer contribution rate is 100% of the actuarially determined employer contribution rate from the June 30, 2023, actuarial valuations. From July 1, 2024, on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in net pension liability

	Increase (Decrease)		
	Total pension liability (a)	Plan fiduciary net position (b)	Net pension liability (asset) (a)-(b)
Balance at June 30, 2023	\$ 106,179,036	\$ 95,326,783	\$ 10,852,253
Changes for the year:			
Service cost	938,156	-	938,156
Interest	6,959,509	-	6,959,509
Differences between expected and actual experience	3,124,483	-	3,124,483
Contributions - employer	-	1,419,122	(1,419,122)
Contributions - employee	-	580,520	(580,520)
Net Investment income	-	8,988,679	(8,988,679)
Benefit payments, including refunds of employee contributions	(8,026,698)	(8,026,698)	-
Administrative expense	-	(63,414)	63,414
Net changes	2,995,450	2,898,209	97,241
Balance at June 30, 2024	\$ 109,174,486	\$ 98,224,992	\$ 10,949,494

Norfolk Redevelopment and Housing Authority, Virginia

NOTES TO BASIC FINANCIAL STATEMENTS

For the year ended June 30, 2025

NOTE B - DETAILED NOTES (continued)

10. Retirement plans (continued)

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 that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current discount rate (6.75%)	1% Increase (7.75%)
Net pension liability	<u>\$ 21,893,070</u>	<u>\$ 10,949,494</u>	<u>\$ 1,680,259</u>

Pension expense, deferred outflows of resources, and deferred inflows of resources related to pensions

For the year ended June 30, 2025, the Authority recognized pension expense of \$1,102,766 within operating expenses on the Statement of Revenues, Expenses, and Changes in Fund Net Position. At June 30, 2025, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	\$ 1,242,264	\$ -
Net difference between projected and actual earnings on plan investments	-	2,741,637
Employer contributions subsequent to the measurement date	1,967,850	-
Total	<u>\$ 3,210,114</u>	<u>\$ 2,741,637</u>

Norfolk Redevelopment and Housing Authority, Virginia

NOTES TO BASIC FINANCIAL STATEMENTS

For the year ended June 30, 2025

NOTE B - DETAILED NOTES (continued)

10. Retirement plans (continued)

Pension expense, deferred outflows of resources, and deferred inflows of resources related to pensions (continued)

\$1,967,850 reported as deferred outflows of resources related to pensions resulting from the Authority's contributions subsequent to the measurement date, will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2025. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30,</u>	
2026	\$ (1,292,801)
2027	836,882
2028	(491,520)
2029	(551,934)
2030	-
Thereafter	-

11. Deferred compensation plan

The Authority offers all regular employees a deferred compensation plan created in accordance with Internal Revenue Code, Section 457. The plan permits employees to defer a portion of their salary until future years. The deferred compensation is not available to employees or beneficiaries until termination, retirement, death, or unforeseeable emergency. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are held in an annuity contract for the participants. The contract is managed by Voya Financial Partners. The assets are not included in the accompanying basic financial statements as of June 30, 2025.

12. Other Postemployment Benefits Plan - Authority Plan

a. *Plan description*

At its sole discretion, the Authority offers a Postretirement Healthcare Benefit Plan ("PHBP") subject to eligibility. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. Under the plan, the Authority will offer retirees access to health insurance at the same cost as active employees up through age 65 or until the retiree is eligible for Medicare. To be eligible to participate, the retiree must terminate service with the Authority and be receiving service or disability retirement through the VRS. The dependents of a retiree shall be eligible for coverage to the same extent as for the dependents of active employees.

Norfolk Redevelopment and Housing Authority, Virginia

NOTES TO BASIC FINANCIAL STATEMENTS

For the year ended June 30, 2025

NOTE B - DETAILED NOTES (continued)

12. Other Postemployment Benefits Plan - Authority Plan (continued)

a. *Plan description (continued)*

Medical coverage, including prescription drugs as part of the medical plan, is offered to active employees and pre-65 retirees on a self-funded basis administered by Optima Health Plan. Medical plan options include Value POS, Plus POS, and Out-of-Area PPO for 2015 and Plans A-C and Out-of-Area PPO for 2016 for pre-65 retiree medical coverage. Medical benefits to the retiree, or dependent of retiree, are no longer available once the member is eligible for Medicare (i.e., post-65 retiree).

Dental and vision coverage is also offered to active employees and retirees of the NRHA. Retirees may continue both these coverage's for a long as they choose (i.e., pre-65 and post-65). Three dental plan options are available through Delta Dental, including DeltaCare DHMO, PPO Low option, and PPO High option. One vision plan through UniCare is also available.

Retirees pay 100% of the cost of all benefits (medical, dental, & vision), however, since the NRHA is self-funded with retiree costs blended with active costs, the retiree receives an implicit subsidy from the NRHA for medical coverage. Retirees are not reimbursed for Medicare Part B or Part D premium for retirees and dependents that are Medicare eligible.

b. *Contributions*

To receive benefits, the employee or their beneficiary must be making the required premium contribution on a timely basis. Retirees pay 100% of the required premiums. The cost of the benefits provided by the PHBP is currently being paid by the Authority on a pay-as-you-go basis.

As of the July 1, 2024 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

Inactive members of their beneficiaries	
currently receiving benefits	18
Active members	162
Total covered employees and retired members	180

Norfolk Redevelopment and Housing Authority, Virginia

NOTES TO BASIC FINANCIAL STATEMENTS

For the year ended June 30, 2025

NOTE B - DETAILED NOTES (continued)

12. Other Postemployment Benefits Plan - Authority Plan (continued)

c. *PHBP OPEB Liability*

The Authority's PHBP OPEB liability of \$1,250,731 was measured as of June 30, 2025, and was determined by an actuarial valuation as of July 1, 2024.

d. *Actuarial assumptions*

The PHBP OPEB liability in the July 1, 2024 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount rate:	5.20%
Healthcare trend rates:	
2024 - 2025 trend	0.00%
2025 - 2026 trend	8.00%
Ultimate trend	4.54%
Year ultimate trend is reached	2090
Salary increases:	3.50%

The discount rate was based on the index provided by *Bond Buyer 20-Bond General Obligation Index* based on the 20 year AA municipal bond rate as of June 30, 2025.

Mortality rates: Pub-2010 General Employees Headcount-Weighted Mortality fully generational using Scale MP- 2021, Pub-2010 General Retirees Headcount-Weighted Mortality fully generational using Scale MP-2021, and Pub-2010 General Contingent Survivors Headcount-Weighted Mortality fully generational using Scale MP-2021.

Norfolk Redevelopment and Housing Authority, Virginia

NOTES TO BASIC FINANCIAL STATEMENTS

For the year ended June 30, 2025

NOTE B - DETAILED NOTES (continued)

12. Other Postemployment Benefits Plan - Authority Plan (continued)

e. Changes in the PHBP OPEB Liability

	Total OPEB liability
Balance at June 30, 2024	<u>\$ 1,343,413</u>
Changes for the year:	
Service cost	72,597
Interest	64,999
Changes in assumptions	(16,196)
Differences between expected and actual experience	(85,586)
Benefit payments	<u>(128,496)</u>
Net changes	<u>(92,682)</u>
Balance at June 30, 2025	<u><u>\$ 1,250,731</u></u>

f. Sensitivity of the PHBP OPEB Liability to Changes in the Discount Rate

The following presents the PHBP OPEB liability as of June 30, 2025 using the discount rate of 5.20%, as well as what the PHBP OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (4.20%) or one percentage point higher (6.20%) than the current rate:

	1% Decrease (4.20%)	Current discount rate (5.20%)	1% Increase (6.20%)
PHBP OPEB liability as of June 30, 2025	<u>\$ 1,309,439</u>	<u>\$ 1,250,731</u>	<u>\$ 1,193,997</u>

Norfolk Redevelopment and Housing Authority, Virginia

NOTES TO BASIC FINANCIAL STATEMENTS

For the year ended June 30, 2025

NOTE B - DETAILED NOTES (continued)

12. Other Postemployment Benefits Plan - Authority Plan (continued)

g. Sensitivity of the PHBP OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the PHBP OPEB liability as of June 30, 2024 as well as what the liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

	1% Decrease (-1.00%)	Healthcare cost trend rates (0.00%)	1% Increase (1.00%)
PHBP OPEB liability as of June 30,	<u>\$ 1,152,344</u>	<u>\$ 1,250,731</u>	<u>\$ 1,362,014</u>

h. PHBP OPEB Expense (Negative PHBP OPEB Expense), Deferred Outflows of Resources, and Deferred Inflows of Resources related to PHBP OPEB

For the year ended June 30, 2025, the Authority recognized PHBP OPEB expense (negative PHBP OPEB expense) of (\$357,816).

At June 30, 2025, the Authority reported deferred outflows of resources and deferred inflows of resources related to PHBP OPEB from the following sources:

Description	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	\$ -	\$ 465,758
Change in assumptions	-	354,966
Total	<u>\$ -</u>	<u>\$ 820,724</u>

Norfolk Redevelopment and Housing Authority, Virginia

NOTES TO BASIC FINANCIAL STATEMENTS

For the year ended June 30, 2025

NOTE B - DETAILED NOTES (continued)

12. Other Postemployment Benefits Plan - Authority Plan (continued)

h. PHBP OPEB Expense (Negative PHBP OPEB Expense), Deferred Outflows of Resources, and Deferred Inflows of Resources related to PHBP OPEB (continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the PHBP OPEB will be recognized in PHBP OPEB expense as follows:

<u>Fiscal Year Ending</u>	<u>Amount</u>
2026	\$ (442,988)
2027	(348,311)
2028	(24,119)
2029	(5,306)
2030	-
Thereafter	-

13. Other Postemployment Benefit Plans - Virginia Retirement System Plans

a. Plan descriptions

(i) Group Life Insurance ("GLI") plan

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 (the "System"), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

The GLI 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 member contributions and accrued interest. Members are also eligible to elect additional coverage for themselves as well as spouse or dependent children through the Optional Group Life Insurance Program. For members who elect the optional group life insurance coverage, the insurer bills employers directly for the premiums. Employers deduct these premiums from members' paychecks and pay the premiums to the insurer. Since this is a separate and fully insured program, it is not included as part of the Group Life Insurance Program OPEB.

Norfolk Redevelopment and Housing Authority, Virginia

NOTES TO BASIC FINANCIAL STATEMENTS

For the year ended June 30, 2025

NOTE B - DETAILED NOTES (continued)

13. Other Postemployment Benefit Plans - Virginia Retirement System Plans (continued)

a. *Plan descriptions (continued)*

(i) Group Life Insurance ("GLI") plan (continued)

The benefits payable under the GLI Program have several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include accidental dismemberment benefits, safety belt benefits, repatriation benefits, felonious assault benefits and accelerated death benefit options. The benefit amounts provided to members covered under the GLI 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. For covered members with at least 30 years of service credit, there is a minimum benefit payable under the Group Life Insurance Program. The minimum benefit was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$9,532 as of June 30, 2025.

(ii) Virginia Local Disability Program ("VLDP") plan

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 VLDP. This plan is administered by the VRS, 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 VLDP.

The VLDP 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.

Eligible employees are enrolled automatically upon employment, unless their employer has elected to provide comparable coverage. Eligibility includes full-time general employees; including local law enforcement officers, firefighters, or emergency medical technicians who do not have enhanced hazardous duty benefits; of public political subdivisions covered under VRS.

Norfolk Redevelopment and Housing Authority, Virginia

NOTES TO BASIC FINANCIAL STATEMENTS

For the year ended June 30, 2025

NOTE B - DETAILED NOTES (continued)

13. Other Postemployment Benefit Plans - Virginia Retirement System Plans (continued)

a. *Plan descriptions (continued)*

(ii) Virginia Local Disability Program ("VLDP") plan (continued)

The VLDP 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.

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.

b. *Contributions*

The contribution requirements for the GLI 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 GLI Program was 1.18% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.71% (1.18% X 60%) and the employer component was 0.47% (1.18% 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, 2025 was 0.47% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI Program from the Authority were \$62,662 for the year ended June 30, 2025.

Norfolk Redevelopment and Housing Authority, Virginia

NOTES TO BASIC FINANCIAL STATEMENTS

For the year ended June 30, 2025

NOTE B - DETAILED NOTES (continued)

13. Other Postemployment Benefit Plans - Virginia Retirement System Plans (continued)

b. *Contributions (continued)*

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, 2025 was 0.74% of covered employee compensation for employees in the VLDP. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. 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 Authority to the VLDP were \$52,809 for the year ended June 30, 2025.

c. *OPEB Liabilities, OPEB Expense (Negative OPEB Expense), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the OPEB*

At June 30, 2024, the Authority reported a liability of \$554,390 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2024 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2023, and rolled forward to the measurement date of June 30, 2024. The Authority's proportion of the Net GLI OPEB Liability was based on the Authority's actuarially determined employer contributions to the GLI Program for the year ended June 30, 2024 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2024, the Authority's proportion was 0.04968% as compared to 0.04888% at June 30, 2023.

For the year ended June 30, 2025, the Authority recognized GLI OPEB expense (negative GLI OPEB expense) of (\$41,384). Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2025, the Authority reported a liability of (\$26,949) for its proportionate share of the Net VLDP OPEB liability (asset). The Net VLDP OPEB liability (asset) was measured as of June 30, 2024 and the total VLDP OPEB liability used to calculate the Net VLDP OPEB liability (asset) was determined by an actuarial valuation as of June 30, 2023, and rolled forward to the measurement date of June 30, 2024. The Authority's proportion of the Net VLDP OPEB liability (asset) was based on the Authority's actuarially determined employer contributions to the VLDP OPEB plan for the year ended June 30, 2024 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2024, the Authority's proportion of the VLDP was 0.74704% as compared to 0.68794% at June 30, 2023.

Norfolk Redevelopment and Housing Authority, Virginia

NOTES TO BASIC FINANCIAL STATEMENTS

For the year ended June 30, 2025

NOTE B - DETAILED NOTES (continued)

13. Other Postemployment Benefit Plans - Virginia Retirement System Plans (continued)

c. *OPEB Liabilities, OPEB Expense (Negative OPEB Expense), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the OPEB (continued)*

For the year ended June 30, 2025, the Authority recognized VLDP OPEB expense of \$35,832. Since there was a change in proportionate share between measurement dates, a portion of the VLDP Net OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2025, the Authority reported deferred outflows of resources and deferred inflows of resources related to the GLI and VLDP OPEB plans from the following sources:

Description	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	\$ 90,642	\$ 19,221
Net difference between projected and actual earnings on OPEB plan investments	-	49,166
Change in assumptions	3,160	28,100
Changes in proportionate share	8,123	150,885
Employer contributions subsequent to the measurement date	115,471	-
Total	<u>\$ 217,396</u>	<u>\$ 247,372</u>

\$115,471 reported as deferred outflows of resources related to the GLI and VLDP OPEB resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the Net OPEB Liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the OPEB plans will be recognized in the Authority's OPEB expense in future reporting periods as follows:

<u>Year ended June 30</u>	<u>Amount</u>
2026	\$ (77,764)
2027	(36,050)
2028	(32,029)
2029	(8,592)
2030	8,987
Thereafter	1

Norfolk Redevelopment and Housing Authority, Virginia

NOTES TO BASIC FINANCIAL STATEMENTS

For the year ended June 30, 2025

NOTE B - DETAILED NOTES (continued)

13. Other Postemployment Benefit Plans - Virginia Retirement System Plans (continued)

d. Actuarial assumptions

The total GLI Program and VLDP OPEB liabilities were based on an actuarial valuation as of June 30, 2023, 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, 2024.

Inflation	2.50%
Salary increases - GLI	3.57% - 4.99%, average
Salary increases - VLDP	3.50% - 5.35%
Investment rate of return	6.75%, net of investment expense, including inflation

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. 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

Norfolk Redevelopment and Housing Authority, Virginia

NOTES TO BASIC FINANCIAL STATEMENTS

For the year ended June 30, 2025

NOTE B - DETAILED NOTES (continued)

13. Other Postemployment Benefit Plans - Virginia Retirement System Plans (continued)

e. Net VRS OPEB liability

The net OPEB liability represents the VRS' 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, 2024, net VRS OPEB liability amounts are as follows:

	GLI	VLDP
Total VRS OPEB liability	\$ 4,196,054,553	\$ 12,229,994
Plan fiduciary net position	(3,080,132,480)	(15,837,447)
VRS Net OPEB liability (asset)	<u>\$ 1,115,922,073</u>	<u>\$ (3,607,453)</u>
Plan fiduciary net position as a percentage of the total VRS OPEB liability	73.41%	129.50%

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

f. Discount rate

The discount rate used to measure the total VRS 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 and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2024, the rate contributed by the Authority for the VRS OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 113% of the actuarially determined contribution rate. From July 1, 2024 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the VRS 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 VRS OPEB Liability.

