

**ALEXANDRIA REDEVELOPMENT  
AND HOUSING AUTHORITY**

**AUDITED  
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
DECEMBER 31, 2016**

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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, 2016, 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 \$62,915,268 as of December 31, 2016, and the total net equity in their net losses was \$2,093,292 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, 2016, 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 4 through 17, the Schedule of Net Pension Liability on page 66, and the Schedule of Employer Contributions to the Virginia Retirement system on page 67, 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*

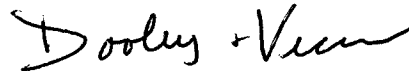
Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements.

The accompanying Schedule of Expenditures of Federal Awards, Financial Data Schedule, and other supplementary information are presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and are 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 22, 2017, 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 22, 2017

**ALEXANDRIA REDEVELOPMENT &  
HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION & ANALYSIS  
FISCAL YEAR ENDED DECEMBER 31, 2016**

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, 2016.

**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 a decrease in Net Position in the amount of \$(362,245).
- 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 21) and detailed component unit information (Additional Information).
- The Authority was awarded a Capital Fund (CFP) 2016 grant during fiscal year 2016 in the amount of \$1,137,488. Total CFP expenditures during the year were \$1,409,526. This included 360,286 in replacement housing payments which assist in the redevelopment of the James Bland properties.
- The Authority received public housing operating subsidy in the amount of \$3,471,042.
- The Authority received funding for the Section 8 Housing Choice Voucher Program in the amount of \$23,179,079.
- The Authority received three (3) Resident Opportunities Supportive Services grants in the amount of \$205,849 and spent \$131,037 during the fiscal year.

- The Authority adopted GASB 68 during fiscal year 2015. In FY 2016, the net pension obligation for FY 2016 was a net balance of 468,772. The Deferred Outflows of Resources balance was \$457,065, which included \$357,031 in VRS reported deferred outflows of resources and pension payments, 101,140, made post the 6/30/2016 measurement date of the Virginia Retirement System report date. The Deferred Inflows of Resources balance was \$247,028 related to pension related activity. An additional \$2.01 million was received from HUD for future HAP activity and was characterized as deferred inflows or resources bringing the total deferred inflows of activity to the balance of \$2.26 million.

## 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 Agency 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.

**Combined Statement of Net Position**  
**TABLE I**

Account Descriptions	2016	2015	Total Change	% Change
Current Assets	16,769,420	15,447,377	1,322,043	8.56%
Restricted Assets	17,537,346	15,679,064	1,858,282	11.85%
Capital Assets	104,184,283	108,420,695	(4,236,412)	-3.91%
Deferred Outflows	457,065	169,649	287,416	169.42%
<b>Total Assets &amp; Deferred Outflows</b>	<b>138,948,114</b>	<b>139,716,785</b>	<b>(768,671)</b>	<b>-0.55%</b>
Current Liabilities	4,067,930	3,731,162	336,768	9.03%
Noncurrent Liabilities	26,486,499	28,885,325	(2,398,826)	-8.30%
Deferred Inflows	2,261,125	605,493	1,655,632	100.00%
<b>Total Liabilities &amp; Deferred Inflows</b>	<b>32,815,554</b>	<b>33,221,980</b>	<b>(406,426)</b>	<b>-1.22%</b>
Investment in Capital Assets	88,157,191	88,823,780	(666,589)	-0.75%
Restricted Net Position	13,057,733	10,282,754	2,774,979	26.99%
Unrestricted Net Position	4,917,636	7,388,271	(2,470,635)	-33.44%
<b>Total Net Position</b>	<b>106,132,560</b>	<b>106,494,805</b>	<b>(362,245)</b>	<b>-0.34%</b>
<b>Total Liabilities &amp; Net Position</b>	<b>138,948,114</b>	<b>139,716,785</b>	<b>(768,671)</b>	<b>-0.55%</b>

***Current Assets:***

Current assets are made up of cash, receivables and prepaid expenses. Current assets increased by \$1.32 million or 8.56% due to several factors:

- Cash increased by \$1.38 million due to operating income after you add back depreciation expense which increased overall cash.
- Slight 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.

***Restricted Assets:***

Restricted assets increased by \$1.86 million, or 11.85% due to \$2.14 million in advanced payments of HCVP subsidy which was deferred for future uses.

### ***Deferred Outflows:***

Deferred outflows increase relates to VRS reported deferred outflows of resources and deferred pension payments made between July 1, 2016 to December 31, 2016. The balance was \$457,065, a net change in the amount of \$287,416 or 169.42%.

### ***Current Liabilities***

Current liabilities are made of accounts payable, accrued liabilities, unearned revenue and security deposits. Current liabilities increased by \$336,768 or 9.03%. The increase was driven by the following factors:

- Accounts payable balances increased in the amount of \$784,697. This was due to timing issues.
- Increases in HUD A/P in the amount of \$62,522 related to Section-8 Moderate Rehabilitation program.
- Increases in accrued wages in the amount of \$169,541 due to timing issues of payroll pay date as well as minor usage of compensated absences hours decreasing slightly during the year.
- Decreases in current liabilities, \$(714,090), related to classification of portability accounts receivable balances.

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 \$(2.39) million due to the following factors or events:

- The main reason for the decrease are payments on both operating and capital debt exceeding advances. \$2.38 million was paid down during the fiscal year.
- Amortization of the Quaker Hill tax credits drove the other noncurrent liabilities during the fiscal year.
- Accrued Pension Liabilities increased by \$468,772 during the fiscal year due to the VRS Audited report for the year ended June 30, 2016.

### ***GASB 68 Activity***

The Authority implemented GASB 68 during the fiscal year 2015 and updated the pension liabilities and related accounts using the VRS report dated June 30, 2016. 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 decreased by \$(362,245).

The “Investment in Capital Assets” decreased by \$(666,589) or .75%. This was due to payments of debt and depreciation expense exceeding net capital additions during the fiscal year.

The Restricted Net Position account is made up of a Development Funds and Housing Choice Voucher reserves. The account balance increased by \$2.77 million or 26.99% due to the following factors:

- Receipt of HCVP HAP and AF subsidy funds in advance
- Decreased due to reductions in the restricted development funds under the control of VHDC LLC.

The Unrestricted Net Position increased by \$(2.47) million or 33.44% due to restrictions on subsidies received and the net loss during the fiscal year.

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

**Combined Statement of Revenues, Expenses and Change in Net Position**  
**TABLE II**

<u>Account Descriptions</u>	<u>2016</u>	<u>2015</u>	<u>Total Change</u>	<u>% Change</u>
Tenant Revenue	5,757,351	5,897,329	(139,978)	-2.37%
Grant Funding	29,363,017	27,552,536	1,810,481	6.57%
Capital Grant Funding	653,933	360,346	293,587	81.47%
Interest Income	36,336	80,602	(44,266)	-54.92%
Other Income	4,238,033	15,612,781	(11,374,748)	-72.86%
<b>Total Revenue</b>	<b>40,048,670</b>	<b>49,503,594</b>	<b>(9,454,924)</b>	<b>-19.10%</b>
Administration	6,419,167	6,109,851	309,316	5.06%
Tenant Services	600,396	317,534	282,862	89.08%
Utilities	1,431,704	1,541,721	(110,017)	-7.14%
Maintenance	2,777,924	3,745,799	(967,875)	-25.84%
Protective services	47,129	40,894	6,235	15.25%
Insurance expense	605,439	527,803	77,636	14.71%
General expense	940,024	730,964	209,060	28.60%
Housing Assistance Payments	21,694,008	19,997,680	1,696,328	8.48%
Interest expense	561,514	593,717	(32,203)	-5.42%
Depreciation	5,333,610	5,063,192	270,418	5.34%
Amortization	-	10,307	(10,307)	-100.00%
<b>Total Expenses</b>	<b>40,410,915</b>	<b>38,679,462</b>	<b>1,731,453</b>	<b>4.48%</b>
Prior year adjustments	-	(571,630)	571,630	-100.00%
Change in Net Position	(362,245)	10,252,502	(10,614,747)	-103.53%
Beginning Net Position	106,494,805	96,242,303	10,252,502	10.65%
<b>Ending Net Position</b>	<b>106,132,560</b>	<b>106,494,805</b>	<b>(362,245)</b>	<b>-0.34%</b>

## REVENUES

In reviewing the Statement of Revenues, Expenses, and Net Position, you will find that 75% 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 14% of total revenue.

Other Revenue comprises the remaining 11% and Interest income represents less than 1%.

Compared to the Fiscal Year Ended December 31, 2016, revenues had an overall decrease of \$9.45 million or 19.10%.

**Tenant Revenue** - Tenant Revenue had a decrease from \$5,897,329 to \$5,757,351 or a decrease of \$(139,978) or 2.37%. The decrease was related to a slight decrease in lease-ups.

**Program Grants/Subsidies** – Federal and State subsidies for the year increased by \$2.1 million or 6.57% from \$27.91 million in fiscal year 2015 to \$30.02 million, combination of operating and capital grants, in fiscal year 2016. The main reasons for the increases are as follows:

The main reason for the increase was directly related to increases within the HCVP activity as well as smaller increases in the Capital Fund, Public Housing and Section-8 Moderate Rehabilitation programs and a small decrease in the ROSS program related to timing of the usage of funding.

See Table III for the comparative funding schedule:

**Table III**  
**HUD Funding Comparative**

<u>Year</u>	<u>Public Housing</u>	<u>Mod Rehab</u>	<u>CFP</u>
2016	3,471,042.00	1,367,733.00	1,409,526.00
2015	3,293,450.00	1,285,921.00	1,104,781.00
<b>Net Change</b>	<b>177,592.00</b>	<b>81,812.00</b>	<b>304,745.00</b>
<b>% Change</b>	<b>5.39%</b>	<b>6.36%</b>	<b>0.00%</b>

<u>Year</u>	<u>Vouchers</u>	<u>ROSS</u>	<u>Totals</u>
2016	23,179,079.00	131,037.00	29,558,417.00
2015	21,446,790.00	155,948.00	27,286,890.00
<b>Net Change</b>	<b>1,732,289.00</b>	<b>(24,911.00)</b>	<b>2,271,527.00</b>
<b>% Change</b>	<b>8.08%</b>	<b>-15.97%</b>	<b>8.32%</b>

**Interest Income** - Decreased by \$(44,266) or 30.42 % due to declining interest rates.

**Other Income/Interest Income** – Other revenues decreased by \$(11.37) million or 72.86% due to decreased redevelopment activity which generally results in the receipt of govt funding via state/local grants and tax credit contributions.

