

**ALEXANDRIA REDEVELOPMENT  
AND HOUSING AUTHORITY**

**AUDITED  
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
DECEMBER 31, 2017**

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

AUDITED  
FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report .....	1
Management's Discussion and Analysis .....	4
Statement of Net Position - All Funds.....	18
Statement of Revenues, Expenses and Changes in Fund Net Position - All Funds.....	20
Statement of Cash Flows - All Funds .....	21
Statement of Net Position – Proprietary Funds .....	23
Statement of Revenues, Expenses and Changes in Fund Net Position- Proprietary Funds.....	25
Statement of Cash Flows – Proprietary Funds .....	26
Notes to Financial Statements .....	28
<b>SUPPORTING SCHEDULES</b>	
Schedule of Expenditures of Federal Awards .....	48
Notes to Schedule of Expenditures of Federal Awards .....	49
<b>FINANCIAL COMPLIANCE REPORTS FOR FEDERAL FUNDS</b>	
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance.....	50
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 <i>Government Auditing Standards</i> .....	52
Status of Prior Audit Findings .....	54
Schedule of Findings and Questioned Costs .....	55
Corrective Action Plans - 2017-001 .....	58
<b>REQUIRED SUPPLEMENTAL INFORMATION</b>	
Financial Data Schedule.....	59
Required Supplementary Information Related to Pensions .....	64
Notes to Required Supplementary Information Related to Pensions.....	66



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, 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, as listed in the Table of Contents.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of certain component units, as discussed in Note 1 to the financial statements. The total investment in these component units was \$60,663,276 as of December 31, 2017, and the total net equity in their net losses was \$2,574,054 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, 2017, 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 64, and the Schedule of Employer Contributions to the Virginia Retirement system on page 65, 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 28, 2018, 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.

Richmond, Virginia  
September 28, 2018

**ALEXANDRIA REDEVELOPMENT &  
HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION & ANALYSIS  
FISCAL YEAR ENDED DECEMBER 31, 2017**

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, 2017.

**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 \$(1.09) million.
- The Authority's financial operations have evolved in complexity over recent years from a traditional housing authority supported by public subsidies (federal and state) to reflect our role as an originator or sponsor of various public-private partnerships where financing and operating income is derived from multiple sources, including private capital, commercial financing, market rents and sale proceeds. As a result of this complexity, the Authority has opted to add additional disclosures relating to the limited partnerships (Note 21) and detailed component unit information (Additional Information).
- The Authority was awarded a Capital Fund (CFP) 2017 grant during fiscal year 2017 in the amount of \$1,206,117. Total CFP expenditures during the year were \$2,130,606. This included 403,975 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 \$3,665,942.
- The Authority received funding for the Section 8 Housing Choice Voucher Program in the amount of \$23,170,474.
- The Authority received three (3) Resident Opportunities Supportive Services grants in the amount of \$207,000 and spent \$125,865 during the fiscal year.

## 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 State/Local and 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.

**Alexandria Redevlopment & Housing Authority**  
**Combined Statement of Net Position**  
**TABLE I**

Account Descriptions	2017	2016	Total Change	% Change
Current Assets	14,312,674	16,769,420	(2,456,746)	-14.65%
Restricted Assets	13,115,176	17,537,346	(4,422,170)	-25.22%
Capital Assets	101,041,405	104,184,283	(3,142,878)	-3.02%
Other Noncurrent Assets	475,124	-	475,124	100.00%
Deferred Outflows	109,190	457,065	(347,875)	-76.11%
<b>Total Assets &amp; Deferred Outflows</b>	<b>129,053,569</b>	<b>138,948,114</b>	<b>(9,894,545)</b>	<b>-7.12%</b>
Current Liabilities	3,636,479	4,067,930	(431,451)	-10.61%
Noncurrent Liabilities	19,835,402	26,486,499	(6,651,097)	-25.11%
Deferred Inflows	541,503	2,261,125	(1,719,622)	100.00%
<b>Total Liabilities &amp; Deferred Inflows</b>	<b>24,013,384</b>	<b>32,815,554</b>	<b>(8,802,170)</b>	<b>-26.82%</b>
Investment in Capital Assets	85,113,661	88,157,191	(3,043,530)	-3.45%
Restricted Net Position	6,815,695	13,057,733	(6,242,038)	-47.80%
Unrestricted Net Position	13,110,829	4,917,636	8,193,193	166.61%
<b>Total Net Position</b>	<b>105,040,185</b>	<b>106,132,560</b>	<b>(1,092,375)</b>	<b>-1.03%</b>
<b>Total Liabilities &amp; Net Position</b>	<b>129,053,569</b>	<b>138,948,114</b>	<b>(9,894,545)</b>	<b>-7.12%</b>

***Current Assets:***

Current assets are made up of cash, receivables and prepaid expenses. Current assets decreased by \$2.46 million or 14.65% due to several factors:

- Cash decreased by \$(3.06) million due to the payment of the West Glebe operating loan, \$5.92 million, during the fiscal year outpacing the operating income after you add back depreciation expense which increased overall cash of \$1.22 million.
- Receivables increased by \$556,237 due to several factors. First, HUD A/R increased by \$672,251 due to timing of capital fund payments and drawdowns from HUD Eloccs.
- Tenant accounts receivables decreased by \$(390,268) due to board approved write-offs during the fiscal year. Allowance for doubtful accounts decreased by \$274,069 due to the write-offs and year-end adjustments per allowance for doubtful account calculations.
- Miscellaneous A/R balances decreased by \$(21,438) due to prior developments being completed and those funds being placed in the development cost ledger or written off.

### ***Restricted Assets:***

Restricted assets decreased by \$4.42 million, or 25.22% due to VHDA, LLC utilizes restricted funds for current and future developments. Additional reductions in the amount of \$2.3 million within the HCVP was due to prepayment of the January 2017 subsidy funding and those funds being utilized during the current fiscal year.

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

Deferred outflows decrease related to VRS reported deferred outflows of resources and deferred pension payments made between July 1, 2017 to December 31, 2017. The balance was \$109,190, a net change in the amount of \$(347,875) or 76.11%.

### ***Current Liabilities***

Current liabilities are made of accounts payable, accrued liabilities, unearned revenue and security deposits. Current liabilities decreased by \$(431,451) or 10.61%. The increase was driven by the following factors:

- HUD AP decreased by \$(278,522) due to payment of the Glebe Park and Jefferson Village's balance of \$90,311 and Section-8 Moderate Rehabilitation program balances reducing from \$243,396 to \$55,185 due to better budgeting during the fiscal year.
- Vendors payable balances decreased by \$(233,603) due to timing issues.
- Deferred revenues decreased by \$(41,640) due to timing issues.
- Increases in current liabilities, \$49,823, related to legal settlement resolved in May 2018.
- Other minor changes in the remaining liability account related to accrued payroll, accrued compensated absences A/P – Other governments and Short-term capital debt. Tenant security deposits increased by \$36,308 due to tax-credit projects coming on-line and leasing up during fiscal year 2017.

### ***Non-current Liabilities***

Non-current liabilities are made up of long-term debt, family self-sufficiency escrow accounts, accrued compensated absences and other accrued liabilities that are long term in nature. Non-current liabilities decreased by \$(6.7) million due to the following factors or events:

- The main reason for the decrease due to the payment of the West Glebe operating loan, \$5.92 million, during the fiscal year.
- Amortizing of long-term capital debt in the amount of \$202,290.
- Accrued Pension Liabilities increased by \$468,772 during the fiscal year due to the VRS Audited report for the year ended June 30, 2017.
- Other minor changes occurred within the Non-Current liabilities and Non-Current accrued compensated absences during the fiscal year.

### ***Deferred Inflows or Resources***

Deferred inflows of Resources decreased by \$(1.72) million due to two factors. First, the prepaid subsidy for the HCVP was utilized in fiscal year 2017, \$2.03 million, and an increase in the amount of \$318,698 for the VRS audited Deferred Inflows of Resources balance per the VRS Audit report at 6/30/2017.

### ***Net Position***

As illustrated in the Combined Statement of Net Position, the overall Net Position of the Authority decreased by \$(1.15) million.

The “Investment in Capital Assets” decreased by \$(3.04) million or 3.45 %. 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 decreased by (6.24) million or 47.8 % due to the following factors:

- Decreased due to reductions in the restricted development funds under the control of VHDC LLC.

The Unrestricted Net Position increased by \$(8.19) million or 166.61 % due to net operating income plus reductions in long-term debt as well as restricted net position. Additional increases related to changes in James Bland V net position balance from the prior year noted in the prior year tax-credit report which was completed after the completion of the fiscal year 2016 ARHA audit.

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.

**Table II**  
**Change of Net Assets**

Net Assets @ December 31, 2016	106,132,560
Results of Operations	(1,735,112)
Prior year adjustments	<u>580,391</u>
Net Assets @ December 31, 2017	<u><u>104,977,839</u></u>

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

<u>Account Descriptions</u>	<u>2017</u>	<u>2016</u>	<u>Total Change</u>	<u>% Change</u>
Tenant Revenue	4,388,640	5,757,351	(1,368,711)	-23.77%
Grant Funding	29,983,285	29,363,017	620,268	2.11%
Capital Grant Funding	941,156	653,933	287,223	43.92%
Interest Income	491,326	36,336	454,990	1252.17%
Other Income	1,785,213	4,238,033	(2,452,820)	-57.88%
<b>Total Revenue</b>	<b>37,589,620</b>	<b>40,048,670</b>	<b>(2,459,050)</b>	<b>-6.14%</b>
Administration	6,804,197	6,419,167	385,030	6.00%
Tenant Services	702,329	600,396	101,933	16.98%
Utilities	1,287,024	1,431,704	(144,680)	-10.11%
Maintenance	2,930,461	2,777,924	152,537	5.49%
Protective services	73,909	47,129	26,780	56.82%
Insurance expense	559,795	605,439	(45,644)	-7.54%
General expense	1,197,234	940,024	257,210	27.36%
Housing Assistance Payments	20,080,060	21,694,008	(1,613,948)	-7.44%
Interest expense	882,044	561,514	320,530	57.08%
Depreciation	4,745,333	5,333,610	(588,277)	-11.03%
<b>Total Expenses</b>	<b>39,262,386</b>	<b>40,410,915</b>	<b>(1,148,529)</b>	<b>-2.84%</b>
Prior year adjustments	580,391	-	580,391	100.00%
Change in Net Position	(1,092,375)	(362,245)	(730,130)	201.56%
Beginning Net Position	106,132,560	106,494,805	(362,245)	-0.34%
<b>Ending Net Position</b>	<b>105,040,185</b>	<b>106,132,560</b>	<b>(1,092,375)</b>	<b>-1.03%</b>

## REVENUES

In reviewing the Statement of Revenues, Expenses, and Net Position, you will find that 83% 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 11% of total revenue.

Other Revenue comprises the remaining 5% and Interest income represents less than 1%. Compared to the Fiscal Year Ended December 31, 2017, revenues had an overall decrease of \$2.5 million or 6.27%.

**Tenant Revenue** - Tenant Revenue had a decrease from \$5,757,351 to \$4,388,640 or a decrease of \$(1,368,711) or 22.77%. The main reason for this reduction related to elimination entries related to tax credit and state/local developments receiving housing assistance payments which were not eliminated in the prior year. The amount of the additional elimination entries to rent was in the amount of \$1.8 million.

**Program Grants/Subsidies** – Federal and State subsidies for the year increased by \$519,807 or 1.76% from \$29.56 million in fiscal year 2016 to \$30.07 million, combination of operating and capital grants, in fiscal year 2017. The main reasons for the increases are as follows:

Increases were across the board except for the HCVP which had a net decrease in the amount of \$(8,605). The major driver in the overall increase was within the Capital Fund Program in the amount \$317,106

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>
2017	3,665,942.00	1,377,176.00	1,726,632.00
2016	3,471,042.00	1,367,733.00	1,409,526.00
<b>Net Change</b>	<b>194,900.00</b>	<b>9,443.00</b>	<b>317,106.00</b>
<b>% Change</b>	<b>5.62%</b>	<b>0.69%</b>	<b>22.50%</b>

  

<u>Year</u>	<u>Vouchers</u>	<u>ROSS</u>	<u>Totals</u>
2017	23,170,474.00	138,000.00	30,078,224.00
2016	23,179,079.00	131,037.00	29,558,417.00
<b>Net Change</b>	<b>(8,605.00)</b>	<b>6,963.00</b>	<b>519,807.00</b>
<b>% Change</b>	<b>-0.04%</b>	<b>5.31%</b>	<b>1.76%</b>

**Interest Income** – Interest Income increased by \$454,900 or 1,252.17 % due to notes receivable loan interest earned during the fiscal year exceeding the prior year balances.

