

**ALEXANDRIA REDEVELOPMENT
AND HOUSING AUTHORITY**

**AUDITED
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED
DECEMBER 31, 2015**

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the business-type activities, each major fund, and the aggregate remaining fund information and blended component units of the Alexandria Redevelopment and Housing Authority as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of certain component units, as discussed in Note 1 to the financial statements. The total investment in these component units was \$60,167,513 as of December 31, 2015, and the total net equity in their net gains was \$11,195,065 for the year then ended. The financial statements of the operating entities referred to above were audited by a component auditor whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for these entities, is based solely on the reports of the component auditor. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities which comprise the major fund of the Alexandria Redevelopment and Housing Authority at December 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 16, the Schedule of Net Pension Liability on page 63, and the Schedule of Employer Contributions to the Virginia Retirement system on page 63, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

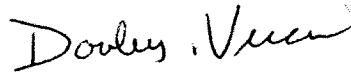
Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements.

The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2016, on our consideration of the Alexandria Redevelopment and Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Alexandria Redevelopment and Housing Authority's internal control over financial reporting and compliance.



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

September 30, 2016

**ALEXANDRIA REDEVELOPMENT &
HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION & ANALYSIS
FISCAL YEAR ENDED DECEMBER 31, 2015**

This section of the Authority's annual financial report presents Management's analysis of the Authority's financial performance during the Fiscal Year Ended December 31, 2015.

FINANCIAL HIGHLIGHTS AND CONCLUSIONS:

- The Authority continued to move to a complete revitalization of their Public Housing properties with the issuance of a Public Housing Development agreement and review of proposals. The Authority is working toward revitalization of all Public Housing developments either through a partnership with qualified Development Corporation's or through internal development corporation.
- The Authority completed the year with an increase in Net Position in the amount of \$10.25 million.
- The Authority's financial operations have evolved in complexity over recent years from a traditional housing authority supported by public subsidies (federal and state) to reflect our role as an originator or sponsor of various public-private partnerships where financing and operating income is derived from multiple sources, including private capital, commercial financing, market rents and sale proceeds. As a result of this complexity, the Authority has opted to add additional disclosures relating to the limited partnerships (Note 22) and detailed component unit information (Additional Information).
- The Authority was awarded a Capital Fund (CFP) 2015 grant during fiscal year 2015 in the amount of \$1,031,866. Total CFP expenditures during the year were \$1,104,782.
- The Authority completed James Bland Phase IV and V during fiscal year 2015.
- The Authority received public housing operating subsidy in the amount of \$3,293,450.
- The Authority received funding for the Section 8 Housing Choice Voucher Program in the amount of \$21,446,790.
- The Authority received three (3) Resident Opportunities Supportive Services grants in the amount of \$274,849 and spent \$155,948 during the fiscal year.

- The Authority adopted GASB 68 during fiscal year 2015. The net pension obligation for FY 2015 was a net balance of (31,290). The Deferred Outflows of Resources balance was \$169,649 related to pension payments made post the 6/30/2015 measurement date of the Virginia Retirement System report date. The Deferred Inflows of Resources balance was \$605,493.

REQUIRED FINANCIAL STATEMENTS

Management's Discussion and Analysis (MD&A) serves as an introduction to, and should be read in conjunction with, the basic audited financial statements and supplementary information. The MD&A represents management's examination and analysis of the Authority's financial condition and performance.

The financial statements report information about the Authority by using full accrual accounting methods as utilized by similar business activities in the private sector. In management's opinion, the financial statements present fairly, in all material respects, the financial position, results of operations and cash flows of the Authority in conformity with generally accepted accounting principles.

The Authority is engaged only in "Business-Type Activities" and is considered a "Special Purpose" government under Paragraph 138 of GASB 34. The Authority will present its financial statements according to Paragraph 138 of GASB 34 and will consist of the following: (a) Balance Sheet (b) Statement of Revenues, Expenses and Changes in Net Position (income statement), and (c) Statement of Cash Flows. In addition to the basic financial statements, the Authority will present notes to the financial statements and required supplementary information.

The **Statement of Net Position** presents information on all of the Authority's assets and liabilities, with the difference between the two as Net Position. Assets and liabilities are presented in order of liquidity, and are classified as "Current" (convertible into cash within one year), and "Non-Current". Over time, increases and decreases in Net Position serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The **Statement of Revenues, Expenses, and Changes in Net Position** (income statement) presents the results of the business activities of the Authority over the course of the fiscal year. The focus of this statement is the "Change in Net Position", which is similar to Net Income or Loss. All changes in Net Position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

The **Statement of Cash Flows** presents changes in cash and cash equivalents, resulting from operating, financing, and investing activities. This statement presents cash receipts and cash disbursement information, without consideration of the earnings event, when an obligation arises, or depreciation of capital assets.

The **Notes to the Financial Statements** provide required disclosures and other information that are essential to a full understanding of material data provided in the statements. The notes present information about the Authority's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies and subsequent events, if any. Also, included is the required **Supplemental Information** containing items such as budget to actual comparisons, debt information, and grant activity.

The financial statements were prepared by the Authority's staff from the detailed general ledgers and supporting documentation for each fund in conformity with generally accepted accounting principles (GAAP). The financial statements were audited and adjusted, if material, during the independent external audit process.

SUMMARY OF ORGANIZATION AND BUSINESS

The Alexandria Redevelopment & Housing Authority (the "Authority") is a political subdivision organized under the laws of the State of Virginia by the City of Alexandria for the purpose of providing adequate housing for qualified low-income individuals in accordance with the rules and regulations prescribed by the Department of Housing and Urban Development.

The Authority is governed by a Board of nine Commissioners appointed by the City of Alexandria and has governance responsibilities over all activities related to the Authority. The Board of Commissioners has full decision-making authority and the power to designate the management of the Authority. The Authority's Board elects its own chairperson. The City of Alexandria has no influence over the management, budget, or policies of the Authority. The Authority is a legally separate entity that is fiscally independent of other governments, and there are no other entities that are to be reported as component units of the Authority. The Authority is not included in the City of Alexandria's financial reports. Therefore, the Authority reports independently.

The Authority operates and manages several different programs and presents financial statements from an enterprise fund perspective. Many of the funds maintained by the Authority are required by the Department of Housing and Urban Development and others are segregated to enhance accountability and control. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain Authority functions. Each fund is a separate accounting entity with a self-balancing set of accounts. The Authority's funds or programs are as follows:

- Business Activities Programs
- Capital Fund Grant Program
- Housing Choice Voucher Program
- Low Income Public Housing
- Resident Opportunities and Self Sufficiency Program
- Section 8 Moderate Rehabilitation Program

The Business Activities Programs are non-federally aided programs administered by the Authority which include the following:

- Hopkins Tancil development
- Princess Square development
- West Glebe
- Miller Homes development
- Quaker Hill development
- Virginia Housing Development LLC
- Donations program
- Security Deposit loan program
- Investment program
- Authority Loan program
- Hope IV loan program
- Revolving fund program

Component Unit Programs are entities that are privately owned by outside investors with the Authority acting as the general partner and are as follows:

- Chapman Square LP
- BWR LP
- West Glebe LP
- Old Dominion LP
- James Bland I LP
- James Bland II LP
- James Bland IV LP
- James Bland V LP
- Pendleton Park LP

FINANCIAL ANALYSIS OF THE AUTHORITY

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

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

Alexandria Redevelopment & Housing Authority
Combined Statement of Net Position
TABLE I

<u>Account Descriptions</u>	<u>2015</u>	<u>2014</u>	<u>Total Change</u>	<u>% Change</u>
Current Assets	31,126,441	29,605,121	1,521,320	5.14%
Capital Assets	108,420,695	108,762,474	(341,779)	-0.31%
Deferred Outflows	169,649	-	169,649	100.00%
Total Assets & Deferred Outflows	139,716,785	138,367,595	1,349,190	0.98%
Current Liabilities	3,731,162	6,618,260	(2,887,098)	-43.62%
Noncurrent Liabilities	28,885,325	35,507,032	(6,621,707)	-18.65%
Deferred Inflows	605,493	-	605,493	100.00%
Total Liabilities & Deferred Inflows	33,221,980	42,125,292	(8,903,312)	-21.14%
Investment in Capital Assets	88,823,780	75,276,159	13,547,621	18.00%
Restricted Net Position	10,282,754	12,177,959	(1,895,205)	-15.56%
Unrestricted Net Position	7,388,271	8,788,185	(1,399,914)	-15.93%
Total Net Position	106,494,805	96,242,303	10,252,502	10.65%
Total Liabilities & Net Position	139,716,785	138,367,595	1,349,190	0.98%

Current Assets:

Current assets are made up of cash, receivables and prepaid expenses. Current assets increased by \$1.5 million or 5.14% due to several factors:

- The increase in current assets was directly related to collections on development deals and development deal construction loans, \$2.46 million.
- Reduction of accounts receivable balances, tenant, misc. and governmental, was due to better cash management related to governmental receivables and tenant accounts receivable balances and timing of collections related to misc. receivable balances.
- The increase in deferred outflows is a result of GASB 68 being implemented in FY 2015, which requires the reporting of deferred inflow and outflows as well as pension liability. The increase relates to deferred pension payments made between July 1, 2015 to December 31, 2015.

Current Liabilities

Current liabilities are made of accounts payable, accrued liabilities, unearned revenue and security deposits. Current liabilities decreased by \$(2.88) million or 43.62%. The decrease was driven by the following factors:

- Capital Debt, Current portion decreased by \$(2.79) million due to the payment of Hopkins Tancil debt obligations.

Other changes are mostly due to timing when payments are received and due and minor in comparison to the overall balance.

Non-current Liabilities

Non-current liabilities are made up of long-term debt, family self-sufficiency escrow accounts, accrued compensated absences and other accrued liabilities that are long term in nature. Non-current liabilities decreased by \$(6.6) million due to the following factors or events:

- The major change in this category is related to capital debt and the payment of debt with equity receipts related to the James Bland redevelopment. This equaled \$(6.9) million in reductions in this category.
- Other changes were minor within this category and related to minor timing issues and expected fluctuations within this category.

GASB 68 Activity

The Authority implemented GASB 68 during the fiscal year using the VRS report dated June 30, 2015. The information is described in the footnotes to the financial statements and is per the new reporting standards related to GASB 68 information.

Net Position

As illustrated in the Combined Statement of Net Position, the overall Net Position of the Authority increased by \$10.3 million.

The “Investment in Capital Assets” increased by \$13.5 million or 18 %. This was due to the James Bland redevelopment, payment of James Bland and Hopkins Tancil property debt and improvements to other properties offsetting depreciation expense.

The Restricted Net Position account is made up of Development Funds and Housing Choice Voucher reserves. The account balance decreased by \$1.9 million or 15.56% due to the following factors:

- Decreased due to receipts of proceeds related to development loan activity.

The Unrestricted Net Position decreased by \$(1.4) million or 15.93% due to receipt of proceeds related to development loan activity.

While the Statement of Net Position shows the change in financial position, the Statement of Revenues, Expenses, and Change in Net Position breaks down our revenues and expenses further. Table II provides a Statement of Revenues, Expenses and Change in Net Position by Revenue Source.

Alexandria Redevelopment & Housing Authority
Combined Statement of Revenues, Expenses and Change in Net Position
TABLE II

<u>Account Descriptions</u>	<u>2015</u>	<u>2014</u>	<u>Total Change</u>	<u>% Change</u>
Tenant Revenue	5,897,329	5,377,621	519,708	9.66%
Grant Funding	27,552,536	26,455,026	1,097,510	4.15%
Capital Grant Funding	360,346	237,045	123,301	52.02%
Interest Income	80,602	42,294	38,308	90.58%
Other Income	1,365,765	4,269,612	(2,903,847)	-68.01%
Total Revenue	35,256,578	36,381,598	(1,125,020)	-3.09%
Administration	6,599,767	6,090,160	509,607	8.37%
Tenant Services	317,534	381,060	(63,526)	-16.67%
Utilities	1,541,721	1,461,274	80,447	5.51%
Maintenance	3,378,317	3,845,498	(467,181)	-12.15%
Protective services	40,894	49,236	(8,342)	-16.94%
Insurance expense	527,803	531,799	(3,996)	-0.75%
General expense	730,964	534,835	196,129	36.67%
Housing Assistance Payments	19,997,680	19,373,519	624,161	3.22%
Interest expense	593,717	862,632	(268,915)	-31.17%
Depreciation	5,063,192	4,057,904	1,005,288	24.77%
Amortization	10,307	785,801	(775,494)	-98.69%
Total Expenses	38,801,896	37,973,718	828,178	2.18%
Capital Contributions	14,369,450	-	14,369,450	100.00%
Prior year adjustments	(571,630)	(1,989,044)	1,417,414	-71.26%
Change in Net Position	10,252,502	(3,581,164)	13,833,666	-386.29%
Beginning Net Position	96,242,303	99,823,467	(3,581,164)	-3.59%
Ending Net Position	106,494,805	96,242,303	10,252,502	10.65%

REVENUES

In reviewing the Statement of Revenues, Expenses, and Change in Net Position, you will find that 78% of the Authority's revenues are derived from grants from the Department of Housing and Urban Development and other Governmental subsidies. The Authority receives revenue from tenants for dwelling rental charges, excess utilities, and miscellaneous charges of 17% of total revenue. Other Revenue comprises the remaining 4% and Interest income represents roughly 1%.