## **EXPENSES**

The Alexandria Redevelopment & Housing Authority experienced an increase in operating expenses for the current year from \$38.68 million to \$40.41 million, or a net increase of \$1.73 million or 4.48%. 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 2015, administrative costs increased by \$309,316 or 5.06%. The main drivers in the overall increase were as follows:

- Other administrative expenses increased by \$411,378 due to increased soft capital costs and other administrative costs.
- Salaries decreased by \$(308,292) due to reclassification of staff to the tenant services line and decreased staffing.
- Travel costs increased by \$74,121 due to consulting assistance provided by some PHA staff for other Virginia Authorities requiring technical assistance as well as other increases due to training needs of the PHA.
- Auditing fees increased by \$49,699 due to development cost statements related to James Bland property as well as the James Bland properties coming online during fiscal year 2015 and 2016 and receiving an annual audit in fiscal year 2016.
- Increased in other administrative and benefit costs related to training, consulting and other sundry needs as well as adjustments to benefit costs related to pension liability and related pension account activity.

**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 increased from \$317,534 to \$600,396 or an increase of \$282,862 or 89.08%. The increase was mainly related to reclassification of positions to the tenant services line and increased needs under the resident services program. This also increased the benefit costs as well. The increases for both account types were \$248,162 and \$52,940, respectively.

**Utilities** - The total utilities expense for the Authority decreased by \$(110,017) or 7.14%. Water and gas decreased by (63,781) and (58,062), respectively. This was due to increased energy efficiency measures completed by the PHA as well as slight decrease in overall usage. There was a slight increase to the electricity account by \$11,911 to increased fuel rates.



**Maintenance** – Maintenance costs are all costs incurred by the Authority for the 769 Public Housing units, which are owned by the Authority 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 \$3.38 million to \$2.78 million for a decrease of \$(967,875) or 25.84%. The main factors for this decrease were as follows:

- Salary and benefit costs increased by \$215,408 due to increased use of in-house maintenance staff for unit turnover activity.
- Materials increased due by \$181,154 due to increased use of in-house staff for unit turnover and other maintenance needs and increased material costs.
- Contract costs decreased by \$(1,150,480) due to maintenance staff completing major repair needs.

**Protective Services** – Protective services costs were used for security and fire monitoring services. The total expense for the year was \$47,129 or an increase of \$6,235. 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 increased from \$527,803 to \$605,439 or \$77,636. There were across the board increased due to additional properties coming online, James Bland properties, and increased liability protection needs.

**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 \$730,964 to \$940,024, for an overall increase of \$209,060 or 28.60%. The main drivers in this categories increase is as follows:

- AMP subsidy payments to tax credit properties which increased during the fiscal year as James Bland properties came fully online.
- Compensated absences expenses increased due to timing issues and increase pay rates.
- Bad debt decreased by \$(270,849) due to improved collection efforts and decreased overall tenant revenues.

**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 \$19,997,680 to \$21,694,008, for an overall increase of \$1,69 million or 8.48%. 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 \$270,418 or 5.34%. 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 \$(32,203) or 5.42% due to payment of debt and normal amortization of capital debt principal balances.

**Prior Period Adjustments** - There were no prior period adjustments during fiscal year 2016.

## CAPITAL ASSETS

At the end of fiscal year 2015 the Authority had invested in Capital Assets of \$108.76 million, net of depreciation. As of December 31, 2016, the Authority had a net decrease in net capital assets of \$(4.24) million to \$104.18 million or 3.91 %. The following illustrates the Capital Asset values for 2016 and 2015.

**Combined Statement of Capital Assets**  
**TABLE IV**

<u>Account Descriptions</u>	<u>2016</u>	<u>2015</u>	<u>Total Change</u>	<u>% Change</u>
Land	19,470,128	20,925,985	(1,455,857)	-6.96%
Buildings & improvements	138,465,643	136,475,005	1,990,638	1.46%
Equipment	1,747,387	1,734,644	12,743	0.73%
	159,683,158	159,135,634	547,524	0.34%
Accumulated Depreciation	(55,498,875)	(50,714,939)	(4,783,936)	9.43%
<b>Total Capital Assets</b>	<b>104,184,283</b>	<b>108,420,695</b>	<b>(4,236,412)</b>	<b>-3.91%</b>

The Authority has five ongoing HUD Capital Fund grants and four Replacement Housing Grants. The total capital improvement for the year was \$1.09 million, \$520,843 for CFP and \$4.34 million in other capital projects. There were \$576,355 in capital development within the Tax Credit LLC's during the fiscal year. Most of the activity was related to James Bland V development.

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 2015 to FY 2016.

The long-term debt balance decreased by \$(2.39) million. The decrease was due to the payment of capital and operating debt related to redevelopment deals, see note 15.

### Outstanding Debt Schedule

	<u>2016</u>	<u>2015</u>	<u>Net Change</u>
Current Portion of Long Term Debt	\$ 751,000	751,000	-
Long Term Debt, Net of	\$ 21,201,518	23,600,336	(2,398,818)
<b>Totals</b>	<b>\$ 21,952,518</b>	<b>24,351,336</b>	<b>(2,398,818)</b>

## 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 155,810 per the 2016 census estimates.<sup>1</sup> This is a 11.3% increase in population since the 2010 census data.<sup>2</sup>
- (2) The City of Alexandria, per the 2016 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.<sup>3</sup>
- (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.

<sup>1</sup> <https://www.census.gov/quickfacts/fact/table/alexandriacityvirginiacounty,US/PST045216>

<sup>2</sup> <https://www.census.gov/quickfacts/fact/table/alexandriacityvirginiacounty,US/PST045216>

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

- (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 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 42.5% compared to the national average of 63.9%. The rental needs within the City of Alexandria is immense, specifically affordable housing with provides incredible opportunities for the Authority but incredible demands on capital and operating resources needs which are difficult to meet.<sup>4</sup>
- (7) The City of Alexandria's unemployment rate is 2.8 as of December 31, 2016.<sup>5</sup>This remain the same from the prior year.<sup>6</sup>

## 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.

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<sup>4</sup> <https://www.census.gov/quickfacts/fact/table/alexandriacityvirginiacounty,US/PST045216>

<sup>6</sup> <https://www.census.gov/quickfacts/fact/table/alexandriacityvirginiacounty,US/PST045216>

# Alexandria Redevelopment & Housing Authority

## Statement of Net Position - All Funds December 31, 2016

<b>ASSETS</b>	<b>Totals Primary Government</b>
<b>Current Assets</b>	
Cash and cash equivalents	\$ 15,167,343
Restricted Cash	17,537,346
Receivables, net	1,317,896
Prepaid Expense and Other Assets	284,181
<b>Total current assets</b>	<u>34,306,766</u>
<b>Noncurrent Assets</b>	
Capital assets:	
Land	19,470,128
Buildings	137,204,977
Furniture, Equipment & Machinery - Admin	1,747,387
Construction in Progress	1,260,666
Less: accumulated depreciation	<u>(55,498,875)</u>
Capital assets, net	<u>104,184,283</u>
<b>Total noncurrent assets</b>	<u>104,184,283</u>
<b>Total Assets</b>	<u>138,491,049</u>
<b>Deferred Outflow of Resources</b>	
Deferred Outflow of Resources	<u>457,065</u>
<b>Total Assets and Deferred Outflow of Resources</b>	<u><u>\$ 138,948,114</u></u>

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

# Alexandria Redevelopment & Housing Authority

## Statement of Net Position - All Funds December 31, 2016

LIABILITIES	Totals Primary Government
<b>Current Liabilities</b>	
Accounts Payable	\$ 1,075,973
Accrued Liabilities	565,403
Intergovernmental payables	407,151
Tenant security deposits	601,643
Unearned revenue	588,301
Current portion of long-term debt	751,000
Other current liabilities	78,459
<b>Total current liabilities</b>	<b>4,067,930</b>
<b>Noncurrent liabilities</b>	
Long-term debt, net of current	21,201,518
Noncurrent liabilities - other	5,284,981
<b>Total noncurrent liabilities</b>	<b>26,486,499</b>
<b>Total Liabilities</b>	<b>30,554,429</b>
<b>Deferred Inflow of Resources</b>	
Deferred Inflow of Resources	2,261,125
	<b>2,261,125</b>
<b>Net Position</b>	
Investment in Capital Assets - Net of Related Debt	88,157,191
Restricted Net Position	13,057,733
Unrestricted Net Position	4,917,636
<b>Total Net Position</b>	<b>106,132,560</b>
<b>Total Liabilities, Deferred Inflow of Resources, and Net Position</b>	<b>\$ 138,948,114</b>

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, 2016

	Totals Primary Government
<b>Operating Revenues</b>	
Tenant revenue	\$ 5,757,351
Government operating grants	28,544,198
Other Government Grants	458,533
Other revenue	4,238,033
<b>Total operating revenues</b>	<u>38,998,115</u>
<b>Operating Expenses</b>	
Administrative	6,411,238
Asset Management Fees	7,929
Tenant services	600,396
Utilities	1,431,704
Maintenance	2,777,924
Protective services	47,129
General	1,545,463
Housing assistance payment	21,694,008
Depreciation	5,333,610
<b>Total operating expenses</b>	<u>39,849,401</u>
<b>Operating income (loss)</b>	<u>(851,286)</u>
<b>Non-Operating Revenues (Expenses)</b>	
Interest Expense	(561,514)
Interest and investment revenue	36,336
<b>Total nonoperating revenues (expenses)</b>	<u>(525,178)</u>
Income (loss) before contributions and transfers	(1,376,464)
Capital Grants - Federal Government	1,014,219
Change in Net Position	(362,245)
Total Beginning Net Position	106,494,805
<b>Total Ending Net Position</b>	<u>\$ 106,132,560</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, 2016