**Other Income/Interest Income** – Other revenues decreased by \$(2.5) million or 57.88% 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 a decrease in operating expenses for the current year from \$40.41 million to \$39.26 million, or a net decrease of \$(1.15) million or 2.84%. 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 2016, administrative costs increased by \$385,030 or 6%. The main drivers in the overall increase were as follows:

- Salaries increased by \$578,270 due to increased salaries and decreased usage of compensated absences during the fiscal year.
- Office expenses increased by \$99,492 due to increased supply needs.
- Administrative – Other costs decreased by \$(170,015) due to lower capital fund soft costs and other changes to consulting and training costs.
- Travel costs decreased by \$(71,306) due to lower travel costs during the fiscal year.
- Auditing fees decreased by \$(48,603).
- Other minor changes to account categories going up and down.

**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 \$600,396 to \$702,329 or an increase of \$101,933 or 16.98%. The increase was due to increased Resident Opportunities and Supportive Services program activity. This program assists residents of all ages in training, education and employment assistance.

**Utilities** - The total utilities expense for the Authority decreased by \$(144,680) or 10.11%. Water and electricity decreased by (169,123) and (960), 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 gas account by \$25,403 to increased energy 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 \$2.78 million to \$2.93 million for an increase of \$152,537 or 5.49%. The main factors for this increase were as follows:

- Contract costs increased by \$441,267 due to increased unit turnover and janitorial needs.
- Materials increased due by \$91,326 due to increased use of in-house staff for non unit turnover needs and increased material costs.
- Salary and benefit costs decreased by \$(380,056) due to reductions in overtime and staffing.



**Protective Services** – Protective services costs were used for security and fire monitoring services. The total expense for the year was \$73,909 or an increase of \$26,780 or 56.82%. The Authority utilizes security and fire monitoring services for the protection of elderly, disabled and other residents. The services helped reduce crime and protect the Authority's assets.

**Insurance Expenses** – General Expenses include insurance costs (property, auto, liability, workers' compensation, public officials' liability, lead based paint insurance, etc.). The overall insurance costs decreased from \$605,439 to \$559,795 or \$(45,644) or 7.54%. There were across the board due to increases in insurance rates and the James Bland V property having a full year in operation in fiscal year 2017.

**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 \$940,024 to \$1,197,234, for an overall increase of \$257,210 or 27.36%. The main drivers in this categories increase is as follows:

- Replacement Housing Factor (RHF) program fund expenses to fund tax credit developments in the amount of \$403,974.
- Bad debt increased by \$212,763 due to board approved write-offs of vacated balances.
- Personnel settlement in the amount of \$130,000, \$68,801 paid by the Authority and 46,199 by the Authority insurance company, was paid for in May 2018 and recorded as a current liability in FY 2017.
- Family Self-Sufficiency escrow balance write-offs in the amount of \$105,425 or an increase of \$104,419 during the fiscal year.
- Compensated absences expense decreased by \$(264,420) due to timing issues.

**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 decreased from \$21,694,008 to \$20,080,060, for an overall increase of \$(1.6) million or 7.44%. This was due to decreased 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 decreased by \$(588,277) or 11.03%. This was due to adjustments to tax credit depreciation from adjustments to total development costs as well as projects completely depreciated authority wide.

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

- Interest expense increased by \$320,530 or 57.08% due to payment of debt and normal amortization of capital debt principal balances.

**Prior Period Adjustments** - There were \$580,391 in prior period adjustments during fiscal year 2017. This was due to corrections to the James Bland V tax credit property audit report completed by a different audit firm than the Authority Auditor and the audit report being issued post the issuance of the FY 2016 Authority financials.

## CAPITAL ASSETS

At the end of fiscal year 2016 the Authority had invested in Capital Assets of \$104.18 million, net of depreciation. As of December 31, 2017, the Authority had a net decrease in net capital assets of \$(3.14) million to \$101.04 million or 3.02%. The following illustrates the Capital Asset values for 2017 and 2016.

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

Account Descriptions	2017	2016	Total Change	% Change
Land	19,507,388	19,470,128	37,260	0.19%
Buildings & improvements	139,885,028	138,465,643	1,419,385	1.03%
Equipment	1,893,197	1,747,387	145,810	8.34%
	161,285,613	159,683,158	1,602,455	1.00%
Accumulated Depreciation	(60,244,208)	(55,498,875)	(4,745,333)	8.55%
<b>Total Capital Assets</b>	<b>101,041,405</b>	<b>104,184,283</b>	<b>(3,142,878)</b>	<b>-3.02%</b>

The Authority has five ongoing HUD Capital Fund grants and four Replacement Housing Grants. The total capital improvement for the year was \$1.6 million, \$941,156 for CFP and \$661,299 in other capital projects. There were \$580,391 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 2016 to FY 2017.

The long-term debt balance decreased by \$(6.08) million. The decrease was due to the payment of capital and operating debt related to redevelopment deals as well as payment of the West Glebe operational debt with the City of Alexandria, see note 15.

**Table V**  
**Outstanding Debt Schedule**

	<u>2017</u>	<u>2016</u>	<u>Net Change</u>
Current Portion of Long Term Debt	\$ 800,000	751,000	49,000
Long Term Debt, Net of	\$ 15,073,802	21,201,518	(6,127,716)
<b>Totals</b>	<b>\$ 15,873,802</b>	<b>21,952,518</b>	<b>(6,078,716)</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 2017 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 2017 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.
- (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.

<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>

- (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 2.6 as of December 31, 2017.<sup>5</sup>This down from the 2.9% rate at December 2016 period. The State of Virginia unemployment rate for December 2017 was 3.3% and the national average for the same period was 4.1%.<sup>5</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.

---

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

# Alexandria Redevelopment & Housing Authority

## Statement of Net Position - All Funds December 31, 2017

<b>ASSETS</b>	Totals Primary Government
<b>Current Assets</b>	
Cash and cash equivalents	\$ 12,103,202
Restricted Cash	13,115,176
Receivables, net	1,874,133
Prepaid Expense and Other Assets	335,339
<b>Total current assets</b>	<u>27,427,850</u>
<b>Noncurrent Assets</b>	
Capital assets:	
Land	19,507,388
Buildings	138,047,740
Furniture, Equipment & Machinery - Admin	1,893,197
Construction in Progress	1,837,288
Less: accumulated depreciation	<u>(60,244,208)</u>
Capital assets, net	101,041,405
Noncurrent Assets - Other	475,124
<b>Total noncurrent assets</b>	<u>101,516,529</u>
<b>Total Assets</b>	<u>128,944,379</u>
<b>Deferred Outflow of Resources</b>	
Deferred Outflow of Resources	<u>109,190</u>
<b>Total Assets and Deferred Outflow of Resources</b>	<u>\$ 129,053,569</u>

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

# Alexandria Redevelopment & Housing Authority

## Statement of Net Position - All Funds December 31, 2017

<b>LIABILITIES</b>	<b>Totals Primary Government</b>
<b>Current Liabilities</b>	
Accounts Payable	\$ 842,370
Accrued Liabilities	528,222
Intergovernmental payables	155,077
Tenant security deposits	637,951
Unearned revenue	546,661
Current portion of long-term debt	800,000
Other current liabilities	126,198
<b>Total current liabilities</b>	<u>3,636,479</u>
<b>Noncurrent liabilities</b>	
Long-term debt, net of current	15,127,744
Noncurrent liabilities - other	4,707,658
<b>Total noncurrent liabilities</b>	<u>19,835,402</u>
<b>Total Liabilities</b>	<u>23,471,881</u>
<b>Deferred Inflow of Resources</b>	
Deferred Inflow of Resources	<u>541,503</u>
<b>Net Position</b>	
Investment in Capital Assets - Net of Related Debt	85,113,661
Restricted Net Position	6,815,695
Unrestricted Net Position	13,110,829
<b>Total Net Position</b>	<u>105,040,185</u>
<b>Total Liabilities, Deferred Inflow of Resources, and Net Position</b>	<u>\$ 129,053,569</u>

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, 2017

	Totals Primary Government
<b>Operating Revenues</b>	
Tenant revenue	\$ 4,388,640
Government operating grants	29,541,043
Other Government Grants	442,243
Other revenue	1,785,213
<b>Total operating revenues</b>	<u>36,157,139</u>
<b>Operating Expenses</b>	
Administrative	6,804,197
Tenant services	702,329
Utilities	1,287,024
Maintenance	2,930,461
Protective services	73,909
General	1,757,030
Housing assistance payment	20,080,060
Depreciation	4,745,333
<b>Total operating expenses</b>	<u>38,380,343</u>
<b>Operating income (loss)</b>	<u>(2,223,204)</u>
<b>Non-Operating Revenues (Expenses)</b>	
Interest Expense	(882,044)
Interest and investment revenue	491,326
Total nonoperating revenues (expenses)	<u>(390,718)</u>
Income (loss) before contributions and transfers	(2,613,922)
Capital Grants - Federal Government	941,156
Change in Net Position	(1,672,766)
Total Beginning Net Position	106,132,560
Prior Period Adjustments/Equity Transfers	580,391
<b>Total Ending Net Position</b>	<u>\$ 105,040,185</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, 2017

	Totals Primary Government
Cash flows from operating activities:	
Cash received from tenants	\$ 4,930,783
Cash received from operating grants	29,581,267
Cash received from other government grants	442,243
Cash received from other sources	8,658,481
Cash paid for goods and services	(7,985,697)
Cash paid for employees and administrative Housing Assistance payments	(9,816,285)
Cash paid for other	(23,195,866)
Net cash provided (used) by operating activities	<u>(3,496,074)</u>
Cash flows from noncapital financing activities:	
Transfers	<u>580,391</u>
Cash flows from capital and related financing activities:	
Capital Grants received - Federal Government	941,156
Purchases, Sales and construction of capital assets	(1,602,455)
Principal paid on capital debt	(6,321,835)
Proceeds from capital debt and equity	(4,821)
Interest paid on capital debt	(976,379)
Net cash (used) for capital and related financing activities	<u>(7,964,334)</u>
Cash flows from investing activities:	
Notes receivable advances	193,119
Interest and dividends	585,661
Net cash provided (used) by investing activities	<u>778,780</u>
Net increase (decrease) in cash and cash equivalents	(7,486,311)
Cash and cash equivalents at beginning of year	32,704,689
Cash and cash equivalents at end of year	<u>\$ 25,218,378</u>
Reconciliation of cash and restricted cash	
Cash and cash equivalents	\$ 12,103,202
Restricted Cash and cash equivalents	13,115,176
Total Cash and cash equivalents	<u>\$ 25,218,378</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, 2017

	Totals Primary Government
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ (2,223,204)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	4,745,333
Changes in assets and liabilities:	
(Increase) Decrease in Receivables - net	(574,909)
(Increase) Decrease in Prepaid expenses	(51,158)
(Increase) Decrease in Interprogram due from	9,121
(Increase) Decrease in Noncurrent Assets - Other	(475,124)
(Increase) Decrease in Deferred Inflows of Resources	347,875
Increase (Decrease) in Accounts payable	(214,931)
Increase (Decrease) in Accrued expenses	(37,181)
Increase (Decrease) in Other liabilities	(41,167)
Increase (Decrease) in Unearned revenue	89,202
Increase (Decrease) in Intergovernmental payables	(252,074)
Increase (Decrease) in Interprogram due to	(9,121)
Increase (Decrease) in Deferred Outflows of Resources	(1,719,622)
Increase (Decrease) in Noncurrent liabilities	(474,188)
Net cash provided (used) by operating activities	<u>\$ (881,148)</u>