Norfolk Redevelopment and Housing Authority, Virginia

NOTES TO BASIC FINANCIAL STATEMENTS

For the year ended June 30, 2025

NOTE B - DETAILED NOTES (continued)

13. Other Postemployment Benefit Plans - Virginia Retirement System Plans (continued)

g. Sensitivity of the Authority's Proportionate Share of the Net GLI Program and VLDP OPEB Liability to Changes in the Discount Rate

The following presents the Authority's proportionate share of the net VRS OPEB liability using the current discount rate of 6.75%, as well as what the Authority's proportionate share of the net VRS OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (6.75%) than the current rate:

Authority proportionate share of the Net OPEB Liability (Asset)	1% Decrease (5.75%)	Current discount rate (6.75%)	1% Increase (7.75%)
GLI	\$ 862,149	\$ 554,390	\$ 305,762
VLDP	(19,597)	(26,949)	(33,419)

h. VRS OPEB Fiduciary Net Position

Detailed information about the VRS Fiduciary Net Position is available in the separately issued VRS 2024 *Annual Comprehensive Financial Report* (ACFR). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2024-annual-report.pdf>, or by writing to the VRS' Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

14. Risk management

The Authority is exposed to various risks of loss related to torts; theft of, damages to, and destruction of assets; errors and omissions; injuries to employees, and natural disasters. As part of the Authority's risk management program, certain commercial insurance policies are purchased, and the Authority participates in a risk retention group to cover designated exposures and potential loss situations. The group collects reserve deposits and carries reinsurance; however, the group may charge each group member additional amounts if losses are in excess of reserve deposits and reinsurance amounts.

There were no significant reductions of insurance coverage from prior years and settlements did not exceed insurance coverage for each of the past three years.

Norfolk Redevelopment and Housing Authority, Virginia

NOTES TO BASIC FINANCIAL STATEMENTS

For the year ended June 30, 2025

NOTE B - DETAILED NOTES (continued)

15. Commitments and contingencies

a. *Legal*

In the normal course of operations, the Authority may be party to various pending or threatened legal actions. As of the date of this report, management is not aware of any such instances that have a material impact on the Authority.

b. *Grants and contracts*

The Authority participates in various federally assisted grant programs that are subject to review and audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a federal audit may become a liability of the Authority. As of the date of this report, management is not aware of any such instances.

c. *Unspent awards*

The Authority receives funding from HUD through various programs to help subsidize the cost of project repairs, improvements and certain operating costs. Unspent awarded amounts as of June 30, 2025 amounted to \$20,901,162 for the Public Housing Capital Fund Program.

d. *Guarantees*

The Authority, including certain blended component units, has entered into various performance guarantees with several of the discrete component units listed in Note A-1, including, but not limited to, operating and replacement reserve guarantees, operating deficit guarantees, and tax credit recapture guarantees. Due to the nature of the guarantees, the amount, if any, which the Authority may have to pay under these guarantees cannot be determined at this time.

16. Concentrations

For the year ended June 30, 2025, approximately 69% of revenues and 11% of receivables reflected in the basic financial statements are from HUD.

The Authority operates in a heavily regulated environment. The operations of the Authority are subject to the administrative directives, rules and regulations of federal, state and local regulatory agencies, including, but not limited to, HUD. Such administrative directives, rules and regulations are subject to change by an act of Congress or an administrative change mandated by HUD. Such changes may occur with little notice or inadequate funding to pay for the related costs and the additional administrative burden to comply with the changes.

Norfolk Redevelopment and Housing Authority, Virginia

NOTES TO BASIC FINANCIAL STATEMENTS

For the year ended June 30, 2025

NOTE B - DETAILED NOTES (continued)

17. Conduit debt

Periodically, the Authority has issued industrial revenue bonds to provide financial assistance to private sector entities for the acquisition and construction and rehabilitation of industrial and commercial facilities and multifamily residential facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans.

Upon repayment of the bonds, ownership of the acquired facilities transfers to the private sector entity served by the bond issuance. The Authority is not obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2025, there were eight issues of industrial revenue bonds outstanding, with an aggregate principal amount payable of \$259,787,135.

18. Financial data schedule

As required by HUD, the Authority prepares its financial data schedule in accordance with HUD requirements in a prescribed format which differs from the presentation of the basic financial statements. The schedule's format presents certain operating items as non-operating such as depreciation expense, housing assistance payments and extraordinary maintenance expense.

In addition, the schedule's format includes non-operating items as operating such as investment revenue, HUD capital grants revenue, gains and losses on the disposal of capital assets and interest expense. Furthermore, the schedule reflects tenant revenue and bad debt expense separately.

19. Correction of an error

For the fiscal year ended June 30, 2025, the statement of revenues, expenses and changes in net position reflect a prior period adjustment decreasing beginning net position by approximately \$3.2 million. The accompanying financial statements present only the current year; therefore, prior period comparative amounts have not been restated.

The prior period adjustment consisted of the following:

- \$5,502,829 reduction in beginning net position for construction in progress that should have been expensed or converted to notes receivable in prior periods;
- \$2,782,593 increase in beginning net position for state and local revenues that should have been recognized in prior periods; and,
- \$507,020 reduction in beginning net position to correct amounts due from HUD.

Norfolk Redevelopment and Housing Authority, Virginia

NOTES TO BASIC FINANCIAL STATEMENTS

For the year ended June 30, 2025

NOTE B - DETAILED NOTES (continued)

20. Subsequent events

Management has evaluated subsequent events through the date noted on the Independent Auditor's Report, the date which the financial statements were available to be issued and no material transactions have occurred that would warrant adjustments or disclosure in the financial statements.

Norfolk Redevelopment and Housing Authority, Virginia

NOTES TO BASIC FINANCIAL STATEMENTS

For the year ended June 30, 2025

NOTE B - DETAILED NOTES (continued)

21. Condensed blended component unit information

Condensed component unit information for the Authority's blended component units as listed in Note A-1 is presented below.

Condensed Statement of Net Position

	NOLP	North Wellington	CVT	Grandy Village	MC1	Other	Total blended component units
Assets:							
Current assets	\$ 1,394,163	\$ 492,550	\$ 3,203,035	\$ 1,013,354	\$ 3,076,085	\$ 199,156	\$ 9,378,343
Capital assets, net	805,989	585,928	11,459,353	20,493,871	13,882,146	11,855,226	59,082,513
Noncurrent assets	100,143	-	5,722,868	-	-	2,609,643	8,432,654
Total assets	2,300,295	1,078,478	20,385,256	21,507,225	16,958,231	14,664,025	76,893,510
 Deferred outflows of resources:	 80,742	 (12,097)	 -	 (9,668)	 -	 (26,476)	 32,501
Liabilities:							
Current liabilities	128,087	48,690	392,845	321,508	9,231,227	180,297	10,302,654
Noncurrent liabilities	3,964,755	729,933	13,377,747	35,708,175	8,467,104	3,838,622	66,086,336
Total liabilities	4,092,842	778,623	13,770,592	36,029,683	17,698,331	4,018,919	76,388,990
 Deferred inflows of resources:	 110,847	 3,639	 1,495,003	 (84,418)	 -	 2,334,625	 3,859,696
Net position:							
Net investment in capital assets	805,989	585,928	2,669,987	20,493,871	4,933,519	8,290,121	37,779,415
Restricted	1,330,882	481,300	3,971,657	256,828	-	1,509,187	7,549,854
Unrestricted	(3,959,523)	(783,109)	(1,521,983)	(35,198,407)	(5,673,619)	(1,515,303)	(48,651,944)
Total net position	\$ (1,822,652)	\$ 284,119	\$ 5,119,661	\$ (14,447,708)	\$ (740,100)	\$ 8,284,005	\$ (3,322,675)

Norfolk Redevelopment and Housing Authority, Virginia

NOTES TO BASIC FINANCIAL STATEMENTS

For the year ended June 30, 2025

NOTE B - DETAILED NOTES (continued)

21. Condensed blended component unit information (continued)

Condensed Statement of Revenues, Expenses and Changes in Net Position

	NOLP	North Wellington	CVT	Grandy Village	MC1	Other	Total blended component units
Operating revenues and (expenses)							
Tenant revenue, net	\$ 1,123,793	\$ 182,356	\$ -	\$ 2,289,487	\$ 5,197,362	\$ 135,797	\$ 8,928,795
Other operating revenue	-	-	1,378,479	129,701	16,148	1,525,752	3,050,080
Depreciation	(39,338)	(55,103)	(314,156)	(668,111)	(767,078)	(417,530)	(2,261,316)
Other operating expenses	(908,846)	(186,514)	(1,630,318)	(2,872,637)	(3,046,054)	(1,726,970)	(10,371,339)
Operating income (loss)	175,609	(59,261)	(565,995)	(1,121,560)	1,400,378	(482,951)	(653,780)
Nonoperating revenues and (expenses)							
Gain on sale of fixed assets	-	-	-	-	-	22,426	22,426
Interest income	10,336	6,222	-	6,925	176,937	299,278	499,698
Interest expense	(85,285)	(23,182)	(434,617)	-	(924,490)	(194,042)	(1,661,616)
Change in net position before transfers	100,660	(76,221)	(1,000,612)	(1,114,635)	652,825	(355,289)	(1,793,272)
Transfers	-	-	-	-	-	1,181,880	1,181,880
Beginning net position	(1,923,312)	360,340	6,120,273	(13,333,073)	(1,392,925)	7,457,414	(2,711,283)
Ending net position	\$ (1,822,652)	\$ 284,119	\$ 5,119,661	\$ (14,447,708)	\$ (740,100)	\$ 8,284,005	\$ (3,322,675)

Norfolk Redevelopment and Housing Authority, Virginia

NOTES TO BASIC FINANCIAL STATEMENTS

For the year ended June 30, 2025

NOTE B - DETAILED NOTES (continued)

21. Condensed blended component unit information (continued)

Condensed Statement of Cash Flows

	NOLP	North Wellington	CVT	Grandy Village	MC1	Other	Total blended component units
Net cash provided by (used in):							
Operating activities	\$ 62,640	\$ 14,572	\$ 621,273	\$ 283,120	\$ 9,588,384	\$ (2,541,574)	\$ 8,028,415
Capital and related financing activities	-	-	(704,312)	-	(9,878,700)	1,922,888	(8,660,124)
Investing activities	10,336	6,222	-	6,925	176,937	299,278	499,698
Net increase (decrease) in cash	72,976	20,794	(83,039)	290,045	(113,379)	(319,408)	(132,011)
Beginning cash	1,272,474	464,756	2,209,829	332,908	3,156,777	503,894	7,940,638
Ending cash	<u>\$ 1,345,450</u>	<u>\$ 485,550</u>	<u>\$ 2,126,790</u>	<u>\$ 622,953</u>	<u>\$ 3,043,398</u>	<u>\$ 184,486</u>	<u>\$ 7,808,627</u>

Norfolk Redevelopment and Housing Authority, Virginia

NOTES TO BASIC FINANCIAL STATEMENTS

For the year ended June 30, 2025

NOTE C - DISCRETE COMPONENT UNITS NOTES

1. Condensed discrete component unit information

Condensed component unit information for the Authority's discrete component units as listed in Note A-1 is presented below. Balances are presented as of December 31, 2024.

Condensed Statement of Net Position

	HRV	Partrea	Diggs Town	Grandy VI	Total discrete component units
Assets:					
Current assets	\$ 9,542,727	\$ 959,091	\$ 1,605,025	\$ 1,428,472	\$ 13,535,315
Capital assets, net	13,961	5,166,833	33,648,479	11,217,662	50,046,935
Other noncurrent assets	697,155	239,111	75,630	68,428	1,080,324
Total assets	10,253,843	6,365,035	35,329,134	12,714,562	64,662,574
Liabilities:					
Current liabilities	198,534	579,489	3,812,677	222,623	4,813,323
Noncurrent liabilities	-	4,693,989	25,012,684	9,386,006	39,092,679
Total liabilities	198,534	5,273,478	28,825,361	9,608,629	43,906,002
Net position:					
Net investment in capital assets	13,961	1,552,319	8,936,461	3,882,532	14,385,273
Restricted	-	390,668	415,573	39,789	846,030
Unrestricted	10,041,348	(851,430)	(2,848,261)	(816,388)	5,525,269
Total net position	\$ 10,055,309	\$ 1,091,557	\$ 6,503,773	\$ 3,105,933	\$ 20,756,572

Condensed Statement of Revenues, Expenses and Changes in Net Position

	HRV	Partrea	Diggs Town	Grandy VI	Total discrete component units
Operating revenues and (expenses)					
Tenant revenue, net	\$ -	\$ 891,986	\$ 3,153,213	\$ 1,372,903	\$ 5,418,102
Other operating revenue	2,200,485	714	-	4,611	2,205,810
Depreciation	(13,961)	(310,199)	(1,352,899)	(653,051)	(2,330,110)
Other operating expenses	(1,733,242)	(691,630)	(2,716,628)	(1,003,094)	(6,144,594)
Operating income (loss)	453,282	(109,129)	(916,314)	(278,631)	(850,792)
Nonoperating revenues and (expenses)					
Interest income	610,217	9	23,059	6	633,291
Interest expense	-	(258,899)	(418,695)	(418,646)	(1,096,240)
Change in net position	1,063,499	(368,019)	(1,311,950)	(697,271)	(1,313,741)
Beginning net position	8,991,810	1,459,576	7,815,723	3,803,204	22,070,313
Ending net position	\$ 10,055,309	\$ 1,091,557	\$ 6,503,773	\$ 3,105,933	\$ 20,756,572

Norfolk Redevelopment and Housing Authority, Virginia

NOTES TO BASIC FINANCIAL STATEMENTS

For the year ended June 30, 2025

NOTE C - DISCRETE COMPONENT UNITS NOTES (continued)

2. Capital assets, net

A summary of changes in capital assets for the Authority's discretely presented component units is as follows, for the applicable fiscal year end:

	Balance at Jan. 1, 2024	Transfers in/ Additions	Transfers out/ Deletions	Balance at Dec. 31, 2024
Non-depreciable:				
Land	\$ 2,513,021	\$ -	\$ -	\$ 2,513,021
Depreciable:				
Buildings and improvements	52,868,254	-	-	52,868,254
Furniture and equipment	1,831,835	-	-	1,831,835
Leasehold improvements	4,455,382	-	-	4,455,382
Total depreciated	59,155,471	-	-	59,155,471
Total capital assets	61,668,492	-	-	61,668,492
Total accumulated depreciation	(9,291,447)	(2,330,110)	-	(11,621,557)
Capital assets, net	\$ 52,377,045	\$ (2,330,110)	\$ -	\$ 50,046,935

3. Noncurrent liabilities

A summary of changes in noncurrent liabilities for the Authority's discretely presented component units is as follows, for the applicable fiscal year end:

	Payable at Jan. 1, 2024	Additions	Reductions	Payable at Dec. 31, 2024	Due within one year
Partrea					
First mortgage	\$ 2,340,563	\$ -	\$ (52,831)	\$ 2,287,732	\$ 55,871
Other mortgages	1,326,782	-	-	1,326,782	-
Other noncurrent liabilities	998,174	137,172	-	1,135,346	-
Diggs Town					
Virginia Housing mortgage payable	8,661,871	-	-	8,661,871	277,416
Non-Virginia Housing mortgage payable	4,025,349	-	-	4,025,349	-
Virginia Housing surplus cash note	3,477,700	-	-	3,477,700	-
Ground lease payable	7,362,460	-	(90,686)	7,271,774	93,406
Development costs payable	1,275,324	-	-	1,275,324	-
Other noncurrent liabilities	416,271	255,217	-	671,488	-
Grandy VI					
First mortgage	6,909,498	-	(68,582)	6,840,916	72,812
Other mortgage	494,214	-	-	494,214	-
Other noncurrent liabilities	1,711,026	416,204	(3,542)	2,123,688	-
Total noncurrent liabilities	\$ 38,999,232	\$ 808,593	\$ (215,641)	\$ 39,592,184	\$ 499,505

Norfolk Redevelopment and Housing Authority, Virginia

NOTES TO BASIC FINANCIAL STATEMENTS

For the year ended June 30, 2025

NOTE C - DISCRETE COMPONENT UNITS NOTES (continued)

3. Noncurrent liabilities (continued)

a. *Diggs Town*

i. *Virginia Housing mortgage payable*

On March 26, 2019, Diggs Town entered into a loan agreement with the Authority in the original amount of \$8,661,871. The note bears interest at a rate of 4.6% per annum. Any payments made shall be from surplus cash and any such payments shall be applied first to interest then to the outstanding principal. Any unpaid principal and accrued interest are due at maturity on March 26, 2051.

ii. *Non-Virginia Housing mortgage payable*

On March 26, 2019, Diggs Town entered into a loan agreement with the Authority in the original amount of \$5,419,224. The note bears interest at a rate of 4.6% per annum. Any payments made shall be from surplus cash and any such payments shall be applied first to interest then to the outstanding principal. Any unpaid principal and accrued interest are due at maturity on March 26, 2051.

iii. *Virginia Housing surplus cash note*

On May 26, 2021, Diggs Town entered into a loan agreement with Virginia Housing in the original amount of \$2,300,000. The note bears interest at a rate of 1.38% per annum. On December 1, 2023, the loan was converted to a noninterest-bearing, surplus cash note and requires payments equal to 50% of cash flows in excess of \$15,000 per month. The conversion incurred extension fees totaling \$1,177,700 for delays in completing the project, which increased the balance of the loan.

iv. *Ground lease payable*

On March 26, 2019, Diggs Town entered into a ground lease with the Authority for a term of 65 years. The lease provides for annual base rent payments in the amount of \$78,800, increasing at a rate of 3% per annum. Base rental payments are contingent upon sufficient net cash flow, as defined.