	Totals
	Primary Government
	<u>Government</u>
Cash flows from operating activities:	
Cash received from tenants	\$ 5,443,884
Cash received from operating grants	28,591,706
Cash received from other government grants	458,533
Cash received from other sources	11,095,950
Cash paid for goods and services	(6,678,906)
Cash paid for employees and administrative	(6,590,259)
Housing Assistance payments	(22,913,994)
Cash paid for other	(2,594,213)
Net cash provided (used) by operating activities	<u>6,812,701</u>
Cash flows from capital and related financing activities:	
Capital Grants received - Federal Government	1,014,219
Purchases, Sales and construction of capital assets	(1,097,198)
Principal paid on capital debt	(829,083)
Proceeds from capital debt and equity	(542,731)
Interest paid on capital debt	(1,072,921)
Net cash (used) for capital and related financing activities	<u>(2,527,714)</u>
Cash flows from investing activities:	
Notes receivable advances	(1,569,735)
Interest and dividends	501,663
Net cash provided (used) by investing activities	<u>(1,068,072)</u>
Net increase (decrease) in cash and cash equivalents	3,216,915
Cash and cash equivalents at beginning of year	29,487,774
Cash and cash equivalents at end of year	<u>\$ 32,704,689</u>
Reconciliation of cash and restricted cash	
Cash and cash equivalents	\$ 15,167,343
Restricted Cash and cash equivalents	17,537,346
Total Cash and cash equivalents	<u>\$ 32,704,689</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, 2016

	Totals Primary Government
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ (805,206)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	5,333,610
Changes in assets and liabilities:	
(Increase) Decrease in Receivables - net	527,228
(Increase) Decrease in Prepaid expenses	31,709
(Increase) Decrease in Interprogram due from	(5,108)
(Increase) Decrease in Deferred Inflows of Resources	(287,416)
Increase (Decrease) in Accounts payable	784,697
Increase (Decrease) in Accrued expenses	125,754
Increase (Decrease) in Other liabilities	(564,849)
Increase (Decrease) in Unearned revenue	(116,678)
Increase (Decrease) in Intergovernmental payables	65,972
Increase (Decrease) in Interprogram due to	5,108
Increase (Decrease) in Deferred Outflows of Resources	1,655,632
Increase (Decrease) in Noncurrent liabilities	62,248
Net cash provided (used) by operating activities	<u>\$ 6,812,701</u>

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

**Alexandria Redevelopment & Housing Authority**

**Statement of Net Position - Proprietary Funds  
December 31, 2016**

<b>ASSETS</b>	<b>Business Activities</b>	<b>Low Rent Public Housing</b>	<b>Blended Component Units</b>	<b>Housing Choice Vouchers</b>	<b>State/Local</b>	<b>Nonmajor Proprietary Funds</b>	<b>Total Before Eliminations</b>	<b>Inter-entity Eliminations</b>	<b>Totals Primary Government</b>
<b>Current Assets</b>									
Cash and cash equivalents	\$ 1,769,444	\$ 5,416,178	\$ 1,407,950	\$ 1,160,623	\$ 3,860,984	\$ 1,552,164	\$ 15,167,343	\$ -	\$ 15,167,343
Restricted Cash	3,899,618	207,697	2,716,663	2,238,677	8,474,691	-	17,537,346	-	17,537,346
Receivables, net	1,267	289,009	131,334	160,857	785,453	82,629	1,450,549	(132,653)	1,317,896
Prepaid Expense and Other Assets	3,000	46,715	141,453	8,008	71,539	13,466	284,181	-	284,181
Interprogram due from	9,121	-	-	-	-	-	9,121	(9,121)	-
<b>Total current assets</b>	<b>5,682,450</b>	<b>5,959,599</b>	<b>4,397,400</b>	<b>3,568,165</b>	<b>13,192,667</b>	<b>1,648,259</b>	<b>34,448,540</b>	<b>(141,774)</b>	<b>34,306,766</b>
<b>Noncurrent Assets</b>									
<b>Capital assets:</b>									
Land	-	3,855,621	7,612,457	-	8,002,050	-	19,470,128	-	19,470,128
Buildings	1,992,318	34,960,263	64,402,881	-	29,750,348	6,099,167	137,204,977	-	137,204,977
Furniture, Equipment & Machinery - Admin	-	126,702	972,714	206,475	125,858	315,638	1,747,387	-	1,747,387
Construction in Progress	-	1,260,666	-	-	-	-	1,260,666	-	1,260,666
Less: accumulated depreciation	(1,729,497)	(25,963,499)	(14,470,184)	(206,475)	(11,706,081)	(1,423,139)	(55,498,875)	-	(55,498,875)
Capital assets, net	262,821	14,239,753	58,517,868	-	26,172,175	4,991,666	104,184,283	-	104,184,283
Noncurrent Notes, Loans & Mortgages Receivable	31,249,408	-	-	-	6,657,572	-	37,906,980	(37,906,980)	-
<b>Total noncurrent assets</b>	<b>31,512,229</b>	<b>14,239,753</b>	<b>58,517,868</b>	<b>-</b>	<b>32,829,747</b>	<b>4,991,666</b>	<b>142,091,263</b>	<b>(37,906,980)</b>	<b>104,184,283</b>
<b>Deferred Outflow of Resources</b>									
Deferred Outflow of Resources	41,596	44,546	912	46,543	94,187	229,281	457,065	-	457,065
<b>Total Assets and Deferred Outflow of Resources</b>	<b>\$ 37,236,275</b>	<b>\$ 20,243,898</b>	<b>\$ 62,916,180</b>	<b>\$ 3,614,708</b>	<b>\$ 46,116,601</b>	<b>\$ 6,869,206</b>	<b>\$ 176,996,868</b>	<b>\$ (38,048,754)</b>	<b>\$ 138,948,114</b>

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

**Alexandria Redevelopment & Housing Authority**

**Statement of Net Position - Proprietary Funds**

**December 31, 2016**

	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
<b>LIABILITIES</b>									
<b>Current Liabilities</b>									
Accounts Payable	\$ 28,799	\$ 58,310	\$ 123,454	\$ 774,221	\$ 18,851	\$ 72,338	\$ 1,075,973	\$ -	\$ 1,075,973
Accrued Liabilities	35,500	90,064	14,918	27,147	105,031	292,743	565,403	-	565,403
Intergovernmental payables	-	40,960	-	-	122,795	243,396	407,151	-	407,151
Tenant security deposits	-	207,697	197,767	-	196,179	-	601,643	-	601,643
Unearned revenue	-	668	516	130,842	456,275	-	588,301	-	588,301
Current portion of long-term debt	-	-	-	-	751,000	-	751,000	-	751,000
Other current liabilities	-	-	138,281	13,350	2,084	57,397	211,112	(132,653)	78,459
Interprogram due to	-	-	-	-	-	9,121	9,121	(9,121)	-
<b>Total current liabilities</b>	<b>64,299</b>	<b>397,699</b>	<b>474,936</b>	<b>945,560</b>	<b>1,652,215</b>	<b>674,995</b>	<b>4,209,704</b>	<b>(141,774)</b>	<b>4,067,930</b>
<b>Noncurrent liabilities</b>									
Long-term debt, net of current	-	-	34,602,127	-	24,506,371	-	59,108,498	(37,906,980)	21,201,518
Noncurrent liabilities - other	334,042	164,847	106,418	180,425	3,923,739	575,510	5,284,981	-	5,284,981
<b>Total noncurrent liabilities</b>	<b>334,042</b>	<b>164,847</b>	<b>34,708,545</b>	<b>180,425</b>	<b>28,430,110</b>	<b>575,510</b>	<b>64,393,479</b>	<b>(37,906,980)</b>	<b>26,486,499</b>
<b>Total Liabilities</b>	<b>\$ 398,341</b>	<b>\$ 562,546</b>	<b>\$ 35,183,481</b>	<b>\$ 1,125,985</b>	<b>\$ 30,082,325</b>	<b>\$ 1,250,505</b>	<b>\$ 68,603,183</b>	<b>\$ (38,048,754)</b>	<b>\$ 30,554,429</b>
<b>Deferred Inflow of Resources</b>									
Deferred Inflow of Resources	30,802	23,184	475	2,038,320	49,018	119,326	2,261,125	-	2,261,125
<b>Net Position</b>									
Investment in Capital Assets - Net of Related Debt	\$ 262,821	\$ 14,239,753	\$ 23,915,741	\$ -	\$ 6,840,230	\$ 4,991,666	\$ 50,250,211	\$ 37,906,980	\$ 88,157,191
Restricted Net Position	35,149,026	-	-	-	13,057,733	-	48,206,759	(35,149,026)	13,057,733
Unrestricted Net Position	1,395,285	5,418,415	3,816,483	450,403	(3,912,705)	507,709	7,675,590	(2,757,954)	4,917,636
<b>Total Net Position</b>	<b>36,807,132</b>	<b>19,658,168</b>	<b>27,732,224</b>	<b>450,403</b>	<b>15,985,258</b>	<b>5,499,375</b>	<b>106,132,560</b>	<b>-</b>	<b>106,132,560</b>
<b>Total Liabilities, Deferred Inflow of Resources, and Net Position</b>	<b>\$ 37,236,275</b>	<b>\$ 20,243,898</b>	<b>\$ 62,916,180</b>	<b>\$ 3,614,708</b>	<b>\$ 46,116,601</b>	<b>\$ 6,869,206</b>	<b>\$ 176,996,868</b>	<b>\$ (38,048,754)</b>	<b>\$ 138,948,114</b>

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

## Alexandria Redevelopment & Housing Authority

### Statement of Revenues, Expenses, and Changes in Net Position - Proprietary funds For the year ended December 31, 2016