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

# Alexandria Redevelopment & Housing Authority

## Statement of Net Position - Proprietary Funds

December 31, 2017

ASSETS	Business Activities	Low Rent Public Housing	Blended Component Units	Housing Choice Vouchers	State/Local	Nonmajor Proprietary Funds	Total Before Eliminations	Inter-Entity Eliminations	Totals Primary Government
<b>Current Assets</b>									
Cash and cash equivalents	\$ 1,751,463	\$ 5,315,676	\$ 882,275	\$ 680,946	\$ 1,843,437	\$ 1,629,405	\$ 12,103,202	\$ -	\$ 12,103,202
Restricted Cash	4,680,302	219,017	2,789,138	219,212	5,207,507	-	13,115,176	-	13,115,176
Receivables, net	1,266	1,019,558	131,220	130,142	681,893	61,379	2,025,458	(151,325)	1,874,133
Prepaid Expense and Other Assets	12,144	54,297	143,925	8,284	86,220	30,469	335,339	-	335,339
<b>Total current assets</b>	<b>6,445,175</b>	<b>6,608,548</b>	<b>3,946,558</b>	<b>1,038,584</b>	<b>7,819,057</b>	<b>1,721,253</b>	<b>27,579,175</b>	<b>(151,325)</b>	<b>27,427,850</b>
<b>Noncurrent Assets</b>									
<b>Capital assets:</b>									
Land	-	3,855,621	7,649,717	-	8,002,050	-	19,507,388	-	19,507,388
Buildings	1,992,318	35,237,141	64,946,012	-	29,773,102	6,099,167	138,047,740	-	138,047,740
Furniture, Equipment & Machinery - Admin	-	272,512	972,714	206,475	125,858	315,638	1,893,197	-	1,893,197
Construction in Progress	-	1,775,930	-	-	59,708	1,650	1,837,288	-	1,837,288
Less: accumulated depreciation	(1,787,187)	(27,090,689)	(16,851,725)	(206,475)	(12,659,028)	(1,649,104)	(60,244,208)	-	(60,244,208)
Capital assets, net	205,131	14,050,515	56,716,718	-	25,301,690	4,767,351	101,041,405	-	101,041,405
Noncurrent Assets - Other	98,305	47,473	-	16,840	70,400	242,106	475,124	-	475,124
Noncurrent Notes, Loans & Mortgages Receivable	35,947,459	-	-	-	1,766,402	-	37,713,861	(37,713,861)	-
<b>Total noncurrent assets</b>	<b>36,250,895</b>	<b>14,097,988</b>	<b>56,716,718</b>	<b>16,840</b>	<b>27,138,492</b>	<b>5,009,457</b>	<b>139,230,390</b>	<b>(37,713,861)</b>	<b>101,516,529</b>
<b>Deferred Outflow of Resources</b>									
Deferred Outflow of Resources	22,592	10,910	-	3,870	16,178	55,640	109,190	-	109,190
<b>Total Assets and Deferred Outflow of Resources</b>	<b>\$ 42,718,662</b>	<b>\$ 20,717,446</b>	<b>\$ 60,663,276</b>	<b>\$ 1,059,294</b>	<b>\$ 34,973,727</b>	<b>\$ 6,786,350</b>	<b>\$ 166,918,755</b>	<b>\$ (37,865,186)</b>	<b>\$ 129,053,569</b>

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

# Alexandria Redevelopment & Housing Authority

## Statement of Net Position - Proprietary Funds December 31, 2017

LIABILITIES	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>Current Liabilities</b>									
Accounts Payable	\$ 22,912	\$ 122,010	\$ 36,079	\$ 517,733	\$ 16,535	\$ 145,773	\$ 861,042	\$ (18,672)	\$ 842,370
Accrued Liabilities	37,599	93,760	18,339	36,017	86,427	256,080	528,222	-	528,222
Intergovernmental payables	-	63,249	-	-	36,643	55,185	155,077	-	155,077
Tenant security deposits	-	219,017	202,953	-	215,976	-	637,951	-	637,951
Unearned revenue	-	7,349	21,115	-	518,197	-	546,661	-	546,661
Current portion of long-term debt	-	-	-	-	800,000	-	800,000	-	800,000
Other current liabilities	-	-	-	-	-	126,198	126,198	-	126,198
<b>Total current liabilities</b>	<b>60,511</b>	<b>505,385</b>	<b>278,491</b>	<b>553,750</b>	<b>1,673,778</b>	<b>583,236</b>	<b>3,655,151</b>	<b>(18,672)</b>	<b>3,636,479</b>
<b>Noncurrent liabilities</b>									
Long-term debt, net of current	-	-	34,260,826	-	18,476,837	-	52,737,663	(37,609,919)	15,127,744
Noncurrent liabilities - other	275,590	114,983	239,878	208,186	3,801,528	304,088	4,944,253	(236,595)	4,707,658
<b>Total noncurrent liabilities</b>	<b>275,590</b>	<b>114,983</b>	<b>34,500,704</b>	<b>208,186</b>	<b>22,278,365</b>	<b>304,088</b>	<b>57,681,916</b>	<b>(37,846,514)</b>	<b>19,835,402</b>
<b>Total Liabilities</b>	<b>\$ 336,101</b>	<b>\$ 620,368</b>	<b>\$ 34,779,195</b>	<b>\$ 761,936</b>	<b>\$ 23,952,143</b>	<b>\$ 887,324</b>	<b>\$ 61,337,067</b>	<b>\$ (37,865,186)</b>	<b>\$ 23,471,881</b>
<b>Deferred Inflow of Resources</b>									
Deferred Inflow of Resources	111,998	54,085	-	19,185	80,206	276,029	541,503	-	541,503
<b>Net Position</b>									
Investment in Capital Assets - Net of Related Debt	\$ 205,131	\$ 14,050,515	\$ 22,455,892	\$ -	\$ 6,024,853	\$ 4,767,351	\$ 47,503,742	\$ 37,609,919	\$ 85,113,661
Restricted Net Position	40,627,761	-	-	57,762	6,757,933	-	47,443,456	(40,627,761)	6,815,695
Unrestricted Net Position	1,437,671	5,992,478	3,428,189	220,411	(1,841,408)	855,646	10,092,987	3,017,842	13,110,829
<b>Total Net Position</b>	<b>42,270,563</b>	<b>20,042,993</b>	<b>25,884,081</b>	<b>278,173</b>	<b>10,941,378</b>	<b>5,622,997</b>	<b>105,040,185</b>	<b>-</b>	<b>105,040,185</b>
<b>Total Liabilities, Deferred Inflow of Resources, and Net Position</b>	<b>\$ 42,718,662</b>	<b>\$ 20,717,446</b>	<b>\$ 60,663,276</b>	<b>\$ 1,059,294</b>	<b>\$ 34,973,727</b>	<b>\$ 6,786,350</b>	<b>\$ 166,918,755</b>	<b>\$ (37,865,186)</b>	<b>\$ 129,053,569</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, 2017

	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	\$ -	\$ 1,464,743	\$ 3,103,821	\$ -	\$ 3,947,728	\$ -	\$ (4,127,652)	\$ 4,388,640
Government operating grants	-	4,855,393	-	23,170,474	-	1,515,176	-	29,541,043
Other Government Grants	-	-	-	-	442,243	-	-	442,243
Other revenue	119,430	133,769	160,023	510,983	294,543	4,693,332	(4,126,867)	1,785,213
<b>Total operating revenues</b>	<b>119,430</b>	<b>6,453,905</b>	<b>3,263,844</b>	<b>23,681,457</b>	<b>4,684,514</b>	<b>6,208,508</b>	<b>(8,254,519)</b>	<b>36,157,139</b>
<b>Operating Expenses</b>								
Administrative	75,281	1,512,021	1,053,818	1,466,285	1,622,724	2,477,407	(1,403,339)	6,804,197
Asset Management Fee	-	58,860	60,840	-	28,980	-	(148,680)	-
Tenant services	1,921	83,173	100,400	-	163,732	526,282	(173,179)	702,329
Utilities	-	838,253	160,876	1,937	220,473	65,485	-	1,287,024
Maintenance	-	1,584,006	1,259,950	592	1,073,653	1,413,929	(2,401,669)	2,930,461
Protective services	-	268	8,780	2,695	4,260	57,906	-	73,909
General	-	1,661,534	238,125	421,798	361,516	85,903	(1,011,846)	1,757,030
Housing assistance payment	-	-	-	21,963,629	-	1,232,237	(3,115,806)	20,080,060
Depreciation	57,690	1,127,191	2,381,541	-	952,946	225,965	-	4,745,333
<b>Total operating expenses</b>	<b>134,892</b>	<b>6,865,306</b>	<b>5,264,330</b>	<b>23,856,936</b>	<b>4,428,284</b>	<b>6,085,114</b>	<b>(8,254,519)</b>	<b>38,380,343</b>
Operating Transfers In/(Out)	4,987,250	(145,520)	145,520	-	(4,987,250)	-	-	-
<b>Operating income (loss)</b>	<b>4,971,788</b>	<b>(556,921)</b>	<b>(1,854,966)</b>	<b>(175,479)</b>	<b>(4,731,020)</b>	<b>123,394</b>	<b>-</b>	<b>(2,223,204)</b>
<b>Non-Operating Revenues (Expenses)</b>								
Interest Expense	-	-	(574,666)	-	(401,713)	-	94,335	(882,044)
Interest and investment revenue	491,643	590	1,098	3,249	88,853	228	(94,335)	491,326
Total nonoperating revenues (expenses)	491,643	590	(573,568)	3,249	(312,860)	228	-	(390,718)
Income (loss) before contributions and transfers	5,463,431	(556,331)	(2,428,534)	(172,230)	(5,043,880)	123,622	-	(2,613,922)
Capital Grants - Federal	-	941,156	-	-	-	-	-	941,156
Change in Net Position	5,463,431	384,825	(2,428,534)	(172,230)	(5,043,880)	123,622	-	(1,672,766)
Total Beginning Net Position	36,807,132	19,658,168	27,732,224	450,403	15,985,258	5,499,375	-	106,132,560
Prior Period Adjustments/Equity Transfers	-	-	580,391	-	-	-	-	580,391
<b>Total Ending Net Position</b>	<b>\$ 42,270,563</b>	<b>\$ 20,042,993</b>	<b>\$ 25,884,081</b>	<b>\$ 278,173</b>	<b>\$ 10,941,378</b>	<b>\$ 5,622,997</b>	<b>\$ -</b>	<b>\$ 105,040,185</b>

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

Alexandria Redevelopment & Housing Authority

Statement of Cash Flows - Proprietary Funds  
For the year ended December 31, 2017

	Business Activities	Low Rent Public Housing	Blended Component Units	Housing Choice Vouchers	State/Local	Nonmajor Proprietary Funds	Totals Primary Government
Cash flows from operating activities:							
Cash received from tenants	\$ 1	\$ 740,875	\$ 3,124,534	\$ -	\$ 1,065,373	\$ -	\$ 4,930,783
Cash received from operating grants	-	4,855,393	-	23,201,189	-	1,524,685	29,581,267
Cash received from other government grants	-	-	-	-	442,243	-	442,243
Cash received from other sources	119,430	133,769	165,214	510,983	3,216,962	4,512,123	8,658,481
Cash Transferred in/(out)	4,987,250	(145,520)	145,520	-	(4,987,250)	-	-
Cash paid for goods and services	(73,305)	(2,484,430)	(1,532,478)	(369,549)	(1,476,799)	(2,049,136)	(7,985,697)
Cash paid for employees and administrative	24,919	(1,506,344)	(1,198,175)	(3,442,747)	(1,542,507)	(2,151,431)	(9,816,285)
Housing Assistance payments	-	-	-	(21,963,629)	-	(1,232,237)	(23,195,866)
Cash paid for other	(89,184)	(1,686,718)	(238,125)	(438,638)	(518,068)	(525,341)	(3,496,074)
Net cash provided (used) by operating activities	4,969,111	(92,975)	466,490	(2,502,391)	(3,800,046)	78,663	(881,148)
Cash flows from noncapital financing activities:							
Equity transfers and prior year adjustments	-	-	580,391	-	-	-	580,391
Net cash provided (used) for noncapital financing activities	-	-	580,391	-	-	-	580,391
Cash flows from capital and related financing activities:							
Capital Grants received - Federal Government	-	941,156	-	-	-	-	941,156
Purchases, Sales and construction of capital assets	-	(937,953)	(580,391)	-	(82,461)	(1,650)	(1,602,455)
Principal paid on capital debt	-	-	(341,301)	-	(5,980,534)	-	(6,321,835)
Proceeds (payments of) from capital debt and equity	-	-	(4,821)	-	-	-	(4,821)
Interest paid on capital debt	-	-	(574,666)	-	(401,713)	-	(976,379)
Net cash (used) for capital and related financing activities	-	3,203	(1,501,179)	-	(6,464,708)	(1,650)	(7,964,334)
Cash flows from investing activities:							
Notes Receivable Advances	(4,698,051)	-	-	-	4,891,170	-	193,119
Interest and dividends	491,643	590	1,098	3,249	88,853	228	585,661
Net cash provided (used) by investing activities	(4,206,408)	590	1,098	3,249	4,980,023	228	778,780
Net increase (decrease) in cash and cash equivalents	762,703	(89,182)	(453,200)	(2,499,142)	(5,284,731)	77,241	(7,486,311)
Cash and cash equivalents at beginning of year	5,669,062	5,623,875	4,124,613	3,399,300	12,335,675	1,552,164	32,704,689
Cash and cash equivalents at end of year	\$ 6,431,765	\$ 5,534,693	\$ 3,671,413	\$ 900,158	\$ 7,050,944	\$ 1,629,405	\$ 25,218,378
Reconciliation of Unrestricted Cash and Restricted Cash							
Cash and Cash Equivalents	\$ 1,751,463	\$ 5,315,676	\$ 882,275	\$ 680,946	\$ 1,843,437	\$ 1,629,405	\$ 12,103,202
Restricted Cash and Cash Equivalents	4,680,302	219,017	2,789,138	219,212	5,207,507	-	13,115,176
Total Cash and Cash Equivalents	\$ 6,431,765	\$ 5,534,693	\$ 3,671,413	\$ 900,158	\$ 7,050,944	\$ 1,629,405	\$ 25,218,378