Compared to the Fiscal Year Ended December 31, 2015, revenues had an overall decrease of \$(1.1) million or (3.09)%.

Tenant Revenue - Tenant Revenue had a increase from \$5,377,621 to \$5,897,329 or an increase of \$519,708 or 9.66%. This is mainly related to new redeveloped properties coming online and moving closer to full lease-up.

Program Grants/Subsidies – Federal and State subsidies for the year increased by \$1.22 million or 4.6% from \$26.69 million in fiscal year 2014 to \$27.91 million, combination of operating and capital grants, in fiscal year 2015. The main reasons for the increases are as follows:

The main reason for the increase was directly related to increases within the HCVP activity with other changes overall basically offsetting each other

See Table IV for the comparative funding schedule:

Table III
HUD Funding Comparative

Year	Public Housing	Mod Rehab	CFP
2015	3,293,450.00	1,285,921.00	1,104,781.00
2014	3,765,735.00	1,244,544.00	806,326.00
Net Change	(472,285.00)	41,377.00	298,455.00
% Change	-12.54%	3.32%	0.00%

Year	Vouchers	ROSS	Totals
2015	21,446,790.00	155,948.00	27,286,890.00
2014	20,347,081.00	70,275.00	26,233,961.00
Net Change	1,099,709.00	85,673.00	1,052,929.00
% Change	5.40%	121.91%	4.01%

Interest Income - Increased by \$38,308 or 90.58 % due to increased cash and cash equivalents with steady interest rates.

Other Income/Interest Income – Other income decreased by \$(2.9) million due to less development activity.

EXPENSES

The Alexandria Redevelopment & Housing Authority experienced an increase in operating expenses for the current year from \$37.97 million to \$38.80 million or a net increase of \$828,178 or 2.18%. The highlights of the expenses for the current year are as follows:

Administrative – Administrative costs include all non-maintenance and non-resident service personnel costs (including benefits and accrued leave), legal costs, auditing costs, travel and training costs, and other administrative costs such as supplies, telephone expense, etc. Compared to 2014, administrative costs increased by \$509,607 or 8.37%. The main drivers in the overall increase were as follows:

- Office expenses increased by \$208,709 due to moving into the new administrative building and stocking up on office supply and expense needs.
- Administrative costs increased by \$122,963 related to training, consulting fees and other misc. items.
- Small increases to salary and wages, auditing, advertising, benefits, legal and travel were noted but nothing of a material nature or significant events.

Tenant Services – Tenant Services costs include all costs incurred by the Authority to provide social services to the residents. The ARC and Ladrey Advisory Boards receive funding for board meetings, training costs, and other items to assist them in staying informed on its role in the Authority's operations. Tenant Services costs decreased from \$381,060 to \$317,534 or a decrease of \$(63,526) or 16.67%. The decrease was related to decreases in relocation costs, program costs and benefit costs offsetting increases in salaries.

Utilities - The total utilities expense for the Authority increased by \$80,447 or 5.51%. The larger drivers in this increase related to electricity, \$49,415 and gas, \$21,183, while water expenses decreased by \$9,764.

Maintenance – Maintenance costs are all costs incurred by the Authority for the 769 Public Housing units, which are owned by the Authority, to be operated in a safe and sanitary manner. Costs include personnel costs, materials used to maintain the units, contracts for waste management, vehicle costs and maintenance, and telephone/radio service, etc. The Maintenance Expense for the Authority decreased from \$3.85 million to \$3.38 million for a decrease of \$(467,181) or 12.15%. The main factors for this decrease were as follows:

- Salary and benefit costs increased by \$170,912.
- Materials increased due to the increased unit turnover needs.
- Contract costs decreased by \$(813,861) due to decreased unit turnover needs as well as major repair needs that were completed by the in-house maintenance staff.
- There was \$201,995 in extraordinary maintenance expenses related to demolition expenses.

Protective Services – Protective services costs were for security and fire monitoring services. The total expense for the year was \$40,894 or a decrease of \$(8,342). The Authority utilizes security and fire monitoring services for the protection of elderly, disabled and other residents. The services helped reduce crime and protect the Authority’s assets.

Insurance Expenses – General Expenses include insurance costs (property, auto, liability, workers’ compensation, public officials’ liability, lead based paint insurance, etc.). The overall insurance costs decreased from \$531,799 to \$527,803 or \$(3,996). There was no major changes in this account and the change wasn’t material.

General Expenses – General Expenses include other general expenses like rent, collection losses, compensated absences expenses and payment in lieu of taxes to the City of Alexandria. General expenses for the Authority increased from \$534,835 to \$730,964 or an increase of \$196,129. The increase is related to bad debt write-offs related to the issues noted in the State/Local and AMP portfolios as well as other general expenses of \$78,456, and increased compensated absences used in the amount of \$32,479. There was a decrease in the PILOT expenses in the amount of \$(25,426) related to decrease in traditional public housing units and rental activity.

Housing Assistance Payments Program – HAP payments consist of rental payments to owners of private property for which the housing authority has a HAP agreement with the tenant and the owner for the difference between the tenants’ rent and the applicable payment standard. HAP payments for the Authority increased from \$19,373,519 to \$19,997,680 or an overall increase of \$624,161 or 3.22%. This was due to increased lease-ups and increased payment standards.

Depreciation – Because the costs of all capitalized additions are spread over the estimated useful life of an asset, the estimated current year costs of capitalized items is recorded as depreciation. Depreciation Expense for the current year increased by \$1.05 million or 24.77%. This was due to new developments placed in service in the current year.

Other Non-Operating Expenses – The Authority had other non-operating revenues/expenditures related to interest expense and amortization.

- Interest expense decreased by \$(268,915) or 31.17% due to payment of debt and normal amortization of capital debt principal balances.

- Amortization expense was \$10,307 due to expensing of financing expenses.

Prior Period Adjustments - There were \$(571,630) in prior period adjustments for fiscal year ended December 31, 2015. These adjustments were made due to changes required by GASB 68 pension related activities.

CAPITAL ASSETS

At the end of fiscal year 2014 the Authority had invested in Capital Assets of \$108.76 million, net of depreciation. As of December 31, 2015, the Authority had a net decrease in net capital assets of \$(341,779) from 108.76 million to \$108.42 million or .31%. The following illustrates the Capital Asset values for 2015 and 2014.

Alexandria Redvelopment & Housing Authority
Combined Statement of Capital Assets
TABLE IV

<u>Account Descriptions</u>	<u>2015</u>	<u>2014</u>	<u>Total Change</u>	<u>% Change</u>
Land	20,925,985	18,225,985	2,700,000	14.81%
Buildings & improvements	136,475,005	134,916,833	1,558,172	1.15%
Equipment	1,734,644	1,302,119	432,525	33.22%
	159,135,634	154,444,937	4,690,697	3.04%
Accumulated Depreciation	(50,714,939)	(45,682,463)	(5,032,476)	11.02%
Total Capital Assets	108,420,695	108,762,474	(341,779)	-0.31%

The Authority has five ongoing HUD Capital Fund grants. The total capital improvement for the year was \$4.7 million, \$360,346 for CFP and \$4.34 million in other capital projects. There were \$4 million in capital development within the Tax Credit LLC's during the fiscal year. Most of the activity was related to James Bland IV and V developments.

The Authority is aggressively working to improve the overall quality of their housing stock and have used the programs for that purpose. The Authority expects continued increases in capital expenditures for the upcoming years to continue the upgrade of the Authority's housing stock.

LONG TERM DEBT

Noted in the State/Local portfolio, the PHA has four funds with long-term capital debt financing with the nine Tax Credit LLC projects. These entities, Quaker Hill, Glebe Park, Princess Square, and Hopkins Tancil in the State/Local portfolio, and Chatham Square, BWR, West Glebe, Old Dominion, James Bland I, II, IV, V and Pendleton Park provide

low-income rental housing, under the Public Housing and Multi-family HUD funding systems, for the residents of the City of Alexandria. Table V gives us an analysis of debt activity from FY 2014 to FY 2015.

The long-term debt balance decreased by \$(6.34) million and short term debt decreased by \$(2.79) million. The decrease was due to the payment of the Hopkins Tancil debt obligation as well as reduction in debt related to redevelopment deals, see note 15.

Table V
Outstanding Debt Schedule

	<u>2015</u>	<u>2014</u>	<u>Net Change</u>
Current Portion of Long Term Debt	\$ 751,000	3,539,828	(2,788,828)
Long Term Debt, Net of	\$ 23,600,336	29,946,487	(6,346,151)
Totals	\$ 24,351,336	33,486,315	(9,134,979)

ECONOMIC FACTORS AND EVENTS AFFECTING OPERATIONS:

Several factors may affect the financial position of the authority in the subsequent fiscal year. These factors include:

- (1) The population of the City of Alexandria was 153,511 per the 2015 census estimates.¹ This is a 9.6% increase in population since the 2010 census data.²
- (2) The City of Alexandria, per the 2015 census, had 8.7% of the city's population under the poverty level as compared to the 13.5% rate for the entire United States of America.³
- (3) As described in the Authority's Five-Year Plan, the Authority is working to increase the number of quality properties and units available for low-income residents of the City of Alexandria. Included in this plan is to revitalize current housing stock with innovative funding methods to accomplish these goals.
- (4) The Authority is actively working to improve the Authority's image within the community of the City of Alexandria through increased public relation efforts. This will provide a higher visibility of the Authority and its goals so that the community will understand the vision of the Authority. This will provide a

¹<http://quickfacts.census.gov/qfd/states/51/51510.html>

²<http://quickfacts.census.gov/qfd/states/51/51510.html>

³<http://quickfacts.census.gov/qfd/states/51/51510.html>

working relationship between the community and Authority in providing safe, decent, and affordable housing opportunities.

- (5) The Authority is currently working on redeveloping the Ramsey Homes development and is working with the city of approvals necessary to begin this development and expand the housing opportunities for the residents of the City of Alexandria.
- (6) The City of Alexandria is a suburb of Washington D.C. which creates incredible pressure on affordable housing needs and costs. In the City of Alexandria homeownership is at 42.7% compared to the national average of 64.4%. The rental needs within the City of Alexandria are immense, specifically affordable housing, which provides incredible opportunities for the Authority but creates incredible demands on capital and operating resources which are difficult to meet.⁴

CONCLUSIONS:

Overall, the Alexandria Redevelopment & Housing Authority had a good year financially which is consistent with prior year's performance. ARHA's management is committed to staying abreast of regulations and appropriations as well as maintains an ongoing analysis of all budgets and expenses to ensure that the Authority continues to operate at the highest standards established by the Real Estate Assessment Center and the Department of Housing and Urban Development.

This financial report is designed to provide our AHRA residents, the citizens of Alexandria, Virginia, all federal and state regulatory bodies, and any creditors with a general overview of the Authority's finances. If you have any questions regarding these financial statements or supplemental information, you may contact Derek McDaniel, Finance Director at (703) 549-7115 Ext 242, or by writing: Alexandria Redevelopment Housing Authority, 401 Wythe Street, Alexandria, Va. 22314.

⁴ <http://quickfacts.census.gov/qfd/states/51/51510.html>

Alexandria Redevelopment & Housing Authority

Statement of Net Position - All Funds December 31, 2015

ASSETS	Totals Primary Government
Current Assets	
Cash and cash equivalents	\$ 13,808,710
Restricted Cash	15,679,064
Receivables, net	1,322,777
Prepaid Expense and Other Assets	315,890
Total current assets	31,126,441
Noncurrent Assets	
Restricted cash, cash equivalents	
Restricted investments	
Capital assets:	
Land	20,925,985
Buildings	135,385,135
Furniture, Equipment & Machinery - Admin	1,734,644
Construction in Progress	1,089,870
Less: accumulated depreciation	(50,714,939)
Capital assets, net	108,420,695
Total noncurrent assets	108,420,695
Total Assets	139,547,136
Deferred Outflow of Resources	
Deferred Outflow of Resources	169,649
Total Assets and Deferred Outflow of Resources	\$ 139,716,785

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

Alexandria Redevelopment & Housing Authority

Statement of Net Position - All Funds December 31, 2015

LIABILITIES	Totals Primary Government
Current Liabilities	
Accounts Payable	\$ 291,276
Accrued Liabilities	439,649
Intergovernmental payables	341,179
Tenant security deposits	576,543
Deferred revenue	583,127
Current portion of long-term debt	751,000
Other current liabilities	790,465
Total current liabilities	3,773,239
Noncurrent liabilities	
Long-term debt, net of current	24,720,191
Noncurrent liabilities - other	4,123,057
Total noncurrent liabilities	28,843,248
Total Liabilities	32,616,487
Deferred Inflow of Resources	
Deferred Inflow of Resources	605,493
Net Position	
Investment in Capital Assets - Net of Related Debt	88,823,780
Restricted Net Position	10,282,754
Unrestricted Net Position	7,388,271
Total Net Position	106,494,805
Total Liabilities, Deferred Inflow of Resources, and Net Position	\$ 139,716,785

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

Alexandria Redevelopment & Housing Authority

Statement of Revenues, Expenses, and Changes in Fund Net Position - All Funds For the year ended December 31, 2015