	Business Activities	Low Rent Public Housing	Blended Component Units	Housing Choice Vouchers	State/Local	Nonmajor Proprietary Funds	Inter-entity Eliminations	Totals Primary Government
<b>Operating Revenues</b>								
Tenant revenue	\$ -	\$ 1,326,561	\$ 2,816,733	\$ -	\$ 3,946,844	\$ -	\$ (2,332,787)	\$ 5,757,351
Government operating grants	-	3,866,349	-	23,179,079	-	1,498,770	-	28,544,198
Other Government Grants	-	-	-	-	458,533	-	-	458,533
Other revenue	226,883	113,928	1,141,193	188,366	2,131,821	4,130,241	(3,694,399)	4,238,033
<b>Total operating revenues</b>	<b>226,883</b>	<b>5,306,838</b>	<b>3,957,926</b>	<b>23,367,445</b>	<b>6,537,198</b>	<b>5,629,011</b>	<b>(6,027,186)</b>	<b>38,998,115</b>
<b>Operating Expenses</b>								
Administrative	82,857	1,268,060	1,062,871	1,413,220	1,646,539	2,337,669	(1,399,978)	6,411,238
Asset Management Fee	-	58,860	52,162	-	28,800	-	(131,893)	7,929
Tenant services	2,617	94,891	35,189	-	141,721	558,682	(232,704)	600,396
Utilities	-	916,956	156,807	9,828	313,716	34,397	-	1,431,704
Maintenance	-	1,277,040	957,365	18,806	974,683	1,431,853	(1,881,823)	2,777,924
Protective services	-	3,459	17,337	1,895	2,801	21,637	-	47,129
General	-	1,711,645	188,974	252,866	311,917	194,783	(1,114,722)	1,545,463
Housing assistance payment	-	-	-	21,694,008	-	1,219,986	(1,219,986)	21,694,008
Depreciation	57,850	1,104,722	2,994,344	-	950,367	226,327	-	5,333,610
<b>Total operating expenses</b>	<b>143,324</b>	<b>6,435,633</b>	<b>5,465,049</b>	<b>23,390,623</b>	<b>4,370,544</b>	<b>6,025,334</b>	<b>(5,981,106)</b>	<b>39,849,401</b>
Operating Transfers In/(Out)	(586,197)	-	-	-	207,741	378,456	-	-
<b>Operating income (loss)</b>	<b>(502,638)</b>	<b>(1,128,795)</b>	<b>(1,507,123)</b>	<b>(23,178)</b>	<b>2,374,395</b>	<b>(17,867)</b>	<b>(46,080)</b>	<b>(851,286)</b>
<b>Non-Operating Revenues (Expenses)</b>								
Interest Expense	-	-	(587,278)	-	(485,643)	-	511,407	(561,514)
Interest and investment revenue	396,606	447	1,109	244	103,043	214	(465,327)	36,336
<b>Total nonoperating revenues (expenses)</b>	<b>396,606</b>	<b>447</b>	<b>(586,169)</b>	<b>244</b>	<b>(382,600)</b>	<b>214</b>	<b>46,080</b>	<b>(525,178)</b>
Income (loss) before contributions and transfers	(106,032)	(1,128,348)	(2,093,292)	(22,934)	1,991,795	(17,653)	-	(1,376,464)
Capital Grants - Federal	-	1,001,476	-	-	-	12,743	-	1,014,219
Change in Net Position	(106,032)	(126,872)	(2,093,292)	(22,934)	1,991,795	(4,910)	-	(362,245)
Total Beginning Net Position	36,913,164	19,785,040	29,825,516	473,337	13,993,463	5,504,285	-	106,494,805
<b>Total Ending Net Position</b>	<b>\$ 36,807,132</b>	<b>\$ 19,658,168</b>	<b>\$ 27,732,224</b>	<b>\$ 450,403</b>	<b>\$ 15,985,258</b>	<b>\$ 5,499,375</b>	<b>\$ -</b>	<b>\$ 106,132,560</b>

Alexandria Redevelopment & Housing Authority

Statement of Cash Flows - Proprietary Funds  
For the year ended December 31, 2016

	Business Activities	Low Rent Public Housing	Blended Component Units	Housing Choice Vouchers	State/Local	Nonmajor Proprietary Funds	Totals Primary Government
<b>Cash flows from operating activities:</b>							
Cash received from tenants	\$ -	\$ 1,406,277	\$ 2,758,216	\$ -	\$ 1,279,391	\$ -	\$ 5,443,884
Cash received from operating grants	-	3,866,349	-	23,215,420	-	1,509,937	28,591,706
Cash received from other government grants	-	-	-	-	458,533	-	458,533
Cash received from other sources	226,883	113,928	1,147,516	188,366	4,936,896	4,482,361	11,095,950
Cash Transferred in/(out)	(586,197)	-	-	-	207,741	378,456	-
Cash paid for goods and services	118,462	(2,329,263)	(1,185,530)	146,607	(1,410,659)	(2,018,715)	(6,679,098)
Cash paid for employees and administrative	(209,478)	(1,396,954)	(1,130,081)	525,101	(1,779,574)	(2,599,081)	(6,590,067)
Housing Assistance payments	-	-	-	(21,694,008)	-	(1,219,986)	(22,913,994)
Cash paid for other	(5,108)	(1,721,584)	(188,974)	(252,866)	(348,532)	(77,149)	(2,594,213)
Net cash provided (used) by operating activities	(455,438)	(61,247)	1,401,147	2,128,620	3,343,796	455,823	6,812,701
<b>Cash flows from capital and related financing activities:</b>							
Capital Grants received - Federal Government	-	1,001,476	-	-	-	12,743	1,014,219
Purchases, Sales and construction of capital assets	-	(641,955)	(171,278)	-	(271,222)	(12,743)	(1,097,198)
Principal paid on capital debt	-	-	(462,725)	-	(366,358)	-	(829,083)
Proceeds (payments of) from capital debt and equity	-	-	(542,731)	-	-	-	(542,731)
Interest paid on capital debt	-	-	(587,278)	-	(485,643)	-	(1,072,921)
Net cash (used) for capital and related financing activities	-	359,521	(1,764,012)	-	(1,123,223)	-	(2,527,714)
<b>Cash flows from investing activities:</b>							
Notes Receivable Advances	85,389	-	-	-	(1,655,124)	-	(1,569,735)
Interest and dividends	396,606	447	1,109	244	103,043	214	501,663
Net cash provided (used) by investing activities	481,995	447	1,109	244	(1,552,081)	214	(1,068,072)
Net increase (decrease) in cash and cash equivalents	26,557	298,721	(361,756)	2,128,864	668,492	456,037	3,216,915
Cash and cash equivalents at beginning of year	5,642,505	5,325,154	4,486,369	1,270,436	11,667,183	1,096,127	29,487,774
Cash and cash equivalents at end of year	\$ 5,669,062	\$ 5,623,875	\$ 4,124,613	\$ 3,399,300	\$ 12,335,675	\$ 1,552,164	\$ 32,704,689
<b>Reconciliation of Unrestricted Cash and Restricted Cash</b>							
Cash and Cash Equivalents	\$ 1,769,444	\$ 5,416,178	\$ 1,407,950	\$ 1,160,623	\$ 3,860,984	\$ 1,552,164	\$ 15,167,343
Restricted Cash and Cash Equivalents	3,899,618	207,697	2,716,663	2,238,677	8,474,691	-	17,537,346
Total Cash and Cash Equivalents	\$ 5,669,062	\$ 5,623,875	\$ 4,124,613	\$ 3,399,300	\$ 12,335,675	\$ 1,552,164	\$ 32,704,689

Alexandria Redevelopment & Housing Authority

Statement of Cash Flows - Proprietary Funds  
For the year ended December 31, 2016

	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)	\$ (502,638)	\$ (1,128,795)	\$ (1,507,123)	\$ (23,178)	\$ 2,374,395	\$ (17,867)	\$ (805,206)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:							
Depreciation expense	57,850	1,104,722	2,994,344	-	950,367	226,327	5,333,610
Changes in assets and liabilities:							
(Increase) Decrease in Receivables - net	-	96,303	(34,662)	36,341	456,620	(27,374)	527,228
(Increase) Decrease in Prepaid expenses	13,242	(1,452)	(18,832)	6,805	22,262	9,684	31,709
(Increase) Decrease in Interprogram due from	(5,108)	-	-	-	-	-	(5,108)
(Increase) Decrease in Deferred Inflows of Resources	3,489	(25,601)	180	(25,736)	(71,196)	(168,552)	(287,416)
Increase (Decrease) in Accounts payable	22,603	(2,492)	(11,618)	758,833	8,288	9,083	784,697
Increase (Decrease) in Accrued expenses	26,782	(28,102)	(187)	(5,771)	25,867	107,165	125,754
Increase (Decrease) in Other liabilities	-	7,438	6,323	(592,031)	13,421	-	(564,849)
Increase (Decrease) in Unearned revenue	-	(16,587)	(23,855)	-	(76,236)	-	(116,678)
Increase (Decrease) in Intergovernmental payables	-	(9,939)	-	-	(36,615)	112,526	65,972
Increase (Decrease) in Interprogram due to	-	-	-	-	-	5,108	5,108
Increase (Decrease) in Deferred Outflows of Resources	(130,110)	(44,433)	(3,423)	1,964,057	(33,039)	(97,420)	1,655,632
Increase (Decrease) in Noncurrent liabilities	58,452	(12,309)	-	9,300	(290,338)	297,143	62,248
Net cash provided (used) by operating activities	\$ (455,438)	\$ (61,247)	\$ 1,401,147	\$ 2,128,620	\$ 3,343,796	\$ 455,823	\$ 6,812,701

## ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**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.

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.

## ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS - Continued  
FOR THE YEAR ENDED DECEMBER 31, 2016**NOTE 1: ORGANIZATION AND REPORTING ENTITY (Cont'd)**

- 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.

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.



## ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS - Continued  
FOR THE YEAR ENDED DECEMBER 31, 2016**NOTE 1: ORGANIZATION AND REPORTING ENTITY (Cont.)**

- 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.
- 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. Advertising Costs - Advertising costs are charged to operations when incurred.

## ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS - Continued  
FOR THE YEAR ENDED DECEMBER 31, 2016**NOTE 1: ORGANIZATION AND REPORTING ENTITY (Cont.)**

- M. 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.
- N. 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.
- O. 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.
- P. Income Taxes - As a political subdivision of the State of Virginia, ARHA is exempt from Federal and State income taxes.
- Q. Deferred outflows/inflows of resources - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Authority has one item that meets the criterion for this category, additional liabilities above actuarial expectations related the Authority's defined benefit plan. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Authority has two items that meet the criterion for this category, the gains above actuarial expectations and employer contributions related to the Authority's defined benefit plan and the deferral of the January 2017 Federal program funding for the Housing Choice Voucher program.

**NOTE 2: DEPOSITS & INVESTMENTS**

Deposits - At year end, the carrying amount of deposits with banks and savings institutions was \$15,167,343 unrestricted and \$17,537,346 restricted. The bank amount of deposits with banks and savings institutions was \$33,026,483. All deposits were 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.

## ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS - Continued  
FOR THE YEAR ENDED DECEMBER 31, 2016**NOTE 2: DEPOSITS & INVESTMENTS (Cont.)**

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.