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

Alexandria Redevelopment & Housing Authority

Statement of Cash Flows - Proprietary Funds  
For the year ended December 31, 2017

	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)	\$ 4,971,788	\$ (556,921)	\$ (1,854,966)	\$ (175,479)	\$ (4,731,020)	\$ 123,394	\$ (2,223,204)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:							
Depreciation expense	57,690	1,127,191	2,381,541	-	952,946	225,965	4,745,333
Changes in assets and liabilities:							
(Increase) Decrease in Receivables - net	1	(730,549)	114	30,715	103,560	21,250	(574,909)
(Increase) Decrease in Prepaid expenses	9,121	(7,582)	(2,472)	(276)	(14,681)	(17,003)	(51,158)
(Increase) Decrease in Interprogram due from							9,121
(Increase) Decrease in Noncurrent Assets - Other	(98,305)	(47,473)	-	(16,840)	(70,400)	(242,106)	(475,124)
(Increase) Decrease in Deferred Inflows of Resources	19,004	33,636	912	42,673	78,009	173,641	347,875
Increase (Decrease) in Accounts payable	(5,887)	63,700	(87,375)	(256,488)	(2,316)	73,435	(214,931)
Increase (Decrease) in Accrued expenses	2,099	3,696	3,421	8,870	(18,604)	(36,663)	(37,181)
Increase (Decrease) in Other liabilities	-	11,320	5,191	(144,192)	17,713	68,801	(41,167)
Increase (Decrease) in Unearned revenue	-	6,681	20,599	-	61,922	-	89,202
Increase (Decrease) in Intergovernmental payables	-	22,289	-	-	(86,152)	(188,211)	(252,074)
Increase (Decrease) in Interprogram due to							(9,121)
Increase (Decrease) in Deferred Outflows of Resources	81,196	30,901	(475)	(2,019,135)	31,188	156,703	(1,719,622)
Increase (Decrease) in Noncurrent liabilities	(58,452)	(49,864)	-	27,761	(122,211)	(271,422)	(474,188)
Net cash provided (used) by operating activities	\$ 4,969,111	\$ (92,975)	\$ 466,490	\$ (2,502,391)	\$ (3,800,046)	\$ 78,663	\$ (881,148)

## ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**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, 2017**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, 2017**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, 2017**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 one item that meets the criterion for this category, the gains above actuarial expectations and employer contributions related to the Authority's defined benefit plan.

**NOTE 2: DEPOSITS & INVESTMENTS**

Deposits - At year end, the carrying amount of deposits with banks and savings institutions was \$12,103,202 unrestricted and \$13,115,176 restricted. The bank amount of deposits with banks and savings institutions was \$25,435,423. 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, 2017**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, 2017, 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, 2017, 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, 2017, 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	Total
Receivables							
Tenants	\$ -	\$ 14,935	\$ -	\$ 51,926	\$ 37,516	\$ -	\$ 104,377
Intergovernmental	-	965,079	130,142	37,643		28,402	1,161,266
Miscellaneous	1,266	40,000	-	460,210	97,760	32,977	632,213
Gross Receivables	1,266	1,020,014	130,142	549,779	135,276	61,379	1,897,856
Less: Allowance for Uncollectibles	-	(456)	-	(19,211)	(4,056)	-	(23,723)
Net Total Receivables	\$ 1,266	\$ 1,019,558	\$ 130,142	\$ 530,568	\$ 131,220	\$ 61,379	\$ 1,874,133

## ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS - Continued  
FOR THE YEAR ENDED DECEMBER 31, 2017**NOTE 4: MORTGAGES AND NOTES RECEIVABLE AND NONCURRENT ASSETS**

At December 31, 2017, 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	\$ 35,947,459
State/Local	<u>1,766,402</u>
Total Mortgages, Notes Receivable, and Other Assets	37,713,861
Elimination Entry – Intercompany Loans	<u>(37,713,861)</u>
Total Noncurrent assets	<u>\$ -</u>

**NOTE 5: CAPITAL ASSETS**

Land, structures, and equipment consist of the following at December 31, 2017:

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Enterprise Activities</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 19,470,128	\$ 37,260	\$ -	\$ 19,507,388
Construction in progress	1,260,666	852,708	276,086	1,837,288
<b>Total capital assets not being depreciated</b>	<u>20,730,794</u>	<u>889,968</u>	<u>276,086</u>	<u>21,344,676</u>
Buildings & improvements	137,204,977	842,763	-	138,047,740
Furniture & equipment	1,747,387	145,810	-	1,893,197
<b>Total capital assets being depreciated</b>	<u>138,952,364</u>	<u>988,573</u>	<u>-</u>	<u>139,940,937</u>
Less accumulated depreciation for:				
Buildings & improvements	54,485,195	4,567,470	-	59,052,665
Furniture & equipment	1,013,680	177,863	-	1,191,543
<b>Total accumulated depreciation</b>	<u>55,498,875</u>	<u>\$ 4,745,333</u>	<u>\$ -</u>	<u>60,244,208</u>
<b>Total capital assets being depreciated</b>	<u>83,453,489</u>			<u>79,696,729</u>
<b>Enterprise activity capital assets, net</b>	<u>\$ 104,184,283</u>			<u>\$ 101,041,405</u>

## ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS - Continued  
FOR THE YEAR ENDED DECEMBER 31, 2017**NOTE 6: ACCOUNTS PAYABLE**

Accounts payable at December 31, 2017, consisted of the following:

Vendors & Contractors	\$ 842,370
Payments in Lieu of Taxes – City of Alexandria	99,892
Accounts Payable – HUD	55,185
Tenant Security Deposits	637,951
	<hr/>
	\$ 1,635,398
	<hr/> <hr/>

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

Accrued expenses and other current liabilities at December 31, 2017, consisted of the following:

Accrued salary payable	\$ 152,702
Accrued compensated absences – current portion	369,195
Accrued interest payable	6,325
Unearned revenue – prepaid rents	55,433
Unearned revenue – TCAP Funds	491,228
Current portion of long-term debt	800,000
Other current liabilities	126,198
	<hr/>
	\$ 2,001,081
	<hr/> <hr/>

**NOTE 8: NET POSITION**

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

**NOTE 9: 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/2017-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, 2017**NOTE 9: DEFINED BENEFIT PENSION PLAN - (Cont.)**b. Employees Covered by Benefit Terms

As of the June 30, 2016, 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	36
Inactive Members:	
Vested	6
Non-Vested	22
Active Elsewhere in VRS	<u>8</u>
Total Inactive Members	36
Active Members	<u>71</u>
<b>Total Covered Employees</b>	<b><u><u>143</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, 2016 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 \$217,473 and \$328,482 for the years ended June 30, 2017 and June 30, 2016, respectively.

## ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS - Continued  
FOR THE YEAR ENDED DECEMBER 31, 2017**NOTE 9: 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, 2016, 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, 2017.

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, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2016, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017. The following table summarizes the changes in the Net Position Liability which resulted in \$475,124 being reported as a pension asset as of December 31, 2017.

## ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS - Continued  
FOR THE YEAR ENDED DECEMBER 31, 2017**NOTE 9: 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, 2016</b>	<b>\$ 14,108,277</b>	<b>\$ 13,639,506</b>	<b>\$ 468,771</b>
Changes for the year:			
Service Cost	448,941		448,941
Interest	959,961		959,961
Changes of assumptions	(237,298)		(237,298)
Difference between expected and actual experience	(34,943)		(34,943)
Contributions-employer		217,473	(217,473)
Contributions-employee		230,918	(230,918)
Net investment income		1,643,242	(1,643,242)
Benefit payments, including refunds of employee contributions	(789,100)	(789,100)	
Administrative expense		(9,618)	9,618
Other changes		(1,459)	1,459
Net Changes	347,561	1,291,456	(943,895)
<b>Balance at June 30, 2017</b>	<b>\$ 14,455,838</b>	<b>\$ 14,930,962</b>	<b>\$ (475,124)</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>\$1,304,700</b>	<b>(\$475,124)</b>	<b>(\$1,965,677)</b>

d. Payables to the Pension Plan

At December 31, 2017, the Authority had \$38,854 payable to the VRS.



## ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS - Continued  
FOR THE YEAR ENDED DECEMBER 31, 2017**NOTE 9: DEFINED BENEFIT PENSION PLAN - (Cont.)**e. Pension Expense (Income)

For the year ended December 31, 2017, the Authority recognized pension income of \$75,116. The components of pension income are as follows:

Service Costs	\$ 448,941
Interest on total pensions liability	959,961
Expensed portion of current-period difference between expected and actual experience in the total pension liability	(9,733)
Expensed portion of current-period changes of assumptions	(66,100)
Member contributions	(230,918)
Projected earnings on plan investments	(942,452)
Expensed portion of current-period differences between actual and projected earnings on plan investments	(140,158)
Administrative expense	9,618
Other	1,459
Recognition of beginning deferred outflows of resources	203,464
Recognition of beginning deferred inflows of resources	(309,198)
Pension Expense(Income)	<u>\$ (75,116)</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		\$ 160,344
Changes of assumptions		171,198
Net difference between expected and actual earnings on pension plan investments		209,961
Employer contributions subsequent to the measurement date	\$ 109,190	
<b>Total</b>	<u>\$ 109,190</u>	<u>\$ 541,503</u>

\$109,190 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, 2017. 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:

2019	\$ (320,847)
2020	(36,643)
2021	(43,655)
2022	(140,158)
2023	-
Thereafter	-

## ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS - Continued  
FOR THE YEAR ENDED DECEMBER 31, 2017**NOTE 10: 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. During 2018, the Authority settled employment litigation in the amount of \$68,801, after amounts covered by insurance. All payments were accrued as of December 31, 2017.

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 11: 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 12: 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 13: LONG TERM DEBT AND NONCURRENT LIABILITIES**

Noncurrent liabilities at December 31, 2017, including component units consisted of the following:

	Balance 01/01/17	Increases	Decreases	Balance 12/31/17	Long-term Portion of Balance	Current Portion of Balance
Notes payable - capital	16,027,092	1,603,742	(1,703,090)	15,927,744	15,127,744	800,000
Notes payable - operations	5,925,426	-	(5,925,426)	-	-	-
Compensated absences	972,379	182,816	(232,208)	922,987	553,792	369,195
Other noncurrent liabilities	4,232,428	-	(78,562)	4,153,866	4,153,866	-
Pension and OPEB liabilities	468,772	-	(468,772)	-	-	-
Total long-term liabilities	27,626,097	1,786,558	(8,408,058)	21,004,597	19,835,402	1,169,195

## ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS - Continued  
FOR THE YEAR ENDED DECEMBER 31, 2017**NOTE 13: LONG TERM DEBT AND NONCURRENT LIABILITIES - (Cont'd)**

**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, 2017, was \$877,208. Interest expense incurred for this loan during 2017 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 \$1,662,603, leaving a principal balance in the amount of \$3,041,997. The interest rate on the loan is 2.0% per annum. Cumulative interest payable is \$877,208. Cumulative owed on this loan is \$3,919,205 as of December 31, 2017. Interest expense incurred for this loan during 2017 was \$78,212.