	Totals Primary Government
Operating Revenues	
Tenant revenue	\$ 5,897,329
Government operating grants	26,926,544
Other Government Grants	625,992
Other revenue	1,243,331
Total operating revenues	<u>34,693,196</u>
Operating Expenses	
Administrative	6,109,851
Tenant services	317,534
Utilities	1,541,721
Maintenance	3,745,799
Protective services	40,894
General	1,258,767
Housing assistance payment	19,997,680
Depreciation	5,063,192
Total operating expenses	<u>38,075,438</u>
Operating income (loss)	<u>(3,382,242)</u>
Non-Operating Revenues (Expenses)	
Interest Expense	(604,024)
Interest and investment revenue	80,602
Total nonoperating revenues (expenses)	<u>(523,422)</u>
Income (loss) before contributions and transfers	(3,905,664)
Capital Grants - Federal Government	360,346
Capital Contributions	14,369,450
Change in Net Position	10,824,132
Total Beginning Net Position	96,242,303
Prior Period Adjustments/Equity Transfers	(571,630)
Total Ending Net Position	<u><u>\$ 106,494,805</u></u>

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

Alexandria Redevelopment & Housing Authority

Statement of Cash Flows - All funds For the year ended December 31, 2015

	Totals Primary Government
Cash flows from operating activities:	
Cash received from tenants	\$ 6,544,691
Cash received from operating grants	26,978,860
Cash received from other government grants	625,992
Cash received from other sources	7,069,281
Cash paid for goods and services	(6,786,466)
Cash paid for employees and administrative Housing Assistance payments	(7,598,158)
Cash paid for other	(21,273,222)
Net cash provided (used) by operating activities	<u>(2,173,729)</u>
	<u>3,387,249</u>
Cash flows from noncapital financing activities:	
Transfers	<u>(419,717)</u>
Cash flows from capital and related financing activities:	
Capital Grants received - Federal Government	360,346
Capital Contributions	14,369,450
Purchases, Sales and construction of capital assets	(4,683,927)
Principal paid on capital debt	(10,220,081)
Proceeds from capital debt and equity	(3,890,851)
Interest paid on capital debt	(1,369,101)
Net cash (used) for capital and related financing activities	<u>(5,434,164)</u>
Cash flows from investing activities:	
Notes receivable advances	3,848,585
Interest and dividends	799,717
Net cash provided (used) by investing activities	<u>4,648,302</u>
Net increase (decrease) in cash and cash equivalents	2,181,670
Cash and cash equivalents at beginning of year	27,306,104
Cash and cash equivalents at end of year	<u>\$ 29,487,774</u>
Reconciliation of cash and restricted cash	
Cash and cash equivalents	\$ 13,808,710
Restricted Cash and cash equivalents	15,679,064
Total Cash and cash equivalents	<u>\$ 29,487,774</u>

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

Alexandria Redevelopment & Housing Authority

Statement of Cash Flows - All funds For the year ended December 31, 2015

	Totals Primary Government
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ (3,336,280)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	5,063,192
Changes in assets and liabilities:	
(Increase) Decrease in Receivables - net	1,796,244
(Increase) Decrease in Prepaid expenses	(71,189)
(Increase) Decrease in Interprogram due from	651
(Increase) Decrease in Deferred Inflows of Resources	(169,649)
Increase (Decrease) in Accounts payable	37,087
Increase (Decrease) in Accrued expenses	16,942
Increase (Decrease) in Other liabilities	(25,546)
Increase (Decrease) in Unearned revenue	(94,630)
Increase (Decrease) in Intergovernmental payables	(22,227)
Increase (Decrease) in Interprogram due to	(651)
Increase (Decrease) in Deferred Outflows of Resources	605,493
Increase (Decrease) in Noncurrent liabilities	(412,188)
Net cash provided (used) by operating activities	<u>\$ 3,387,249</u>

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

Alexandria Redevelopment & Housing Authority

Statement of Net Position - Proprietary Funds December 31, 2015

ASSETS	Business Activities	Low Rent Public Housing	Blended Component Units	Housing Choice Vouchers	State/Local	Nonmajor Proprietary Funds	Total Before Eliminations	Inter-entity Eliminations	Totals Primary Government
Current Assets									
Cash and cash equivalents	\$ 1,742,972	\$ 5,124,895	\$ 1,489,198	\$ 1,151,687	\$ 3,203,831	\$ 1,096,127	\$ 13,808,710	\$ -	\$ 13,808,710
Restricted Cash	3,899,533	200,259	2,997,171	118,749	8,463,352	-	15,679,064	-	15,679,064
Receivables, net	1,267	385,312	96,672	197,198	1,242,073	55,255	1,977,777	(655,000)	1,322,777
Prepaid Expense and Other Assets	16,242	45,263	122,621	14,813	93,801	23,150	315,890	-	315,890
Interprogram due from	4,013	-	-	-	-	-	4,013	(4,013)	-
Total current assets	5,664,027	5,755,729	4,705,662	1,482,447	13,003,057	1,174,532	31,785,454	(659,013)	31,126,441
Noncurrent Assets									
Capital assets:									
Land	-	3,855,621	9,068,314	-	8,002,050	-	20,925,985	-	20,925,985
Buildings	1,992,318	34,594,892	63,325,420	-	29,478,869	5,993,636	135,385,135	-	135,385,135
Furniture, Equipment & Machinery - Admin	-	126,702	972,714	206,475	125,858	302,895	1,734,644	-	1,734,644
Construction in Progress	-	984,082	-	-	257	105,531	1,089,870	-	1,089,870
Less: accumulated depreciation	(1,671,647)	(24,858,777)	(12,025,514)	(206,475)	(10,755,714)	(1,196,812)	(50,714,939)	-	(50,714,939)
Capital assets, net	320,671	14,702,520	61,340,934	-	26,851,320	5,205,250	108,420,695	-	108,420,695
Noncurrent Notes, Loans & Mortgages Receivable	31,334,797	-	-	-	5,002,448	-	36,337,245	(36,337,245)	-
Total noncurrent assets	31,655,468	14,702,520	61,340,934	-	31,853,768	5,205,250	144,757,940	(36,337,245)	108,420,695
Deferred Outflow of Resources									
Deferred Outflow of Resources	45,085	18,945	1,092	20,807	22,991	60,729	169,649	-	169,649
Total Assets and Deferred Outflow of Resources	\$ 37,364,580	\$ 20,477,194	\$ 66,047,688	\$ 1,503,254	\$ 44,879,816	\$ 6,440,511	\$ 176,713,043	\$ (36,996,258)	\$ 139,716,785

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

Alexandria Redevelopment & Housing Authority

Statement of Net Position - Proprietary Funds December 31, 2015

	Business Activities	Low Rent Public Housing	Blended Component Units	Housing Choice Vouchers	State/Local	Nonmajor Proprietary Funds	Total Before Eliminations	Inter-entity Eliminations	Totals Primary Government
LIABILITIES									
Current Liabilities									
Accounts Payable	\$ 6,196	\$ 60,802	\$ 135,072	\$ 15,388	\$ 10,563	\$ 63,255	\$ 291,276	\$ -	\$ 291,276
Accrued Liabilities	8,718	118,166	15,105	32,918	79,164	185,578	439,649	-	439,649
Intergovernmental payables	-	50,899	-	-	159,410	130,870	341,179	-	341,179
Tenant security deposits	-	200,259	191,444	-	184,840	-	576,543	-	576,543
Deferred revenue	-	17,255	24,371	8,990	532,511	-	583,127	-	583,127
Current portion of long-term debt	-	-	-	-	751,000	-	751,000	-	751,000
Other current liabilities	-	-	660,833	727,233	2	57,397	1,445,465	(655,000)	790,465
Interprogram due to	-	-	-	-	-	4,013	4,013	(4,013)	-
Total current liabilities	14,914	447,381	1,026,825	784,529	1,717,490	441,113	4,432,252	(659,013)	3,773,239
Noncurrent liabilities									
Long-term debt, net of current	-	-	35,064,852	-	24,872,729	-	59,937,581	(35,217,390)	24,720,191
Noncurrent liabilities - other	275,590	177,156	126,597	171,125	4,214,077	278,367	5,242,912	(1,119,855)	4,123,057
Total noncurrent liabilities	275,590	177,156	35,191,449	171,125	29,086,806	278,367	65,180,493	(36,337,245)	28,843,248
Total Liabilities	290,504	624,537	36,218,274	955,654	30,804,296	719,480	69,612,745	(36,996,258)	32,616,487
Deferred Inflow of Resources									
Deferred Inflow of Resources	160,912	67,617	3,898	74,263	82,057	216,746	605,493	-	605,493
Net Position									
Investment in Capital Assets - Net of Related Debt	320,671	14,702,520	26,276,082	-	7,101,867	5,205,250	53,606,390	35,217,390	88,823,780
Restricted Net Position	35,234,330	-	-	-	10,282,754	-	45,517,084	(35,234,330)	10,282,754
Unrestricted Net Position	1,358,163	5,082,520	3,549,434	473,337	(3,391,158)	299,035	7,371,331	16,940	7,388,271
Total Net Position	36,913,164	19,785,040	29,825,516	473,337	13,993,463	5,504,285	106,494,805	-	106,494,805
Total Liabilities, Deferred Inflow of Resources, and Net Position	\$ 37,364,580	\$ 20,477,194	\$ 66,047,688	\$ 1,503,254	\$ 44,879,816	\$ 6,440,511	\$ 176,713,043	\$ (36,996,258)	\$ 139,716,785

Alexandria Redevelopment & Housing Authority

Statement of Revenues, Expenses, and Changes in Net Position - Proprietary funds For the year ended December 31, 2015

	Business Activities	Low Rent Public Housing	Blended Component Units	Housing Choice Vouchers	State/Local	Nonmajor Proprietary Funds	Inter-entity Eliminations	Totals Primary Government
Operating Revenues								
Tenant revenue	\$ -	\$ 1,284,259	\$ 2,830,012	\$ -	\$ 3,831,572	\$ -	\$ (2,048,514)	\$ 5,897,329
Government operating grants	-	4,037,885	-	21,446,790	-	1,441,869	-	26,926,544
Other Government Grants	-	180,332	-	-	445,660	-	-	625,992
Other revenue	790,483	120,842	14,450	195,466	59,436	3,184,803	(3,122,149)	1,243,331
Total operating revenues	790,483	5,623,318	2,844,462	21,642,256	4,336,668	4,626,672	(5,170,663)	34,693,196
Operating Expenses								
Administrative	72,313	1,181,415	1,235,235	1,521,065	1,312,275	2,554,273	(1,766,725)	6,109,851
Asset Management Fee	-	60,200	51,399	-	28,100	-	(139,699)	-
Tenant services	3,197	170,481	32,108	190	110,883	675	-	317,534
Utilities	-	1,028,027	129,683	6,409	329,829	47,773	-	1,541,721
Maintenance	-	1,846,160	1,026,673	24,046	849,612	1,049,308	(1,050,000)	3,745,799
Protective services	-	7,778	18,784	3,124	1,439	9,769	-	40,894
General	-	1,210,519	242,864	230,370	404,425	63,324	(892,735)	1,258,767
Housing assistance payment	-	-	-	20,117,443	-	1,155,779	(1,275,542)	19,997,680
Depreciation	57,690	1,143,902	2,728,196	-	934,756	198,648	-	5,063,192
Total operating expenses	133,200	6,648,482	5,464,942	21,902,647	3,971,319	5,079,549	(5,124,701)	38,075,438
Operating Transfers In/(Out)	(5,812,628)	-	-	-	5,438,533	374,095	-	-
Operating income (loss)	(5,155,345)	(1,025,164)	(2,620,480)	(260,391)	5,803,882	(78,782)	(45,962)	(3,382,242)
Non-Operating Revenues (Expenses)								
Interest Expense	-	-	(660,871)	-	(708,230)	-	765,077	(604,024)
Interest and investment revenue	719,157	-	4,839	335	75,196	190	(719,115)	80,602
Total nonoperating revenues (expenses)	719,157	-	(656,032)	335	(633,034)	190	45,962	(523,422)
Income (loss) before contributions and transfers	(4,436,188)	(1,025,164)	(3,276,512)	(260,056)	5,170,848	(78,592)	-	(3,905,664)
Capital Grants - Federal	-	216,184	-	-	-	144,162	-	360,346
Capital Contributions	-	-	14,369,450	-	-	-	-	14,369,450
Change in Net Position	(4,436,188)	(808,980)	11,092,938	(260,056)	5,170,848	65,570	-	10,824,132
Total Beginning Net Position	41,501,265	20,657,855	18,736,258	803,502	8,900,083	5,643,340	-	96,242,303
Prior Period Adjustments/Equity Transfers	(151,913)	(63,835)	(3,680)	(70,109)	(77,468)	(204,625)	-	(571,630)
Total Ending Net Position	\$ 36,913,164	\$ 19,785,040	\$ 29,825,516	\$ 473,337	\$ 13,993,463	\$ 5,504,285	\$ -	\$ 106,494,805