Investments – As of December 31, 2016, 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, 2016, 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, 2016, 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	Component Unit Funds	Nonmajor Proprietary Funds	Eliminations	Total
Receivables								
Tenants	\$ -	\$ 76,201	\$ -	\$ 293,951	\$ 124,493	\$ -	\$ -	\$ 494,645
Intergovernmental	-	218,846	160,857	37,643	-	50,046	-	467,392
Miscellaneous	1,267	40,000	-	625,309	87,145	32,583	(132,653)	653,651
Gross Receivables	1,267	335,047	160,857	956,903	211,638	82,629	(132,653)	1,615,688
Less: Allowance for Uncollectibles	-	(46,038)	-	(171,450)	(80,304)	-	-	(297,792)
Net Total Receivables	\$ 1,267	\$ 289,009	\$ 160,857	\$ 785,453	\$ 131,334	\$ 82,629	\$ (132,653)	\$ 1,317,896

## ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS - Continued  
FOR THE YEAR ENDED DECEMBER 31, 2016**NOTE 4: MORTGAGES AND NOTES RECEIVABLE AND NONCURRENT ASSETS**

At December 31, 2016, 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	\$ 31,249,408
State/Local	<u>6,657,572</u>
Total Mortgages, Notes Receivable, and Other Assets	37,609,980
Elimination Entry – Intercompany Loans	<u>(37,609,980)</u>
Total Noncurrent assets	<u>\$ -</u>

**NOTE 5: CAPITAL ASSETS**

Land, structures and equipment consist of the following at December 31, 2016:

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Enterprise Activities</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 20,925,985	\$ (1,455,857)	\$ -	\$ 19,470,128
Construction in progress	1,089,870	648,470	477,674	1,260,666
<b>Total capital assets not being depreciated</b>	<u>22,015,855</u>	<u>(807,387)</u>	<u>477,674</u>	<u>20,730,794</u>
Buildings & improvements	135,385,135	2,198,235	378,393	137,204,977
Furniture & equipment	1,734,644	12,743	-	1,747,387
<b>Total capital assets being depreciated</b>	<u>137,119,779</u>	<u>2,210,978</u>	<u>378,393</u>	<u>138,952,364</u>
Less accumulated depreciation for:				
Buildings & improvements	49,879,122	5,155,747	549,674	54,485,195
Furniture & equipment	835,817	177,863	-	1,013,680
<b>Total accumulated depreciation</b>	<u>50,714,939</u>	<u>\$ 5,333,610</u>	<u>\$ 549,674</u>	<u>55,498,875</u>
<b>Total capital assets being depreciated</b>	<u>86,404,840</u>			<u>83,453,489</u>
<b>Enterprise activity capital assets, net</b>	<u>\$ 108,420,695</u>			<u>\$ 104,184,283</u>

## ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS - Continued  
FOR THE YEAR ENDED DECEMBER 31, 2016**NOTE 6: ACCOUNTS PAYABLE**

Accounts payable at December 31, 2016, consisted of the following:

Vendors & contractors	\$ 1,075,973
Payments in lieu of taxes – City of Alexandria	73,444
Accounts payable – HUD	333,707
Tenant security deposits	601,643
	<hr/>
	\$ 2,084,767
	<hr/> <hr/>

**NOTE 7: ACCRUED EXPENSES AND OTHER ACCRUED LIABILITIES**

Accrued expenses and other current liabilities at December 31, 2016, consisted of the following:

Accrued salary payable	\$ 176,805
Accrued compensated absences – current portion	388,598
Accrued interest payable	2,084
Unearned revenue – prepaid rents	55,433
Unearned revenue – HCV management fee	130,842
Unearned revenue – TCAP Funds	402,026
Current portion of long-term debt	751,000
Other current liabilities	76,375
	<hr/>
	\$ 1,983,163
	<hr/> <hr/>

**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/2016-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, 2016**NOTE 8: DEFINED BENEFIT PENSION PLAN - (Cont.)**b. Employees Covered by Benefit Terms

As of the June 30, 2015, 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	21
Active Elsewhere in VRS	<u>6</u>
Total Inactive Members	34
Active Members	<u>73</u>
<b>Total Covered Employees</b>	<b><u><u>141</u></u></b>

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 \$328,482 and \$334,135 for the years ended June 30, 2016 and June 30, 2015, respectively.

## ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS - Continued  
FOR THE YEAR ENDED DECEMBER 31, 2016**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, 2015, 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, 2016.

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, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2015, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2016. The following table summarizes the changes in the Net Position Liability which resulted in \$468,771 being reported as a pension liability as of December 31, 2016.

## ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS - Continued  
FOR THE YEAR ENDED DECEMBER 31, 2016**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)
<b>Balance at June 30, 2015</b>	<b>\$ 13,463,315</b>	<b>\$ 13,494,605</b>	<b>\$ (31,290)</b>
Changes for the year:			
Service Cost	456,905		456,905
Interest	920,184		920,184
Changes of assumptions			
Difference between expected and actual experience	(96,461)		(96,461)
Contributions-employer		328,482	(328,482)
Contributions-employee		225,277	(225,277)
Net investment income		235,235	(235,235)
Benefit payments, including refunds of employee contributions	(635,666)	(635,666)	
Administrative expense		(8,327)	8,327
Other changes		(100)	100
Net Changes	644,962	144,901	500,061
<b>Balance at June 30, 2016</b>	<b>\$ 14,108,277</b>	<b>\$ 13,639,506</b>	<b>\$ 468,771</b>

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%)
<b>Plan's Net Pension Liability</b>	<b>\$2,181,582</b>	<b>\$468,771</b>	<b>(\$965,685)</b>

d. Payables to the Pension Plan

At December 31, 2016, the Authority had no outstanding payable to the VRS.



## ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS - Continued  
FOR THE YEAR ENDED DECEMBER 31, 2016**NOTE 8: DEFINED BENEFIT PENSION PLAN - (Cont.)**e. Pension Expense (Income)

For the year ended December 31, 2016, the Authority recognized pension expense of \$113,045. The components of pension expense are as follows:

Service Costs	\$	456,905
Interest on total pensions liability		920,184
Expensed portion of current-period difference between expected and actual experience in the total pension liability		(24,115)
Member contributions		(225,277)
Projected earnings on plan investments		(941,460)
Amortization of investment return differences		141,245
Administrative expense		8,327
Other		100
Recognition of beginning deferred outflows of resources		62,219
Recognition of beginning deferred inflows of resources		(285,083)
Pension Expense(Income)	\$	<u>113,045</u>

f. Deferred Outflows of Resources and Deferred Inflows of Resources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience		\$ 247,028
Net difference between expected and actual earnings on pension plan investments	\$ 357,031	
Employer contributions subsequent to the measurement date	100,034	
<b>Total</b>	<u>\$ 457,065</u>	<u>\$ 247,028</u>

\$100,034 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:

2018	\$ (105,734)
2019	(104,856)
2020	179,348
2021	141,245
2022	-
Thereafter	-

## ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS - Continued  
FOR THE YEAR ENDED DECEMBER 31, 2016**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, 2016**NOTE 13: LONG TERM DEBT AND NONCURRENT LIABILITIES**

Noncurrent liabilities at December 31, 2016, including component units consisted of the following:

	Balance 01/01/16	Increases	Decreases	Balance 12/31/16	Long-term Portion of Balance	Current Portion of Balance
Notes payable - capital	\$ 19,596,915	\$ -	\$ (3,569,823)	\$ 16,027,092	\$ 15,276,092	\$ 751,000
Notes payable - operations	4,754,421	1,171,005	-	5,925,426	5,925,426	-
Compensated absences	970,408	182,816	(180,845)	972,379	583,781	388,598
Other noncurrent liabilities	4,699,675	-	(467,247)	4,232,428	4,232,428	-
Pension and OPEB liabilities	-	468,772	-	468,772	468,772	-
Total long-term liabilities	<u>\$ 30,021,419</u>	<u>\$ 1,822,593</u>	<u>\$ (4,217,915)</u>	<u>\$ 27,626,097</u>	<u>\$ 26,486,499</u>	<u>\$ 1,139,598</u>

**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, 2016 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, 2016, was \$745,284. Interest expense incurred for this loan during 2016 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 \$1,488,904, leaving a principal balance in the amount of \$3,215,696. The interest rate on the loan is 2.0% per annum. Cumulative interest payable is \$760,906. Cumulative owed on this loan is \$3,976,602 as of December 31, 2016. Interest expense incurred for this loan during 2016 was \$80,513.

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.

## ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS - Continued  
FOR THE YEAR ENDED DECEMBER 31, 2016**NOTE 13: LONG-TERM DEBT – (Cont'd)****Quaker Hill – (Cont'd)**

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, 2016 was \$2,925,424 with \$9,530 in accrued interest. ARHA makes monthly payments in the amount of \$13,916, as of December 31, 2016, 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 2016 were \$117,155.

Principal payments required:

	<u>Principal</u>	<u>Interest</u>
2017	\$ 53,590	\$ 113,401
2018	55,722	111,269
2019	57,940	109,051
2020	60,246	106,745
2021	62,644	104,347
2022 to 2026	352,659	482,296
2027 to 2031	428,648	406,308
2032 to 2036	521,009	313,947
2037 to 2041	633,272	201,684
2042 to 2046	699,694	65,686
	<u>\$ 2,925,424</u>	<u>\$ 2,014,734</u>

**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, 2016, 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, 2016**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, 2016, the note payable balance was \$2,318,536 and total interest expense during 2016 was \$73,368.

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

2017	\$ 56,875
2018	58,678
2019	60,537
2020	62,456
2021	64,435
Thereafter	<u>2,015,555</u>
	<u>\$ 2,318,536</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 2017. The loan value as of December 31, 2016, is \$5,007,000 with cumulative accrued interest of \$918,426, \$101,141 earned in the current year.

**NOTE 14: INTERFUND BALANCES**

Interfund balances have been eliminated in the combined financial statements.

## ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS - Continued  
FOR THE YEAR ENDED DECEMBER 31, 2016**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, 2016, 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.

**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, 2016.

**NOTE 19: SUBSEQUENT EVENTS**

Management has evaluated subsequent events through September 22, 2017, 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, 2016, through the report date of September 22, 2017.