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

ARHA entered into a loan agreement on June 30, 2008 with the VHDA for the redevelopment of the Quaker Hill project. The loan balance as of December 31, 2017 was \$2,871,834 with \$9,355 in accrued interest. ARHA makes monthly payments in the amount of \$13,916, as of December 31, 2017, 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 \$53,590 in principal payments were made in fiscal year 2017. The interest rate is 5.25% per annum and cumulative interest payments in fiscal year 2017 were \$113,227. Additional escrow payments are made for Insurance Escrow and Replacement Reserves per the VHDA loan agreement. Principal payments required:

	<u>Principal</u>	<u>Interest</u>
2018	\$ 55,722	\$ 111,269
2019	57,940	109,051
2020	60,246	106,745
2021	62,644	104,347
2022	65,137	101,854
2023 to 2027	366,695	468,261
2028 to 2032	445,707	389,249
2033 to 2037	541,744	293,212
2038 to 2042	658,475	176,481
2043 to 2047	557,524	40,865
	<u>\$ 2,871,834</u>	<u>\$ 1,901,334</u>

## ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS - Continued  
FOR THE YEAR ENDED DECEMBER 31, 2017**NOTE 13: LONG-TERM DEBT – (Cont'd)**

**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, 2017, is \$4,750,000. Total interest paid for the fiscal year was \$131,000.

**Madden AUOE LP – Authority Loan** - On January 20, 2004, the Partnership entered into a loan agreement with ARHA in the amount of \$10,775,000. The loan bears interest at 2.2% per annum. Loan proceeds of \$4,750,000 were in the form of a construction bridge loan, which was paid simultaneously when the second installment of Investor Limited Partners' equity was received. The outstanding principal balance and all accrued interest are payable in a single payment upon maturity on January 20, 2054. The loan is secured by the leasehold deed of trust, assignment of rents and leases, security agreement and fixture filing. As of December 31, 2017, and 2016, the outstanding principal balance was \$6,021,542, and accrued interest was \$1,817,009 and \$1,684,535, respectively. Interest expense for the years ended December 31, 2017 and 2016 totaled \$132,474 and the effective interest rate was 2.24%. This loan is eliminated on the upper-level financial statements.

**West Glebe Housing LP – ARHA Loan**- On January 11, 2008, the Partnership entered into a loan agreement with ARHA in the maximum amount of \$4,024,107 (the "Construction Loan"). The Construction Loan is secured by a deed of trust. The Construction Loan is to be repaid from residual receipts, as further defined in the loan agreement. The Construction Loan matures on December 17, 2050. As of December 31, 2017, the outstanding principal balance was \$4,024,107, respectively. This loan is eliminated on the upper-level financial statements.

**Braddock Whiting Reynolds LP – HOPE VI Loan** – Under the terms of the HOPE VI loan agreement, the Partnership can borrow up to \$3,862,330 for the construction of the Project. Interest is payable annually at the applicable federal rate at the note date, December 16, 2004, or 4.68%. At the end of the construction period, the loan converted to permanent financing. The loan carries a forty (40) year term and matures on December 16, 2044. Repayment of the loan commences no later than one hundred eighty (180) days after the end of the first full year after the construction completion from available cash flow as defined in the note. However, no repayment will be made until the Authority Note (see below) has been repaid. The loan is secured by a second Deed of Trust which covers three (3) parcels of real property, assignment of rents and lease, security agreement and fixture filing. The outstanding balance at December 31, 2017 and 2016 is \$3,714,528. Interest expensed and accrued on the loan for each of the years ended December 31, 2017 and 2016 was \$173,840. Total accrued interest on the loan was \$2,115,265 and 1,941,425 at December 31, 2017 and 2016, respectively. This loan is eliminated on the upper-level financial statements.

**Braddock Whiting Reynolds LP – Authority Loan** – Under the first agreement with ARHA, the Partnership can borrow up to \$3,050,814 for construction of the Project. Prior to construction completion, interest is payable at variable rate based upon three (3) month LIBOR plus two hundred twenty-five (225) basis points. Upon construction completion, the rate of interest is converted to a fixed rate of one-quarter of one percent (0.25%). At the end of the construction period, the loan converted to permanent financing. The loan carries a forty (40) year term and matures December 16, 2044. Repayment of the loan will commence no later than one hundred eighty (180) days after the end of the first full year after construction completion from available cash flow as defined in the note. The loan is secured by a Deed of Trust which covers three (3) parcels of real property, assignment of rents and lease, security agreement and fixture filing. The outstanding balance at December 31, 2017 and 2016 is \$2,772,370. Interest expensed and accrued on the loan for each of the years ended \$169,225 at December 31, 2017 and 2016, respectively. This loan is eliminated on the upper-level

## ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS - Continued  
FOR THE YEAR ENDED DECEMBER 31, 2017**NOTE 13: LONG-TERM DEBT – (Cont'd)****Braddock Whiting Reynolds LP – Authority Loan - (Cont.)**

financial statements.

**Old Dominion Housing LP – ARHA Loan-** On January 11, 2008, the Partnership entered into a loan agreement with ARHA in the maximum amount of \$2,615,893 (the "Construction Loan"). The Construction Loan is secured by a deed of trust. The Construction Loan is to be repaid from residual receipts, as further defined in the loan agreement. The Construction Loan matures on December 17, 2050. As of December 31, 2017, the outstanding principal balance was \$1,860,790, respectively. This loan is eliminated on the upper-level financial statements.

**James Bland Housing 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, 2017, VHDA had funded \$2,056,530 of the TCAP Note.

**James Bland Housing I – ARHA Loan** - On January 28, 2010, the Partnership entered into a loan agreement with ARHA in the maximum amount of \$2,200,000 (the "Construction Loan"). The Construction Loan is secured by a deed of trust on the project and bears interest at a rate of 1% per annum, compounded annually. The Construction Loan is to be repaid from capital contributions and residual receipts, as further defined in the loan agreement. The Construction Loan matures on January 28, 2050. As of December 31, 2017, and 2016, the outstanding principal balance was \$948,573 and \$961,319, respectively. As of December 31, 2017, and 2016 accrued interest was \$93,850 and \$84,301, respectively. For the years ended December 31, 2017 and 2016, interest expense totaled \$9,549 and \$9,613, respectively. This loan is eliminated on the upper-level financial statements.

**James Bland II – ARHA Loan-** On December 17, 2010, the Partnership entered into a loan agreement with ARHA in the maximum amount of \$3,681,181 (the "Construction Loan"). The Construction Loan is secured by a deed of trust on the project and bears interest at a rate of 1% per annum, compounded annually. The Construction Loan is to be repaid from capital contributions and residual receipts, as further defined in the loan agreement. The Construction Loan matures on December 17, 2050. As of December 31, 2017, and 2016, the outstanding principal balance was \$1,500,096 and \$1,721,514, respectively, and accrued interest was \$161,721 and \$145,613, respectively. This loan is eliminated on the upper-level financial statements.

## ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS - Continued  
FOR THE YEAR ENDED DECEMBER 31, 2017**NOTE 13: LONG-TERM DEBT – (Cont'd)**

**James Bland IV – ARHA Loan** - On March 30, 2012, the Partnership entered into a loan agreement with ARHA in the maximum amount of \$4,389,590 (the "ARHA Loan"). The ARHA Loan is secured by a deed of trust on the project and bears interest at a rate of 1% per annum, compounded annually. The ARHA Loan is to be repaid from capital contributions and residual receipts, as further defined in the loan agreement. The ARHA Loan matures on March 30, 2052. As of December 31, 2017, and 2016, the outstanding principal balance was \$1,919,648 and \$1,977,476, respectively. As of December 31, 2017, and 2016, accrued interest was \$128,977 and \$109,491, respectively. This loan is eliminated on the upper-level financial statements.

**James Bland V – ARHA Loan** - On June 19, 2013, the Partnership entered into a loan agreement with ARHA in the maximum amount of \$1,500,000 (the "ARHA Loan A"). The ARHA Loan A is secured by a deed of trust on the Property and bears interest at a rate of 2.46% per annum, compounded annually. The ARHA Loan A is to be repaid from available cash flow, as further defined in the loan agreement. The ARHA Loan A matures on June 19, 2043. As of December 31, 2017, and 2016, the outstanding principal balance was \$657,716 and \$960,834, respectively. As of December 31, 2017, and 2016, accrued interest on the ARHA Loan A was \$0. This loan is eliminated on the upper-level financial statements.

On June 19, 2013, the Partnership entered into a loan agreement with ARHA in the maximum amount of \$1,406,289 (the "ARHA Loan B"). The ARHA Loan B is secured by a deed of trust on the Property and bears interest at a rate of 6% per annum, compounded annually. The ARHA Loan B is to be repaid from available cash flow, but only after ARHA Loan A has been paid in full, as further defined in the loan agreement. The ARHA Loan B matures on June 19, 2043. As of December 31, 2017, and 2016, the outstanding principal balance was \$1,178,295. As of December 31, 2017, and 2016, accrued interest on the ARHA Loan B was \$74,940 and \$70,698, respectively. This loan is eliminated on the upper-level financial statements.

**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

The loan is secured by a deed of trust on the Property and is payable in monthly payments of principal and interest of \$10,708 beginning August 1, 2013 through the maturity date. As of December 31, 2017, and 2016, the note payable balance was \$2,261,661 and \$2,318,536, respectively. As of December 31, 2017, and 2016, accrued interest was \$6,325 and \$6,322, respectively. For the years ended December 31, 2017 and 2016, interest expense totaled \$71,621 and \$73,368, respectively.

## ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS - Continued  
FOR THE YEAR ENDED DECEMBER 31, 2017**NOTE 13: LONG-TERM DEBT – (Cont'd)****Pendleton Park, LLC Loan - (Cont.)**

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

2018	\$	58,678
2019		60,537
2020		62,456
2021		64,435
2022		66,477
Thereafter		1,949,078
	\$	<u>2,261,661</u>

**ARHA Pendleton Park, LLC – Authority Loan** - On April 26, 2012, the Company entered into a loan agreement with ARHA in the maximum amount of \$1,536,002 (the "ARHA Loan"). The ARHA Loan is secured by a deed of trust on the project and bears interest at a rate of 3% per annum, compounded annually. The ARHA Loan is to be repaid from equity contributions and residual receipts, as further defined in the loan agreement. The ARHA Loan matures on April 26, 2042. As of December 31, 2017, and 2016, the outstanding principal balance was \$1,536,002. As of December 31, 2017, and 2016, accrued interest totaled \$230,400 and \$184,320, respectively. For the years ended December 31, 2017 and 2016, interest expense totaled \$46,080 and the effective interest rate was 3.08%. This loan is eliminated on the upper-level financial statements.

**James Bland II Housing LP – Escrow Funds** - Pursuant to the James Bland II Escrow Agreement, ARHA has agreed to deposit the full amount of sales proceeds received from the sale of the market rate unit development site into an escrow account to be made available to the Partnership to be used for the payment of remaining development costs. The escrowed funds are to be repaid from capital contributions and residual receipts, as further defined in the Escrow Agreement. As of December 31, 2017, and 2016, funds used by the Partnership and owed to ARHA totaled \$103,942. This loan is eliminated on the upper-level financial statements.

**VHDA, LLC Loan** – The authority under the component unit VHDA, LLC, entered into a loan for up to \$159,708 with the Virginia Housing Development Agency (VHDA) for the purpose of funding preliminary development costs for the Ramsey Homes redevelopment. The funds will be paid back at the closing of Ramsey Homes and fully reimbursed from a development proceeds.

**Other Non-Current Liabilities**

**ARHA Pendleton Park, LLC – Developer Fee Payable** on April 26, 2012, the Company entered into a Development Agreement with VHD, LLC (the "Developer"), an affiliate of the Managing Member. Pursuant to the Development Agreement, the Company agreed to pay the Developer a developer fee of \$655,000 for services rendered in connection with the development of the Property. The fee will be paid from available proceeds from the Investor Member's equity contributions and from cash flow in accordance with the terms of the Development Agreement. As of December 31, 2017, a developer fee of \$132,653 remained payable to the Developer. This loan is eliminated on the upper-level financial statements.

## ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS - Continued  
FOR THE YEAR ENDED DECEMBER 31, 2017**NOTE 14: INTERFUND BALANCES**

Interfund balances have been eliminated in the combined financial statements.

**NOTE 15: ECONOMIC DEPENDENCY**

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

**NOTE 16: RELATED PARTY TRANSACTIONS**

ARHA has entered into two financing arrangements with the City of Alexandria to fund the revitalizing of the Glebe Park property and the Cameron Valley, L.P. properties. The debt proceeds for each property was \$5,600,000 and \$4,704,600, respectively. The Glebe Park loan net loan balance as of December 31, 2017, 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.

**OPERATING DEFICIT LOANS TO LIMITED PARTNERSHIPS:**

**Madden AUOE LP Operating Deficit Loans** - Pursuant to the Partnership Agreement the General Partner is required to fund operating deficits, as they may occur, after the final closing date. Operating deficit loans are payable from 50% of Net Cash Flow, as defined. As of December 31, 2017, and 2016, no amounts have been funded under these guarantees.

**Old Dominion Housing LP Operating Deficit Loans** - Prior to rental achievement, as defined in the Partnership Agreement, the General Partner will advance funds to eliminate any operating deficits if reserves are not available. These advances will not be reimbursed. Subsequent to rental achievement, the General Partner, Alexandria Redevelopment & Housing Authority will advance funds in the amount up to \$300,000 as a subordinated loan. This obligation will terminate on the latter of the fifth anniversary of rental achievement and the achievement of break-even operations as an average for twelve months. The General Partner advanced \$148,862 and \$38,525 during the years ended December 31, 2017 and 2016, respectively. These amounts are included in rental income on the Old Dominion Housing LP statements of operations.

**James Bland Housing II Operating Deficit Loans** - The Partnership advanced operating costs to Alexandria Redevelopment and Housing Authority. As of December 31, 2017, and 2016, \$2,817 and \$0, respectively, was payable to ARHA for certain costs paid on behalf of the Partnership and is included on the James Bland Housing II balance sheet in due to related party. This advance bears no interest and is payable from available cash flow.



## ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS - Continued  
FOR THE YEAR ENDED DECEMBER 31, 2017**NOTE 16: RELATED PARTY TRANSACTIONS – (Cont'd)****OPERATING DEFICIT LOANS TO LIMITED PARTNERSHIPS – (Cont'd)**

**James Bland Housing IV Operating Deficit Loans** - The Partnership has advanced operating costs to Alexandria Redevelopment and Housing Authority. As of December 31, 2017, and 2016, \$0 and \$1,624, respectively, was receivable from Alexandria Redevelopment and Housing Authority and is included in the James Bland Housing II LP balance sheets in due from related party.

**James Bland Housing IV Operating Deficit Loans** - The Partnership has incurred operating costs payable to ARHA. As of December 31, 2017, and 2016, \$196,082 and \$42,924, respectively, was payable to ARHA and is included on the James Bland Housing IV balance sheets as due to related party. This liability bears no interest and is payable from available cash flow.

**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, 2017.

**NOTE 19: SUBSEQUENT EVENTS**

Management has evaluated subsequent events through September 28, 2018, the date on which the financial statements were available to be issued. The Authority had one legal matter which was settled after the Authority's year-end date but prior to the September 28, 2018 report date. The Authority reached a legal settlement in the amount of \$68,801 (after amounts covered by insurance) dealing with a personnel matter on May 8, 2018. The payment has been made in full and in compliance with the signed agreement. The Authority has another pending lawsuit related to personnel action and the settlement is estimated at \$30,000.

**NOTE 20: SUPPLEMENTAL INFORMATION**

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

**Note: 21**

**Component Unit condensed schedule, in excel report**

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS - Continued  
FOR THE YEAR ENDED DECEMBER 31, 2017

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
<b>Balance Sheet</b>										
Total Current Assets	\$ (21,818)	\$ 851,424	\$ 204,081	\$ (233,927)	\$ (95,229)	\$ 8,233	\$ 50,303	\$ 300,162	\$ 94,191	\$ 1,157,420
Total Restricted Assets	256,388	408,848	870,338	203,689	119,391	116,527	229,219	391,743	192,995	2,789,138
Total Net Fixed Assets	6,800,951	8,033,999	6,557,436	3,540,311	2,878,589	3,267,714	7,027,561	13,324,301	5,285,856	56,716,718
<b>TOTAL ASSETS</b>	<b>\$ 7,035,521</b>	<b>\$ 9,294,271</b>	<b>\$ 7,631,855</b>	<b>\$ 3,510,073</b>	<b>\$ 2,902,751</b>	<b>\$ 3,392,474</b>	<b>\$ 7,307,083</b>	<b>\$ 14,016,206</b>	<b>\$ 5,573,042</b>	<b>\$ 60,663,276</b>
Total Current Liabilities	\$ 26,645	\$ 37,501	\$ 26,907	\$ 18,962	\$ 10,109	\$ 11,290	\$ 33,045	\$ 81,893	\$ 32,139	\$ 278,491
Total Other Liabilities	3,035,306	8,778,320	7,838,551	1,860,790	3,098,953	1,765,759	2,048,076	1,914,233	4,160,716	34,500,704
Total Partners Capital	3,973,570	478,450	(233,603)	1,630,321	(206,311)	1,615,425	5,225,962	12,020,080	1,380,187	25,884,081
<b>TOTAL LIABILITIES AND PARTNERS</b>	<b>\$ 7,035,521</b>	<b>\$ 9,294,271</b>	<b>\$ 7,631,855</b>	<b>\$ 3,510,073</b>	<b>\$ 2,902,751</b>	<b>\$ 3,392,474</b>	<b>\$ 7,307,083</b>	<b>\$ 14,016,206</b>	<b>\$ 5,573,042</b>	<b>\$ 60,663,276</b>
<b>Income Statement</b>										
Rental Income	\$ 368,386	\$ 338,579	\$ 356,034	\$ 201,955	\$ 129,056	\$ 154,154	\$ 297,544	\$ 849,590	\$ 408,523	\$ 3,103,821
Interest Income	474	-	-	372	-	-	-	-	252	1,098
Other Income	13,584	2,260	1,855	3,717	1,374	(453)	105,375	20,054	12,257	160,023
<b>TOTAL INCOME</b>	<b>382,444</b>	<b>340,839</b>	<b>357,889</b>	<b>206,044</b>	<b>130,430</b>	<b>153,701</b>	<b>402,919</b>	<b>869,644</b>	<b>421,032</b>	<b>3,264,942</b>
<b>TOTAL EXPENSES</b>	<b>(617,271)</b>	<b>(737,570)</b>	<b>(825,208)</b>	<b>(448,868)</b>	<b>(338,170)</b>	<b>(352,031)</b>	<b>(738,709)</b>	<b>(706,662)</b>	<b>(494,116)</b>	<b>(5,258,605)</b>
Net Income <Loss>	(234,827)	(396,731)	(467,319)	(242,824)	(207,740)	(198,330)	(335,790)	162,982	(73,084)	(1,993,663)
Operating Transfers	-	63,042	37,805	34,233	10,440	-	-	-	-	145,520
Beginning 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 CAPITAL</b>	<b>\$ 3,973,570</b>	<b>\$ 478,450</b>	<b>\$ (233,603)</b>	<b>\$ 1,630,321</b>	<b>\$ (206,311)</b>	<b>\$ 1,615,425</b>	<b>\$ 5,225,962</b>	<b>\$ 12,020,080</b>	<b>\$ 1,380,187</b>	<b>\$ 25,884,081</b>

**SUPPORTING SCHEDULES**

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED DECEMBER 31, 2017

<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	14.850*	N/A	\$ 3,665,942
Public Housing Capital Fund Program	14.872*	N/A	1,726,632
Resident Opportunity and Supportive Services	14.870	N/A	138,000
Housing Choice Voucher Program	14.871*	N/A	23,170,474
Section 8 Moderate Rehab	14.856	N/A	<u>1,377,176</u>
TOTAL U.S. DEPARTMENT OF HUD			<u>30,078,224</u>
<b>TOTAL FEDERAL AWARDS EXPENDED</b>			<b><u>\$ 30,078,224</u></b>

(\*) Denotes a Major Program

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2017

Note 1: Basis of Accounting

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

Note 2: Major Programs

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

Note 3: Award Balance

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

Note 4: Program Costs

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

Note 5: Indirect Cost Allocation

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

**FINANCIAL COMPLIANCE REPORTS  
FOR  
FEDERAL FUNDS**



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

Board of Commissioners  
Alexandria Redevelopment  
and Housing Authority  
Alexandria, Virginia

**Report on Compliance for Each Major Federal Program**

We have audited Alexandria Redevelopment and Housing Authority's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Alexandria Redevelopment and Housing Authority's major federal programs for the year ended December 31, 2017. 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, 2017.

***Other Matters***

The results of our auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2017-001. Our opinion on each major federal program is not modified with respect to these matters.



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

***Other Matters***

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

**Report on Internal Control Over Compliance**

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

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2017-001 to be a significant deficiency.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses. 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.

Richmond, Virginia  
September 28, 2018



**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, 2017, 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 28, 2018.

**Internal Control over Financial Reporting**

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

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

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Alexandria Redevelopment and Housing Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2017-001.

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

**Response to Findings**

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

**Purpose of this Report**

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

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

Richmond, Virginia  
September 28, 2018

## ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

STATUS OF PRIOR AUDIT FINDINGS  
AT DECEMBER 31, 2017**Finding No. 2016-001 – Cash Management**

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

Status: Resolved - The Authority has obtained current depository agreements for all accounts.

**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).

Status: Resolved - The Authority updated VMS.

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 FOR THE YEAR ENDED DECEMBER 31, 2017

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, 2017  
(CONTINUED)

Identification of major programs:

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

Dollar threshold used to distinguish  
between type A and B programs: \$ 902,347

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, 2017  
 (CONTINUED)

Section II -- Financial Statement Findings

There are no financial statement findings.

Section III – Federal Awards Findings and Questioned Costs

**Finding No. 2017-001 – Tenant Compliance; Significant Deficiency**

CONDITION: The Authority's Low-Rent Public Housing program had several tenant files with incorrect rent payments, missing privacy releases and citizenship status forms, in accordance with HUD regulations.

CRITERIA: Tenants of the Low Rent Public Housing program are required to be recertified annually in accordance with HUD regulations. Recertification guidelines require tenant rent calculations to be performed in accordance with HUD guidelines. HUD also requires annual recertification documentation including privacy releases and citizenship status documentation.

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

CONTEXT: Forty-five tenant files were chosen using a statically valid sample. Of the forty-five tenant files examined, twelve files had incorrect tenant rent calculations; one file did not include privacy release forms; and three files did not include citizenship status documentation.

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

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

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



## ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

---

Keith Pettigrew, Chief Executive Officer

### ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

#### SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2017 (CONTINUED)

### Corrective Action Plan

Finding Number: 2017-001— Tenant Compliance

Fiscal Year: 2017

Finding: Selected 45 files selected and 12 had incorrect tenant rent calculations

Status: Corrective action in progress

Corrective Action: The Authority has assigned a checklist to staff this will ensure they are using the right utility allowance chart, in order for the rent calculation to be correct and also make sure are required forms are in the file.