Norfolk Redevelopment and Housing Authority, Virginia

NOTES TO BASIC FINANCIAL STATEMENTS

For the year ended June 30, 2025

NOTE C - DISCRETE COMPONENT UNITS NOTES (continued)

3. Noncurrent liabilities (continued)

b. *Grandy VI*

i. *First mortgage*

On August 17, 2017, Grandy VI entered into a loan agreement with the Authority in the original amount of \$5,234,379. The note bears interest at a rate of 6% per annum. During the year ended December 31, 2021, the loan balance was increased to \$7,062,505. Monthly interest only payments were due through the later of April 1, 2021, or the date Grandy VI receives the third capital contribution from Hudson Grandy Village LLC (the "Conversion Date"). After the Conversion Date, Grandy VI will be required to make monthly principal and interest payments through maturity, which is thirty-five years from the Conversion Date. As of December 31, 2024, the Conversion Date has not occurred.

ii. *Other mortgage*

On August 17, 2017, Grandy VI entered into a loan agreement with the Authority in the original amount of \$500,000. The note does not bear interest. Any outstanding principal is due upon maturity, which is the later of November 30, 2034 or upon refinancing of sale of Grandy VI.

c. *Partrea*

i. *First mortgage*

On October 28, 2014, Partrea entered into a loan agreement with the Authority in the original amount of \$6,900,000, reduced to \$2,650,000 upon permanent conversion which occurred during 2016. The loan bears interest at a rate of 5% per annum, and monthly principal and interest payments in the amount of \$14,226 are required through maturity on October 28, 2035, at which time all outstanding principal and accrued interest will be due.

ii. *Other mortgages*

On February 10, 2014, Partrea entered into a loan agreement with the Authority in the original amount of \$400,000. The loan bears interest at a rate of 5.9% per annum. Annual payments are required from cash flows, as defined in the partnership agreement, and payments are first applied against outstanding principal and then accrued interest. All outstanding principal and accrued interest is due upon maturity on February 10, 2034.

Norfolk Redevelopment and Housing Authority, Virginia

NOTES TO BASIC FINANCIAL STATEMENTS

For the year ended June 30, 2025

NOTE C - DISCRETE COMPONENT UNITS NOTES (continued)

3. Noncurrent liabilities (continued)

c. *Partrea (continued)*

ii. *Other mortgages (continued)*

On April 10, 2014, Partrea entered into a loan agreement with the Authority in the original amount of \$926,782. The note bears interest at a rate of 5.9% per annum. Annual payments are required from cash flows, as defined in the partnership agreement, and payments are first applied against outstanding principal and then accrued interest. All outstanding principal and accrued interest is due upon maturity on April 10, 2034.

The future principal maturities for the Discrete Component Units' long-term debt is as follows:

	Principal
2025	\$ 499,505
2026	514,872
2027	530,844
2028	547,148
2029	564,707
Thereafter	33,004,586
	<u>\$ 35,661,662</u>

REQUIRED SUPPLEMENTARY INFORMATION

Norfolk Redevelopment and Housing Authority, Virginia
SCHEDULE OF CHANGES IN PROPORTIONAL SHARE OF NET
PENSION LIABILITY - VIRGINIA RETIREMENT SYSTEM
For the year ended June 30,

Plan years	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability										
Service cost	\$ 938,156	\$ 994,144	\$ 1,074,393	\$ 1,254,202	\$ 1,291,085	\$ 1,198,522	\$ 1,231,648	\$ 1,249,467	\$ 1,278,158	\$ 1,340,253
Interest	6,959,509	6,982,863	7,027,101	6,678,676	6,603,021	6,579,077	6,476,369	6,595,203	6,522,549	6,529,011
Changes in benefit terms	-	-	-	3,847,062	-	2,418,983	-	-	-	-
Differences between actual & expected experience	3,124,483	(314,798)	(1,014,629)	(548,453)	(100,235)	156,706	224,971	(3,402,034)	(796,693)	(2,014,395)
Change of assumption	-	-	-	-	-	-	-	50,823	-	-
Benefit payments, including refunds of employee contributions	(8,026,698)	(7,877,690)	(7,446,316)	(6,841,734)	(6,504,367)	(6,530,791)	(6,400,663)	(5,981,509)	(5,950,690)	(5,943,678)
Net change in total pension liability	2,995,450	(215,481)	(359,451)	4,389,753	1,289,504	3,822,497	1,532,325	(1,488,050)	1,053,324	(88,809)
Total pension liability-beginning	106,179,036	106,394,517	106,753,968	102,364,215	101,074,711	97,252,214	95,719,889	97,207,939	96,154,615	96,243,424
Total pension liability-ending (a)	\$ 109,174,486	\$ 106,179,036	\$ 106,394,517	\$ 106,753,968	\$ 102,364,215	\$ 101,074,711	\$ 97,252,214	\$ 95,719,889	\$ 97,207,939	\$ 96,154,615
Plan fiduciary net position										
Contributions-employer	\$ 1,419,122	\$ 1,297,857	\$ 1,216,405	\$ 1,320,284	\$ 1,248,740	\$ 1,262,481	\$ 1,666,860	\$ 1,646,508	\$ 1,875,845	\$ 1,857,568
Contributions-member	580,520	534,598	570,252	622,161	671,796	658,066	667,139	656,733	626,173	624,579
Net investment income	8,988,679	5,937,821	(2,675)	22,350,764	1,636,679	5,534,344	6,107,862	9,331,928	1,312,520	3,594,684
Benefits payments, including refunds of employee contributions	(8,026,698)	(7,877,690)	(7,446,316)	(6,841,734)	(6,504,367)	(6,530,791)	(6,400,663)	(5,981,509)	(5,950,690)	(5,943,678)
Administrative expense	(63,414)	(62,648)	(62,224)	(56,743)	(24,320)	(61,837)	(60,324)	(64,574)	(51,840)	(52,712)
Net change in plan fiduciary net position	2,898,209	(170,062)	(5,724,558)	17,394,732	(2,971,472)	862,263	1,980,874	5,589,086	(2,187,992)	80,441
Plan fiduciary net position-beginning	95,326,783	95,496,845	101,221,403	83,826,671	86,798,143	85,935,880	83,955,006	78,365,920	80,553,912	80,473,471
Plan fiduciary net position-ending (b)	\$ 98,224,992	\$ 95,326,783	\$ 95,496,845	\$ 101,221,403	\$ 83,826,671	\$ 86,798,143	\$ 85,935,880	\$ 83,955,006	\$ 78,365,920	\$ 80,553,912
Net Pension Liability-ending (a) - (b)	\$ 10,949,494	\$ 10,852,253	\$ 10,897,672	\$ 5,532,565	\$ 18,537,544	\$ 14,276,568	\$ 11,316,334	\$ 11,764,883	\$ 18,842,019	\$ 15,600,703
Plan fiduciary net position as a percentage of total pension liability	89.97%	89.78%	89.76%	94.82%	81.89%	85.88%	88.36%	87.71%	80.62%	83.78%
Covered-employee payroll	\$ 13,332,320	\$ 12,756,785	\$ 12,174,727	\$ 13,533,058	\$ 13,524,339	\$ 13,965,890	\$ 13,472,140	\$ 13,506,904	\$ 13,800,789	\$ 12,852,153
Net pension liability as a percentage of covered-employee payroll	82.13%	85.07%	89.51%	40.88%	137.07%	102.22%	84.00%	87.10%	136.53%	121.39%

Schedule is based on measurement dates ended June 30.

See Independent Auditor's Report.

Norfolk Revelopment and Housing Authority, Virginia

SCHEDULE OF CHANGES IN PROPORTIONAL SHARE OF NET
OPEB LIABILITY - GLI AND VLDP PLANS

For the year ended June 30,

Plan years	2024	2023	2022	2021	2020	2019	2018	2017
GLI Plan:								
Authority's proportion of the net GLI OPEB liability	0.04968%	0.04888%	0.05598%	0.06395%	0.06892%	0.07040%	0.07271%	0.07352%
Authority's proportionate share of net GLI OPEB liability	554,390	586,224	674,053	744,551	1,150,162	1,145,596	1,104,000	1,106,000
Employer's covered payroll	13,332,320	13,332,320	11,514,538	13,239,815	14,184,337	13,801,027	13,826,767	13,560,912
Employer's proportionate share of the net GLI OPEB liability as a percentage of payroll	4.16%	4.40%	5.85%	5.62%	8.11%	8.30%	7.98%	8.16%
Plan fiduciary net position as a percentage of the total GLI OPEB liability	73.41%	69.30%	67.21%	67.21%	52.64%	69.30%	51.22%	48.86%
VLDP Plan:								
Authority's proportion of the net VLDP OPEB liability	0.74704%	0.68794%	0.82171%	0.91221%	0.97561%	1.04281%	1.13973%	1.20128%
Authority's proportionate share of net VLDP OPEB liability	(26,949)	11,069	(4,831)	(9,234)	9,739	21,125	9,000	7,000
Employer's covered payroll	7,136,302	5,777,905	4,210,712	3,582,118	3,635,282	3,222,482	2,767,340	2,205,898
Employer's proportionate share of the net VLDP OPEB liability as a percentage of payroll	-0.38%	0.19%	-0.11%	-0.26%	0.27%	0.66%	0.33%	0.32%
Plan fiduciary net position as a percentage of the total VLDP OPEB liability	129.50%	100.59%	127.51%	127.51%	49.21%	49.21%	51.39%	38.40%

Note 1:

Information is required to be presented for 10 years. However, until a full 10 year trend is compiled, the Authority will present information for only those years for which information is available.

See Independent Auditor's Report.

Norfolk Redevelopment and Housing Authority, Virginia

SCHEDULE OF CHANGES IN NET OPEB
LIABILITY - PHBP PLAN

For the year ended June 30,

Fiscal years	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB liability								
Service cost	\$ 72,597	\$ 87,151	\$ 112,058	\$ 152,773	\$ 171,750	\$ 169,023	\$ 163,307	\$ 56,067
Interest	64,999	51,603	56,395	84,908	54,662	100,339	93,809	95,497
Change of assumption	(16,196)	(331,935)	(217,135)	-	(151,854)	-	(7,304)	-
Differences between actual & expected experience	(85,586)	-	(934,554)	(300,829)	(389,212)	-	(40,100)	-
Benefit payments	(128,496)	(42,469)	(44,821)	(58,206)	(57,161)	(71,775)	(69,348)	(235,412)
Net change in total OPEB liability	(92,682)	(235,650)	(1,028,057)	(121,354)	(371,815)	197,587	140,364	(83,848)
Total OPEB liability-beginning	1,343,413	1,579,063	2,607,120	2,728,474	3,100,289	2,902,702	2,762,338	2,846,186
Total OPEB liability-ending	<u>\$ 1,250,731</u>	<u>\$ 1,343,413</u>	<u>\$ 1,579,063</u>	<u>\$ 2,607,120</u>	<u>\$ 2,728,474</u>	<u>\$ 3,100,289</u>	<u>\$ 2,902,702</u>	<u>\$ 2,762,338</u>
Covered-employee payroll	\$ 11,247,285	\$ 9,128,884	\$ 8,820,178	\$ 11,161,797	\$ 10,836,696	\$ 14,058,138	\$ 13,801,027	\$ 13,826,767
Net OPEB liability as a percentage of covered-employee payroll	11.12%	14.72%	17.90%	23.36%	25.18%	22.05%	21.03%	19.98%

Note 1:

Information is required to be presented for 10 years. However, until a full 10 year trend is compiled, the Authority will present information for only those years for which information is available.

Note 2:

No assets are accumulated in a trust that meets the criteria in GASB Statement 75, paragraph 4.

Note 3:

The amounts presented for each fiscal year were determined as of June 30.

See Independent Auditor's Report.

Norfolk Redevelopment and Housing Authority, Virginia

SCHEDULE OF THE AUTHORITY'S PENSION
AND OPEB CONTRIBUTIONS

For the year ended June 30,

Contributions to the Virginia Retirement System Pension for fiscal year ending June 30,

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	\$ 1,967,850	\$ 1,514,230	\$ 1,216,405	\$ 1,320,284	\$ 1,386,741	\$ 1,340,196	\$ 1,262,589	\$ 1,666,752	\$ 1,646,508	\$ 1,875,845
Contributions in relation to the actuarially determined contribution	1,967,850	1,514,230	1,216,405	1,320,284	1,386,741	1,340,196	1,262,589	1,666,752	1,646,508	1,875,845
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 13,332,320	\$ 12,756,785	\$ 12,174,727	\$ 13,533,058	\$ 13,524,339	\$ 13,965,890	\$ 13,472,140	\$ 13,506,904	\$ 13,800,789	\$ 12,852,153
Contributions as a percentage of covered-employee payroll	14.76%	11.87%	9.99%	9.76%	10.25%	9.60%	9.37%	12.34%	11.93%	14.60%

Contributions to the Group Life Insurance (GLI) plan for fiscal year ending June 30,*

	2025	2024	2023	2022	2021	2020	2019	2018
Actuarially determined contribution	\$ 62,662	\$ 68,887	\$ 55,270	\$ 71,495	\$ 73,759	\$ 180,948	\$ 181,131	\$ 70,517
Contributions in relation to the actuarially determined contribution	62,662	68,887	62,179	71,495	73,759	180,948	181,131	70,517
Contribution deficiency (excess)	\$ -	\$ -	\$ (6,909)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 13,332,320	\$ 12,756,785	\$ 11,514,538	\$ 13,239,815	\$ 14,184,337	\$ 13,801,027	\$ 13,826,767	\$ 13,560,912
Contributions as a percentage of covered-employee payroll	0.47%	0.54%	0.54%	0.54%	0.52%	1.31%	1.31%	0.52%

Contributions to the Virginia Local Disability Program (VLDP) plan for fiscal year ending June 30,*

	2025	2024	2023	2022	2021	2020	2019	2018
Actuarially determined contribution	\$ 52,809	\$ 49,112	\$ 35,791	\$ 30,448	\$ 26,174	\$ 23,202	\$ 16,604	\$ 13,235
Contributions in relation to the actuarially determined contribution	52,809	49,112	35,791	30,448	26,174	23,202	16,604	13,235
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 7,136,302	\$ 5,777,905	\$ 4,210,712	\$ 3,582,118	\$ 3,635,282	\$ 3,222,482	\$ 2,767,340	\$ 2,205,898
Contributions as a percentage of covered-employee payroll	0.74%	0.85%	0.85%	0.85%	0.72%	0.72%	0.60%	0.60%

* Information is required to be presented for 10 years. However, until a full 10 year trend is compiled, the Authority will present information for only those years for which information is available.