Alexandria Redevelopment & Housing Authority

Statement of Cash Flows - Proprietary Funds
For the year ended December 31, 2015

	Business Activities	Low Rent Public Housing	Blended Component Units	Housing Choice Vouchers	State/Local	Nonmajor Proprietary Funds	Totals Primary Government
Cash flows from operating activities:							
Cash received from tenants	\$ 364,902	\$ 1,614,285	\$ 2,898,893	\$ -	\$ 1,666,611	\$ -	\$ 6,544,691
Cash received from operating grants	-	4,037,885	-	21,501,466	-	1,439,509	26,978,860
Cash received from other government grants	-	180,332	-	-	445,660	-	625,992
Cash received from other sources	790,483	120,842	3,293	195,466	2,634,219	3,324,978	7,069,281
Cash Transferred in/(out)	(5,812,628)	-	-	-	5,438,533	374,095	-
Cash paid for goods and services	(35,420)	(3,027,925)	(1,235,070)	(42,421)	(1,332,130)	(1,114,550)	(6,787,516)
Cash paid for employees and administrative	43,514	(1,192,943)	(1,301,555)	(1,467,609)	(1,281,309)	(2,397,206)	(7,597,108)
Housing Assistance payments	-	-	-	(20,117,443)	-	(1,155,779)	(21,273,222)
Cash paid for other	651	(1,204,663)	(242,864)	(230,370)	(457,613)	(38,870)	(2,173,729)
Net cash provided (used) by operating activities	(4,648,498)	527,813	122,697	(160,911)	7,113,971	432,177	3,387,249
Cash flows from noncapital financing activities:							
Equity transfers and prior year adjustments	-	(63,835)	(3,680)	(70,109)	(77,468)	(204,625)	(419,717)
Net cash provided (used) for noncapital financing activities	-	(63,835)	(3,680)	(70,109)	(77,468)	(204,625)	(419,717)
Cash flows from capital and related financing activities:							
Capital Grants received - Federal Government	-	216,184	-	-	-	144,162	360,346
Capital Contributions	-	-	14,369,450	-	-	-	14,369,450
Purchases, Sales and construction of capital assets	-	(257,801)	(4,000,639)	-	(248,162)	(177,325)	(4,683,927)
Principal paid on capital debt	-	-	(6,952,046)	-	(3,268,035)	-	(10,220,081)
Proceeds (payments of) from capital debt and equity	-	-	(3,890,851)	-	-	-	(3,890,851)
Interest paid on capital debt	-	-	(660,871)	-	(708,230)	-	(1,369,101)
Net cash (used) for capital and related financing activities	-	(41,617)	(1,134,957)	-	(4,224,427)	(33,163)	(5,434,164)
Cash flows from investing activities:							
Notes Receivable Advances	3,894,665	-	-	-	(46,080)	-	3,848,585
Interest and dividends	719,157	-	4,839	335	75,196	190	799,717
Net cash provided (used) by investing activities	4,613,822	-	4,839	335	29,116	190	4,648,302
Net increase (decrease) in cash and cash equivalents	(34,676)	422,361	(1,011,101)	(230,685)	2,841,192	194,579	2,181,670
Cash and cash equivalents at beginning of year	5,677,181	4,902,793	5,497,470	1,501,121	8,825,991	901,548	27,306,104
Cash and cash equivalents at end of year	\$ 5,642,505	\$ 5,325,154	\$ 4,486,369	\$ 1,270,436	\$ 11,667,183	\$ 1,096,127	\$ 29,487,774
Reconciliation of Unrestricted Cash and Restricted Cash							
Cash and Cash Equivalents	\$ 1,742,972	\$ 5,124,895	\$ 1,489,198	\$ 1,151,687	\$ 3,203,831	\$ 1,096,127	\$ 13,808,710
Restricted Cash and Cash Equivalents	3,899,533	200,259	2,997,171	118,749	8,463,352	-	15,679,064
Total Cash and Cash Equivalents	\$ 5,642,505	\$ 5,325,154	\$ 4,486,369	\$ 1,270,436	\$ 11,667,183	\$ 1,096,127	\$ 29,487,774

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

Alexandria Redevelopment & Housing Authority

Statement of Cash Flows - Proprietary Funds
For the year ended December 31, 2015

	Business Activities	Low Rent Public Housing	Blended Component Units	Housing Choice Vouchers	State/Local	Nonmajor Proprietary Funds	Totals Primary Government
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:							
Operating income (loss)	\$ (5,155,345)	\$ (1,025,164)	\$ (2,620,480)	\$ (260,391)	\$ 5,803,882	\$ (78,782)	\$ (3,336,280)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:							
Depreciation expense	57,690	1,143,902	2,728,196	-	934,756	198,648	5,063,192
Changes in assets and liabilities:							
(Increase) Decrease in Receivables - net	364,902	331,774	96,558	54,676	948,081	253	1,796,244
(Increase) Decrease in Inventory	-	-	-	-	-	-	-
(Increase) Decrease in Prepaid expenses	(4,116)	14,635	(27,822)	(9,505)	(40,367)	(4,013)	(71,188)
(Increase) Decrease in Interprogram due from	651	-	-	-	-	-	651
(Increase) Decrease in Deferred Inflows of Resources	(45,085)	(18,945)	(1,092)	(20,807)	(22,991)	(60,729)	(169,649)
Increase (Decrease) in Accounts payable	3,086	27,480	-	14,352	(33,911)	25,030	36,037
Increase (Decrease) in Accrued expenses	(31,193)	(8,304)	(17,727)	(1,726)	32,083	46,062	19,195
Increase (Decrease) in Other liabilities	-	3,363	(11,157)	(27,590)	9,838	(1,204)	(26,750)
Increase (Decrease) in Unearned revenue	-	(1,748)	(27,677)	-	(65,205)	-	(94,630)
Increase (Decrease) in Intergovernmental payables	-	5,856	-	-	(53,188)	25,105	(22,227)
Increase (Decrease) in Interprogram due to	-	-	-	-	-	(651)	(651)
Increase (Decrease) in Deferred Outflows of Resources	160,912	67,617	3,898	74,263	82,057	216,746	605,493
Increase (Decrease) in Noncurrent liabilities	-	(12,653)	-	15,817	(481,064)	65,712	(412,188)
Net cash provided (used) by operating activities	\$ (4,648,498)	\$ 527,813	\$ 122,697	\$ (160,911)	\$ 7,113,971	\$ 432,177	\$ 3,387,249

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**NOTE 1: ORGANIZATION AND REPORTING ENTITY**

- A. Reporting Entity - The Alexandria Redevelopment and Housing Authority (ARHA) is a non-profit organization which was organized under the laws of the Commonwealth of Virginia to provide low rent housing for qualified individuals in accordance with the rules and regulations prescribed by the Department of Housing and Urban Development and other Federal Agencies. ARHA is responsible for operating a low-rent housing program which provides housing for eligible families, for operating redevelopment and conservation programs and for the delivery of services to citizens of low-rent housing and urban renewal areas through the encouragement and development of social and economic opportunities. As required by GAAP, these statements present the funds, activities, and functions of ARHA (the primary government). ARHA is not a component unit of the City of Alexandria.

Component units are reported as part of the reporting entity under either the blended or discrete method of presentation. Blended involves merging the component unit data with the primary government. The discrete method presents the financial statements of the component unit outside of the basic financial statement totals of the primary government.

In determining how to define the reporting entity, management has considered all potential component units. The decision to include component units in the reporting entity is made by applying the criteria set forth in *Section 2100 and 2500 of the Codification of Governmental Accounting and Financial Reporting Standards and Statement No. 14 (amended), of the Governmental Accounting Standards Board: The Financial Reporting Entity and Statement No. 61 of the Governmental Accounting Standards Board: The Financial Reporting Entity: Omnibus*. These criteria include manifestation of oversight responsibility including financial benefit to or burden on a primary organization, financial accountability as a result of fiscal dependency, potential for dual inclusion, and organization included in the reporting entity although the primary organization is not financially accountable. The Authority has two blended component units under the State and Local section of the HUD REAC Financial Data Schedule: Virginia Housing Development, L.L.C. and Quaker Hill, L.P. The Authority reports nine blended component units West Glebe, L.P.; Braddock Whiting Reynolds, L.P.; Madden AUOE, L.P.; Pendleton Park, L.L.C.; Old Dominion, L.P.; James Bland I, L.P.; James Bland II, L.P.; James Bland IV, L.P.; and James Bland V, L.P.

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED DECEMBER 31, 2015**NOTE 1: ORGANIZATION AND REPORTING ENTITY (Cont'd)**

- B. Government-Wide and Fund Financial Statements - The government-wide fund financial statements report information on all of the activities of the Authority. For the most part, the effect of inter-fund activity has been removed from these statements. The Authority's activities are entirely business-type activities, which rely to a significant extent on fees and charges for support.

Major individual enterprise funds are reported as separate columns in the fund financial statements.

All the funds of the Authority are proprietary funds. They are described below:

Proprietary Funds - are used to account for activities that are similar to those often found in the private sector. These funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. The following are the Authority's proprietary funds:

Enterprise Funds - account for operations that are financed in a manner similar to private business enterprises, where the intent is that costs of providing goods or services to the general public by the Authority is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges.

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

The Authority has no governmental funds.

The Authority reports the following major proprietary funds:

Low-Rent Housing Fund - The Low-Rent Housing Fund includes the Housing Operations Programs. These funds are used to account for housing operations primarily funded by the annual contributions contract with the Department of Housing and Urban Development (HUD).

Housing Choice Voucher Fund - Under this program, rental assistance payments are made by the Authority primarily to landlords on behalf of eligible families. These programs are funded by the annual contributions contract with HUD.

State Fund - The State/Local Fund includes Jefferson Village as well as the Security Deposit Loan Fund, Donations Fund, Miller Homes, Quaker Hill, and Hopkins Tancil.

Business Activities - The business activities fund provides loans for other programs to invest in affordable housing and also invests directly in affordable housing.

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED DECEMBER 31, 2015**NOTE 1: ORGANIZATION AND REPORTING ENTITY (Cont.)****C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation - (Cont.)**

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Authority has elected not to follow subsequent private-sector guidance.

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

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

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

- D. Use of Estimates - The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingencies at the date of the financial statements, and revenues and expenses recognized during the reporting period. Actual results could differ from those estimates.
- E. Cash and Cash Equivalents - Highly liquid investments with initial maturities of three months or less from date of purchase are considered cash equivalents.
- F. Investments - Investments are carried at fair value, with changes in fair value recognized as a component of investment income. Fair value is determined by reference to quoted market prices.

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED DECEMBER 31, 2015**NOTE 1: ORGANIZATION AND REPORTING ENTITY (Cont.)**

- G. Land, Structures, and Equipment - Land, structures and equipment are capitalized at cost with depreciation calculated on the straight-line basis over the following estimated useful lives:

Real Property	30 years
Real Property Improvements	20 years
Office Furniture and Equipment	7 years
Data Processing Equipment and Automobiles	5 years

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

H. Impairment of Long-Lived Assets

GASB Statement No. 42, Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries, establishes accounting and financial reporting standards for impairment of capital assets. Under the provisions of the statement, prominent events or changes in circumstances affecting capital assets are required to be evaluated to determine whether impairment of a capital asset has occurred. Impaired capital assets that will no longer be used should be reported at the lower of carrying value or fair value. Impairment of capital assets with physical damage generally should be measured using the restoration cost approach, which uses the estimated cost to restore the capital asset to identify the portion of the historical cost of the capital asset that should be written-off. No such impairment loss was incurred during the current year.

I. Intangible Assets

Bond financing costs on the capital program revenue bonds are amortized over the life of the issue using the straight-line method, which approximates the effective-interest method.

- J. Annual Contributions and Operating Subsidies - In accordance with the annual contributions contracts, ARHA receives operating subsidies from HUD. Such amounts are included as grant revenues from the federal government in the financial statements. The Component Unit does not participate in any grant programs at this time.
- K. Compensated Absences - Accumulated Unpaid Vacation, Sick Pay, and Other Employee Benefit Amounts - Accumulated unpaid vacation and other employee benefit amounts are accrued when incurred in the applicable fund. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits.
- L. Indirect Costs - Certain indirect costs are funded on a fee-for-services basis. These fees were approved by the appropriate grantors as of ARHA's overall operations budget for the fiscal year.

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED DECEMBER 31, 2015

- M. Net Position - Net Position balances are designated by the Low Rent Fund, Section 8 Housing Choice Voucher Fund, Other Federal Grants Fund, Business Activities and State/Local Fund for future expenses, or must be returned to the grantor, and generally may not be used in any manner by ARHA except as specified under their respective contracts. The Net Position balance of the Business Activities Fund are designated to provide for financial resource utilization in future periods. Deficit balances in net positions are primarily attributable to accumulated depreciation charges on fixed assets.
- N. Pension Plans - ARHA participates in a defined benefit pension plan administered by the Virginia Retirement System (VRS). For purposes of measuring net pension liability, deferred inflows/outflows of resources related to pensions, and pension expense, information about the fiduciary net position of ARHA's retirement plan and the additions to/deductions from the plan's net fiduciary position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.
- O. Income Taxes - As a political subdivision of the State of Virginia, ARHA is exempt from Federal and State income taxes.
- P. New Accounting Pronouncements - Effective December 31, 2015, ARHA implemented GASB No. 68, *Accounting and Financial Reporting for Pensions* and GASB No. 71, *Pension Transition for Contributions made Subsequent to the Measurement Date-An Amendment of GASB Statement No. 68*. The adoption of these statements required ARHA to recognize a pension asset for its defined benefit retirement plan. The net pension asset represents the difference between the total pension liability and the value of pension plan assets available to pay pension benefits. The cumulative effect of this accounting change resulted in an increase of \$571,631 to the beginning net position.