Completion Date: 08/30/18

Auditee Contact: Janell Diaz  
Director of Asset Management  
(703) 549-7115



SUPPLEMENTAL INFORMATION

Alexandria Redevelopment & Housing Authority (VA004)  
ALEXANDRIA, VA

Entry Wide Balance Sheet Summary

Fiscal Year End: 12/31/2017

Submission Type: Audited/Single Audit

Account Description	Project Total	14.871 Housing Choice Vouchers	6.2 Component Unit - Blended	2 State/Local	1 Business Activities	14.870 Resident Opportunity and Supportive Services	14.854 Public and Indian Housing Drug Elimination Program	14.856 Lower Income Housing Assistance Program - Section 8	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$5,315,676	\$980,946	\$982,275	\$1,843,437	\$1,751,463	\$7,289	\$57,397	\$591,003	\$973,716	\$12,103,202		\$12,103,202
112 Cash - Restricted - Modernization and Development								\$0				
113 Cash - Other Restricted	\$219,017	\$219,212	\$2,566,190	\$4,991,531	\$4,680,302			\$0	\$12,477,225	\$12,477,225		\$12,477,225
114 Cash - Tenant Security Deposits			\$202,958	\$215,976				\$0	\$637,951	\$637,951		\$637,951
115 Cash - Restricted for Payment of Current Liabilities								\$0				
100 Total Cash	\$5,534,693	\$900,158	\$3,671,413	\$7,050,944	\$6,431,765	\$7,289	\$57,397	\$591,003	\$973,716	\$25,218,378	\$0	\$25,218,378
121 Accounts Receivable - PHA Projects		\$130,142						\$0		\$130,142		\$130,142
122 Accounts Receivable - HUD Other Projects	\$965,079						\$28,402	\$0		\$993,481		\$993,481
124 Accounts Receivable - Other Government				\$37,643			\$0	\$0		\$37,643		\$37,643
125 Accounts Receivable - Miscellaneous	\$40,000		\$97,780	\$611,535	\$1,266		\$0	\$0	\$32,977	\$785,538	-\$151,325	\$632,213
126 Accounts Receivable - Tenants	\$14,935		\$37,516	\$51,928			\$0	\$0		\$104,377		\$104,377
126.1 Allowance for Doubtful Accounts - Tenants	-\$456		-\$4,066	-\$19,211			\$0	\$0		-\$23,723		-\$23,723
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							\$0		\$0		\$0
128 Fraud Recovery		\$105,426					\$0	\$0		\$105,426		\$105,426
128.1 Allowance for Doubtful Accounts - Fraud		-\$105,426					\$0	\$0		-\$105,426		-\$105,426
129 Accrued Interest Receivable							\$0	\$0		\$0		\$0
129.1 Allowance for Doubtful Accounts - Fraud							\$0	\$0		\$0		\$0
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$1,019,558	\$130,142	\$131,220	\$681,893	\$1,266	\$0	\$0	\$28,402	\$32,977	\$2,025,458	-\$151,325	\$1,874,133
131 Investments - Unrestricted								\$0				
132 Investments - Restricted								\$0				
135 Investments - Restricted for Payment of Current Liability								\$0				
142 Prepaid Expenses and Other Assets	\$54,297	\$8,284	\$143,925	\$86,220	\$12,144		\$0	\$0	\$30,469	\$335,339		\$335,339
143 Inventories								\$0				
143.1 Allowance for Obsolete Inventories								\$0				
144 Inter Program Due From								\$0				
145 Assets Held for Sale								\$0				
150 Total Current Assets	\$6,606,548	\$1,038,584	\$3,946,558	\$7,819,057	\$6,445,175	\$7,289	\$57,397	\$619,405	\$1,037,162	\$27,578,175	-\$161,325	\$27,427,850
161 Land	\$3,855,621		\$7,649,717	\$8,002,050				\$0		\$19,507,388		\$19,507,388
162 Buildings	\$35,237,141		\$84,946,012	\$29,775,102	\$1,992,318			\$0	\$6,099,167	\$138,047,740		\$138,047,740
163 Furniture, Equipment & Machinery - Dwellings								\$0				
164 Furniture, Equipment & Machinery - Administration	\$272,512	\$208,475	\$972,714	\$125,858				\$0	\$315,638	\$1,693,197		\$1,693,197
165 Leasehold Improvements								\$0				
166 Accumulated Depreciation	-\$27,090,689	-\$208,475	-\$16,851,725	-\$12,659,028	-\$1,787,187			\$0	-\$1,649,104	-\$60,244,208		-\$60,244,208
167 Construction in Progress	\$1,775,630			\$59,708				\$0	\$1,650	\$1,837,288		\$1,837,288
168 Infrastructure								\$0				
160 Total Capital Assets, Net of Accumulated Depreciation	\$14,050,515	\$0	\$56,716,718	\$25,301,690	\$205,131	\$0	\$0	\$0	\$4,767,351	\$101,041,405	\$0	\$101,041,405
171 Notes, Loans and Mortgages Receivable - Non-Current				\$1,766,402	\$35,947,459			\$0		\$37,713,861	-\$37,713,861	\$0
172 Notes, Loans, & Mortgages Receivable - Non-Current - Past Due								\$0				
173 Grants Receivable - Non-Current	\$47,473	\$16,940		\$70,400	\$98,305			\$0	\$238,312	\$475,124		\$475,124
174 Other Assets								\$0				
175 Investments in Joint Ventures								\$0				
180 Total Non-Current Assets	\$14,097,988	\$16,940	\$56,716,718	\$27,138,492	\$36,250,895	\$0	\$0	\$3,794	\$5,005,663	\$139,230,350	-\$37,713,861	\$101,516,529
200 Deferred Outflow of Resources	\$10,910	\$3,870		\$16,178	\$22,592			\$872	\$54,789	\$109,190		\$109,190

Alexandria Redevelopment & Housing Authority (VA004)  
ALEXANDRIA, VA

Entity Wide Balance Sheet Summary

Fiscal Year End: 12/31/2017

Submission Type: Audited/Single Audit

Account	Project Total	14.871 Housing Choice Vouchers	6.2 Component Unit - Blended	2 State/Local	1 Business Activities	14.870 Resident Opportunity and Supportive Services	14.854 Public and Indian Housing Drug Elimination Program	14.858 Lower Income Housing Assistance Program - Subpart 6 Monocare	COCC	Subtotal	ELIM	Total
290 Total Assets and Deferred Outflow of Resources	\$20,717,446	\$1,056,294	\$60,663,276	\$4,973,727	\$42,716,662	\$7,289	\$57,397	\$624,071	\$6,097,593	\$166,916,755	-\$37,865,186	\$129,053,569
311 Bank Overdraft								\$0				
312 Accounts Payable <= 90 Days	\$122,010	\$517,733	\$36,079	\$16,535	\$22,912			\$43,599	\$102,177	\$981,042	-\$18,672	\$942,370
313 Accounts Payable >90 Days Past Due								\$0				
321 Accrued Wage/Payroll Taxes Payable	\$17,104	\$4,860	\$9,826	\$29,559	\$37,599	\$2,561		\$1,110	\$49,684	\$152,702		\$152,702
322 Accrued Compensated Absences - Current Portion	\$76,656	\$31,157	\$2,188	\$56,469		\$1,891		\$0	\$200,834	\$369,185		\$369,185
324 Accrued Contingency Liability								\$0				
325 Accrued Interest Payable			\$6,325					\$0		\$6,325		\$6,325
331 Accounts Payable - HUD PHA Programs								\$55,185		\$55,185		\$55,185
332 Account Payable - PHA Projects								\$0				
333 Accounts Payable - Other Government	\$83,249			\$36,643				\$0		\$99,892		\$99,892
341 Tenant Security Deposits	\$219,017		\$202,858	\$215,976				\$0		\$637,951		\$637,951
342 Unearned Revenue	\$7,349	\$0	\$21,115	\$518,197				\$0		\$546,661		\$546,661
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue				\$900,000				\$0		\$900,000		\$900,000
344 Current Portion of Long-term Debt - Operating Borrowings							\$57,397	\$0		\$57,397		\$57,397
345 Other Current Liabilities								\$0		\$126,198		\$126,198
346 Accrued Liabilities - Other								\$0				
347 Inter. Program - Due To								\$0				
348 Loan Liability - Current								\$0				
310 Total Current Liabilities	\$505,395	\$553,750	\$278,491	\$1,673,778	\$60,511	\$4,452	\$57,397	\$99,891	\$421,496	\$3,655,151	-\$18,672	\$3,636,479
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue			\$34,290,926	\$18,475,837				\$0		\$52,737,663	-\$37,809,919	\$15,127,744
352 Long-term Debt, Net of Current - Operating Borrowings								\$0				
353 Non-current Liabilities - Other		\$161,450	\$236,595	\$3,716,826	\$275,590			\$0		\$4,390,461	-\$236,595	\$4,153,866
354 Accrued Compensated Absences - Non Current	\$114,993	\$46,736	\$3,283	\$94,702		\$2,837		\$0	\$301,251	\$553,792		\$553,792
355 Loan Liability - Non Current								\$0				
356 FASB 5 Liabilities								\$0				
357 Accrued Pension and OPEB Liabilities	\$0	\$0	\$0	\$0	\$0			\$0	\$0	\$0		\$0
350 Total Non-Current Liabilities	\$114,993	\$208,186	\$34,600,704	\$22,278,365	\$275,590	\$2,837	\$0	\$0	\$301,251	\$57,681,916	-\$37,846,514	\$19,835,402
300 Total Liabilities	\$620,388	\$761,936	\$34,779,195	\$23,952,143	\$338,101	\$7,289	\$57,397	\$99,891	\$722,747	\$61,337,067	-\$37,865,186	\$23,471,881
400 Deferred Inflow of Resources	\$54,085	\$19,185		\$80,206	\$111,998			\$4,323	\$271,706	\$541,503		\$541,503
508.4 Net Investment in Capital Assets	\$14,050,515		\$22,455,892	\$6,024,853	\$205,131			\$0	\$4,767,351	\$47,503,742	\$37,809,919	\$85,113,661
511.4 Restricted Net Position	\$0	\$57,762	\$0	\$6,757,933	\$40,627,761			\$0		\$47,443,456	-\$40,627,761	\$6,815,695
512.4 Unrestricted Net Position	\$5,992,478	\$220,411	\$3,428,189	-\$1,841,408	\$1,437,671	\$0	\$0	\$519,857	\$335,189	\$10,092,987	\$3,017,842	\$13,110,829
513 Total Equity - Net Assets / Position	\$20,042,993	\$278,173	\$25,894,081	\$10,941,378	\$42,270,563	\$0	\$0	\$519,857	\$5,103,140	\$105,040,185	\$0	\$105,040,185
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$20,717,446	\$1,056,294	\$60,663,276	\$42,973,727	\$42,716,662	\$7,289	\$57,397	\$624,071	\$6,097,593	\$166,916,755	-\$37,865,186	\$129,053,569