See Independent Auditor's Report

SUPPLEMENTARY INFORMATION

Norfolk Redevelopment and Housing Authority, Virginia

FINANCIAL DATA SCHEDULE

For the year ended June 30, 2025

PHA: VA006 FYED: 06/30/25																						
Line Item No.	Account Description	AMP2 (Tidewater Park) Operating 14.850	AMP2 (Tidewater Park) Capital Fund 14.872	AMP6 (Diggs Park) Operating 14.850	AMP6 (Diggs Park) Capital Fund 14.872	AMP8 (Grandy Park) Operating 14.850	AMP8 (Grandy Park) Capital Fund 14.872	AMP10 (Young Park) Operating 14.850	AMP10 (Young Park) Capital Fund 14.872	AMP11 (Calvert) Operating 14.850	AMP11 (Calvert) Capital Fund 14.872	AMP12 (OakLeaf Park) Operating 14.850	AMP12 (OakLeaf Park) Capital Fund 14.872	AMP18 (Robert Partrea) Operating 14.850	AMP18 (Robert Partrea) Capital Fund 14.872	AMP19 (Huntersville) Operating 14.850	AMP19 (Huntersville) Capital Fund 14.872	AMP20 (Eulalie Bobbitt) Operating 14.850	AMP20 (Eulalie Bobbitt) Capital Fund 14.872	AMP21 (Sykes) Operating 14.850	AMP21 (Sykes) Capital Fund 14.872	AMP24 (Family Self Sufficiency) Operating 14.850
111	Cash - Unrestricted	6,942,074	-	338,288	-	268,392	-	3,290,224	-	262,647	-	636,082	-	447	-	233,959	-	306,568	-	398,518	-	2,004,312
113	Cash - other restricted	11,437	-	32,247	-	-	-	268,126	-	95,902	-	54,231	-	46	-	1	-	3	-	4,139	-	7,568
114	Cash - Tenant Security Deposits	6,679	-	14,520	-	-	-	130,294	-	50,932	-	41,808	-	22,258	-	14,879	-	12,988	-	16,141	-	-
115	Cash - Restricted for payment of current liability	7,254	-	-	-	-	-	6,263	-	558	-	2,280	-	-	-	-	-	-	-	-	-	-
100	Total Cash	6,967,444	-	385,055	-	268,392	-	3,694,907	-	410,039	-	734,401	-	22,751	-	248,839	-	319,559	-	418,798	-	2,011,880
122	Accounts Receivable - HUD	-	-	-	-	-	-	47,812	-	22,802	-	543,913	-	213,104	-	-	-	-	-	-	109,845	-
124	Accounts Receivable - other government	-	-	-	-	-	-	65,487	-	677	-	-	-	-	-	-	-	-	-	-	-	
125	Accounts Receivable - Miscellaneous	-	-	5,031	-	-	-	35,590	-	23,192	-	31,372	-	-	-	2,794	-	-	-	-	-	
126	Accounts Receivable - Tenants Dwelling Rents	613	-	112,804	-	-	-	895,139	-	326,246	-	216,363	-	50,017	-	9,315	-	3,848	-	34,757	-	
126.1	Allowance for Doubtful Accounts - Dwelling Rents	(248)	-	(48,023)	-	-	-	(391,818)	-	(136,290)	-	(90,573)	-	(22,131)	-	(2,181)	-	(1,130)	-	(14,349)	-	
127	Notes, Loans, & Mortgages Receivable - current	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
128	Fraud recovery	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
129	Accrued interest receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
120	Total Receivables, net of allowances for doubtful accounts	365	-	69,812	-	-	-	652,210	-	236,627	-	701,075	-	240,990	-	9,928	-	2,718	-	130,253	-	
131	Investments - Unrestricted	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
132	Investments - restricted	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
142	Prepaid Expenses and Other Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
143	Inventories	-	-	7,751	-	-	-	192,896	-	81,398	-	-	-	7,396	-	2,622	-	12,257	-	6,861	-	
144	Interprogram due from	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,490	-	8,462	-	
145	Assets held for sale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
150	Total Current Assets	6,967,809	-	462,618	-	268,392	-	4,540,013	-	728,064	-	1,435,476	-	271,137	-	261,389	-	338,024	-	564,374	-	2,011,880
161	Land	1,370,551	-	179,790	-	21,909	-	2,191,915	-	797,294	-	784,566	-	205,249	-	33,000	-	569,877	-	45,437	-	
162	Buildings	-	-	8,643,376	-	8,007,963	-	16,213,531	-	15,371,519	-	15,467,289	-	8,139,203	-	6,960,968	-	6,505,927	-	7,304,748	-	
163	Furniture, Equipment & Machinery - Dwellings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
164	Furniture, Equipment & Machinery - Administration	-	-	113,136	-	6,524	-	-	-	197,056	-	155,946	-	-	-	75,241	-	10,903	-	-	-	
165	Leasehold Improvements	-	-	4,599,687	-	4,840,769	-	6,228,780	-	7,025,215	-	8,197,958	-	1,484,082	-	2,051,328	-	2,023,052	-	1,659,055	-	
166	Accumulated Depreciation	-	-	(10,340,348)	-	(7,874,476)	-	(18,793,588)	-	(20,124,439)	-	(22,354,487)	-	(7,770,744)	-	(6,287,666)	-	(6,862,653)	-	(6,815,844)	-	
167	Construction In Progress	1	-	1,279,610	-	1,125,507	-	4,930,181	-	1,753,484	-	10,383,429	-	5,100,018	-	1,661,390	-	2,742,542	-	-	-	
160	Total Fixed Assets, Net of Accumulated Depreciation	1,370,552	-	4,475,451	-	6,127,296	-	10,770,819	-	5,020,129	-	12,634,701	-	7,157,808	-	3,593,361	-	3,885,969	-	4,935,938	-	
171	Notes, loans, and mortgages receivable - Noncurrent	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
172	Notes, Loans, & Mortgages Receivable - past due	-	-	-	-	27,072,146	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
174	Other Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
176	Investment in joint ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
180	Total Non-Current Assets	1,370,552	-	4,475,451	-	33,199,442	-	10,770,819	-	5,020,129	-	12,634,701	-	7,157,808	-	3,593,361	-	3,885,969	-	4,935,938	-	
190	Total Assets	8,338,361	-	4,938,069	-	33,467,834	-	15,310,832	-	5,748,193	-	14,070,177	-	7,428,945	-	3,854,760	-	4,223,993	-	5,500,312	-	2,011,880
200	Deferred Outflow of Resources	133,035	-	33,879	-	11,681	-	192,246	-	114,537	-	80,485	-	16,142	-	40,470	-	21,871	-	19,532	-	13,379
290	Total Assets and Deferred Outflows	8,471,396	-	4,971,948	-	33,479,515	-	15,503,078	-	5,862,730	-	14,150,662	-	7,445,087	-	3,895,220	-	4,245,864	-	5,519,844	-	2,025,259
312	Accounts Payable <= 90 Days	-	-	23,831	-	2	-	235,946	-	156,054	-	598,227	-	275,588	-	51,636	-	67,269	-	244,241	-	2
321	Accrued Wage/Payroll Taxes Payable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
322	Accrued Compensated Absences	-	-	1,404	-	-	-	4,362	-	2,391	-	4,472	-	2,006	-	3,138	-	430	-	-	-	
325	Accrued interest payable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
333	Accounts Payable - Other Government	-	-	7,163	-	-	-	-	-	-	-	19,647	-	55,034	-	35,673	-	69,582	-	14,217	-	4,702
341	Tenant Security Deposits	6,679	-	14,520	-	-	-	130,294	-	50,932	-	41,808	-	22,258	-	14,879	-	12,988	-	16,141	-	
342	Unearned Revenues	6,738	-	-	-	-	-	34,651	-	12,907	-	5,321	-	12,672	-	2,868	-	4,512	-	1,876	-	
343	Current portion of L-T debt - capital projects	-	-	4,458	-	-	-	29,077	-	12,280	-	10,163	-	4,517	-	3,599	-	3,317	-	3,246	-	
345	Other current liabilities	7,254	-	9,144	-	-	-	6,263	-	558	-	2,280	-	-	-	-	-	-	-	-	-	
346	Accrued liabilities - other	-	-	-	-	-	-	2,005	-	-	-	26,466	-	9,083	-	-	-	-	-	1,638	-	
347	Interprogram due to	-	-	-	-	-	-	-	-	361	-	-	-	-	-	-	-	-	-	1	-	
310	Total Current Liabilities	20,671	-	60,520	-	2	-	442,598	-	235,483	-	708,384	-	381,158	-	111,793	-	158,098	-	281,360	-	4,704
351	Long-term debt, net of current - capital projects	-	-	9,089	-	-	-	59,872	-	25,286	-	20,926	-	9,301	-	7,411	-	6,830	-	6,685	-	
352	Long-Term debt, net of current - operating borrowings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
353	Noncurrent Liabilities - Other	11,437	-	32,247	-	-	-	268,126	-	95,902	-	54,231	-	46	-	1	-	3	-	4,139	-	7,568
354	Accrued compensated Absences - Non Current	-	-	12,637	-	-	-	39,259	-	21,521	-	40,249	-	18,053	-	28,239	-	3,873	-	-	-	
357	Accrued Pension and OPEB Liabilities	494,279	-	125,497	-	43,524	-	713,677	-	425,650	-	298,521	-	60,132	-	150,426	-	80,848	-	72,508	-	49,743
350	Total Noncurrent Liabilities	505,716	-	179,470	-	43,524	-	1,080,934	-	568,359	-	413,927	-	87,532	-	186,077	-	91,554	-	83,332	-	57,311
300	Total Liabilities	526,387	-	239,990	-	43,526	-	1,523,532	-	803,842	-	1,122,311	-	468,690	-	297,870	-	249,652	-	364,692	-	62,015
400	Deferred Inflow of Resources	147,951	-	37,565	-	13,028	-	213,623	-	127,408	-	89,355	-	17,999	-	45,026	-	24,200	-	21,704	-	14,889
508.4	Net investment in capital assets	1,370,552	-	4,461,904	-	6,127,296	-	10,681,870	-	4,982,563	-	1										

See independent auditor's report.

Norfolk Redevelopment and Housing Authority, Virginia

FINANCIAL DATA SCHEDULE

For the year ended June 30, 2025

PHA: VA006 FYED: 06/30/25																						
Line Item No.	Account Description	AMP2 (Tidewater Park) Operating 14.850	AMP2 (Tidewater Park) Capital Fund 14.872	AMP6 (Diggs Park) Operating 14.850	AMP6 (Diggs Park) Capital Fund 14.872	AMP8 (Grandy Park) Operating 14.850	AMP8 (Grandy Park) Capital Fund 14.872	AMP10 (Young Park) Operating 14.850	AMP10 (Young Park) Capital Fund 14.872	AMP11 (Calvert) Operating 14.850	AMP11 (Calvert) Capital Fund 14.872	AMP12 (OakLeaf Park) Operating 14.850	AMP12 (OakLeaf Park) Capital Fund 14.872	AMP18 (Robert Partrrea) Operating 14.850	AMP18 (Robert Partrrea) Capital Fund 14.872	AMP19 (Huntersville) Operating 14.850	AMP19 (Huntersville) Capital Fund 14.872	AMP20 (Eulalie Bobbitt) Operating 14.850	AMP20 (Eulalie Bobbitt) Capital Fund 14.872	AMP21 (Sykes) Operating 14.850	AMP21 (Sykes) Capital Fund 14.872	AMP24 (Family Self Sufficiency) Operating 14.850
70300	Net Tenant Rental Revenue	-	-	415,866	-	-	-	2,514,221	-	1,195,952	-	874,159	-	442,438	-	359,732	-	362,425	-	320,353	-	-
70400	Tenant Revenue - Other	-	-	9,227	-	-	-	38,313	-	11,843	-	14,388	-	8,313	-	5,047	-	5,912	-	9,595	-	-
70500	Total Tenant Revenue	-	-	425,093	-	-	-	2,552,534	-	1,207,795	-	888,547	-	450,751	-	364,779	-	368,337	-	329,948	-	-
70600	HUD PHA Grants	1,782,341	-	759,265	125,000	123	-	6,895,276	-	2,235,733	125,000	1,977,884	118,802	413,129	318,000	419,409	362,161	217,305	343,606	423,975	228,151	32
70610	HUD PHA Capital Grants	-	283,886	-	197,438	-	-	-	2,999,576	-	286,692	-	6,354,556	-	834,089	-	945,799	-	224,304	-	840,657	-
70710	Management Fee Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
70720	Asset Management Fee Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
70730	Bookkeeping Fee Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
70800	Other government grants	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
71100	Investment Income - Unrestricted	1	-	45	-	-	-	153	-	63	-	53	-	23	-	19	-	(13)	-	17	-	-
71200	Mortgage interest income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
71400	Fraud recovery	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
71500	Other revenue	20,000	-	34,170	-	54,142	-	8,794	-	52,808	-	1,478	-	-	-	-	-	-	-	-	-	-
71600	Gain/Loss on Sale of Fixed Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
70000	Total Revenue	1,802,342	283,886	1,218,673	322,438	54,265	-	9,456,757	2,999,576	3,496,399	411,692	2,867,962	6,473,358	863,903	1,152,089	784,207	1,307,960	585,629	567,910	753,940	1,068,808	32
91100	Administrative Salaries	296	-	39,945	-	26	-	221,832	726	107,046	-	83,151	-	33,662	-	52,106	-	2,783	-	50,601	-	29
91200	Accounting and Auditing Fees	9,242	-	2,962	-	-	-	18,588	-	8,250	-	10,245	-	2,246	-	2,311	-	2,629	-	1,565	-	-
91300	Management Fee	-	-	92,738	-	-	-	610,808	-	266,092	-	232,283	-	103,662	-	83,727	-	74,796	-	67,061	-	-
91310	Book-keeping Fee	-	-	8,723	-	-	-	57,450	-	25,028	-	21,848	-	9,750	-	7,875	-	7,035	-	6,308	-	-
91400	Advertising and Marketing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
91500	Employee Benefit Contributions - Administrative	(158,154)	-	56,262	-	(14,612)	-	519,894	-	222,619	-	228,738	9	92,655	-	313,632	-	55,445	-	42,397	-	(16,729)
91600	Office Expenses	-	-	21,687	-	293	-	41,464	-	72,934	-	15,368	-	19,430	-	7,276	-	33,353	-	54,019	-	-
91700	Legal Expense	-	-	159	-	-	-	51,268	-	4,206	-	15,944	-	-	-	203	-	-	-	8,815	-	-
91800	Travel	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
91900	Other	-	-	32,040	-	-	-	121,302	1,300	62,198	-	40,185	3,721	16,589	-	19,896	-	23,687	-	21,730	-	-
92000	Asset Management Fee Expense	-	-	-	-	-	-	89,500	-	-	-	-	-	-	-	10,920	-	10,050	-	10,060	-	-
92100	Tenant services - salaries	-	-	14,507	-	-	-	76,346	-	6,355	-	36,070	-	2,537	-	2,048	-	1,890	-	1,793	-	-
92200	Relocation Costs	-	-	-	-	-	-	1,960	-	925	-	8,520	-	-	-	-	-	-	-	4,473	-	-
92300	Employee benefit contributions - tenant services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
92400	Tenant Services - Other	-	-	2,528	-	-	-	(6,387)	-	8,919	-	1,831	-	2,647	-	5,641	-	6,618	-	5,045	-	215
93100	Water	-	-	149,177	-	-	-	1,534,124	-	554,186	-	286,586	-	50,777	-	98,887	-	9,592	-	88,163	-	-
93200	Electricity	-	-	120,288	-	-	-	435,578	-	175,603	-	87,892	-	114,983	-	66,734	-	71,288	-	68,957	-	-
93300	Gas	-	-	27,074	-	-	-	166,842	-	98,077	-	84,865	-	30,214	-	20,300	-	18,202	-	20,609	-	-
93600	Sewer	-	-	100,110	-	-	-	1,032,684	-	375,791	-	218,342	-	31,223	-	61,022	-	1,905	-	63,355	-	-
93800	Other utilities expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
94100	Ordinary Maintenance and Operations - Labor	14,034	-	96,092	45	-	-	979,117	2,906	386,121	-	463,553	28,719	199,950	-	103,369	136	178,467	1,362	54,348	136	-
94200	OMO - Materials and Other	-	-	60,755	-	29,278	-	242,079	-	136,501	-	145,164	-	22,458	-	28,675	-	47,578	-	7,998	-	-
94300	OMO - Contract Costs	5,223	-	89,645	-	-	-	426,346	-	293,534	-	171,254	-	149,179	-	143,262	-	278,496	-	82,750	-	-
94500	Employee Benefit Contributions - Ordinary Maintenance	-	-	-	8	-	-	-	649	-	-	-	4,906	-	-	-	24	-	244	-	-	15

See independent auditor's report.