NOTE 2: DEPOSITS & INVESTMENTS

Deposits - At year end, the carrying amount of deposits with banks and savings institutions was \$13,808,710 unrestricted and \$15,679,064 restricted. Of the bank balance, \$15,170,736 was covered by Federal depository insurance or collateralized in accordance with the Virginia Security for Public Deposits Act (the Act) and HUD requirements. Under the Act, banks holding public deposits in excess of the amounts insured by federal depository insurance must pledge collateral in the amount of 50% of excess deposits to a collateral pool in the name of the State Treasury Board. Savings and loan institutions are required to collateralize 100% of deposits in excess of federal depository insurance limits under the Act, while HUD requires collateralization of 100% of deposits in excess of federal depository insurance from all banks, savings and loan, and investment institutions for all cash deposits and for investment vehicles not directly held. The State Treasury Board requires ARHA to obtain additional collateral from participating financial institutions to cover collateral shortfalls in the event of default and is responsible for monitoring compliance with the collateralization and reporting requirements of the Act and for notifying local governments of noncompliance by banks and savings and loan institutions. ARHA follows HUD's guidelines for investments policy.

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED DECEMBER 31, 2015**NOTE 2: DEPOSITS & INVESTMENTS (Cont'd)**

Investments – As of December 31, 2015, the Authority had no investment balances.

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

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

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority does not have a deposit policy for custodial credit risk. As of December 31, 2015, all of the Authority's investments were in U.S. Government Securities held in the Authority's name.

Restricted Cash – Restricted cash is made up of HOPE VI non-federal modernization funds, restricted HAP Funds, security deposit, FSS escrow funds and restricted cash for replacement reserve, residual receipts and taxes and insurance needs. They are restricted by HUD for the purposes stated above.

NOTE 3: RECEIVABLES

Receivables as of December 31, 2015, for the Authority's individual major funds and other proprietary funds in the aggregate, including the applicable allowance for uncollectible accounts, are as follows:

	Business Activities	Low Rent Public Housing	Housing Choice Vouchers	State/ Local Funds	Nonmajor Proprietary Funds	Elimination	Total	Component Units
Receivables								
Tenants	\$ -	\$ 71,635	\$ -	\$ 287,773	\$ -	\$ -	\$ 359,408	\$ 111,398
Intergovernmental	-	299,403	61,258	37,643	55,255	-	453,559	-
Miscellaneous	1,267	55,028	135,940	1,099,289	-	(655,000)	636,524	42,642
Gross Receivables	1,267	426,066	197,198	1,424,705	55,255	(655,000)	1,449,491	154,040
Less: Allowance for Uncollectibles	-	(40,754)	-	(182,632)	-	-	(223,386)	(57,368)
Net Total Receivables	\$ 1,267	\$ 385,312	\$ 197,198	\$ 1,242,073	\$ 55,255	\$ (655,000)	\$ 1,226,105	\$ 96,672

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED DECEMBER 31, 2015**NOTE 4: MORTGAGES AND NOTES RECEIVABLE AND NONCURRENT ASSETS**

At December 31, 2015 the Authority had various notes receivable balance related to HOPE VI loans, Turnkey III, and Development Ventures, Inc. loans and additional other assets related to Tax Credit Component Unit long-term financing fees which are amortized over the life of the debt financing. All loans are to tax credit L.L.C. entities that are blended as ARHA component units and as such are completely eliminated as inter-company loans. The amounts due are as follows:

Business Activities	\$ 31,334,797
State/Local	<u>5,002,448</u>
Total Mortgages, Notes Receivable, and Other Assets	36,337,245
Elimination Entry – Intercompany Loans	<u>(36,337,245)</u>
Total Noncurrent assets	<u>\$ -</u>

Intangible Assets and Amortization is as follows:

Madden AUOE, L.P.

Permanent loan fees in the amount of \$70,000 are amortized under the straight-line method, which approximates the effective interest method, over the life of the permanent loan. Tax credit fees in the amounts of \$91,665 are amortized under the straight-line method over estimated lives of 10 and 15 years, respectively. As of December 31, 2015, accumulated amortization totaled \$83,407, and amortization expense was \$9,300.

BWR, L.P.

Permanent loan fees in the amount of \$504,378 are amortized under the straight-line method, which approximates the effective interest method, over the life of the permanent loan, Tax credit fees are amortized using the straight-line method for a period of ten years. As of December 31, 2015, accumulated amortization totaled \$184,249, and amortization expense was \$11,055

West Glebe, L.P.

Permanent loan fees in the amount of \$28,608 are amortized under the straight-line method, which approximates the effective interest method, over the life of the permanent loan, Tax credit fees in the amount of \$55,554 are amortized using the straight-line method for a period of ten years. As of December 31, 2015, accumulated amortization totaled \$37,226, and amortization expense was \$6,509.

Old Dominion, L.P.

Permanent loan fees in the amount of \$23,901 are amortized under the straight-line method, which approximates the effective interest method, over the life of the permanent loan, Tax credit fees in the amount of \$31,119 are amortized using the straight-line method for a period of ten years. As of December 31, 2015, accumulated amortization totaled \$21,480, and amortization expense was \$3,725.

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED DECEMBER 31, 2015**NOTE 4: MORTGAGES AND NOTES RECEIVABLE AND NONCURRENT ASSETS - (Cont.)**

James Bland I, L.P.

Tax credit fees of \$35,769 are amortized using the straight-line method over a 10-year period, which is the term of the credit period. Accumulated amortization as of December 31, 2015 was \$16,395. Amortization expense for the year ended December 31, 2015 was \$3,577.

James Bland II, L.P.

As of December 31, 2015 tax credit fees of \$24,602, are amortized using the straight-line method over a 15-year period, which is the term of the credit period. Amortization expense for the year ended December 31, 2015 was \$2,907. Accumulated amortization as of December 31, 2015 was \$9,914.

James Bland IV, L.P.

Tax credit fees of \$52,691 are amortized using the straight-line method over a 15-year period, which is the term of the credit period. Amortization expense for the year ended December 31, 2015 was \$5,269. Accumulated amortization as of December 31, 2015 was \$14,929.

James Bland V, L.P.

Tax credit fees of \$79,714 are amortized using the straight-line method over a 15-year period, which is the term of the credit period. Amortization expense for the year ended December 31, 2015 was \$2,657. Accumulated amortization as of December 31, 2015 was \$13,289.

ARHA Pendleton Park, L.L.C.

Permanent financing fees of \$37,500 are amortized over 30 years under the straight-line method. Tax credit fees of \$19,154 are amortized over 15 years under the straight-line method. Amortization expense for the year ended December 31, 2015 was \$2,527. Accumulated amortization as of December 31, 2015 was \$7,722.

NOTE 5: CAPITAL ASSETS

Land, structures and equipment consist of the following at December 31, 2015:

	Beginning Balances	Increases	Decreases	Ending Balances
Enterprise Activities				
Capital assets not being depreciated:				
Land	\$ 18,225,985	\$ 2,700,000	\$ -	\$ 20,925,985
Construction in progress	12,620,609	360,346	11,891,085	1,089,870
Total capital assets not being depreciated	<u>30,846,594</u>	<u>3,060,346</u>	<u>11,891,085</u>	<u>22,015,855</u>
Buildings & improvements	122,296,224	13,088,912	1	135,385,135
Furniture & equipment	1,302,119	432,525	-	1,734,644
Total capital assets being depreciated	<u>123,598,343</u>	<u>13,521,437</u>	<u>1</u>	<u>137,119,779</u>
Less accumulated depreciation for:				
Buildings & improvements	45,024,509	4,885,329	30,716	49,879,122
Furniture & equipment	657,954	177,863	-	835,817
Total accumulated depreciation	<u>45,682,463</u>	<u>5,063,192</u>	<u>30,716</u>	<u>50,714,939</u>
Total capital assets being depreciated	<u>77,915,880</u>			<u>86,404,840</u>
Enterprise activity capital assets, net	<u>\$ 108,762,474</u>			<u>\$ 108,420,695</u>

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED DECEMBER 31, 2015**NOTE 6: ACCOUNTS PAYABLE**

Accounts payable at December 31, 2015, consisted of the following:

Vendors & Contractors	\$ 291,276
Payments In Lieu of Taxes – City of Alexandria	69,994
Accounts Payable – HUD	271,185
Tenant Security Deposits	<u>576,543</u>
	<u>\$ 1,208,998</u>

NOTE 7: ACCRUED EXPENSES AND OTHER ACCRUED LIABILITIES

Accrued expenses and other current liabilities at December 31, 2015, consisted of the following:

Accrued Salary Payable	\$ 10,768
Accrued Compensated Absences – Current Portion	427,171
Accrued Interest Payable	1,710
Unearned Revenue – Prepaid Rents	55,433
Unearned Revenue – TCAP Funds	527,694
Current Portion of Long-term Debt	751,000
Other Current Liabilities	728,493
Accrued Liabilities	<u>61,972</u>
	<u>\$ 2,564,241</u>

NOTE 8: DEFINED BENEFIT PENSION PLAN

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

a. Plan Description

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

The VRS issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for VRS. A copy of that report may be obtained by visiting the VRS website at <http://www.varetire.org/pdf/publications/2015-annual-report.pdf> or by writing the System's CFO at P. O. Box 2500, Richmond, VA 23218-2500.

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED DECEMBER 31, 2015**NOTE 8: DEFINED BENEFIT PENSION PLAN - (Cont.)**b. Employees Covered by Benefit Terms

As of the June 30, 2014 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Number</u>
Inactive Members or Their Beneficiaries Currently Receiving Benefits	34
Inactive Members:	
Vested	7
Non-Vested	26
Active Elsewhere in VRS	<u>6</u>
Total Inactive Members	39
Active Members	<u>71</u>
Total Covered Employees	<u><u>144</u></u>

c. Contributions

The contribution requirement for active employees is governed by Title 51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensations toward their retirement. Prior to July 1, 2012, all or part of the 5.00% member contribution may have been assumed by the employer. Beginning July 1, 2012, new employees were required to pay the 5.00% member contribution. In addition, for existing employees; employers were required to begin making the employee pay the 5.00% member contribution. This could be phased in over a period of up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution. ARHA's contractually required contribution rate for the year ended June 30, 2015 was 1.88% of covered employee compensation. This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the Authority to the pension plan were \$334,135 and \$427,072 for the years ended December 31, 2015 and December 31, 2014, respectively.

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED DECEMBER 31, 2015**NOTE 8: DEFINED BENEFIT PENSION PLAN - (Cont.)*****Liabilities, expenses and deferred outflows/inflows of resources related to pensions***a. Actuarial Assumptions

The total pension liability for General Employees in the Authority's retirement plan was based on an actuarial valuation as of June 30, 2014, 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, 2015.

Inflation	2.50%
Salary increases, including inflation	3.5% - 5.35%
Investment rate of return	7% net of pension plan investment expense, including inflation*

*Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7%. Since the difference was minimal, a more conservative 7% investment return assumption was used for preparation of pension liabilities.

b. Net Pension Asset

The Authority's net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2014, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2015. The following table summarizes the changes in the Net Position Liability which resulted in \$31,290 being reported as a pension asset as of December 31, 2015.

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED DECEMBER 31, 2015**NOTE 8: DEFINED BENEFIT PENSION PLAN - (Cont.)***Liabilities, expenses and deferred outflows/inflows of resources related to pensions*b. Net Pension Liability – continued

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a-b)
Balance at June 30, 2014	\$ 13,073,427	\$ 12,956,875	\$ 116,552
Changes for the year:			
Service Cost	456,967		456,967
Interest	893,769		893,769
Changes of assumptions			
Difference between expected and actual experience	(350,240)		(350,240)
Contributions-employer		334,135	(334,135)
Contributions-employee		228,475	(228,475)
Net investment income		593,919	(593,919)
Benefit payments, including refunds of employee contributions	(610,608)	(610,608)	
Administrative expense		(8,065)	8,065
Other changes		(126)	126
Net Changes	389,888	537,730	(147,842)
Balance at June 30, 2015	\$ 13,463,315	\$ 13,494,605	\$ (31,290)

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

The following presents the net pension liability of the Authority using the discount rate of 7%, as well as what the Authority's net pension liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (6%)	Current Discount Rate (7%)	1% Increase (8%)
Plan's Net Pension Liability	\$1,587,589	(\$31,290)	(\$1,386,485)

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED DECEMBER 31, 2015**NOTE 8: DEFINED BENEFIT PENSION PLAN - (Cont.)**d. Pension Expense (Income)

For the year ended December 31, 2015, the Authority recognized pension income of \$2,574. The components of pension income are as follows:

Service Costs	\$	456,967
Interest on total pensions liability		893,769
Expensed portion of current-period difference between expected and actual experience in the total pension liability		(87,779)
Member contributions		(228,475)
Projected earnings on plan investments		(905,014)
Amortization of investment return differences		62,219
Administrative expense		8,065
Other		126
Recognition of beginning deferred inflows of resources		(197,304)
Pension Expense(Income)	<u>\$</u>	<u>2,574</u>

e. Deferred Outflows of Resources and Deferred Inflows of Resources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between expected and actual earnings on pension plan investments		\$ 343,034
Differences between expected and actual experience		262,461
Employer contributions subsequent to the measurement date	\$ 169,649	
Total	<u>\$ 169,649</u>	<u>\$ 605,495</u>

\$169,649 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 December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2017	\$ (222,864)
2018	(222,864)
2019	(221,986)
2020	62,219
2021	-
Thereafter	-

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED DECEMBER 31, 2015**NOTE 9: CONTINGENCIES AND OTHER MATTERS**a. Litigation and Other Matters

Certain claims, suits and complaints arising in the ordinary course of business have been filed and are pending against ARHA and the Component Unit. In the opinion of management, all such matters are adequately covered by insurance, or, if not so covered, are without merit or are of such kind or involve such amounts as would not have a material adverse effect on the financial statements of ARHA or the Component Unit.

b. Grants

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

NOTE 10: IMPAIRMENT OF CAPITAL ASSETS

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

Note 11: DEFERRED COMPENSATION PLAN

ARHA provides an approved deferred compensation plan under Section 457 of the Internal Revenue Service which is administered by Mutual of America Life Insurance Company. All regular full-time ARHA employees are eligible to participate. The Internal Revenue Code requires that the plan assets and income attributed to the assets be held in trust for the exclusive benefit of the participants and/or beneficiaries. All amounts of employees' compensation deferred under the plan are deposited with the plan trustee, Mutual of America Life Insurance Company, for management and investment. The plan trustee holds all assets of the plan, maintains accounting of each plan participant's accumulated assets, and makes distributions to participants in accordance with the plan document.