**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.

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016

NOTE 21: 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
<u>Balance Sheet</u>										
Total Current Assets	\$ 34,472	\$ 779,941	\$ 241,099	\$ (67,596)	\$ (87,103)	\$ 227,822	\$ 71,332	\$ 429,354	\$ 50,504	\$ 1,679,825
Total Restricted Assets	240,584	394,948	854,231	192,527	120,456	111,207	217,972	391,743	193,907	2,717,575
Total Net Fixed Assets	7,070,326	8,271,769	6,859,102	3,650,990	3,067,529	3,458,837	7,399,537	13,324,301	5,415,477	58,517,868
<b>TOTAL ASSETS</b>	<b>\$ 7,345,382</b>	<b>\$ 9,446,658</b>	<b>\$ 7,954,432</b>	<b>\$ 3,775,921</b>	<b>\$ 3,100,882</b>	<b>\$ 3,797,866</b>	<b>\$ 7,688,841</b>	<b>\$ 14,145,398</b>	<b>\$ 5,659,888</b>	<b>\$ 62,915,268</b>
Total Current Liabilities	\$ 28,086	\$ 36,970	\$ 52,444	\$ 58,658	\$ 7,743	\$ 13,042	\$ 40,122	\$ 76,898	\$ 160,536	\$ 474,499
Total Other Liabilities	3,108,899	8,597,549	7,706,077	1,878,351	3,102,150	1,971,069	2,086,967	2,211,402	4,046,081	34,708,545
Total Partners Capital	4,208,397	812,139	195,911	1,838,912	(9,011)	1,813,755	5,561,752	11,857,098	1,453,271	27,732,224
<b>TOTAL LIABILITIES AND PARTNERS</b>	<b>\$ 7,345,382</b>	<b>\$ 9,446,658</b>	<b>\$ 7,954,432</b>	<b>\$ 3,775,921</b>	<b>\$ 3,100,882</b>	<b>\$ 3,797,866</b>	<b>\$ 7,688,841</b>	<b>\$ 14,145,398</b>	<b>\$ 5,659,888</b>	<b>\$ 62,915,268</b>
<u>Income Statement</u>										
Rental Income	\$ 299,088	\$ 334,952	\$ 313,739	\$ 143,899	\$ 136,302	\$ 137,448	\$ 310,187	\$ 801,526	\$ 339,592	\$ 2,816,733
Interest Income	450	77	-	290	-	-	-	-	292	1,109
Other Income	175,141	11,485	50,615	67,194	2,637	4,232	52,598	21,434	755,857	1,141,193
<b>TOTAL INCOME</b>	<b>474,679</b>	<b>346,514</b>	<b>364,354</b>	<b>211,383</b>	<b>138,939</b>	<b>141,680</b>	<b>362,785</b>	<b>822,960</b>	<b>1,095,741</b>	<b>3,959,035</b>
<b>TOTAL EXPENSES</b>	<b>(577,090)</b>	<b>(812,442)</b>	<b>(862,602)</b>	<b>(354,112)</b>	<b>(342,728)</b>	<b>(350,676)</b>	<b>(644,325)</b>	<b>(1,668,641)</b>	<b>(439,711)</b>	<b>(6,052,327)</b>
Net Income <Loss>	(102,411)	(465,928)	(498,248)	(142,729)	(203,789)	(208,996)	(281,540)	(845,681)	656,030	(2,093,292)
Contributions	-	-	-	-	-	-	-	-	-	-
Beginning 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
<b>TOTAL CAPITAL</b>	<b>\$ 4,208,397</b>	<b>\$ 812,139</b>	<b>\$ 195,911</b>	<b>\$ 1,838,912</b>	<b>\$ (9,011)</b>	<b>\$ 1,813,755</b>	<b>\$ 5,561,752</b>	<b>\$ 11,857,098</b>	<b>\$ 1,453,271</b>	<b>\$ 27,732,224</b>

## **SUPPORTING SCHEDULES**



## ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2016

<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	\$ 3,471,042
Public Housing Capital Fund Program	14.872	N/A	1,409,526
Resident Opportunity and Supportive Services	14.870	N/A	131,037
Housing Choice Voucher Program	14.871*	N/A	23,179,079
Section 8 Moderate Rehab	14.856	N/A	<u>1,367,733</u>
TOTAL U.S. DEPARTMENT OF HUD			<u>29,558,417</u>
<b>TOTAL FEDERAL AWARDS EXPENDED</b>			<u><b>\$ 29,558,417</b></u>

(\*) Denotes a Major Program

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2016

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 Principals, 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, 2016. 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, 2016.

***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 items 2016-001 and 2016-002. 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 items 2016-001 and 2016-002 to be significant deficiencies.

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. 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 22, 2017



**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, 2016, 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 22, 2017.

**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 items 2016-001 and 2016-002.

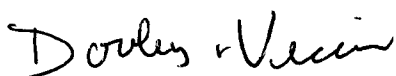
**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*  
(CONTINUED)**

**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 22, 2017

## ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

STATUS OF PRIOR AUDIT FINDINGS  
AT DECEMBER 31, 2016**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.

Status: Resolved - The Authority has implemented greater oversight over the Low-rent Housing Program and corrected affected files.



ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2016

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 checked="" type="checkbox"/> yes	<input 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 checked="" type="checkbox"/> yes	<input type="checkbox"/> no

## ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(CONTINUED)

Identification of major programs:

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

Dollar threshold used to distinguish  
between type A and B programs: \$ 886,753

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, 2016  
(CONTINUED)

## Section II -- Financial Statement Findings

There are no financial statement findings.

## Section III – Federal Awards Findings and Questioned Costs

**Finding No. 2016-001 – Cash Management**

CONDITION: The Authority did not have current depository agreements for accounts that hold federal funds.

CRITERIA: The Authority is required to have HUD approved general depository agreements with each banking institution at which the Authority deposits federal Funds.

QUESTIONED COSTS: No questioned costs.

CONTEXT: The Authority did not have and executed general depository agreement with one banking institution used for holding federal funds.

EFFECT: The Housing Authority failed to comply with HUD guidelines and incurred custodial credit risk in excess of insurance amounts provided by the Federal Deposit Insurance Corporation.

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

RECOMMENDATION: The Housing Authority should execute a general depository agreement with the banking institution.

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(CONTINUED)

**Finding No. 2016-002 – Reporting Compliance**

CONDITION: The Authority failed to correctly track Housing Choice Voucher (HCV) revenue and expenses in the Voucher Management System (VMS).

CRITERIA: The Authority is required to track all revenue and expenses related to the HCV program in VMS on a monthly basis.

QUESTIONED COSTS: No questioned costs.

CONTEXT: The Authority did not accurately report the HCV programs funding position to HUD.

EFFECT: The Housing Authority didn't accurately report the HCV programs funding position to HUD.

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

RECOMMENDATION: The Housing Authority should update the VMS schedule and add enhanced oversight to VMS reporting.

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(CONTINUED)

**Corrective Action Plan**

Finding Number: 2016-001—Cash Management

Fiscal Year: 2016

Finding: The Authority did not have current depository agreements for accounts that hold federal funds.

Status: Corrective action in progress

Corrective Action: The Authority is working with its banking institutions to obtain signed general depository agreements.

Completion Date: TBD

Auditee Contact: Derek McDaniel  
Director of Finance  
(703) 549-7115

## ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(CONTINUED)**Corrective Action Plan**Finding Number: 2016-002— **Reporting Compliance**Fiscal Year: 2016

Finding: The Authority failed to correctly track Housing Choice Voucher (HCV) revenue and expenses in the Voucher Management System (VMS).

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Status: Completed

Corrective Action: The Authority has updated the Voucher Management System.

Completion Date: May 4, 2017

Auditee Contact: Cindy Thompson  
Director of Asset Management  
(703) 549-7115 ext. 173

SUPPLEMENTAL INFORMATION

REQUIRED SUPPLEMENTAL INFORMATION



Alexandria Redevelopment & Housing Authority (VA004)  
ALEXANDRIA, VA

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2016

	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
111 Cash - Unrestricted	\$5,416,178		\$1,160,623	\$1,407,950	\$57,397	\$3,860,984	\$1,769,444	\$705,748	\$789,019	\$15,167,343		\$15,167,343
112 Cash - Restricted - Modernization and Development			\$2,238,677	\$2,518,896		\$8,278,512	\$3,899,618	\$0		\$16,935,703		\$16,935,703
113 Cash - Other Restricted				\$197,767		\$196,179		\$0		\$601,643		\$601,643
114 Cash - Tenant Security Deposits	\$207,697							\$0				
115 Cash - Restricted for Payment of Current Liabilities								\$0				
100 Total Cash	\$5,623,875	\$0	\$3,399,300	\$4,124,613	\$57,397	\$12,335,675	\$5,669,062	\$705,748	\$789,019	\$32,704,689	\$0	\$32,704,689
121 Accounts Receivable - PHA Projects		\$108,519						\$0		\$108,519		\$108,519
122 Accounts Receivable - HUD Other Projects		\$12,135	\$52,338					\$37,911		\$321,230		\$321,230
124 Accounts Receivable - Other Government						\$37,643		\$0		\$37,643		\$37,643
125 Accounts Receivable - Miscellaneous	\$40,000			\$87,145		\$625,309	\$1,267	\$0	\$32,583	\$785,304	-\$132,653	\$653,651
126 Accounts Receivable - Tenants	\$76,201			\$124,493		\$293,951		\$0		\$494,645		\$494,645
126.1 Allowance for Doubtful Accounts - Tenants	\$46,038			\$80,304	\$0	\$171,450		\$0		\$297,792		\$297,792
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0	\$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	\$289,009	\$12,135	\$160,857	\$131,334	\$0	\$785,453	\$1,267	\$37,911	\$32,583	\$1,450,549	-\$132,653	\$1,317,896
131 Investments - Unrestricted								\$0				
132 Investments - Restricted								\$0				
135 Investments - Restricted for Payment of Current Liability			\$8,008	\$141,455		\$71,559	\$5,000	\$0	\$13,466	\$284,181		\$284,181
142 Prepaid Expenses and Other Assets	\$46,715							\$0				
143 Inventories								\$0				
143.1 Allowance for Obsolete Inventories								\$0				
144 Inter Program Due From							\$9,121	\$0		\$9,121	-\$9,121	\$0
145 Assets Held for Sale								\$0				
150 Total Current Assets	\$5,959,599	\$12,135	\$3,568,165	\$4,397,400	\$57,397	\$13,192,667	\$5,682,450	\$743,659	\$635,068	\$34,448,540	-\$141,774	\$34,306,766
161 Land	\$3,855,621			\$7,612,457		\$8,002,050		\$0		\$19,470,128		\$19,470,128
162 Buildings	\$34,960,263			\$64,402,881		\$29,750,348	\$1,992,318	\$0	\$6,099,167	\$137,204,977		\$137,204,977
163 Furniture, Equipment & Machinery - Dwellings	\$126,702		\$206,475	\$972,714		\$125,858		\$0	\$316,638	\$1,747,387		\$1,747,387
164 Furniture, Equipment & Machinery - Administration								\$0				
165 Leasehold Improvements								\$0				
166 Accumulated Depreciation	-\$25,963,499		-\$206,475	-\$14,470,184		-\$11,706,081	-\$1,729,497	\$0	-\$1,423,139	-\$55,498,875		-\$55,498,875
167 Construction in Progress	\$1,260,666							\$0		\$1,260,666		\$1,260,666
168 Infrastructure								\$0				
160 Total Capital Assets, Net of Accumulated Depreciation	\$14,239,753	\$0	\$0	\$58,517,868	\$0	\$26,172,175	\$262,821	\$0	\$4,991,666	\$104,184,283	\$0	\$104,184,283
171 Notes, Loans and Mortgages Receivable - Non-Current						\$6,657,572	\$31,249,408	\$0		\$37,906,980	-\$37,906,980	\$0
172 Notes, Loans, & Mortgages Receivable - Non-Current - Past Due								\$0				
173 Grants Receivable - Non-Current								\$0				
174 Other Assets								\$0				
176 Investments in Joint Ventures								\$0				
180 Total Non-Current Assets	\$14,239,753	\$0	\$0	\$58,517,868	\$0	\$32,829,747	\$31,512,229	\$0	\$4,991,666	\$142,091,263	-\$37,906,980	\$104,184,283
200 Deferred Outflow of Resources	\$44,546		\$46,543	\$912		\$94,187	\$41,596	\$4,422	\$224,859	\$457,065		\$457,065
250 Total Assets and Deferred Outflow of Resources	\$20,243,898	\$12,135	\$3,614,708	\$62,916,190	\$57,397	\$46,116,601	\$37,236,275	\$748,081	\$6,051,593	\$176,996,868	-\$38,048,754	\$138,948,114