Norfolk Redevelopment and Housing Authority, Virginia

FINANCIAL DATA SCHEDULE

For the year ended June 30, 2025

PHA: VA006 FYED: 06/30/25																						
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95100	Protective Services - labor	15,991	-	-	-	-	-	126,683	-	96,684	-	21,321	-	17,732	-	11,555	-	16,058	-	7,107	-	-
95200	Protective Services - Other Contract Costs	-	-	19,606	-	-	-	57,795	-	242,798	-	66,800	-	113,418	-	102,829	-	102,926	-	120,105	-	-
95300	Protective Services - Other	-	-	-	-	-	-	-	-	22,154	-	-	-	33,994	-	23,575	-	33,994	-	72,929	-	-
96110	Property Insurance	-	-	23,402	-	-	-	133,221	-	103,901	-	95,191	-	18,485	-	6,192	-	13,568	-	4,717	-	33,357
96120	Liability Insurance	26,509	-	28,860	-	4,534	-	62,140	-	26,371	-	23,435	-	6,194	-	6,086	-	2,882	-	2,936	-	1,768
96130	Workmen's Compensation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
96140	All Other Insurance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
96200	Other General Expenses	5,061	-	18	-	-	-	863	-	(3,475)	-	200	-	37	-	23	-	93	-	-	-	-
96300	Payments in Lieu of Taxes	-	-	1,922	-	-	-	(65,487)	-	(677)	-	19,647	-	21,524	-	11,279	-	26,144	-	7,927	-	-
96400	Bad Debt - Tenant Rents	(12,938)	-	59,474	-	-	-	222,331	-	50,245	-	90,820	-	14,419	-	693	-	(1,506)	-	5,868	-	-
96600	Bad Debt - Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
96710	Interest on Mortgage (or Bonds) Payable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
96720	Interest on Notes Payable (Short and Long Term)	-	-	543	-	-	-	3,543	-	1,496	-	1,238	-	-	-	5,374	-	404	-	396	-	-
96730	Amortization of Bond Issue Costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
96900	Total Operating Expenses	(94,736)	-	1,047,617	53	19,519	-	7,161,884	5,581	3,343,882	-	2,470,491	37,355	1,107,765	-	1,196,490	160	1,018,377	1,606	882,032	151	18,640
97000	Excess Operating Revenue over Operating Expenses	1,897,078	283,886	170,956	322,385	34,746	-	2,294,873	2,993,995	152,517	411,692	397,471	6,436,003	(243,862)	1,152,089	(412,283)	1,307,800	(432,748)	566,304	(128,092)	1,068,657	(18,608)
97100	Extraordinary Maintenance	1,684,691	-	-	-	-	-	18,061	-	14,371	-	(13,254)	-	9,460	-	9,612	-	1,040	-	(33,939)	-	37,500
97300	Housing Assistance Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
97350	HAP Portability In	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
97400	Depreciation Expense	-	-	134,783	-	268,290	-	463,737	-	249,245	-	340,855	-	200,215	-	228,652	-	222,294	-	260,008	-	-
90000	Total Expenses	1,589,955	-	1,182,400	53	287,809	-	7,643,682	5,581	3,607,498	-	2,798,092	37,355	1,317,440	-	1,434,754	160	1,241,711	1,606	1,108,101	151	56,140
10010	Operating transfers in	-	-	125,000	-	-	-	-	-	125,000	-	-	-	318,000	-	362,000	-	342,000	-	228,000	-	-
10020	Operating transfers out	-	-	-	(125,000)	-	-	-	-	-	(125,000)	-	-	-	(318,000)	-	(362,000)	-	(342,000)	-	(228,000)	-
10093	Transfers from Program to AMP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10094	Transfers from AMP to Program	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10100	Total other financing sources (Uses)	-	-	125,000	(125,000)	-	-	-	-	125,000	(125,000)	-	-	318,000	(318,000)	362,000	(362,000)	342,000	(342,000)	228,000	(228,000)	-
10090	Excess (deficiency) of total revenue over (under) total expenses	212,387	283,886	161,173	197,385	(233,544)	-	1,813,075	2,993,995	13,901	286,692	69,870	6,436,003	(135,537)	834,089	(288,547)	945,800	(314,082)	224,304	(126,161)	840,657	(56,108)
11030	Beginning Equity	7,379,515	-	4,264,235	-	32,583,340	1,068,902	7,389,640	2,140,241	3,174,950	1,460,988	2,642,679	3,925,608	1,833,457	1,374,577	2,158,938	735,047	2,678,890	1,357,709	2,539,326	540,900	1,894,926
11040	Prior Period Adjustments, Equity transfer and correction of errors	205,156	(283,886)	268,985	(197,385)	1,073,165	(1,068,902)	4,563,208	(5,134,236)	1,742,629	(1,747,680)	10,226,447	(10,361,611)	5,260,478	(2,208,666)	1,681,933	(1,680,847)	1,607,204	(1,582,013)	2,720,283	(1,381,557)	109,537
11040.01	Equity Transfer - Transfer CFP hard costs to operating	205,156	(205,156)	268,985	(268,985)	1,073,165	(1,073,165)	4,563,208	(4,563,208)	1,742,629	(1,742,629)	10,226,447	(10,226,447)	2,392,889	(2,392,889)	1,681,933	(1,681,933)	1,607,204	(1,607,204)	1,362,238	(1,362,238)	109,537
11040.02	Equity Transfer - Between AMPs/Programs	-	-	-	-	-	-	-	-	-	-	-	-	2,867,589	-	-	-	-	-	1,358,045	-	-
11040.03	PPA - Correct prior year HUD A/R	-	(78,730)	-	71,600	4,263	-	(571,028)	-	(5,051)	-	(135,164)	-	184,223	-	1,086	-	25,191	-	(19,319)	-	-
11040.04	PPA - Correct prior year N/R carried as CIP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11040.05	PPA - SAL revenue should have been accrued in PY	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11190	Unit Months Available	-	-	1,212	-	-	-	8,952	-	3,720	-	3,084	-	1,368	-	1,092	-	1,008	-	1,008	-	-
11210	Number of Unit Months Leased	-	-	1,163	-	-	-	7,660	-	3,337	-	2,913	-	1,300	-	1,050	-	938	-	841	-	-
11170	Administrative Fee Equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11180	Housing Assistance Payments Equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11270	Excess Cash	6,943,595.67	-	274,799	(4)	266,763	-	3,039,569	(465)	36,624	-	466,987	(3,113)	(209,777)	-	47,266	(13)	82,801	(134)	198,511	(13)	1,998,055

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Norfolk Redevelopment and Housing Authority, Virginia

FINANCIAL DATA SCHEDULE

For the year ended June 30, 2025

PHA: VA006 FYED: 06/30/25																				
Line Item No.	Account Description	AMP24 (Family Self Sufficiency) Capital Fund 14,872	AMP26 (Broad Creek Phase II, BG Phase II) Operating 14,850	AMP26 (Broad Creek Phase II, BG Phase II) Capital Fund 14,872	AMP27 (Broad Creek Phase II, MM Phase II) Operating 14,850	AMP27 (Broad Creek Phase II, MM Phase II) Capital Fund 14,872	AMP28 (Broad Creek Phase III, BG Phase III) Operating 14,850	AMP28 (Broad Creek Phase III, BG Phase III) Capital Fund 14,872	AMP29 (Broad Creek Phase III, BG Phase III) Operating 14,850	AMP29 (Broad Creek Phase III, BG Phase III) Capital Fund 14,872	AMP30 (Broad Creek Phase III, BG Phase III) Operating 14,850	AMP30 (Broad Creek Phase III, BG Phase III) Capital Fund 14,872	AMP31 (Broad Creek Phase IV, MM Phase IV) Operating 14,850	AMP31 (Broad Creek Phase IV, MM Phase IV) Capital Fund 14,872	AMP85 (Broad Creek Phase V) Operating 14,850	AMP85 (Broad Creek Phase V) Capital Fund 14,872	AMPOO (Other Projects) Operating 14,850	AMPOC (Other Projects) Capital Fund 14,872	Total AMPS	FSS Escrow Forfeiture Account 14.EFA
111	Cash - Unrestricted		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	14,681,511	-
113	Cash - other restricted	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	473,700	31,458
114	Cash - Tenant Security Deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	310,499	-
115	Cash - Restricted for payment of current liability	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	16,355	-
100	Total Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	15,482,065	31,458
122	Accounts Receivable - HUD	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	937,476	-
124	Accounts Receivable - other government	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	66,164	-
125	Accounts Receivable - Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	97,979	-
126	Accounts Receivable - Tenants Dwelling Rents	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,649,102	-
126.1	Allowance for Doubtful Accounts - Dwelling Rents	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(706,743)	-
127	Notes, Loans, & Mortgages Receivable - current	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
128	Fraud recovery	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
129	Accrued interest receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
120	Total Receivables, net of allowances for doubtful accounts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,043,978	-
131	Investments - Unrestricted	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
132	Investments - restricted	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
142	Prepaid Expenses and Other Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
143	Inventories	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	311,181	-
144	Interprogram due from	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	11,952	-
145	Assets held for sale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
150	Total Current Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	17,849,176	31,458
161	Land	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,474,805	-	7,674,393	-
162	Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,056,410	-	92,769,134	-
163	Furniture, Equipment & Machinery - Dwellings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
164	Furniture, Equipment & Machinery - Administration	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	89,149	-	647,955	-
165	Leasehold Improvements	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,081,706	-	39,191,832	-
166	Accumulated Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,173,840)	-	(109,398,085)	-
167	Construction In Progress	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	128,614	-	30,743,639	-
160	Total Fixed Assets, Net of Accumulated Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,656,844	-	61,628,868	-
171	Notes, loans, and mortgages receivable - Noncurrent	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,800,178	-	4,800,178	-
172	Notes, Loans, & Mortgages Receivable - past due	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,689,735	-	32,761,881	-
174	Other Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
176	Investment in joint ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
180	Total Non-Current Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	12,146,757	-	99,190,927	-
190	Total Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	12,146,757	-	117,040,103	31,458
200	Deferred Outflow of Resources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	677,257	-
290	Total Assets and Deferred Outflows	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	12,146,757	-	117,717,360	31,458
312	Accounts Payable <= 90 Days	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,652,796	-
321	Accrued Wage/Payroll Taxes Payable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
322	Accrued Compensated Absences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	18,203	-
325	Accrued interest payable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
333	Accounts Payable - Other Government	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	206,018	-
341	Tenant Security Deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	310,499	-
342	Unearned Revenues	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	81,545	-
343	Current portion of L-T debt - capital projects	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	70,657	-
345	Other current liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	25,499	-
346	Accrued liabilities - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	39,192	-
347	Interprogram due to	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	164,936	-	165,298	-
310	Total Current Liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	164,936	-	2,569,707	-
351	Long-term debt, net of current - capital projects	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	145,400	-
352	Long-Term debt, net of current - operating borrowings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
353	Noncurrent Liabilities - Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	473,700	-
354	Accrued compensated Absences - Non Current	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	163,831	-
357	Accrued Pension and OPEB Liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,514,805	-
360	Total Noncurrent Liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,297,736	-
300	Total Liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	164,936	-	5,867,443	-
400	Deferred Inflow of Resources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	752,748	-
508.4	Net investment in capital assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,656,844	-	61,412,811	-
511.4	Restricted Net Position	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	31,458
512.4	Unrestricted Net Position	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10,324,977	-	49,684,358	-
513	Total Equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	11,981,821	-	111,097,169	31,458
600	Total Liabilities, Deferred Inflows, and Equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	12,146,757	-	117,717,360	31,458

See independent auditor's report.

Norfolk Redevelopment and Housing Authority, Virginia

FINANCIAL DATA SCHEDULE

For the year ended June 30, 2025

PHA: VA006 FYED: 06/30/25																				
Line Item No.	Account Description	AMP24 (Family Self Sufficiency) Capital Fund 14.872	AMP26 (Broad Creek Phase II, BG Phase II) Operating 14.850	AMP26 (Broad Creek Phase II, BG Phase II) Capital Fund 14.872	AMP27 (Broad Creek Phase II, MM Phase II) Operating 14.850	AMP27 (Broad Creek Phase II, MM Phase II) Capital Fund 14.872	AMP28 (Broad Creek Phase III, BG Phase III) Operating 14.850	AMP28 (Broad Creek Phase III, BG Phase III) Capital Fund 14.872	AMP29 (Broad Creek Phase III, BG Phase III) Operating 14.850	AMP29 (Broad Creek Phase III, BG Phase III) Capital Fund 14.872	AMP30 (Broad Creek Phase III, BG Phase III) Operating 14.850	AMP30 (Broad Creek Phase III, BG Phase III) Capital Fund 14.872	AMP31 (Broad Creek Phase IV, MM Phase IV) Operating 14.850	AMP31 (Broad Creek Phase IV, MM Phase IV) Capital Fund 14.872	AMP85 (Broad Creek Phase V) Operating 14.850	AMP85 (Broad Creek Phase V) Capital Fund 14.872	AMPOO (Other Projects) Operating 14.850	AMPOC (Other Projects) Capital Fund 14.872	Total AMPS	FSS Escrow Forfeiture Account 14.EFA
70300	Net Tenant Rental Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,485,146	-
70400	Tenant Revenue - Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	102,638	-
70500	Total Tenant Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,587,784	-
70600	HUD PHA Grants	-	95,807	-	233,746	-	147,161	-	179,615	-	148,147	-	133,907	-	75,472	-	-	3,037,159	20,796,206	-
70610	HUD PHA Capital Grants	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	12,966,997	-
70710	Management Fee Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
70720	Asset Management Fee Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
70730	Bookkeeping Fee Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
70800	Other government grants	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
71100	Investment Income - Unrestricted	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	361	-
71200	Mortgage interest income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	136,879	136,879	-
71400	Fraud recovery	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
71500	Other revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	171,392	-
71600	Gain/Loss on Sale of Fixed Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
70000	Total Revenue	-	95,807	-	233,746	-	147,161	-	179,615	-	148,147	-	133,907	-	75,472	-	-	3,174,038	40,659,619	-
91100	Administrative Salaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	591,303	-
91200	Accounting and Auditing Fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	58,038	-
91300	Management Fee	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,143,085	4,674,252	-
91310	Book-keeping Fee	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	144,017	-
91400	Advertising and Marketing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
91500	Employee Benefit Contributions - Administrative	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,342,156	-
91600	Office Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(401)	-	265,423	-
91700	Legal Expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	80,595	-
91800	Travel	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
91900	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	342,648	-
92000	Asset Management Fee Expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	120,530	-
92100	Tenant services - salaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	141,546	-
92200	Relocation Costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	15,878	-
92300	Employee benefit contributions - tenant services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
92400	Tenant Services - Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	27,057	-
93100	Water	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,771,492	-
93200	Electricity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,141,323	-
93300	Gas	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	466,183	-
93600	Sewer	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,982	-	1,890,414	-
93800	Other utilities expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
94100	Ordinary Maintenance and Operations - Labor	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	319	183,616	2,892,290	-
94200	OMO - Materials and Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(7,315)	713,171	-
94300	OMO - Contract Costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	284	-	1,639,973	-
94500	Employee Benefit Contributions - Ordinary Maintenance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	14,772	20,618	-

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Norfolk Redevelopment and Housing Authority, Virginia

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For the year ended June 30, 2025

PHA: VA006 FYED: 06/30/25																				
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95100	Protective Services - labor	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	313,131	-
95200	Protective Services - Other Contract Costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	827,277	-
95300	Protective Services - Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	186,646	-
96110	Property Insurance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	432,034	-
96120	Liability Insurance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	191,715	-
96130	Workmen's Compensation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
96140	All Other Insurance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
96200	Other General Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,820	-
96300	Payments in Lieu of Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	22,279	-
96400	Bad Debt - Tenant Rents	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	429,406	-
96600	Bad Debt - Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
96710	Interest on Mortgage (or Bonds) Payable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
96720	Interest on Notes Payable (Short and Long Term)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	12,994	-
96730	Amortization of Bond Issue Costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
96900	Total Operating Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,184	3,334,158	21,557,209	-
97000	Excess Operating Revenue over Operating Expenses	-	95,807	-	233,746	-	147,161	-	179,615	-	148,147	-	133,907	-	75,472	-	(6,184)	(160,120)	19,102,410	-
97100	Extraordinary Maintenance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,727,542	-
97300	Housing Assistance Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
97350	HAP Portability In	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
97400	Depreciation Expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,449	-	2,371,528	-
90000	Total Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	9,633	3,334,158	25,656,279	-
10010	Operating transfers in	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,500,000	-
10020	Operating transfers out	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,500,000)	-
10093	Transfers from Program to AMP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10094	Transfers from AMP to Program	-	(95,807)	-	(233,746)	-	(147,161)	-	(179,615)	-	(148,147)	-	(133,907)	-	(75,472)	-	-	-	(1,013,855)	-
10100	Total other financing sources (Uses)	-	(95,807)	-	(233,746)	-	(147,161)	-	(179,615)	-	(148,147)	-	(133,907)	-	(75,472)	-	-	-	(1,013,855)	-
10000	Excess (deficiency) of total revenue over (under) total expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(9,633)	(160,120)	13,989,485	-
11030	Beginning Equity	109,537	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,604,982	10,530,683	93,389,070	31,458
11040	Prior Period Adjustments, Equity transfer and correction of errors	(109,537)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11040.01	Equity Transfer - Transfer CFP hard costs to operating	(109,537)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10,386,472	(10,370,563)	3,718,614	-
11040.02	Equity Transfer - Between AMPs/Programs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10,386,472	(10,386,472)	-	-
11040.03	PPA - Correct prior year HUD A/R	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	15,909	(507,020)	-
11040.04	PPA - Correct prior year N/R carried as CIP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11040.05	PPA - SAL revenue should have been accrued in PY	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11190	Unit Months Available	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	21,444	-
11210	Number of Unit Months Leased	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	19,202	-
11170	Administrative Fee Equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11180	Housing Assistance Payments Equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	31,458
11270	Excess Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(165,451)	(277,847)	12,698,154	-

See independent auditor's report.