NOTE 12: NET POSITION

Net Position includes HUD grants for development and modernization projects of ARHA's low-income housing units.

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED DECEMBER 31, 2015**NOTE 13: LONG TERM DEBT AND NONCURRENT LIABILITIES**

Noncurrent liabilities at December 31, 2015 including component units consisted of the following:

	Balance 01/01/15	Increases	Decreases	Balance 12/31/15	Long-Term Portion	Current Portion of Balance
Notes Payable - Capital	\$ 33,486,315	\$ -	\$ (13,889,400)	\$ 19,596,915	\$ 18,845,915	\$ 751,000
Notes Payable - Operations	-	4,754,421	-	4,754,421	4,754,421	-
Compensated Absences	896,587	106,501	(32,680)	970,408	543,237	427,171
Other Noncurrent Liabilities	5,022,594	-	(322,919)	4,699,675	4,699,675	-
Total Long-Term Liabilities	\$ 39,405,496	\$ 4,860,922	\$ (14,244,999)	\$ 30,021,419	\$ 28,843,248	\$ 1,178,171

Hopkins/Tancil Courts - The project entered an agreement with Burke & Herbert on November 1, 2010 in the amount of \$3,000,000. The terms of the loan were 5.25 percent per annum with a balloon payment due on November 1, 2015 for all interest and principal due as of that date. The monthly payments for the new loan are \$18,115. As of December 31, 2015, the loan and accrued interest had been fully repaid.

Princess Square - The project entered an agreement with Burke & Herbert on June 30, 2009 in the amount of \$5.2 million. The terms of the loan were 6 percent per annum with a balloon payment due on June 3, 2014 for all interest and principal due as of that date. On May 7, 2014, the Project entered into a note payable with SunTrust Bank, N.A. for \$4,750,000. The monthly payments for the new loan are \$33,783. The principal balance as of December 31, 2015 is \$4,750,000. Total interest paid for the fiscal year was \$252,646.

Quaker Hill - Quaker Hill was sold by Cameron Valley Limited Partnership to the Quaker Hill Limited Partnership. In order for Quaker Hill Limited Partnership to acquire the property, its General Partner, Alexandria Redevelopment and Housing Authority entered into an agreement to transfer the loan obligations related to the operating deficits of the Cameron Valley Limited Partnership, over to the new owner, the Quaker Hill Limited Partnership in the amount of \$6,887,016 with accrued interest of \$512,847 on April 1, 2010. The interest rate on the loan is .5% per annum. Accrued interest at December 31, 2015 was \$710,849. Interest expense incurred for this loan during 2015 was \$34,435. This loan is eliminated on the upper level financial statements.

The Project also entered into an agreement with the City of Alexandria in the amount of \$4,704,600 on April 1, 2010. The Authority has paid off a cumulative principal balance in the amount of \$1,008,258, leaving a principal balance in the amount of \$3,696,342. The interest rate on the loan is 2.0% per annum. Cumulative interest payable is \$718,483. Cumulative owed on this loan is \$4,414,825 as of December 31, 2015. Interest expense incurred for this loan during 2015 was \$82,830.

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED DECEMBER 31, 2015**NOTE 13: LONG-TERM DEBT – (Cont'd)****Quaker Hill – (Cont'd)**

The payments due under this note shall be made from Borrower to lender as follows: commencing on or before March 31, 2023 in an amount equal to one hundred percent (100%) of the Borrowers' Residual Receipts, if any, as that term is defined in the Loan Agreement entered into in conjunction with this note, along with the first annual payment of interest. Subsequent annual payments of the remaining interest and principal shall be made at the same rate of one hundred percent (100%) of the Borrower's Residual Receipts, if any. Notwithstanding any other provisions to the contrary, if the City loan is not fully paid in thirty (30) years of the date hereof, the Terms of the Agreement shall be renegotiated, giving to the City reasonable opportunity to revisit the conditions and to request any adjustments it considers warranted at that time, contingent on the approval of the Senior Debt Lender. Borrower shall not pay a penalty if the loan is not repaid in thirty (30) years, and payment of one hundred percent (100%) of Borrower's Residual Receipts shall continue to be made until the loan is paid in full.

ARHA entered into a loan agreement on June 30, 2008 with the VHDA for the redevelopment of the Quaker Hill project. The loan balance as of December 31, 2015 was \$2,976,962 with \$9,800 in accrued interest. ARHA makes monthly payments in the amount of \$13,916, as of December 31, 2015, but subject to annual adjustment per the terms of the amortization schedule, and will be due in full on April 1, 2034. A total of \$49,566 in principal payments were made in fiscal year 2015. The interest rate is 5.25% per annum and cumulative interest payments in fiscal year 2015 were \$117,366.

Principal payments required:

	<u>Principal</u>	<u>Interest</u>
2016	\$ 51,539	\$ 115,453
2017	53,590	113,401
2018	55,722	111,269
2019	57,940	109,051
2020	60,246	106,745
2021 to 2025	339,161	495,794
2026 to 2030	412,241	422,715
2031 to 2035	501,068	333,888
2036 to 2040	609,033	225,922
2041 to 2045	740,263	94,693
2046 to 2050	96,159	1,257
	\$ 2,976,962	\$ 2,130,188

James Bland I - TCAP deferred note payable - On October 8, 2009, the Partnership entered into a TCAP Written Agreement ("TCAP Agreement") with VHDA pursuant to the American Recovery and Reinvestment Act of 2009 Tax Credit Assistance Program ("TCAP"). Under the TCAP Agreement, VHDA has agreed to provide TCAP funds to the Partnership in an aggregate amount of \$2,056,530 (the "TCAP Note"). The TCAP Note shall bear no interest and matures on December 31, 2061. The TCAP Note is secured by a deed of trust on the property. Repayment of the loan shall be deferred through December 31, 2041. In exchange for receipt of the funds, the Partnership has agreed to develop and manage the Property in compliance with Federal grant requirements. All records pertaining to TCAP funds must be maintained by the Partnership until the end of the Compliance Period, as defined in the TCAP Agreement, or for a longer period of time, if the record is required to be maintained by VHDA or the IRS to meet tax credit requirements. As of December 31, 2015 VHDA had funded \$2,056,530 of the TCAP Note.

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED DECEMBER 31, 2015**NOTE 13: LONG-TERM DEBT – (Cont'd)**

Pendleton Park, LLC Loan - The loan is secured by a deed of trust on the Property and is payable in monthly payments of interest only beginning May 25, 2012 through the maturity date. On June 26, 2013 the Company paid off the construction loan with proceeds from a note with VHDA. Of the original principal amount of the note with VHDA, \$1,200,000 shall be financed under VHDA's REACH-SPARC Program and \$1,300,000 shall be financed under VHDA's REACH SPL MATCH Program. Beginning August 1, 2013 monthly principal and interest payments of \$10,708 are due until maturity. The terms are set forth below.

Loan commitment	\$2,500,000
Interest rate:	3.124%
Maturity:	July 1, 2043

As of December 31, 2015, the note payable balance was \$2,373,664 and total interest expense during 2015 was \$75,062.

Future minimum principal payment requirements over each of the next five years and thereafter are as follows:

Year ending December 31,	
2016	\$ 55,128
2017	56,875
2018	58,678
2019	60,537
2020	62,456
Thereafter	<u>2,079,990</u>
Total	<u>\$ 2,373,664</u>

Operational Debt

Glebe Park Apartments - The City of Alexandria loaned the ARHA \$5,600,000 for the purpose of paying off the Glebe Park loan on March 1, 2010. The funds are to be repaid from escrow funds from the prior Glebe Park HUD insured loan, sale of Glebe Park and James Bland and/or James Bland Addition properties, from future Glebe Park HOPE VI grants and residual receipts from the redeveloped Glebe Park property. The loan bears an interest rate of 2% per annum. Due to the terms of the loan and volatility of the market we are unsure as to when the various terms of repayment of the loan will be met and do not believe that any portion of the loan will be due in fiscal year 2015. The loan value as of December 31, 2015, is \$5,007,000 with cumulative accrued interest of \$817,276, \$101,141 earned in the current year.

Virginia Housing Development, L.L.C. an instrumentality of the Authority entered into a \$50,000 operational loan to help assist long-term funding needs.

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED DECEMBER 31, 2015**NOTE 14: INTERFUND BALANCES**

Interfund balances have been eliminated in the combined financial statements.

NOTE 15: ECONOMIC DEPENDENCY

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

NOTE 16: RELATED PARTY TRANSACTIONS

ARHA has entered into two financing arrangements with the City of Alexandria to fund the revitalizing of the Glebe Park property and the Cameron Valley, L.P. properties. The debt proceeds for each property was \$5,600,000 and \$4,704,600, respectively. The Glebe Park loan net loan balance as of December 31, 2015 was \$5,007,000. The loan for the Cameron Valley LP property was a pass through to the entity and is now completely controlled by ARHA.

NOTE 17: CONTINGENCIES:

The entity is subject to possible examinations made by federal regulators who determine compliance with terms, conditions, laws and regulations governing grants given to the entity in the current and prior years. These examinations may result in required refunds by the entity to federal grantors and/or program beneficiaries. There are currently lawsuits ongoing; however, there are no amounts which are deemed as contingent liabilities which should be disclosed or accrued in the financial statements. Subsequent to the balance sheet date the PHA was in the process of settling a lawsuit with a prior Executive Secretary but the amount and date of the final resolution were not known as of the management representation letter. The amount of the settlement is not considered material by management or legal counsel.

NOTE 18: RISK MANAGEMENT

The Authority is exposed to all common perils associated with the ownership and rental of real estate properties. A risk management program has been established to minimize loss occurrence and to transfer risk through various levels of insurance. Property, casualty, employee dishonesty and public official's liability forms are used to cover the respective perils.

Our search for contingent liabilities revealed no liabilities that required disclosure against the ARHA as of December 31, 2015.

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED DECEMBER 31, 2015**NOTE 19: SUBSEQUENT EVENTS**

Management has evaluated subsequent events through September 30, 2016, the date on which the financial statements were available to be issued. There were no material events or transactions since the fiscal year end date of December 31, 2015 through the report date of September 30, 2016.

NOTE 20: SUPPLEMENTAL INFORMATION

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

NOTE 21: PRIOR PERIOD ADJUSTMENT

For the year ended December 31, 2015, the Authority has implemented GASB No. 68, *Accounting and Financial Reporting for pensions*. As a result, the Authority was required to adjust its ending 2015 Net Position balance to recognize the Net Pension Liability resulting from adopting GASB No. 68.