Alexandria Redevelopment & Housing Authority (VA004)  
ALEXANDRIA, VA

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit Fiscal Year End: 12/31/2016

	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	\$1,307,677			\$2,768,976		\$3,852,486		\$0		\$7,929,139	-\$2,332,787	\$5,596,352
70400 Tenant Revenue - Other	\$18,884			\$47,757		\$94,338		\$0		\$160,989		\$160,989
70500 Total Tenant Revenue	\$1,326,561	\$0	\$0	\$2,816,733	\$0	\$3,946,844	\$0	\$0	\$0	\$8,090,138	-\$2,332,787	\$5,757,351
70600 HUD PHA Operating Grants	\$3,866,349	\$131,037	\$23,179,079					\$1,367,733	\$12,743	\$28,544,198		\$28,544,198
70610 Capital Grants	\$1,001,476							\$0	\$1,161,013	\$1,014,219	-\$1,161,013	\$0
70700 Management Fee								\$0	\$131,893	\$131,893	-\$131,893	\$0
70720 Asset Management Fee								\$0	\$238,956	\$238,956	-\$238,956	\$0
70730 Book Keeping Fee								\$0	\$2,114,527	\$2,114,527	-\$2,114,527	\$0
70740 Front Line Service Fee								\$0				
70750 Other Fees								\$0				
70700 Total Fee Revenue								\$0	\$3,646,389	\$3,646,389	-\$3,646,389	\$0
70800 Other Government Grants						\$458,533	\$65	\$0	\$97	\$458,533		\$458,533
71100 Investment Income - Unrestricted	\$447		\$244	\$1,109		\$1,03,043		\$0		\$1,05,122		\$1,05,122
71200 Mortgage Interest Income								\$0				
71300 Proceeds from Disposition of Assets Held for Sale								\$0				
71310 Cost of Sale of Assets								\$0				
71400 Fraud Recovery								\$0				
71500 Other Revenue	\$113,928	\$188,366	\$1,141,193			\$2,131,821	\$226,883	\$0	\$483,852	\$4,286,043	-\$48,010	\$4,238,033
71600 Gain or Loss on Sale of Capital Assets								\$0				
72000 Investment Income - Restricted	\$6,308,761	\$131,037	\$23,367,689	\$3,959,035		\$6,640,241	\$623,499	\$1,367,850	\$4,143,081	\$46,541,183	-\$6,492,513	\$40,048,670
70000 Total Revenue	\$247,177	\$501,626	\$191,002	\$191,002	\$0	\$681,325	\$396,541	\$53,771	\$1,451,976	\$3,126,877		\$3,126,877
91100 Administrative Salaries	\$46,483	\$27,321	\$73,073			\$13,200		\$2,186	\$162,263	\$162,263		\$162,263
91200 Auditing Fees	\$373,880	\$319,167	\$267,242			\$182,939		\$29,128	\$1,172,566	\$1,172,566	-\$1,161,013	\$11,543
91300 Management Fee	\$44,153	\$138,057	\$27,984			\$21,603		\$9,188	\$238,965	\$238,965	-\$238,965	\$0
91310 Book-keeping Fee						\$12		\$0	\$720	\$720		\$720
91400 Advertising and Marketing	\$99,155	\$117,576	\$6,050			\$176,325		\$12,862	\$320,741	\$783,209		\$783,209
91500 Employee Benefit Contributions - Administrative	\$152,875	\$139,145	\$105,684			\$155,436		\$0	\$114,590	\$667,730		\$667,730
91600 Office Expenses	\$46,185	\$800	\$45,244			\$12,829	\$2,925	\$0	\$26,441	\$134,424		\$134,424
91700 Legal Expense	\$3,097	\$252	\$13,304			\$37,890	\$13,247	\$0	\$18,923	\$89,245		\$89,245
91800 Travel								\$0				
91810 Allocated Overhead	\$255,055	\$47,060	\$168,996	\$283,308		\$364,480	\$66,685	\$703	\$249,140	\$1,435,427		\$1,435,427
91900 Other	\$1,268,060	\$47,312	\$1,413,220	\$1,062,871	\$0	\$1,646,539	\$82,857	\$107,838	\$2,182,519	\$7,811,216	-\$1,399,978	\$6,411,238
91000 Total Operating - Administrative	\$58,860	\$69,069	\$52,162			\$28,800		\$0	\$369,140	\$139,822	-\$131,893	\$7,929
92000 Asset Management Fee	\$56					\$3,073		\$0	\$3,129	\$3,129		\$3,129
92100 Tenant Services - Salaries	\$61,781	\$13,998	\$35,199			\$138,648	\$2,617	\$0	\$91,543	\$102,762		\$102,762
92200 Relocation Costs	\$94,891	\$83,067	\$35,189		\$0	\$141,721	\$2,617	\$0	\$24,932	\$283,167	-\$232,704	\$30,463
92300 Employee Benefit Contributions - Tenant Services	\$518,402	\$1,017	\$90,850			\$259,751	\$2,617	\$0	\$475,615	\$833,100	-\$232,704	\$600,396
92400 Tenant Services - Other	\$327,901	\$7,422	\$55,422			\$37,452	\$2,617	\$0	\$6,712	\$876,732		\$876,732
92500 Total Tenant Services	\$70,653	\$1,389	\$10,535			\$16,513	\$2,617	\$0	\$3,008	\$102,098		\$102,098
93100 Water								\$0				
93200 Electricity								\$0				
93300 Gas								\$0				
93400 Fuel								\$0				
93500 Labor								\$0				
93600 Sewer								\$0				

93700 Employee Benefit Contributions - Utilities									\$0				
93800 Other Utilities Expense									\$0				
93000 Total Utilities	\$916,956	\$0	\$9,828	\$156,807	\$0	\$313,716	\$0	\$0	\$34,397	\$1,431,704	\$0	\$1,431,704	
94100 Ordinary Maintenance and Operations - Labor	\$241,279		\$14,582	\$253,177		\$322,634		\$0	\$335,920	\$1,167,592		\$1,167,592	
94200 Ordinary Maintenance and Operations - Materials and Other	\$39,425		\$1,235	\$28,691		\$19,405		\$0	\$558,762	\$647,518		\$647,518	
94300 Ordinary Maintenance and Operations Contracts	\$904,300		\$2,989	\$601,201		\$548,911		\$0	\$462,966	\$2,520,367	-\$1,881,823	\$638,544	
94500 Employee Benefit Contributions - Ordinary Maintenance	\$92,036			\$74,296		\$83,733		\$0	\$74,205	\$324,270		\$324,270	
94000 Total Maintenance	\$1,277,040	\$0	\$18,806	\$957,365	\$0	\$974,683	\$0	\$0	\$1,431,853	\$4,655,747	-\$1,881,823	\$2,777,924	
95100 Protective Services - Labor									\$0				
95200 Protective Services - Other Contract Costs									\$0				
95300 Protective Services - Other	\$3,459		\$1,895	\$17,337		\$2,801		\$0	\$21,637	\$47,129		\$47,129	
95500 Employee Benefit Contributions - Protective Services									\$0				
95000 Total Protective Services	\$3,459	\$0	\$1,895	\$17,337	\$0	\$2,801	\$0	\$0	\$21,637	\$47,129	\$0	\$47,129	
96110 Property Insurance	\$86,344		\$10,418	\$117,526		\$136,856		\$0	\$30,914	\$382,058		\$382,058	
96120 Liability Insurance	\$44,831		\$3,240	\$18,899		\$9,214		\$0		\$76,184		\$76,184	
96130 Workmen's Compensation	\$23,964		\$19,014	\$12,590		\$17,326		\$0	\$41,164	\$114,058		\$114,058	
96140 All Other Insurance	\$9,654		\$4,196	\$7,700		\$6,133		\$0	\$5,456	\$33,139		\$33,139	
96100 Total Insurance Premiums	\$164,793	\$0	\$36,868	\$156,715	\$0	\$169,529	\$0	\$0	\$77,534	\$605,439	\$0	\$605,439	
96200 Other General Expenses	\$1,505,892		\$214,992	\$4,666		\$439		\$0		\$1,725,989	-\$1,114,722	\$611,267	
96210 Compensated Absences		\$658		-\$3,991		\$67,587		\$0	\$116,591	\$180,845		\$180,845	
96300 Payments in Lieu of Taxes	\$40,960					\$32,484		\$0		\$73,444		\$73,444	
96400 Bad debt - Tenant Rents				\$31,584		\$41,878		\$0		\$73,462		\$73,462	
96500 Bad debt - Mortgages								\$0					
96600 Bad debt - Other			\$1,006					\$0		\$1,006		\$1,006	
96800 Severance Expense								\$0					
96000 Total Other General Expenses	\$1,546,852	\$658	\$215,998	\$32,259	\$0	\$142,388	\$0	\$0	\$116,591	\$2,054,746	-\$1,114,722	\$940,024	
96710 Interest of Mortgage (or Bonds) Payable				\$587,278		\$384,502		\$0		\$971,780	-\$511,407	\$460,373	
96720 Interest on Notes Payable (Short and Long Term)						\$101,141		\$0		\$101,141		\$101,141	
96730 Amortization of Bond Issue Costs								\$0					
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$587,278	\$0	\$485,643	\$0	\$0	\$0	\$1,072,921	-\$511,407	\$561,514	
96900 Total Operating Expenses	\$5,330,911	\$131,037	\$1,696,615	\$3,057,983	\$0	\$3,905,820	\$85,474	\$107,838	\$4,340,146	\$18,655,824	-\$5,272,527	\$13,383,297	
97000 Excess of Operating Revenue over Operating Expenses	\$977,850	\$0	\$21,671,074	\$901,052	\$0	\$2,734,421	\$538,015	\$1,260,012	-\$197,065	\$27,885,359	-\$1,219,986	\$26,665,373	
97100 Extraordinary Maintenance									\$0				
97200 Casualty Losses - Non-capitalized									\$0				
97300 Housing Assistance Payments			\$21,515,017						\$1,219,986	\$22,735,003	-\$1,219,986	\$21,515,017	
97350 HAP Portability-In			\$178,991						\$0	\$178,991		\$178,991	
97400 Depreciation Expense	\$1,104,722			\$2,994,344		\$950,367	\$57,850	\$0	\$226,327	\$5,333,610		\$5,333,610	
97500 Fraud Losses									\$0				
97600 Capital Outlays - Governmental Funds									\$0				
97700 Debt Principal Payment - Governmental Funds									\$0				
97800 Dwelling Units Rent Expense									\$0				
90000 Total Expenses	\$6,435,633	\$131,037	\$23,390,623	\$6,052,327	\$0	\$4,856,187	\$143,324	\$1,327,824	\$4,566,473	\$46,903,428	-\$6,492,513	\$40,410,915	
10010 Operating Transfer In	\$395,307					\$586,197		\$24,348	\$378,456	\$1,384,308	-\$1,384,308	\$0	
10020 Operating Transfer Out	-\$395,307					-\$378,456	-\$586,197	-\$24,348	-\$1,384,308	\$1,384,308		\$0	
10030 Operating Transfers from/to Primary Government									\$0				
10040 Operating Transfers from/to Component Unit									\$0				
10050 Proceeds from Notes, Loans and Bonds									\$0				
10060 Proceeds from Property Sales									\$0				
10070 Extraordinary Items, Net Gain/Loss									\$0				
10080 Special Items (Net Gain/Loss)									\$0				
10091 Inter Project Excess Cash Transfer In									\$0				