Norfolk Redevelopment and Housing Authority, Virginia

FINANCIAL DATA SCHEDULE

For the year ended June 30, 2025

PHA: VA006 FYED: 06/30/25																						
Line Item No.	Account Description	Community Development Block Grants 14.218	Blended Component Units	Jobs-Plus Pilot Initiative 14.895	Section 8 New Construction 14.182	Business Activities	Revitalization of Severely Distressed Public Housingx 14.866	Family Self-Sufficiency Program 14.896	State and Local	Other Federal Program 3	Other Federal Program 2	Mainstream Vouchers 14.879	HOME Investment Partnerships Program 14.239	Housing Choice Vouchers 14.871	Resident Opportunity and Supportive Services 14.870	Choice Neighborhoods Implementation Grants 14.889	Emergency Housing Voucher 14.EHV	Section 8 Moderate Rehabilitation Single Room Occupancy 14.249	Housing Counseling Assistance Program 14.169	Cental Office Cost Center	Elimination	Total Primary Government
111	Cash - Unrestricted	-	2,625,952	-	2,443,225	11,649,927	-	-	973,716	63,421	765,149	35,866	-	1,480,100	-	-	82,328	-	-	-	-	34,801,195
113	Cash - other restricted	-	4,940,211	-	-	4,303,154	-	-	4,100,519	-	-	223,713	-	2,796,734	-	-	-	-	-	-	-	16,869,489
114	Cash - Tenant Security Deposits	-	242,464	-	40,952	331,285	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	925,200
115	Cash - Restricted for payment of current liability	-	-	-	-	-	-	-	-	-	-	-	-	38,984	-	-	-	-	-	-	-	55,339
100	Total Cash	-	7,808,627	-	2,484,177	16,284,366	-	-	5,074,235	63,421	765,149	259,579	-	4,315,818	-	-	82,328	-	-	-	-	52,651,223
122	Accounts Receivable - HUD	-	-	-	-	-	-	197,563	-	-	-	-	-	-	2	-	-	88,717	-	-	-	1,223,758
124	Accounts Receivable - other government	-	-	-	-	-	-	-	1,616,143	-	-	-	-	494,728	-	-	-	-	-	-	-	2,177,036
125	Accounts Receivable - Miscellaneous	-	14,513	138	-	-	-	-	930,506	-	-	-	-	-	-	1,356,711	-	-	3	3,507,443	-	5,907,293
126	Accounts Receivable - Tenants Dwelling Rents	-	525,010	-	-	68,767	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,242,879
126.1	Allowance for Doubtful Accounts - Dwelling Rents	-	(202,332)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(909,075)
127	Notes, Loans, & Mortgages Receivable - current	-	952,717	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	952,717
128	Fraud recovery	-	-	-	-	-	-	-	-	-	-	-	-	48,986	-	-	-	-	-	-	-	48,986
129	Accrued interest receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
120	Total Receivables, net of allowances for doubtful accounts	-	1,289,908	138	-	68,767	-	197,563	2,546,649	-	-	-	-	543,715	2	1,356,711	-	88,717	3	3,507,443	-	11,643,594
131	Investments - Unrestricted	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
132	Investments - restricted	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
142	Prepaid Expenses and Other Assets	-	113,139	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	26,882
143	Inventories	-	166,669	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	11,647
144	Interprogram due from	-	-	-	-	9,112,438	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	124,786
145	Assets held for sale	941,430	-	-	-	-	-	-	3,338,903	282,293	-	-	-	-	-	-	-	-	-	-	-	755,239
150	Total Current Assets	941,430	9,378,343	138	2,484,177	25,465,571	-	197,563	10,959,787	345,714	765,149	259,579	-	4,859,533	2	1,356,711	82,328	88,717	3	4,529,911	(9,124,390)	70,470,900
161	Land	-	11,709,351	-	-	54,665	2,390,424	1,562,498	4,507,134	-	-	-	-	-	-	-	-	-	-	-	-	28,014,033
162	Buildings	-	72,564,569	-	2,022,805	51,837,852	-	-	200,000	-	12,230	-	-	-	5,333	-	-	-	-	-	-	22,739,790
163	Furniture, Equipment & Machinery - Dwellings	-	1,048,818	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,048,818
164	Furniture, Equipment & Machinery - Administration	-	871,571	-	95,920	254,237	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,084,661
165	Leasehold Improvements	-	8,889,259	-	558,110	3,906,861	-	-	-	-	-	-	-	706,374	-	-	-	-	-	-	-	832,440
166	Accumulated Depreciation	-	(36,001,055)	-	(2,490,570)	(37,560,294)	-	-	-	(12,230)	-	-	-	(188,366)	(5,333)	-	-	-	-	-	-	(6,151,903)
167	Construction In Progress	-	-	-	-	-	-	-	873,941	-	-	-	-	-	-	-	-	-	-	-	-	31,617,580
160	Total Fixed Assets, Net of Accumulated Depreciation	-	59,082,513	-	240,930	20,829,080	1,562,498	-	5,581,075	-	-	-	-	518,008	-	-	-	-	-	-	-	1,208,633
171	Notes, loans, and mortgages receivable - Noncurrent	-	8,332,511	-	-	40,885,453	47,823,380	-	241,375	-	-	-	-	-	-	17,889,515	-	-	-	-	-	119,972,412
172	Notes, Loans, & Mortgages Receivable - past due	-	-	-	-	-	3,720,294	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10,290,853
174	Other Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
176	Investment in joint ventures	-	100,143	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	100,143
180	Total Non-Current Assets	-	67,515,167	-	240,930	61,714,533	53,106,172	-	5,822,450	-	-	-	-	518,008	-	17,889,515	-	-	-	-	-	11,499,486
190	Total Assets	941,430	76,893,510	138	2,725,107	87,180,104	53,106,172	197,563	16,782,237	345,714	765,149	259,579	-	5,377,541	2	19,246,226	82,328	88,717	3	16,029,397	(55,897,418)	341,195,060
200	Deferred Outflow of Resources	9,879	32,501	-	26,740	228,953	-	-	100,107	-	-	-	28,771	299,931	-	-	-	12,043	-	-	-	2,011,328
290	Total Assets and Deferred Outflows	951,309	76,926,011	138	2,751,847	87,409,057	53,106,172	197,563	16,882,344	345,714	765,149	259,579	28,771	5,677,472	2	19,246,226	82,328	100,760	3	16,040,725	(55,897,418)	344,622,570
312	Accounts Payable <= 90 Days	1	250,252	-	3,198	219,796	-	-	2,158	-	-	-	2	3,429	1	46,293	-	1	-	-	-	1,531,691
321	Accrued Wage/Payroll Taxes Payable	-	12,677	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	795,847
322	Accrued Compensated Absences	-	7,179	-	-	-	-	-	7,314	-	-	-	-	20,906	-	-	-	-	-	-	-	64,908
325	Accrued interest payable	-	56,064	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	118,510
333	Accounts Payable - Other Government	-	166,019	-	-	-	-	-	50,868	-	-	-	-	-	-	-	-	-	-	-	-	422,905
341	Tenant Security Deposits	-	242,464	-	40,952	331,285	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	925,200
342	Unearned Revenues	-	160,030	-	19,143	211,132	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	422,905
343	Current portion of L-T debt - capital projects	-	9,099,260	-	1	527,980	-	-	-	-	-	-	-	141,152	-	-	-	-	-	-	-	9,958,147
345	Other current liabilities	-	-	-	-	-	-	-	-	-	-	-	419,944	38,994	-	-	-	-	-	-	-	278,269
346	Accrued liabilities - other	-	169,441	-	58,466	-	-	-	213,893	-	-	-	-	-	-	-	-	-	-	-	-	406,164
347	Interprogram due to	482,759	139,268	483	56,331	-	-	197,563	46,208	-	-	-	754,647	-	105	87,066	-	140,503	167,882	-	-	6,886,277
310	Total Current Liabilities	482,760	10,302,654	483	178,091	1,290,193	-	197,563	320,441	-	-	-	1,174,593	204,471	106	133,359	-	140,504	167,882	-	-	10,082,253
351	Long-term debt, net of current - capital projects	-	12,203,838	-	-	27,693,453	-	-	-	-	-	-	-	290,641	-	-	-	-	-	-	-	40,578,560
352	Long-Term debt, net of current - operating borrowings	-	46,773,028	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	245,228
353	Noncurrent Liabilities - Other	1	6,924,506	-	10,983,213	-	-	-	1,733,349	-	-	-	-	935,711	-	-	-	-	-	-	-	(46,773,028)
354	Accrued compensated Absences - Non Current	-	64,613	-	-	-	-	-	65,824	-	-	-	-	188,150	-	-	-	-	-	-	-	21,050,480
357	Accrued Pension and OPEB Liabilities	36,318	120,351	-	99,325	850,164	-	-	371,872	-	-	-	106,722	1,113,888	-	-	-	44,999	-	-	-	9,958,147
350	Total Noncurrent Liabilities	36,319	66,086,336	-	99,325	39,526,830	-	-	2,171,045	-	-	-	106,722	2,528,390	-	-	-	44,999	-	-	-	471,850
300	Total Liabilities	515,079	76,388,990	483	277,416	40,817,023	-	197,563	2,491,486	-	-	-	1,281,315	2,732,861	106	133,359	-	185,503	167,882	-	-	8,298,620
400	Deferred Inflow of Resources	10,871	3,859,696	-	29,731	1,318,390	-	-	111,312	-	-	-	31,945	333,417	-	-	-	13,469	-	-	-	(46,773,028)
508.4	Net investment in capital assets	-	37,779,415	-	240,829	(7,392,353)	1,562,498	-	5,581,075	-	-	-	-	86,215	-	-	-	-	-	-	-	844,308
511.4	Restricted Net Position	941,430	7,549,854	-	-	4,303,154	47,823,380	-	7,673,947	282,293	-	223,713	-	1,861,023	-	17,889,515	-	-	-	-	-	255,582
512.4	Unrestricted Net Position	(520,071)	(48,651,944)	(345)	2,203,771	48,362,843	3,720,294	-	1,024,524	63,421	765,149	35,866	(1,294,489)	663,956	(104)	1,223,352	82,328	(98,212)	(167,879)	(3,675,777)	-	53,431,041
513	Total Equity	421,359	(3,322,075)	(345)	2,444,700	45,273,644	53,106,172	-	14,279,546	345,714	765,149	259,579	(1,284,489)	2,611,194	(104)	19,112,867	82,328	(98,212)	(167,879)	(2,575,887)	-	242,381,288
600	Total Liabilities, Deferred Inflows, and Equity	951,309	76,926,011	138	2,751,847	87,409,057	53,106,172	197,563	16,882,344	345,714	765,149	259,579	28,771	5,677,472	2	19,246,226	82,328	100,760	3	16,040,725	(55,897,418)	344,622,570

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Norfolk Redevelopment and Housing Authority, Virginia

FINANCIAL DATA SCHEDULE

For the year ended June 30, 2025

PHA: VA006 FYED: 06/30/25																						
Line Item No.	Account Description	Community Development Block Grants 14.218	Blended Component Units	Jobs-Plus Pilot Initiative 14.895	Section 8 New Construction 14.182	Business Activities	Revitalization of Severely Distressed Public Housingx 14.866	Family Self-Sufficiency Program 14.896	State and Local	Other Federal Program 3	Other Federal Program 2	Mainstream Vouchers 14.879	HOME Investment Partnerships Program 14.239	Housing Choice Vouchers 14.871	Resident Opportunity and Supportive Services 14.870	Choice Neighborhoods Implementation Grants 14.889	Emergency Housing Voucher 14.EHV	Section 8 Moderate Rehabilitation Single Room Occupancy 14.249	Housing Counseling Assistance Program 14.169	Cental Office Cost Center	Elimination	Total Primary Government
70300	Net Tenant Rental Revenue	-	8,522,723	-	688,700	10,112,574	-	-	-	13,440	-	-	-	-	-	-	-	-	-	-	-	25,822,583
70400	Tenant Revenue - Other	-	580,864	-	25,066	392,834	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,101,202
70500	Total Tenant Revenue	-	9,103,387	-	713,766	10,505,408	-	-	-	13,440	-	-	-	-	-	-	-	-	-	-	-	26,923,785
70600	HUD PHA Grants	-	-	-	253,713	-	-	197,563	-	-	-	199,733	269,238	56,555,229	-	3,431,364	868,265	386,869	-	-	-	82,958,180
70610	HUD PHA Capital Grants	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	12,966,997
70710	Management Fee Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,975,444	(5,975,444)	-
70720	Asset Management Fee Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	120,530	(120,530)	-
70730	Bookkeeping Fee Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	563,242	(563,242)	-
70800	Other government grants	-	-	-	-	-	-	-	4,836,463	-	-	-	-	-	-	-	-	-	-	-	-	-
71100	Investment income - Unrestricted	-	395,478	-	79,053	636,311	-	-	68,023	-	-	-	-	-	-	-	-	-	-	307,162	-	1,486,388
71200	Mortgage interest income	-	104,220	-	-	1,034,242	2,807,980	-	-	-	-	-	-	-	-	-	-	-	-	13,129	(130,306)	3,966,144
71400	Fraud recovery	-	-	-	-	-	-	-	-	-	-	-	-	19,872	-	-	-	-	-	-	-	19,872
71500	Other revenue	11,250	3,050,080	-	65,451	2,417,997	-	-	1,640	-	-	-	-	318,456	-	-	-	-	15,000	275,028	-	6,326,294
71600	Gain/Loss on Sale of Fixed Assets	2,650	22,426	-	-	-	-	-	235,000	-	-	-	-	-	-	-	-	-	-	-	-	260,076
70000	Total Revenue	13,900	12,675,591	-	1,111,883	14,593,958	2,807,980	197,563	5,141,126	13,440	-	199,733	269,238	56,893,557	-	3,431,364	868,265	386,869	15,000	7,254,535	(6,789,522)	139,744,199
91100	Administrative Salaries	150,863	862,113	-	172,059	504,017	-	-	44,236	-	-	10,662	163,319	2,011,399	-	51,929	29,139	22,229	127,489	4,110,802	-	8,851,559
91200	Accounting and Auditing Fees	-	29,196	-	-	-	-	-	-	-	-	179	-	48,164	-	-	639	-	-	7,111	-	143,327
91300	Management Fee	-	389,216	-	-	-	-	-	-	-	-	2,287	-	889,687	-	-	12,346	7,656	-	-	(5,975,444)	-
91310	Book-keeping Fee	-	31,925	-	-	-	-	-	-	-	-	1,620	-	375,900	-	-	4,995	4,785	-	-	(563,242)	-
91400	Advertising and Marketing	-	12,489	-	9,297	139,942	-	-	-	-	-	12	-	2,786	-	-	37	-	-	4,138	-	168,701
91500	Employee Benefit Contributions - Administrative	55,837	422,754	-	6	134,920	-	-	35,897	-	-	3,667	7,387	745,450	-	18,738	10,515	2,047	18,659	1,922,056	-	4,720,089
91600	Office Expenses	-	687,832	-	73,083	567,062	-	-	16,710	-	-	(565)	-	356,549	-	-	2,674	-	-	2,867,947	-	4,836,715
91700	Legal Expense	-	36,610	-	6,530	115,376	-	-	258	29,580	-	-	3,569	16,968	-	-	-	-	-	286,027	-	575,513
91800	Travel	-	-	-	-	503	-	-	-	-	-	-	-	3,715	-	210	-	-	-	32,078	-	36,506
91900	Other	-	46,212	-	-	290,547	-	-	-	-	-	212	-	46,071	-	16,291	612	-	-	995,305	-	1,737,898
92000	Asset Management Fee Expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(120,530)	-
92100	Tenant services - salaries	-	34,578	-	-	566,205	-	145,177	-	-	-	-	-	-	-	-	-	-	-	8,662	-	896,168
92200	Relocation Costs	-	12,355	-	-	-	-	-	-	-	-	-	-	-	-	21,205	-	-	-	-	-	49,438
92300	Employee benefit contributions - tenant services	-	-	-	-	64,111	-	52,386	-	-	-	-	-	-	-	-	-	-	-	-	-	116,497
92400	Tenant Services - Other	-	15,239	-	-	1,265,564	-	-	-	-	-	15	-	(59)	-	132,199	3,444	-	-	22,221	-	1,465,680
93100	Water	-	1,006,438	-	106,688	589,925	-	-	-	-	-	-	-	-	-	-	-	-	-	187,991	-	4,662,534
93200	Electricity	-	715,560	-	8,978	122,519	-	-	-	-	-	-	-	-	-	-	-	-	-	179,873	-	2,166,053
93300	Gas	-	19,619	-	-	2,564	-	-	-	-	-	-	-	-	-	-	-	-	-	27,807	-	516,173
93600	Sewer	-	418,751	-	10,914	490,659	-	-	-	-	-	-	-	-	-	-	-	-	-	319,357	-	3,130,095
93800	Other utilities expense	-	52,802	-	-	154,703	-	-	-	-	-	-	-	-	-	-	-	-	-	1,261	-	208,766
94100	Ordinary Maintenance and Operations - Labor	-	602,411	-	39	833,265	-	-	-	-	-	-	-	-	-	-	-	-	-	785,951	-	4,913,956
94200	OMO - Materials and Other	-	591,961	-	90,921	172,721	-	-	-	-	-	-	-	-	-	-	-	-	-	46,666	-	1,615,440
94300	OMO - Contract Costs	-	1,435,405	-	143,568	1,645,193	-	-	-	-	-	-	-	-	-	-	-	-	-	203,413	-	5,067,552
94500	Employee Benefit Contributions - Ordinary Maintenance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	20,618

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Norfolk Redevelopment and Housing Authority, Virginia