Beginning net position for the Authority's Entity-Wide Statement of Net Position as of December 31, 2015 has been restated, a result of these adjustments is as follows:

Net Position, December 31, 2014	\$ 96,242,303
Net VRS Pension Assets as of December 31, 2014	571,631
Net Position, December 31, 2014	<u>\$ 96,813,934</u>

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 22: CONDENSED COMPONENT UNIT FINANCIALS

	West Glebe L.P.	Braddock Whiting Reynolds L.P.	Madden AUOE L.P.	Old Dominion L.P.	James Bland Housing I L.P.	James Bland Housing II L.P.	James Bland Housing IV L.P.	James Bland Housing V L.P.	Pendleton Park L.P.	Total Component Units
Balance Sheet										
Total Current Assets	\$ 54,896	\$ 494,973	\$ 295,713	\$ (39,287)	\$ (76,097)	\$ 230,927	\$ 100,027	\$ 496,134	\$ 151,205	\$ 1,708,491
Total Restricted Assets	224,456	726,675	839,122	180,691	115,070	104,175	199,528	424,674	182,780	2,997,171
Total Net Fixed Assets	7,168,423	8,509,539	7,160,768	3,780,048	3,262,140	3,658,322	7,771,513	14,485,083	5,545,098	61,340,934
Total Other Assets	0	0	0	0	0	0	0	0	0	0
Deferred Inflow of Resources									1,092	1,092
TOTAL ASSETS	\$ 7,447,775	\$ 9,731,187	\$ 8,295,603	\$ 3,921,452	\$ 3,301,113	\$ 3,993,424	\$ 8,071,068	\$ 15,405,891	\$ 5,880,175	\$ 66,047,688
Deferred Outflow of Resources										
Total Current Liabilities	28,068	36,342	27,841	54,740	10,364	13,385	82,990	81,358	691,737	1,026,825
Total Other Liabilities	3,108,899	8,416,778	7,573,603	1,885,071	3,095,971	1,957,288	2,144,786	2,621,754	4,387,299	35,191,449
Total Partners Capital	4,310,808	1,278,067	694,159	1,981,641	194,778	2,022,751	5,843,292	12,702,779	797,241	29,825,516
TOTAL LIABILITIES AND PARTNERS	\$ 7,447,775	\$ 9,731,187	\$ 8,295,603	\$ 3,921,452	\$ 3,301,113	\$ 3,993,424	\$ 8,071,068	\$ 15,405,891	\$ 5,880,175	\$ 66,047,688
Income Statement										
Rental Income	\$ 301,160	\$ 291,121	\$ 324,568	\$ 181,294	\$ 112,506	\$ 113,781	\$ 299,515	\$ 845,636	\$ 360,431	\$ 2,830,012
Interest Income	428	0	0	337	0	0	382	3,605	87	4,839
Other Income	36,875	11,235	2,126	55,865	645	1,864	16,376	0	11,898	136,884
TOTAL INCOME	338,463	302,356	326,694	237,496	113,151	115,645	316,273	849,241	372,416	2,971,735
TOTAL EXPENSES	(805,827)	(764,203)	(893,926)	(388,831)	(372,601)	(313,105)	(631,011)	(1,604,200)	(474,543)	(6,248,247)
Net Income <Loss>	(467,364)	(461,847)	(567,232)	(151,335)	(259,450)	(197,460)	(314,738)	(754,959)	(102,127)	(3,276,512)
Contributions	0	0	0	0	0	272,350	2,814,041	11,283,059	0	14,369,450
Beginning Capital	4,778,172	1,739,914	1,261,391	2,132,976	454,228	1,947,861	3,343,989	2,174,679	899,368	18,732,578
TOTAL CAPITAL	\$ 4,310,808	\$ 1,278,067	\$ 694,159	\$ 1,981,641	\$ 194,778	\$ 2,022,751	\$ 5,843,292	\$ 12,702,779	\$ 797,241	\$ 29,825,516

SUPPORTING SCHEDULES

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2015

<u>CFDA TITLE ASSISTANCE TYPE</u>	<u>CFDA NUMBER</u>	<u>THRU ENTITY</u>	<u>PASS FEDERAL EXPENDITURES</u>
<u>FEDERAL GRANTOR: U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Low-Rent Public Housing	14.850a*	N/A	\$ 3,293,450
Public Housing Capital Fund Program	14.872	N/A	1,104,781
Resident Opportunity and Supportive Services	14.870	N/A	155,948
Housing Choice Voucher Program	14.871*	N/A	21,446,790
Section 8 Moderate Rehab	14.856*	N/A	<u>1,285,921</u>
TOTAL U.S. DEPARTMENT OF HUD			<u>27,286,890</u>
TOTAL FEDERAL AWARDS EXPENDED			<u>\$ 27,286,890</u>

(*) Denotes a Major Program

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2015

Note 1: Basis of Accounting

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

Note 2: Major Programs

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

Note 3: Award Balance

On the Section 8 Vouchers/Certificate programs, ARHA receives annual funds based on an annual estimate of need. Any unused HAP funds are restricted for payment of future HAP payments.

Note 4: Program Costs

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

Note 5: Indirect Cost Allocation

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

**FINANCIAL COMPLIANCE REPORTS
FOR
FEDERAL FUNDS**



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

Board of Commissioners
Alexandria Redevelopment
and Housing Authority
Alexandria, Virginia

Report on Compliance for Each Major Federal Program

We have audited Alexandria Redevelopment and Housing Authority's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Alexandria Redevelopment and Housing Authority's major federal programs for the year ended December 31, 2015. Alexandria Redevelopment and Housing Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Alexandria Redevelopment and Housing Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Alexandria Redevelopment and Housing Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Alexandria Redevelopment and Housing Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2015.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2015-001. Our opinion on each major federal program is not modified with respect to these matters.

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

Other Matters

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

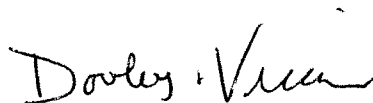
Report on Internal Control Over Compliance

Management of Alexandria Redevelopment and Housing Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Alexandria Redevelopment and Housing Authority internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Alexandria Redevelopment and Housing Authority's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or 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 deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2015-001 to be a significant deficiency.

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

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



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

September 30, 2016



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

Board of Commissioners
Alexandria Redevelopment
and Housing Authority
Alexandria, Virginia

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Alexandria Redevelopment and Housing Authority, which comprise the statement of net position as of December 31, 2015, and the related statements of revenues, expenses and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon September 30, 2016.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Alexandria Redevelopment and Housing Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2015-001.

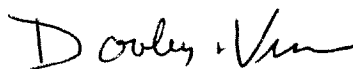
**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(CONTINUED)**

Response to Findings

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

Purpose of this Report

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



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

September 30, 2016

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY
STATUS OF PRIOR AUDIT FINDINGS
AT DECEMBER 31, 2015

There were no audit findings in the prior audit report.

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2015

Section I -- Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified	
Internal control over financial reporting:		
• Material weakness(es) identified:	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no
• Significant Deficiency(s) identified that are not considered to be material weakness(es)?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> none reported
Noncompliance material to financial statements noted?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no

Federal Awards

Internal control over major programs:		
• Material weakness(es) identified:	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no
• Significant Deficiency(s) identified that are not considered to be material weakness(es)?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> none reported
Type of auditor's report issued on compliance for major programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance:	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(CONTINUED)

Identification of major programs:

<i>CFDA Number(s)</i>	<i>Name of Federal Program or Cluster</i>
14.850a	Low Rent Public Housing
14.871	Section 8 Housing Choice Vouchers
14.856	Section 8 Moderate Rehab

Dollar threshold used to distinguish
between type A and B programs: \$ 818,607

Auditee qualified as low-risk auditee? X yes no

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED DECEMBER 31, 2015
 (CONTINUED)

Section II -- Financial Statement Findings

There are no financial statement findings.

Section III – Federal Awards Findings and Questioned Costs

Finding No. 2015-001 – Tenant Compliance

CONDITION: The Authority's Low-Rent Housing Program had several tenants whose income was not verified using the EIV Income Report, during annual recertification, in accordance with HUD regulations.

CRITERIA: Tenants of the Low-Rent Housing Program are required to be recertified annually in accordance with HUD regulations. Recertification guidelines require income verification of tenants from a third party source and use of the Enterprise Income Verification (EIV) System.

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

CONTEXT: Of 40 tenant files examined, ten files did not include third party verification of income using the EIV Income Report.

EFFECT: The Housing Authority could be maintaining or accepting tenants who are not properly certified in accordance with HUD regulations and may not be paying the appropriate amount of rent.

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

RECOMMENDATION: The Housing Authority should implement greater oversight over the Low-Rent Housing Program tenant compliance and train employees on procedures mandated by HUD regarding tenant income verification and annual recertification.

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED DECEMBER 31, 2015
 (CONTINUED)

Corrective Action Plan

Finding Number: 2015-001—Tenant Income Verification

Fiscal Year: 2015

Finding: The Authority failed to properly verify each participant's income using the Enterprise Verification System (EIV).

Status: Corrective action in progress

Corrective Action: During the 2015 fiscal year audit period, the staff that manage the Low-Rent Housing Program failed to ensure compliance of the Low-Rent Housing Program, specifically the compliance requirements for verifying each participant's income using EIV.

The Authority is developing additional procedures for compliance staff to ensure EIV procedures are performed for all certifications going forward. In addition the Authority is reviewing all participant files to ensure all current calculations are correct.

Completion Date: TBD

SUPPLEMENTAL INFORMATION

Alexandria Redevelopment & Housing Authority (VA004)
ALEXANDRIA, VA
Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit Fiscal Year End: 12/31/2015

	Project Total	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	6.2 Component Unit - Blended	14.854 Public and Indian Housing Dng Elimination Program	2 State/Local	1 Business Activities	14.856 Lower Income Housing Assistance Program_Sectio n 8 Moderate	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$5,124,895		\$1,151,687	\$1,489,198	\$57,397	\$3,203,831	\$1,742,972	\$525,643	\$513,087	\$13,808,710		\$13,808,710
112 Cash - Other Restricted								\$0				
113 Cash - Other Restricted			\$116,749	\$2,805,727		\$9,278,512	\$3,899,533	\$0		\$15,102,521		\$15,102,521
114 Cash - Tenant Security Deposits	\$200,259			\$191,444		\$184,840		\$0		\$576,543		\$576,543
115 Cash - Restricted for Payment of Current Liabilities								\$0				
100 Total Cash	\$5,325,154	\$0	\$1,270,436	\$4,486,369	\$57,397	\$11,687,183	\$5,642,505	\$525,643	\$513,087	\$29,487,774	\$0	\$29,487,774
121 Accounts Receivable - PHA Projects			\$135,940					\$0		\$135,940		\$135,940
122 Accounts Receivable - HUD Other Projects	\$299,403	\$6,177	\$61,258					\$49,078		\$415,916		\$415,916
124 Accounts Receivable - Other Government						\$37,643		\$0		\$37,643		\$37,643
125 Accounts Receivable - Miscellaneous	\$55,028		\$42,642			\$1,099,289	\$1,267	\$0		\$1,199,226	(\$655,000)	\$543,226
126 Accounts Receivable - Tenants	\$71,635		\$111,398			\$287,773		\$0		\$470,866		\$470,866
126.1 Allowance for Doubtful Accounts - Tenants				(\$57,368)		(\$182,632)		\$0		(\$280,754)		(\$280,754)
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0	\$0	\$0		\$0	\$0	\$0		\$0		\$0
127 Notes, Loans, & Mortgages Receivable - Current								\$0				
128 Fraud Recovery								\$0				
128.1 Allowance for Doubtful Accounts - Fraud								\$0				
129 Accrued Interest Receivable								\$0				
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$385,312	\$6,177	\$197,198	\$96,672	\$0	\$1,242,073	\$1,267	\$49,078	\$0	\$1,977,777	(\$655,000)	\$1,322,777
131 Investments - Unrestricted								\$0				
132 Investments - Restricted								\$0				
135 Investments - Restricted for Payment of Current Liability								\$0				
142 Prepaid Expenses and Other Assets	\$45,263		\$14,813	\$122,621		\$93,801	\$16,242	\$261	\$22,889	\$315,890		\$315,890
143 Inventories								\$0				
143.1 Allowance for Obsolete Inventories								\$0				
144 Inter Program Due From							\$4,013	\$0		\$4,013	(\$4,013)	\$0
145 Assets Held for Sale								\$0				
150 Total Current Assets	\$5,755,729	\$6,177	\$1,482,447	\$4,705,662	\$57,397	\$13,003,057	\$5,664,027	\$574,982	\$535,976	\$31,785,454	(\$659,013)	\$31,126,441
161 Land	\$3,855,621			\$9,068,314		\$9,002,050		\$0		\$20,925,965		\$20,925,965
162 Buildings	\$34,594,692			\$63,325,420		\$29,478,969	\$1,992,310	\$0	\$5,993,656	\$135,385,135		\$135,385,135
163 Furniture, Equipment & Machinery - Dwellings								\$0				
164 Furniture, Equipment & Machinery - Administration								\$0				
165 Leasehold Improvements	\$126,702		\$206,475	\$972,714		\$125,858		\$0	\$302,895	\$1,734,644		\$1,734,644
166 Accumulated Depreciation	(\$24,858,777)		(\$206,475)	(\$12,025,514)		(\$10,755,714)	(\$1,671,647)	\$0	(\$1,196,812)	(\$50,714,939)		(\$50,714,939)
167 Construction in Progress	\$984,082					\$257		\$0	\$109,531	\$1,089,870		\$1,089,870
168 Infrastructure								\$0				
160 Total Capital Assets, Net of Accumulated Depreciation	\$14,702,520	\$0	\$0	\$61,340,934	\$0	\$6,851,320	\$300,671	\$0	\$5,205,250	\$108,420,695	\$0	\$108,420,695
171 Notes, Loans and Mortgages Receivable - Non-Current						\$5,002,448	\$31,334,797	\$0		\$36,337,245	(\$36,337,245)	\$0
172 Notes, Loans, & Mortgages Receivable - Non-Current - Past Due								\$0				
173 Grants Receivable - Non-Current								\$0				
174 Other Assets								\$0				
178 Investments in Joint Ventures								\$0				
180 Total Non-Current Assets	\$14,702,520	\$0	\$0	\$61,340,934	\$0	\$31,853,768	\$31,655,468	\$0	\$5,205,250	\$144,757,940	(\$36,337,245)	\$108,420,695
200 Deferred Outflow of Resources	\$18,945		\$20,807	\$1,092		\$22,951	\$45,085	\$1,415	\$59,314	\$169,649		\$169,649
290 Total Assets and Deferred Outflow of Resources	\$20,477,194	\$6,177	\$1,503,254	\$66,047,668	\$57,397	\$44,879,816	\$37,384,580	\$576,397	\$5,800,540	\$176,713,043	(\$36,996,259)	\$139,716,785
311 Bank Overdraft								\$0				