10092 Inter Project Excess Cash Transfer Out									\$0			
10093 Transfers between Program and Project - In									\$0			
10094 Transfers between Project and Program - Out									\$0			
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0	\$207,741	-\$586,197	\$0	\$378,456	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$126,872	\$0	-\$22,934	-\$2,093,292	\$0	\$1,991,795	-\$106,032	\$40,026	-\$44,936	-\$362,245	\$0	-\$362,245
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$0	\$751,000	\$0	\$0	\$0	\$751,000		\$751,000
11030 Beginning Equity	\$19,785,040	\$0	\$473,337	\$29,825,516	\$0	\$13,993,463	\$36,913,164	\$440,477	\$5,063,808	\$106,494,805		\$106,494,805
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0							\$0	\$0	\$0		\$0
11050 Changes in Compensated Absence Balance								\$0				
11060 Changes in Contingent Liability Balance								\$0				
11070 Changes in Unrecognized Pension Transition Liability								\$0				
11080 Changes in Special Term/Severance Benefits Liability								\$0				
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents								\$0				
11100 Changes in Allowance for Doubtful Accounts - Other								\$0				
11170 Administrative Fee Equity			\$450,403					\$0		\$450,403		\$450,403
11180 Housing Assistance Payments Equity			\$0					\$0		\$0		\$0
11190 Unit Months Available	9188		23112	4104		2940		1308		40652	-4476	36176
11210 Number of Unit Months Leased	8987		18141	3901		2773		1225		35027	-4326	30701
11270 Excess Cash	\$5,193,039							\$0		\$5,193,039		\$5,193,039
11610 Land Purchases	\$0							\$0	\$0	\$0		\$0
11620 Building Purchases	\$630,941							\$0	\$12,743	\$643,684		\$643,684
11630 Furniture & Equipment - Dwelling Purchases	\$0							\$0	\$0	\$0		\$0
11640 Furniture & Equipment - Administrative Purchases	\$10,249							\$0	\$0	\$10,249		\$10,249
11650 Leasehold Improvements Purchases	\$0							\$0	\$0	\$0		\$0
11660 Infrastructure Purchases	\$0							\$0	\$0	\$0		\$0
13510 CFFP Debt Service Payments	\$0							\$0	\$0	\$0		\$0
13901 Replacement Housing Factor Funds	\$0							\$0	\$0	\$0		\$0

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY  
 STATEMENT OF CERTIFICATION OF MODERNIZATION COSTS  
 FOR THE YEAR ENDED DECEMBER 31, 2016

The Actual Modernization costs of Project are as follows:	VA39P004501-10
Funds Approved	\$ 1,216,243
Funds Expended	<u>1,216,243</u>
 EXCESS OF FUNDS APPROVED	 <u>\$ -</u>
Funds Advanced	\$ 1,216,243
Funds Expended	<u>1,216,243</u>
 EXCESS <DEFICIENCY> OF FUNDS ADVANCED	  <u>\$ -</u>

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

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

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY  
 STATEMENT OF CERTIFICATION OF MODERNIZATION COSTS  
 FOR THE YEAR ENDED DECEMBER 31, 2016

The Actual Modernization costs of Project are as follows:	VA39P004501-11
Funds Approved	\$ 1,008,549
Funds Expended	<u>1,008,549</u>
 EXCESS OF FUNDS APPROVED	 <u>\$ -</u>
Funds Advanced	\$ 1,008,549
Funds Expended	<u>1,008,549</u>
 EXCESS <DEFICIENCY> OF FUNDS ADVANCED	 <u>\$ -</u>

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

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

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY  
 STATEMENT OF CERTIFICATION OF MODERNIZATION COSTS  
 FOR THE YEAR ENDED DECEMBER 31, 2016

The Actual Modernization costs of Project are as follows:	VA39P004501-12
Funds Approved	\$ 933,478
Funds Expended	<u>933,478</u>
EXCESS OF FUNDS APPROVED	<u>\$ -</u>
Funds Advanced	\$ 933,478
Funds Expended	<u>933,478</u>
EXCESS <DEFICIENCY> OF FUNDS ADVANCED	<u>\$ -</u>

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

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



## ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION RELATED TO PENSIONS  
FOR THE YEAR ENDED DECEMBER 31, 2016

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

	2016	2015
<b>Total pension liability</b>		
Service cost	\$ 456,905	\$ 456,967
Interest	920,184	893,769
Difference between expected and actual experience	(96,461)	(350,240)
Benefit payments, including refunds of employee contributions	(635,666)	(610,608)
<b>Net change in total pension liability</b>	644,962	389,888
<b>Total pension liability - beginning</b>	13,463,315	13,073,427
<b>Total pension liability - ending (a)</b>	<u>\$ 14,108,277</u>	<u>\$ 13,463,315</u>
<b>Plan fiduciary net position</b>		
Contributions - employer	\$ 328,482	\$ 334,135
Contributions - employee	225,277	228,475
Net investment income	235,235	593,919
Benefit payments, including refunds of employee contributions	(635,666)	(610,608)
Administrative expense	(8,327)	(8,065)
Other	(100)	(126)
<b>Net change in plan fiduciary net position</b>	144,901	537,730
<b>Plan fiduciary net position - beginning</b>	13,494,605	12,956,875
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 13,639,506</u>	<u>\$ 13,494,605</u>
<b>ARHA's net pension liability (asset) - ending (a)-(b)</b>	<u>\$ 468,771</u>	<u>\$ (31,290)</u>
<b>Plan fiduciary net position as a percentage of the total Pension liability</b>	97%	3%
<b>Covered employee payroll</b>	\$ 4,671,615	\$ 4,603,233
<b>ARHA's net pension liability as a percentage of covered-employee payroll</b>	10.03%	-0.68%

Totals, with the exception of the covered payroll are from Schedule E Total Pension Liability and Fiduciary Net Position on pages 182-216 and the Summary of Collective Amounts on page 3 of the GASB Statement No. 68 Report.

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY  
 REQUIRED SUPPLEMENTARY INFORMATION RELATED TO PENSIONS  
 FOR THE YEAR ENDED DECEMBER 31, 2016  
 (CONTINUED)

Schedule of Employer Contributions to the VRS For the Years Through 2016

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
6/30/2016	\$ 328,482	\$ 328,482	\$ -	\$ 4,671,615	7.03%
6/30/2015	334,135	334,135	-	4,603,233	7.26%
6/30/2014	424,072	424,072	-	3,971,713	10.68%
6/30/2013	438,540	438,540	-	4,326,482	10.14%
6/30/2012	467,420	467,420	-	4,393,255	10.64%
6/30/2011	508,209	508,209	-	4,459,639	11.40%
6/30/2010	449,478	449,478	-	3,971,713	11.32%
6/30/2009	358,512	358,512	-	3,417,232	10.49%
6/30/2008	132,875	132,875	-	2,657,501	5.00%
6/30/2007	144,472	144,472	-	2,889,447	5.00%

## ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION RELATED TO PENSIONS  
FOR THE YEAR ENDED DECEMBER 31, 2016Note 1: Changes of Benefit Terms

There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation. The 2014 valuation includes Hybrid Retirement Plan members for the first time. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. Because this is a fairly new benefit and the number of participants was relatively small, the impact on the liabilities as of the measurement date of June 30, 2016 are not material.

Changes of assumptions - The following changes in actuarial assumptions were made effective June 30, 2013 based on the most recent experience study of the System for the four-year period ending June 30, 2012:

## Largest 10 – Non-LEOS:

Update mortality table  
Decrease in rates of service retirement  
Decrease in rates of disability retirement  
Reduce rates of salary increase by 0.25% per year

## Largest 10 –LEOS:

Update mortality table  
Decrease in male rates of disability

## All Others (Non-10 Largest) – Non-LEOS:

Update mortality table  
Decrease in rates of service retirement  
Decrease in rates of disability retirement  
Reduce rates of salary increase by 0.25% per year

## All Others (Non-10 Largest) – LEOS:

Update mortality table  
Adjustments to rates of service retirement for females  
Increase in rates of withdrawal  
Decrease in male and female rates of disability