FINANCIAL DATA SCHEDULE

For the year ended June 30, 2025

PHA: VA006 FYED: 06/30/25																								
Line Item No.	Account Description	Community Development Block Grants 14.218	Blended Component Units	Jobs-Plus Pilot Initiative 14.895	Section 8 New Construction 14.182	Business Activities	Revitalization of Severely Distressed Public Housingx 14.866	Family Self-Sufficiency Program 14.896	State and Local	Other Federal Program 3	Other Federal Program 2	Mainstream Vouchers 14.879	HOME Investment Partnerships Program 14.239	Housing Choice Vouchers 14.871	Resident Opportunity and Supportive Services 14.870	Choice Neighborhoods Implementation Grants 14.889	Emergency Housing Voucher 14.EHV	Section 8 Moderate Rehabilitation Single Room Occupancy 14.249	Housing Counseling Assistance Program 14.169	Cental Office Cost Center	Elimination	Total Primary Government	Discretely Presented Component Units	Total
95100	Protective Services - labor	-	49,538	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	49,011	-	411,680	130,226	541,906
95200	Protective Services - Other Contract Costs	-	551,447	-	11,582	140,522	-	-	-	-	-	-	-	-	-	-	-	-	-	84,352	-	1,615,180	-	1,615,180
95300	Protective Services - Other	-	33,994	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	96,237	-	316,877	-	316,877
96110	Property Insurance	-	168,489	-	49,084	215,218	-	-	-	-	-	126	-	-	-	-	-	-	-	11,467	-	876,418	373,258	1,249,676
96120	Liability Insurance	-	58,234	-	7,248	71,814	-	-	6,567	-	-	-	-	27,377	-	-	378	-	-	38,477	-	401,810	29,131	430,941
96130	Workmen's Compensation	-	14,224	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	14,224	-	14,224
96140	All Other Insurance	-	18,112	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	18,112	41,676	59,788
96200	Other General Expenses	-	1,281,096	-	-	171,673	-	-	2,901,689	-	-	-	(329,063)	45,114	61	-	1,816	-	-	61,952	-	4,137,158	938,462	5,075,620
96300	Payments in Lieu of Taxes	-	726,877	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	749,156	20,697	769,853
96400	Bad Debt - Tenant Rents	-	174,592	-	40,818	93,046	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	737,862	-	737,862
96600	Bad Debt - Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	167,049	-	167,049	72,942	239,991
96710	Interest on Mortgage (or Bonds) Payable	-	1,661,616	-	-	1,408,599	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(130,306)	2,939,909	1,081,876	4,021,785
96720	Interest on Notes Payable (Short and Long Term)	-	-	-	-	-	-	-	-	-	-	-	-	17,200	-	-	-	-	-	-	-	44,706	-	44,706
96730	Amortization of Bond Issue Costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	14,364	14,364
96900	Total Operating Expenses	206,700	12,161,685	-	730,815	9,760,668	-	197,563	3,005,357	29,580	-	18,215	(154,788)	4,586,321	61	240,572	66,595	36,717	146,148	12,531,523	(6,789,522)	58,331,419	7,240,834	65,572,253
97000	Excess Operating Revenue over Operating Expenses	(192,800)	513,906	-	381,168	4,833,290	2,807,980	-	2,135,769	(16,140)	-	181,518	424,026	52,307,236	(61)	3,190,792	801,870	350,152	(131,148)	(5,276,988)	-	81,412,780	1,016,369	82,429,149
97100	Extraordinary Maintenance	-	45,862	-	-	335,896	-	-	14,186	-	-	-	-	-	-	-	-	-	-	-	-	2,123,486	-	2,123,486
97300	Housing Assistance Payments	-	-	-	-	-	-	-	651,578	-	-	216,825	-	50,384,392	-	-	765,863	321,145	-	-	-	52,339,803	-	52,339,803
97350	HAP Portability In	-	-	-	-	-	-	-	-	-	-	-	-	298,777	-	-	-	-	-	-	-	298,777	-	298,777
97400	Depreciation Expense	-	2,261,316	-	9,928	1,784,478	-	-	-	-	-	-	-	141,275	-	-	-	-	-	289,253	-	6,857,778	2,330,110	9,187,888
98000	Total Expenses	206,700	14,468,863	-	740,743	11,881,042	-	197,563	3,671,121	29,580	-	235,040	(154,788)	55,410,765	61	240,572	832,458	357,862	146,148	12,820,776	(6,789,522)	119,951,263	9,570,944	129,522,207
10010	Operating transfers in	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,500,000)	-	-	-
10020	Operating transfers out	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,500,000	-	-	-
10093	Transfers from Program to AMP	-	1,013,855	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,013,855)	-	-	-
10094	Transfers from AMP to Program	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,013,855	-	-	-
10100	Total other financing sources (Uses)	-	1,013,855	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10000	Excess (deficiency) of total revenue over (under) total expenses	(192,800)	(779,417)	-	371,240	2,712,916	2,807,980	-	1,470,005	(16,140)	-	(35,307)	424,026	1,482,792	(61)	3,190,792	35,807	29,007	(131,148)	(5,566,241)	-	19,792,936	(1,313,741)	18,479,195
11030	Beginning Equity	614,159	(2,711,283)	(345)	2,073,460	42,728,753	50,298,192	-	14,252,582	361,854	765,149	294,886	(1,708,515)	1,128,402	(43)	21,424,904	46,521	(127,219)	(36,731)	2,990,354	-	225,815,608	22,070,313	247,885,921
11040	Prior Period Adjustments, Equity transfer and correction of errors	-	168,025	-	-	(168,025)	-	-	(1,443,041)	-	-	-	-	-	-	(5,502,829)	-	-	-	-	-	(3,227,256)	-	(3,227,256)
11040.01	Equity Transfer - Transfer CFP hard costs to operating	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11040.02	Equity Transfer - Between AMPs/Programs	-	168,025	-	-	(168,025)	-	-	(4,225,634)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11040.03	PPA - Correct prior year HUD A/R	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(507,020)	-	(507,020)
11040.04	PPA - Correct prior year N/R carried as CIP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(5,502,829)	-	-	-	-	-	(5,502,829)	-	(5,502,829)
11040.05	PPA - SAL revenue should have been accrued in PY	-	-	-	-	-	-	-	2,782,593	-	-	-	-	-	-	-	-	-	-	-	-	2,782,593	-	2,782,593
11190	Unit Months Available	-	972	-	972	10,788	-	-	-	-	-	624	-	62,544	-	-	756	720	-	-	-	98,820	4,068	102,888
11210	Number of Unit Months Leased	-	958	-	958	10,659	-	-	-	-	-	216	-	50,890	-	-	616	638	-	-	-	84,137	3,088	87,225
11170	Administrative Fee Equity	-	-	-	2,444,700	40,970,490	5,282,792	-	6,605,599	63,421	765,149	35,866	(1,284,489)	750,171	(104)	1,223,352	82,328	(98,212)	(167,879)	(2,831,469)	-	53,841,715	-	53,841,715
11180	Housing Assistance Payments Equity	-	-	-	-	4,303,154	47,823,380	-	7,673,947	282,293	-	223,713	-	1,861,023	-	17,889,515	-	-	-	255,582	-	80,344,065	-	80,344,065
11270	Excess Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	12,698,154	-	12,698,154

See independent auditor's report.

SINGLE AUDIT SECTION

Norfolk Redevelopment and Housing Authority, Virginia

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND LOCAL ASSISTANCE

For the year ended June 30, 2025

Federal Grantor/Pass -Through Grantor/ Program or Cluster Title	Assistance Listing (AL) Number	Federal Expenditures
<u>Direct from the U.S. Department of Housing and Urban</u>		
<u>Development:</u>		
Housing Voucher Cluster		
Section 8 Housing Choice Voucher Program	14.871	\$ 56,555,229
Emergency Housing Voucher - Section 8 Housing Choice Voucher Program	14.871	868,265
Mainstream Voucher Program	14.879	<u>199,733</u>
Housing Voucher Cluster Total		\$ 57,623,227
Public Housing Operating Fund	14.850	16,138,327
Public Housing Capital Fund Program	14.872	17,624,876
Family Self-Sufficiency Program	14.896	197,563
Choice Neighborhoods Implementation Grants	14.889	3,431,364
Home Investment Partnership Program	14.239	269,238
Section 8 Project-Based Cluster		
Section 8 New Construction and Substantial Rehabilitation	14.182	253,713
Section 8 Moderate Rehabilitation Single Room Occupancy	14.249	<u>386,869</u>
Section 8 Project-Based Cluster Total		<u>640,582</u>
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		95,925,177
 LOCAL ASSISTANCE		
<u>Pass through from the City of Norfolk, Virginia:</u>		
Various local grants	N/A	<u>4,836,463</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS AND LOCAL ASSISTANCE		<u><u>\$ 100,761,640</u></u>

Note 1

The above schedule of expenditures of federal awards and local assistance includes the federal grant activity of the Authority and is presented 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 (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2

In accordance with HUD regulations, HUD considers the Annual Budget Authority for the Housing Choice Voucher Program, AL No. 14.871, to be considered an expenditure for the purposes of this schedule. Therefore, the amount in this schedule is the total amount received directly from HUD.

Note 3

The Authority did not elect to use the 10-percent de minimis indirect cost rate.

Note 4

During the year ended June 30, 2025, the Authority had no sub-recipients.

Note 5

During the year ended June 30, 2025, the Authority did not receive any noncash assistance, federal loans, or federally funded insurance.

See independent auditor's report.

**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 Directors
Norfolk Redevelopment and Housing Authority

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Norfolk Redevelopment and Housing Authority (the "Authority"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated March 31, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing 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 a 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 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item **2025-001** that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 **2025-001**.

Authority's Response to Findings

Government Auditing Standards require the auditor to perform limited procedures on the Authority's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

A stylized, handwritten-style signature of "Doeren Mayhew Assurance" in black ink.

Melbourne, Florida
March 31, 2026

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

Board of Directors
Norfolk Redevelopment and Housing Authority, Virginia

Report on Compliance for The Major Federal Program

Opinion on the Major Federal Program

We have audited Norfolk Redevelopment and Housing Authority's (the "Authority") 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 the Authority's major federal program for the year ended June 30, 2025. The Authority's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2025.

Basis for Opinion on the 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 the 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 the 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 the Authority's federal programs.

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 the 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 the 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 The 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 the 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 the 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 instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items **2025-002**, **2025-003**, **2025-004**, **2025-005**, and **2025-006**. Our opinion on the major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the Authority's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items **2025-002**, **2025-003**, and **2025-004** to be significant deficiencies.

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.

Government Auditing Standards requires the auditor to perform limited procedures on the Authority's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

Doeren Mayhew Assurance

Melbourne, Florida
March 31, 2026

Norfolk Redevelopment and Housing Authority, Virginia

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2025

A. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: **Qualified**

Internal control over financial reporting:

Material weakness identified? **Yes (Finding No. 2025-001)**

Significant deficiencies identified? **None reported**

Noncompliance material to financial statements noted? **Yes (Finding No. 2025-001)**

Federal Awards

Internal control over major programs:

Material weakness identified? **No**

Significant deficiencies identified? **Yes (Finding No. 2025-002, 2025-003, and 2025-004)**

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

Are there audit findings that are required to be reported in accordance with 2 CFR 200.516(a)? **Yes (Finding No. 2025-002, 2025-003, 2025-004, 2025-005, and 2025-006)**

The program tested as a major program is as follows:

- Housing Voucher Cluster
 - Section 8 Housing Choice Voucher Program - AL No. 14.871
 - Emergency Housing Choice Voucher Program - AL No. 14.871
 - Mainstream Voucher Program - AL No. 14.872

The threshold for distinguishing types A and B programs was **\$3,000,000**

Did the auditee qualify as a low-risk auditee? **Yes**

Norfolk Redevelopment and Housing Authority, Virginia

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2025

B. FINDINGS AND QUESTIONED COSTS - FINANCIAL STATEMENTS AUDIT

2025-001 Financial Reporting

Material Weakness in Internal Control

Material noncompliance

Condition: During our audit of the Authority's financial statements, significant delays were noted in obtaining appropriate audit evidence which caused a delay in our audit procedures. Certain accounts had not been properly reconciled and corrective entries were not readily available. Significant audit support was not readily available when requested and closing procedures had not been performed timely. Complete audit procedures were not able to be performed as a result of these delays which resulted in a modified opinion in the auditors report in the basic financial statements. These items primarily consisted of notes receivable, notes payable, other government grant revenue and receivables, current year fixed asset additions, other operating revenue, Capital Fund program activity, and other noncurrent liabilities.

Context: We obtained the financial information from the Authority's general ledger system. As part of our audit process, the financial information was compared to the unaudited submission sent to the U.S. Department of Housing and Urban Development Real Estate Assessment Center ("REAC"). While applying audit procedures, significant audit support identified as necessary was not readily available and complete audit procedures could not be performed.

Criteria: In accordance with AU-C 265, when a deficiency or a combination of deficiencies in internal control is identified, which indicates that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected and corrected on a timely basis, a material weakness should be reported. In accordance with HUD rules and regulations, the Authority is required to have policies and procedures in place to ensure a timely and accurate financial close. AICPA audit standards state that a modified opinion is required when complete audit procedures cannot be performed or audit areas are not accurate.

Cause: The Authority was unable to maintain proper oversight of its financial closing processes and recording keeping due to numerous staffing changes. As a result the Authority did not have the staff in order to perform a timely and accurate financial close.

Effect: The necessary support required for our audit procedures was not readily available, and therefore certain audit procedures could not be completed.

Auditor's Recommendations: The Authority should consider additional management and staff to enable the implementation internal controls over both internal and external reporting, and the year-end close process to ensure reporting remains accurate and timely, with any unexpected financial data being investigated and corrected before it is reported.

View of Responsible Officials: See Corrective Action Plan.

Norfolk Redevelopment and Housing Authority, Virginia

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2025

C. FINDINGS AND QUESTIONED COSTS - FEDERAL AWARD PROGRAMS

2025-002 Eligibility

Housing Voucher Cluster

Significant Deficiency in Internal Control

Other matter required to be reported in accordance with Uniform Guidance

Condition: Out of an approximate population of 4,600 tenants in the Housing Voucher Cluster program, 40 tenant files were tested and the following deficiencies were noted:

- 4 files had incorrect payment standards utilized, resulting in 2 of these files having incorrect housing assistance payments.

Context: The auditor haphazardly selected 40 tenant files from the program's population, which we consider to be a statistically valid sample size. The auditor reviewed the tenant files and support to ensure that proper procedures are being followed and that the Authority is in compliance with HUD requirements regarding timely, complete, and accurate tenant files.

Criteria: The Authority's Administrative Plan and 24 CFR 982.516 require internal controls to be in place to ensure proper procedures are being followed in compliance with HUD requirements regarding timely, complete, and accurate tenant files.

Cause: The Authority had staffing and department restructuring such that the previous compliance department was not staffed and able to do routine reviews and corrections as in previous years. As a result, additional review was not performed on tenant files during the year.

Effect: The Authority is not in compliance with HUD requirements regarding eligibility which could result in the incorrect amount of rental assistance provided.

Questioned Costs: \$123,118, during the fiscal year.

Auditor's Recommendations: The Authority should consider reevaluating their established procedures and controls currently in place to ensure full compliance in regards to eligibility and the timeliness of recertifications. The Authority needs to correct the deficiencies noted in the tested files and consider the impact to the rest of the population of tenant files that were not selected as part of the auditor's sample.

View of Responsible Officials: See Corrective Action Plan.

Norfolk Redevelopment and Housing Authority, Virginia

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2025

C. FINDINGS AND QUESTIONED COSTS - FEDERAL AWARD PROGRAMS (continued)

2025-003 Eligibility

Low Rent Public Housing

Significant Deficiency in Internal Control

Other matter required to be reported in accordance with Uniform Guidance

Condition: Out of an approximate population of 1,600 tenants, 5 tenant files were tested and the following deficiencies were noted:

- 2 files were missing 214 documentation,
- 1 file did not have an annual recertification completed in 12 months,
- 1 file did not have proof of custody for a dependent in the household, and
- 1 file had 50058 adjustments that could not be verified due to a lack of dependent support.

Context: The auditor haphazardly selected 5 tenant files from the program's population. The auditor reviewed the tenant files and support to ensure that proper procedures are being followed and that the Authority is in compliance with HUD requirements regarding timely, complete, and accurate tenant files.

Criteria: The Authority's ACOP and 24 CFR 960.201 require internal controls to be in place to ensure proper procedures are being followed in compliance with HUD requirements regarding timely, complete, and accurate tenant files.

Cause: The Authority had staffing and department restructuring such that the previous compliance department was not staffed and able to do routine reviews and corrections as in previous years. As a result, additional review was not performed on tenant files during the year.

Effect: The Authority is not in compliance with HUD requirements regarding eligibility which could result in the incorrect amount of rental assistance provided.

Questioned Costs: Unknown.