312	Accounts Payable <= 90 Days	\$50,802	\$1,050	\$15,388	\$135,072	\$10,563	\$6,196	\$0	\$52,205	\$291,276	\$291,276	\$291,276
313	Accounts Payable >90 Days Past Due							\$0				\$107,688
321	Accrued Wage/Payroll Taxes Payable				\$2,050		\$8,718	\$0	\$185,132	\$427,171	\$427,171	\$427,171
322	Accrued Compensated Absences - Current Portion	\$118,166	\$446	\$32,918	\$13,054	\$77,455		\$0				\$1,710
324	Accrued Contingency Liability				\$1			\$130,870		\$271,185	\$271,185	\$271,185
325	Accrued Interest Payable					\$140,315		\$0				\$69,994
331	Accounts Payable - HUD PHA Programs					\$19,085		\$0		\$69,994	\$69,994	\$69,994
332	Account Payable - PHA Projects					\$184,840		\$0		\$576,543	\$576,543	\$576,543
333	Accounts Payable - Other Government	\$50,889			\$191,444	\$532,511		\$0		\$583,127	\$583,127	\$583,127
341	Tenant Security Deposits	\$200,259			\$24,371			\$0				\$751,000
342	Unearned Revenue	\$17,255		\$8,990	\$24,371			\$0		\$751,000	\$751,000	\$751,000
343	Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue					\$751,000		\$0				\$751,000
344	Current Portion of Long-term Debt - Operating Borrowings							\$0				\$728,493
345	Other Current Liabilities			\$665,261	\$5,833	\$57,397	\$2	\$0		\$728,493	\$728,493	\$728,493
346	Accrued Liabilities - Other			\$61,972	\$655,000			\$0		\$716,972	(\$655,000)	\$61,972
347	Inter Program - Due To		\$4,013					\$0		\$4,013	(\$4,013)	\$0
348	Loan Liability - Current							\$0				\$0
310	Total Current Liabilities	\$447,381	\$5,509	\$764,529	\$1,026,825	\$57,397	\$14,914	\$130,870	\$247,337	\$4,432,252	(\$659,013)	\$3,773,239
351	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue				\$35,064,852	\$18,998,453		\$0		\$54,063,305	(\$35,217,390)	\$18,845,915
352	Long-term Debt, Net of Current - Operating Borrowings					\$5,874,276		\$0		\$5,874,276	(\$1,119,855)	\$4,754,421
353	Non-current Liabilities - Other	\$82		\$118,749	\$103,942	\$4,201,312	\$275,590	\$0		\$4,699,675	\$4,699,675	\$4,699,675
354	Accrued Compensated Absences - Non Current	\$177,074	\$668	\$92,376	\$22,655	\$12,765		\$0	\$277,699	\$543,237	\$543,237	\$543,237
355	Loan Liability - Non Current							\$0				
356	FASB 5 Liabilities							\$0				
357	Accrued Pension and OPEB Liabilities							\$0				
350	Total Non-Current Liabilities	\$177,156	\$668	\$171,125	\$35,191,449	\$29,086,806	\$275,590	\$0	\$277,699	\$65,180,493	(\$36,337,245)	\$28,843,248
300	Total Liabilities	\$624,537	\$6,177	\$935,654	\$36,218,274	\$57,397	\$290,504	\$130,870	\$525,036	\$69,612,745	(\$36,996,258)	\$32,616,487
400	Deferred Inflow of Resources	\$67,617		\$74,263	\$3,698	\$82,057	\$180,912	\$5,050	\$211,696	\$605,493	\$605,493	\$605,493
508.3	Nonspendable Fund Balance							\$0				
508.4	Net Investment in Capital Assets	\$14,702,520			\$26,276,082	\$7,101,867	\$330,671	\$0	\$5,205,250	\$53,606,390	\$35,217,390	\$68,823,780
509.3	Restricted Fund Balance							\$0				
510.3	Committed Fund Balance							\$0				
511.3	Assigned Fund Balance							\$0				
511.4	Restricted Net Position					\$10,282,754	\$35,234,330	\$0		\$45,517,084	(\$35,234,330)	\$10,282,754
512.3	Unassigned Fund Balance							\$0				
512.4	Unrestricted Net Position	\$5,062,520	\$0	\$473,337	\$3,549,434	(\$3,391,158)	\$1,358,163	\$440,477	(\$141,442)	\$7,371,331	\$16,940	\$7,388,271
513	Total Equity - Net Assets / Position	\$19,785,040	\$0	\$473,337	\$29,825,516	\$13,993,463	\$36,913,164	\$440,477	\$5,063,808	\$106,494,905	\$0	\$106,494,905
600	Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$20,477,194	\$6,177	\$1,503,254	\$66,047,688	\$44,879,816	\$37,364,560	\$576,397	\$59,800,540	\$176,713,043	(\$36,996,258)	\$139,716,785

Alexandria Redevelopment & Housing Authority (VA004)
ALEXANDRIA, VA

Entity Wide Revenue and Expense Summary

Submission Type: Audit

Fiscal Year End: 12/31/2015

	Project Total	14,870 Resident Opportunity and Supportive Services	14,871 Housing Choice Vouchers	6.2 Component Unit - Blended	14,854 Public and Indian Housing Drug Elimination Program	2 State/Local	1 Business Activities	14,856 Lower Income Housing Assistance Program, Section 8 Moderate	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$1,264,334			\$2,721,818		\$3,626,635		\$0		\$7,612,787	(\$2,048,514)	\$5,564,273
70400 Tenant Revenue - Other	\$19,925			\$108,194		\$204,937		\$0		\$333,056		\$333,056
70500 Total Tenant Revenue	\$1,284,259	\$0	\$0	\$2,830,012	\$0	\$3,831,572	\$0	\$0	\$0	\$7,945,843	(\$2,048,514)	\$5,897,329
70600 HUD PHA Operating Grants	\$4,037,885	\$155,948	\$21,446,790					\$1,285,921		\$26,926,544		\$26,926,544
70710 Capital Grants	\$216,184							\$0	\$144,162	\$360,346		\$360,346
70710 Management Fee								\$0	\$1,167,531	\$1,167,531	(\$1,167,531)	\$0
70720 Asset Management Fee								\$0	\$139,699	\$139,699	(\$139,699)	\$0
70730 Book Keeping Fee								\$0	\$231,712	\$231,712	(\$231,712)	\$0
70740 Front Line Service Fee								\$0	\$1,417,482	\$1,417,482	(\$1,417,482)	\$0
70750 Other Fees								\$0				\$0
70760 Total Fee Revenue								\$0	\$2,956,424	\$2,956,424	(\$2,956,424)	\$0
70800 Other Government Grants	\$180,332					\$445,660		\$0		\$625,992		\$625,992
71100 Investment Income - Unrestricted			\$335	\$4,839		\$75,195	\$42	\$85	\$105	\$80,602		\$80,602
71200 Mortgage Interest Income								\$0				\$0
71300 Proceeds from Disposition of Assets Held for Sale								\$0				\$0
71310 Cost of Sale of Assets								\$0				\$0
71400 Fraud Recovery		\$18,811						\$0		\$18,811		\$18,811
71500 Other Revenue	\$120,842	\$176,655	\$14,383,900			\$59,436	\$790,483	\$0	\$228,379	\$15,759,685	(\$165,725)	\$15,593,970
71600 Gain or Loss on Sale of Capital Assets								\$0				\$0
72000 Investment Income - Restricted	\$5,839,502	\$155,948	\$21,642,591	\$17,218,751	\$0	\$4,411,864	\$719,115	\$1,286,006	\$3,329,070	\$55,393,372	(\$5,689,776)	\$49,703,594
91100 Administrative Salaries	\$248,834	\$75,002	\$582,660	\$317,605		\$543,644		\$52,599	\$1,614,825	\$3,435,169		\$3,435,169
91200 Auditing Fees	\$24,515		\$5,878	\$72,049		\$8,000		\$2,122		\$112,564		\$112,564
91300 Management Fee	\$362,354	\$291,703	\$308,772	\$178,491		\$21,075		\$9,165		\$1,167,531	(\$1,167,531)	\$0
91310 Book-keeping Fee	\$42,854	\$128,700	\$29,918	\$29,918		\$21,075		\$9,165		\$231,712	(\$231,712)	\$0
91400 Advertising and Marketing	\$241	\$16	\$179	\$179		\$799		\$0		\$5,106		\$5,106
91500 Employee Benefit Contributions - Administrative	\$106,726	\$12,644	\$128,303	\$66,878		\$81,222		\$12,251	\$303,516	\$731,540		\$731,540
91600 Office Expenses	\$120,216	\$1,248	\$220,179	\$79,471		\$100,238		\$0	\$125,279	\$646,631		\$646,631
91700 Legal Expense	\$34,902	\$10,740	\$40,357	\$40,357		\$13,194		\$0	\$40,475	\$139,668		\$139,668
91800 Travel	\$446	\$323	\$108	\$108		\$4,114		\$0	\$10,133	\$15,124		\$15,124
91810 Allocated Overhead								\$0				\$0
91900 Other	\$239,727	\$87,054	\$152,361	\$299,898		\$361,498	\$72,313	\$0	\$198,480	\$1,391,531	(\$367,482)	\$1,024,049
91000 Total Operating - Administrative	\$1,181,415	\$155,948	\$1,521,065	\$1,235,235	\$0	\$1,312,275	\$72,313	\$101,748	\$2,296,577	\$7,876,576	(\$1,766,725)	\$6,109,851
92000 Asset Management Fee	\$60,200		\$51,399	\$51,399		\$28,100		\$0		\$139,699	(\$139,699)	\$0
92100 Tenant Services - Salaries	\$129,888	\$23,939	\$62,053	\$62,053		\$822		\$0		\$215,880		\$215,880
92200 Relocation Costs	\$230	\$592		\$592		\$0		\$0		\$822		\$822
92300 Employee Benefit Contributions - Tenant Services	\$29,812	\$190	\$6,629	\$6,629		\$13,381	\$3,197	\$0	\$675	\$91,010		\$91,010
92400 Tenant Services - Other	\$10,551	\$0	\$32,108	\$32,108	\$0	\$110,883	\$3,197	\$0	\$675	\$317,534	\$0	\$317,534
92500 Total Tenant Services	\$170,461	\$0	\$32,108	\$32,108	\$0	\$110,883	\$3,197	\$0	\$675	\$317,534	\$0	\$317,534
93100 Water	\$598,615		\$54,833	\$54,833		\$285,505		\$0	\$3,570	\$940,513		\$940,513
93200 Electricity	\$12,528	\$4,287	\$61,817	\$61,817		\$30,836		\$0	\$31,495	\$440,963		\$440,963
93300 Gas	\$116,884	\$2,122	\$12,958	\$12,958		\$15,488		\$0	\$12,708	\$160,160		\$160,160
93400 Fuel								\$0				\$0
93500 Labor								\$0				\$0
93600 Sewer								\$0				\$0

REQUIRED SUPPLEMENTAL INFORMATION

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION RELATED TO PENSIONS
FOR THE YEAR ENDED DECEMBER 31, 2015

Schedule of Changes in ARHA's Net Pension Liability and Related Ratios

Total pension liability	2015
Service cost	456,967
Interest	893,769
Benefit payments, including refunds of employee contributions	(350,240)
Benefit payments, including refunds of employee contributions	(610,608)
Net change in total pension liability	389,888
Total pension liability - beginning	13,073,427
Total pension liability - ending (a)	<u>\$ 13,463,315</u>
Plan fiduciary net position	
Contributions - employer	\$ 334,135
Contributions - employee	228,475
Net investment income	593,919
Benefit payments, including refunds of employee contributions	(610,608)
Administrative expense	(8,065)
Other	(126)
Net change in plan fiduciary net position	537,730
Plan fiduciary net position - beginning	12,956,875
Plan fiduciary net position - ending (b)	<u>\$ 13,494,605</u>
ARHA's net pension liability (asset) - ending (a)-(b)	<u>\$ (31,290)</u>
Plan fiduciary net position as a percentage of the total Pension liability	100%
Covered employee payroll	\$ 17,813,570
ARHA's net pension liability as a percentage of covered-employee payroll	-0.18%

Totals are from Schedule E Total Pension Liability and Fiduciary Net Position on pages 175-209 and the Summary of Collective Amounts on page 3 of the GASB Statement No. 68 Report.

Schedule of Employer Contributions to the VRS For the Year Ended June 30, 2015

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employers Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
6/30/2015	\$ 334,135	\$ 334,135	\$ -	\$ 17,813,570	1.88%

Schedule is intended to show information for 10 years. Since 2015 is the first year for this presentation, no other data is available. However, additional years will be included as they become available.

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION RELATED TO PENSIONS
FOR THE YEAR ENDED DECEMBER 31, 2015Note 1: Changes of Benefit Terms

There have been no significant changes to the System benefit provisions since the prior actuarial valuation. A hybrid plan with changes to the defined benefit plan structure and a new defined contribution component were adopted in 2012. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. The liabilities presented do not reflect the hybrid plan since it covers new members joining the System after the valuation date of June 30, 2014 and the impact on the liabilities as of the measurement date of June 30, 2015 are minimal.