Auditor's Recommendations: The Authority should consider reevaluating their established procedures and controls currently in place to ensure full compliance in regards to eligibility and the timeliness of recertifications. The Authority needs to correct the deficiencies noted in the tested files and consider the impact to the rest of the population of tenant files that were not selected as part of the auditor's sample.

View of Responsible Officials: See Corrective Action Plan.

Norfolk Redevelopment and Housing Authority, Virginia

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2025

C. FINDINGS AND QUESTIONED COSTS - FEDERAL AWARD PROGRAMS (continued)

2025-004 Procurement

Housing Voucher Cluster

Significant Deficiency in Internal Control

Other matter required to be reported in accordance with Uniform Guidance

Condition: Out of an approximate 55 contracts procured during the fiscal year, 5 were tested and of the selected contracts, one contract that was procured via sole source methods did not have the documentation necessary to justify the sole source method before the issuance of the contract.

Context: The auditor haphazardly selected 5 contract files out of the population, which we consider to be a statistically valid sample size. The auditor reviewed the contract files to ensure that proper procedures are being followed, and that the Authority is in compliance with HUD requirements regarding complete and accurate contract files, and procurement processes.

Criteria: The Authority's procurement policy and HUD rules and regulations and 2 CFR 200.318 require that certain procedures be performed in the procurement of vendors to ensure that fair and open competition results in services of the best possible value to the Authority, and that sufficient documentation be maintained to support the procurement method selected for the contract award process.

Cause: The Authority had turn-over at the management level that was overseeing these functions and was not able to follow prescribed policy during the procurement of critical services.

Effect: The Authority did not follow the procurement policy in place and did not complete the proper documentation required for a sole source procurement. This could potentially put the Authority at risk for misappropriation of federal spending as well as create a conflict of interest between the Authority and a vendor.

Questioned Costs: \$300,000, during the fiscal year.

Auditor's Recommendations: The Authority should strengthen their internal controls over procurement by implementing standardized procurement procedures, including documentation checklists and supervisory review processes to ensure compliance with procurement requirements. The Authority should also provide training to staff involved in the process to ensure they are aware of the requirements and processes specifically regarding sole source contract procurement.

View of Responsible Officials: See Corrective Action Plan.

Norfolk Redevelopment and Housing Authority, Virginia

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2025

C. FINDINGS AND QUESTIONED COSTS - FEDERAL AWARD PROGRAMS (continued)

2025-005 Reporting - SEMAP

Housing Voucher Cluster

Other matter required to be reported in accordance with Uniform Guidance

Condition: The Authority's selection for SEMAP Indicator 2 *Rent Reasonableness* did not have the correct sample based on the population of all families assisted during the year. As a result, the testing performed for Indicator 2 was not in compliance with HUD program requirements.

Context: SEMAP is used by HUD to evaluate the performance of housing authorities administering the HCV program. Housing authorities are required to maintain documentation supporting the data used in their SEMAP self-assessments. As part of our audit procedures over the Housing Voucher Cluster, we requested documentation supporting the SEMAP indicators reported by the Authority. Management was unable to provide sufficient documentation to support the self-assessed score.

Criteria: Per 24 CFR 985, for rent reasonableness, the Authority is required to select and test an annual sample from the universe of all families assisted at a minimum sample sized based on that universe. In addition, the Authority is required to establish and maintain records sufficient to support compliance with HUD program requirements, as well as establishing internal controls to ensure compliance with applicable regulations.

Cause: The Authority did not have effective procedures in place to ensure that documentation supporting SEMAP indicators and self-assessed scoring was properly completed and reviewed.

Effect: The Authority's is not in compliance HUD program requirements related to SEMAP testing for Indicator 2 *Rent Reasonableness*.

Questioned Costs: Unknown.

Auditor's Recommendations: The Authority should implement procedures to review and retain SEMAP supporting documentation prior to certification, to ensure records are retained in accordance with HUD and federal record-retention requirements, and provide training to staff responsible for SEMAP reporting to promote ongoing compliance.

View of Responsible Officials: See Corrective Action Plan.

Norfolk Redevelopment and Housing Authority, Virginia

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2025

C. FINDINGS AND QUESTIONED COSTS - FEDERAL AWARD PROGRAMS (continued)

2025-006 Special Tests and Provisions - Waiting List

Housing Voucher Cluster

Other matter required to be reported in accordance with Uniform Guidance

Condition: While testing of applicants that reached the top of the waiting list during the fiscal year, the Authority was unable to provide sufficient documentation to support the current status of the applicant.

Context: The auditor selected the 40 applicants that had reached the top of the waiting list, which we consider to be a statistically valid sample size. The auditor reviewed the applicant's file and support to ensure that proper procedures for selection from the waiting list are being followed and that the Authority is in compliance with HUD requirements regarding waiting list selection. The Authority was unable to provide support that applicants were informed they had reached the top of the waiting list, and did not retain information why an applicant was not issued a voucher, if applicable.

Criteria: Per 24 CFR 982.204, internal controls are required to be in place to ensure proper procedures are being followed to be in compliance with HUD requirements regarding waiting list applicant selection.

Cause: After the end of the fiscal year, the Authority transitioned software for the management of the HCV program. This resulted in the Authority not having access to certain records from the previous software and having to maintain records outside of the applicant management software until the software could be fully set up, implemented, and utilized.

Effect: The Authority does not have adequate controls in place to ensure they are in compliance with HUD requirements regarding the waiting list applicant selection process.

Questioned Costs: Unknown.

Auditor's Recommendations: The Authority should reevaluate their established procedures and controls in place to ensure full compliance with HUD regulations regarding waiting list selection process and document retention requirements.

View of Responsible Officials: See Corrective Action Plan.

D. PRIOR YEAR AUDIT FINDINGS

None.



March 30, 2026

Corrective Action Plan for Audit Findings and Questioned Costs

2025-001 Financial Reporting

Material Weakness in Internal Control
Material noncompliance

Auditor's Recommendations: The Authority should consider additional management and staff to enable the implementation of internal controls over both internal and external reporting, and the year-end close process to ensure reporting remains accurate and timely, with any unexpected financial data being investigated and corrected before it is reported.

Corrective Action Plan Implemented as of June 30, 2025:

June 30, 2025 – hired a Controller to assist with

- The day-to-day duties of the accounting team,
 - Implemented a Plan of Core Deliverables for the Finance Team
 - Implemented a weekly deliverables report, - tool to track daily and weekly duties and assignments
 - Implemented a month closing schedule as of January 2026
- Team Building and Staff Development - Finance continues core building (foundational elements of a finance function — people, systems, and processes — to ensure it can support growth, enable data-driven decisions, and maintain financial health).
 - Teamwork (collaboration on assignments),
 - Trusting the accounting process and following the lead of the Controller/Coach,
 - Weekly meetings addressing specific finance areas and any concerns, etc. —
 - Mondays with all team members – strategy meetings
 - Staff Accountancy (Staff Accts.) Tuesdays,
 - Accounts Payables (A/Ps) Wednesdays,
 - Accounts Receivables (A/Rs) Thursdays, and
 - Payroll Fridays,
- The hiring of new staff,
 - Accountant II (Asset Mgmt.)
 - Additional A/P Specialist,
 - Additional Temp Payroll Help
- FY2025 audit and trial balance (T/B) reconciliations,



- Assigned T/B accounts to the team for reconciliations and researching documentation
- Monthly Bank reconciliations with the staff accountants- delegated and completed July 2024 through June 2025. Reconciliations are current July 2025 through Feb. 2026. A performance plan was completed.
- Continued collaboration with BDO Consultants for compliance and staff development

2025-002 Eligibility

Housing Voucher Cluster

Significant Deficiency in Internal Control

Other matter required to be reported in accordance with Uniform Guidance

Auditor's Recommendations: The Authority should reconsider reevaluating their established procedures and controls currently in place to ensure full compliance in regard to eligibility and the timeliness of recertifications. The Authority needs to correct the deficiencies noted in the tested files and consider the impact to the rest of the population of tenant files that were not selected as part of the auditor's sample.

Corrective Action Plan:

Authority staff made changes to three of the four files referenced in the condition. The source of the errors was use of December 2023 Voucher Payment Standard (VPS) instead of the January 2025 VPS. As a result, one landlord was owed \$16. The second landlord \$133. The third landlord has no financial impact/changes. For reference, the condition is below.

Condition: Out of approximately 4,600 tenants in the HCV cluster program, 40 tenant files were tested. Per the audit review, four files have incorrect payment standards resulting in two of these files having incorrect housing assistance payments.

The Authority has corrected the deficiencies from the files audited as noted.

To address these challenges, we have established a new division: leasing and Regulatory Compliance. This division encompasses Leasing for both LIPH and HCV programs, as well as Reporting and Performance Management, and Quality Control.

The Reporting and Performance Management work collaboratively with both LIPH and HCV teams to ensure a proactive approach to annual re-examinations. The team conducts semi-monthly meetings with each department to perform comprehensive reviews of the HUD re-examination schedule. Staff are required to develop and present strategic plans to address any aged re-examinations. Additionally, they are supported through collaboration with the PIC Coordinator to resolve outstanding or complex 50058 discrepancies.

The Quality Control Department provides monthly forums where staff can voluntarily participate in training and receive guidance. These sessions are offered both in person and online, in group settings or as individualized one-on-one support, ensuring flexibility and accessibility for all staff members.

Our audit protocols have been strengthened and now include:



- All new admission (LIPH/PBV and HCV)
- Unit Transfers (LIPH/PBV and HCV)
- Port move-ins (HCV)
- Issuance of vouchers (HCV)
- A 30% monthly review of all annual and interim re-examinations (LIPH/PBV and HCV)

Staff demonstrating challenges in calculation accuracy or time management are required to complete additional targeted training.

We have also developed and implemented several Standard Operating Procedures (SOPs), including:

1. Procedures for reporting PIC discrepancies
2. Annual re-examination processes
3. Requirements for reporting late re-examinations.
4. Opening the waitlist
5. Audit Standards for LIPH
6. Audit Standards for HCV

Both LIPH and HCV staff have undergone multiple training sessions over the past several months to build proficiency in the Yardi system. As we approach our one-year anniversary with the system, staff have developed a stronger understanding of its functionality. Yardi has proven to be valuable too, particularly in supporting our reporting needs. We have also ensured that all applicable staff now have access to waitlist information, improving transparency and operational efficiency.

2025-003 Eligibility

Low Rent Public Housing

Significant Deficiency in Internal Control

Other matter required to be reported in accordance with Uniform Guidance

Auditor's Recommendations: The Authority should consider reevaluating their established procedure and controls currently in place to ensure full compliance in regards to eligibility and the timeliness of recertifications. The authority needs to correct the deficiencies noted in the tested files and consider the impact if the rest of the population of tenant files that were not selected as part of the auditor's sample.

Corrective Action Plan:

The Authority will correct the deficiencies from the files audited as noted. As well as continuing internal monitoring and file reviews to improve compliance.

To address these challenges, we have established a new division: leasing and Regulatory Compliance. This division encompasses Leasing for both LIPH and HCV programs, as well as Reporting and Performance Management, and Quality Control.

The Reporting and Performance Management works collaboratively with both LIPH and HCV teams to ensure a proactive approach to annual re-examinations. The team conducts semi-monthly meetings with each department to perform comprehensive reviews of the HUD re-examination schedule. Staff are required to develop and present strategic plans to address any



aged re-examinations. Additionally, they are supported through collaboration with the PIC Coordinator to resolve outstanding or complex 50058 discrepancies.

The Quality Control Department provides monthly forums where staff can voluntarily participate in training and receive guidance. These sessions are offered both in person and online, in group settings or as individualized one-on-one support, ensuring flexibility and accessibility for all staff members.

Our audit protocols have been strengthened and now include:

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- A 30% monthly review of all annual and interim re-examinations (LIPH/PBV and HCV)

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2025-004 Procurement

Housing Voucher Cluster

Significant Deficiency in Internal Control

Other matter required to be reported in accordance with Uniform Guidance

Auditor's Recommendations: The Authority should strengthen their internal controls over procurement by implementing standardized procurement procedures, including documentation checklist and supervisory review processes to ensure compliance with procurement requirements. The Authority should also provide training to staff involved in the process to ensure they are aware of the requirements and processes, specifically regarding sole source contract procedures.



Corrective Action Plan:

The Authority has standardized procurement procedures in the Statement of Procurement Policy as amended, Revision 2 January 12, 2023. The Authority will review and update the policy and procedures to include enhancing language with emphasis on Section III: Procurement Methods / Item E. Noncompetitive Procedures which include Sole Source Justification.

The Authority previously offered staff training in Ethic, Contract Administration, Forms, Invoices and Purchase Cards. The Authority will reinstate annual training to promote awareness and compliance.

2025-005 SEMAP

Housing Voucher Cluster

Other matter required to be reported in accordance with Uniform Guidance

Auditor's Recommendations: The Authority should implement procedures to review and retain SEMAP supporting documentation prior to certification, to ensure records are retained in accordance with HUD and federal record- retention requirements and provide training to staff responsible for SEMAP reporting to promote ongoing compliance.

Corrective Action Plan:

NRHA does not agree with the finding. NRHA's sample selected was drawn from all rent reasonableness processed utilizing every tenth file for each process that rent reasonableness was required for inclusive of: new admissions, transfer moves and rent increases.

Per HUD's requirement:

Reasonable rent.

(1) This indicator shows whether the PHA has and implements a reasonable written method to determine and document for each unit leased that the rent to owner is reasonable based on current rents for comparable unassisted units: At the time of initial leasing; if there is any increase in the rent to owner; at the HAP contract anniversary if there is a 10 percent decrease in the published fair market rent (FMR) in effect 60 days before the HAP contract anniversary. The PHA's method must take into consideration the location, size, type, quality and age of the units, and the amenities, housing services, and maintenance and utilities provided by the owners in determining comparability and the reasonable rent. (24 CFR 982.4, 24 CFR 982.54(d)(15), 982.158(f)(7), 982.507, and 983.303)

(2) HUD verification method: The IA annual audit report covering the PHA fiscal year entered on the SEMAP certification and on-site confirmatory review if performed.

(3) Rating:

(i) The PHA's SEMAP certification states that:

(A) The PHA has a reasonable written method to determine reasonable rent which considers location, size, type, quality and age of the units and the amenities, housing services, and maintenance and utilities provided by the owners; and

(B) Based on the PHA's quality control sample of tenant files, the PHA follows its written method to determine reasonable rent and has documented its determination that the rent to owner



is reasonable in accordance with §§ 982.507 and 983.303 of this chapter, as applicable for at least 98 percent of units sampled at the time of initial leasing, if there is any increase in the rent to owner, and at the HAP contract anniversary if there is a 10 percent decrease in the published FMR in effect 60 days before the HAP contract anniversary. 20 points.

The Audit Condition is stated below for reference.

Condition: The Authority's selection for SEMAP Indicator 2 Rent Reasonableness did not have the correct sample based on the population of all families assisted during the year. As a result, the testing performed for Indicator 2 was not in compliance with HUD program requirements.

The Authority has considered the audit context, effect and believes to be in compliance with the HUD regulation. NRHA will implement the suggestion from the auditor and allow the same files to be audited for each indicator that is self-audited.

2025-006 Waiting List

Housing Voucher Cluster

Other matter required to be reported in accordance with Uniform Guidance

Auditor's Recommendations: The Authority should consider reevaluating their established procedure and controls currently in place to ensure full compliance in regard to eligibility and the timeliness of recertifications. The authority needs to correct the deficiencies noted in the tested files and consider the impact if the rest of the population of tenant files that were not selected as part of the auditor's sample.

Corrective Action Plan:

To address challenges identified, we have established a new division: Leasing and Regulatory Compliance. This division encompasses Leasing for both LIPH and HCV programs, as well as Reporting and Performance Management, and Quality Control.

The Reporting and Performance Management work collaboratively with both LIPH and HCV teams to ensure a proactive approach to annual re-examinations. The team conducts semi-monthly meetings with each department to perform comprehensive reviews of the HUD re-examination schedule. Staff are required to develop and present strategic plans to address any aged re-examinations. Additionally, they are supported through collaboration with the PIC Coordinator to resolve outstanding or complex 50058 discrepancies.

The Quality Control Department provides monthly forums where staff can voluntarily participate in training and receive guidance. These sessions are offered both in person and online, in group settings or as individualized one-on-one support, ensuring flexibility and accessibility for all staff members.

Our audit protocols have been strengthened and now include:

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- Port move-ins (HCV)
- Issuance of vouchers (HCV)
- A 30% monthly review of all annual and interim re-examinations (LIPH/PBV and HCV)



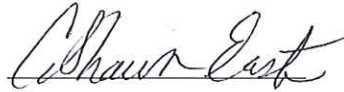
Staff demonstrating challenges in calculation accuracy or time management are required to complete additional targeted training.

We have also developed and implemented several Standard Operating Procedures (SOPs), including:

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3. Requirements for reporting late re-examinations.
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5. Audit Standards for LIPH
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Signature:



Title: CaShawn Easter,
Interim Chief Administrative
Finance Officer