Alexandria Redevelopment & Housing Authority (VA004)  
ALEXANDRIA, VA

Entity Wide Revenue and Expense Summary

Fiscal Year: End: 12/31/2017

Submission Type: Audited/Single Audit

Project Total	14.871 Housing Choice Vouchers	6.2 Component Unit - Blended	2 State/Local	1 Business Activities	14.870 Resident Opportunity and Supportive Services	14.854 Public and Indian Housing Drug Elimination Program	14.868 Lower Income Housing Assistance Program 8 Moderate	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue							\$0		\$8,287,952	-\$4,127,652	\$4,160,300
70400 Tenant Revenue - Other		\$3,041,795	\$3,785,489				\$0		\$248,340		\$248,340
70500 Total Tenant Revenue	\$0	\$3,103,821	\$3,947,728	\$0	\$0	\$0	\$0	\$0	\$8,516,292	-\$4,127,652	\$4,388,640
70600 HUD PHA Operating Grants	\$23,170,474				\$138,000		\$1,377,176		\$29,541,042		\$29,541,042
70710 Capital Grants							\$0		\$941,156		\$941,156
70710 Management Fee							\$0	\$1,166,809	\$1,166,809	-\$1,166,809	\$0
70720 Asset Management Fee							\$0	\$148,680	\$148,680	-\$148,680	\$0
70730 Book Keeping Fee							\$0	\$236,530	\$236,530	-\$236,530	\$0
70740 Front Line Service Fee							\$0	\$2,574,848	\$2,574,848	-\$2,574,848	\$0
70750 Other Fees							\$0				
70700 Total Fee Revenue							\$0	\$4,126,867	\$4,126,867	-\$4,126,867	\$0
70800 Other Government Grants			\$442,243				\$0		\$442,243		\$442,243
71100 Investment Income - Unrestricted		\$1,098	\$98,834	\$125			\$132	\$96	\$94,124		\$94,124
71200 Mortgage Interest Income	\$590	\$3,249					\$0				
71300 Proceeds from Disposition of Assets Held for Sale							\$0				
71310 Cost of Sale of Assets							\$0				
71400 Fraud Recovery	\$7,913						\$0		\$7,913		\$7,913
71500 Other Revenue	\$503,070	\$160,023	\$294,543	\$119,430			\$0	\$566,465	\$1,777,500		\$1,777,500
71600 Gain or Loss on Sale of Capital Assets							\$0				
72000 Investment Income - Restricted			\$19	\$491,518			\$0		\$491,537	-\$94,335	\$397,202
70000 Total Revenue	\$23,694,706	\$3,284,942	\$4,775,367	\$811,073	\$138,000	\$0	\$1,377,508	\$4,693,428	\$45,938,474	-\$8,348,854	\$37,589,620
91000 Administrative Salaries	\$639,024	\$201,171	\$745,027				\$53,085	\$1,600,661	\$3,705,147		\$3,705,147
91200 Auditing Fees	\$8,437	\$77,900	\$8,800				\$1,544	\$1,212	\$113,680		\$113,680
91300 Management Fee	\$315,450	\$264,718	\$184,081				\$28,892		\$1,166,809	-\$1,166,809	\$0
91310 Book-keeping Fee	\$132,832	\$28,352	\$21,735				\$9,466		\$236,530	-\$236,530	\$0
91400 Advertising and Marketing		-\$150	\$928				\$0	\$224	\$900		\$900
91500 Employee Benefit Contributions - Administrative	\$165,325	\$55,679	\$126,876				\$12,165	\$279,131	\$759,541		\$759,541
91600 Office Expenses	\$140,777	\$101,908	\$156,422	\$396			\$0	\$145,753	\$767,225		\$767,225
91700 Legal Expense	\$8,078	\$46,998	\$44,115				\$0	\$40,320	\$174,376		\$174,376
91800 Travel		\$111	\$8,172	\$916			\$0	\$7,599	\$17,939		\$17,939
91810 Allocated Overhead							\$0				
91900 Other	\$68,362	\$277,143	\$325,670	\$73,969			\$775	\$296,790	\$1,285,409		\$1,285,409
91000 Total Operating - Administrative	\$1,466,285	\$1,053,818	\$1,622,724	\$75,281	\$0	\$0	\$1,057,717	\$2,371,690	\$8,207,536	-\$1,403,339	\$6,804,197
92000 Asset Management Fee		\$60,840	\$28,980				\$0		\$148,680	-\$148,680	\$0
92100 Tenant Services - Salaries		\$59,983			\$112,324		\$0	\$300,736	\$524,260		\$524,260
92200 Relocation Costs		\$14,990	\$5,173				\$0	\$71	\$23,620		\$23,620
92300 Employee Benefit Contributions - Tenant Services		\$10,004	\$168,558	\$1,921	\$25,676		\$0	\$52,444	\$109,746		\$109,746
92400 Tenant Services - Other		\$0	\$163,732	\$1,921	\$138,000	\$0	\$0	\$35,031	\$217,682	-\$173,179	\$44,703
92500 Total Tenant Services		\$100,400	\$163,732	\$1,921	\$138,000	\$0	\$0	\$388,282	\$875,508	-\$173,179	\$702,329
93100 Water		\$102,161	\$172,417				\$0	\$7,275	\$707,609		\$707,609
93200 Electricity	\$1,937	\$47,814	\$27,627				\$0	\$47,888	\$461,914		\$461,914
93300 Gas		\$10,901	\$20,428				\$0	\$10,321	\$127,501		\$127,501
93400 Fuel							\$0				
93500 Labor							\$0				

Alexandria Redevelopment & Housing Authority (VA004)  
ALEXANDRIA, VA

Entity Wide Revenue and Expense Summary

Fiscal Year End: 12/31/2017

Submission Type: Audited/Single Audit

	Project Total	14,871 Housing Choice Vouchers	6,2 Component Unit - Blended	2 State/local	1 Business Activities	14,870 Resident Opportunity and Supportive Services	14,854 Public and Indian Housing Drug Elimination Program	14,866 Lower Income Housing Assistance Program - Section 8 Moderate	COCC	Subtotal	ELIM	Total
93000 Sewer												
93700 Employee Benefit Contributions - Utilities	\$538,283	\$1,937	\$160,876	\$220,473	\$0	\$0	\$0	\$0	\$65,495	\$1,287,024	\$0	\$1,287,024
93800 Other Utilities Expense												
93900 Total Utilities	\$538,283	\$1,937	\$160,876	\$220,473	\$0	\$0	\$0	\$0	\$65,495	\$1,287,024	\$0	\$1,287,024
94100 Ordinary Maintenance and Operations - Labor	\$257,477		\$715,913	\$240,997					\$198,406	\$912,793		\$912,793
94200 Ordinary Maintenance and Operations - Materials and Other	\$197,337	\$476	\$14,892	\$8,266					\$517,873	\$738,844		\$738,844
94300 Ordinary Maintenance and Operations Contracts	\$1,066,579	\$116	\$569,395	\$783,349					\$693,051	\$3,481,480	-\$2,401,669	\$1,079,811
94500 Employee Benefit Contributions - Ordinary Maintenance	\$63,613		\$9,760	\$41,041					\$34,599	\$199,013		\$199,013
94000 Total Maintenance	\$1,594,006	\$592	\$1,259,950	\$1,073,653	\$0	\$0	\$0	\$0	\$1,413,929	\$5,332,130	-\$2,401,669	\$2,930,461
95100 Protective Services - Labor												
95200 Protective Services - Other Contract Costs												
95300 Protective Services - Other	\$268	\$2,695	\$8,760	\$4,260					\$57,906	\$73,909		\$73,909
95500 Employee Benefit Contributions - Protective Services												
95000 Total Protective Services	\$268	\$2,695	\$8,760	\$4,260	\$0	\$0	\$0	\$0	\$57,906	\$73,909	\$0	\$73,909
96110 Property Insurance	\$94,668		\$122,453	\$117,836					\$28,523	\$363,480		\$363,480
96120 Liability Insurance	\$24,039	\$5,302	\$12,056	\$4,271					\$0	\$45,668		\$45,668
96130 Workmen's Compensation	\$20,407	\$16,192	\$10,723	\$14,754					\$35,054	\$97,130		\$97,130
96140 All Other Insurance	\$13,874	\$4,729	\$5,487	\$3,111					\$28,316	\$53,517		\$53,517
96100 Total Insurance Premiums	\$152,968	\$26,223	\$150,719	\$139,972	\$0	\$0	\$0	\$0	\$89,893	\$558,785	\$0	\$558,785
96200 Other General Expenses	\$1,434,866	\$277,169	\$16,265	\$85					\$73,347	\$1,801,712	-\$1,011,846	\$789,866
96210 Compensated Absences	-\$5,428	\$12,981	\$2,945	-\$16,636					-\$77,337	-\$63,575		-\$63,575
96300 Payments in Lieu of Taxes	\$82,650			\$96,643						\$99,293		\$99,293
96400 Bad debt - Tenant Rents	\$16,457		\$88,296	\$201,472					\$286,225	\$286,225		\$286,225
96500 Bad debt - Mortgages												
96600 Bad debt - Other		\$105,425								\$105,425		\$105,425
96800 Severance Expense												
96000 Total Other General Expenses	\$1,506,545	\$395,575	\$87,406	\$221,544	\$0	\$0	\$0	\$0	-\$3,950	\$2,208,080	-\$1,011,846	\$1,197,234
96710 Interest on Mortgage (or Bonds) Payable												
96720 Interest on Notes Payable (Short and Long Term)												
96730 Amortization of Bond Issue Costs												
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$574,666	\$401,713	\$0	\$0	\$0	\$0	\$0	\$976,379	-\$94,335	\$882,044
96800 Total Operating Expenses	\$5,738,114	\$1,893,307	\$3,457,465	\$3,877,051	\$77,202	\$138,000	\$0	\$105,717	\$4,383,195	\$19,670,041	-\$5,233,048	\$14,436,993
97000 Excess of Operating Revenue over Operating Expenses	\$1,657,538	\$21,791,399	-\$192,513	\$896,316	\$593,871	\$0	\$0	\$1,271,581	\$310,233	\$26,268,433	-\$3,115,806	\$23,152,627
97100 Extraordinary Maintenance												
97200 Casualty Losses - Non-capitalized												
97300 Housing Assistance Payments	\$21,488,710							\$1,232,237		\$22,720,947	-\$3,115,806	\$19,605,141
97350 HUD Portability-In	\$476,919									\$476,919		\$476,919
97400 Depreciation Expense	\$1,127,181		\$2,381,541	\$952,946	\$57,690				\$225,965	\$4,746,333		\$4,746,333
97500 Fraud Losses												
97600 Capital Outlays - Governmental Funds												
97700 Debt Principal Payment - Governmental Funds												

Alexandria Redevelopment & Housing Authority (VA004)  
ALEXANDRIA, VA

Entity Wide Revenue and Expense Summary

Fiscal Year: End: 12/31/2017

Submission Type: Audited/Single Audit

	Project Total	14.871 Housing Choice Vouchers	6.2 Component Unit - Blended	2 State/Local	1 Business Activities	14.870 Resident Opportunity and Supportive Services	14.854 Public and Indian Housing Drug Elimination Program	14.856 Lower Income Housing Assistance Program (Section 8 Moderate)	COCC	Subtotal	ELIM	Total
97800 Dwelling Units Rent Expense												
90000 Total Expenses	\$6,865,305	\$23,856,936	\$5,638,996	\$4,828,987	\$134,892	\$138,000	\$0	\$1,337,954	\$4,609,160	\$47,611,240	-\$8,348,854	\$39,262,386
10010 Operating Transfer In												
10020 Operating Transfer Out	\$539,956		\$145,520		\$4,987,250			\$21,474		\$5,794,200	-\$806,950	\$4,987,250
10030 Operating Transfers from/to Primary Government	-\$785,476			-\$4,987,250				-\$21,474		-\$5,794,200	\$806,950	-\$4,987,250
10040 Operating Transfers from/to Component Unit												
10050 Proceeds from Notes, Loans and Bonds												
10060 Proceeds from Property Sales												
10070 Extraordinary Items, Net Gain/Loss												
10080 Special Items (Net Gain/Loss)												
10091 Inter Project Excess Cash Transfer In												
10092 Inter Project Excess Cash Transfer Out												
10093 Transfers between Program and Project - In												
10094 Transfers between Project and Program - Out												
10100 Total Other Financing Sources (Uses)	-\$145,520	\$0	\$145,520	-\$4,987,250	\$4,987,250	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$394,825	-\$172,230	-\$2,428,534	-\$5,043,880	\$5,463,431	\$0	\$0	\$38,354	\$84,288	-\$1,672,766	\$0	-\$1,672,766
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$800,000	\$0	\$0	\$0	\$0	\$0	\$800,000		\$800,000
11030 Beginning Equity	\$19,658,168	\$450,403	\$27,732,224	\$15,895,258	\$36,807,132	\$0	\$0	\$480,503	\$5,018,872	\$106,132,560		\$106,132,560
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0		\$580,391							\$580,391		\$580,391
11050 Changes in Compensated Absence Balance												
11060 Changes in Contingent Liability Balance												
11070 Changes in Unrecognized Pension Transition Liability												
11080 Changes in Special Termination Benefits Liability												
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents												
11100 Changes in Allowance for Doubtful Accounts - Other												
11170 Administrative Fee Equity		\$220,411								\$220,411		\$220,411
11180 Housing Assistance Payments Equity		\$57,762								\$57,762		\$57,762
11190 Unit Months Available	8636	2312	4104	2854				1332		41348	-4500	36848
11210 Number of Unit Months Leased	9666	17711	4084	2888				1262		35601	-4394	31207
11270 Excess Cash	\$5,690,321							\$0		\$5,690,321		\$5,690,321
11610 Land Purchases	\$0							\$0	\$0	\$0		\$0
11620 Building Purchases	\$795,346							\$0	\$0	\$795,346		\$795,346
11630 Furniture & Equipment - Dwelling Purchases	\$0							\$0	\$0	\$0		\$0
11640 Furniture & Equipment - Administrative Purchases	\$145,810							\$0	\$0	\$145,810		\$145,810
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

REQUIRED SUPPLEMENTAL INFORMATION

## ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION RELATED TO PENSIONS  
FOR THE YEAR ENDED DECEMBER 31, 2017

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

	2017	2016	2015
<b>Total pension liability</b>			
Service cost	\$ 448,941	\$ 456,905	\$ 456,967
Interest	959,961	920,184	893,769
Difference between expected and actual experience	(34,943)	(96,461)	(350,240)
Changes of assumptions	(237,298)		
Benefit payments, including refunds of employee contributions	(789,100)	(635,666)	(610,608)
<b>Net change in total pension liability</b>	<b>347,561</b>	<b>644,962</b>	<b>389,888</b>
<b>Total pension liability - beginning</b>	<b>14,108,277</b>	<b>13,463,315</b>	<b>13,073,427</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 14,455,838</b>	<b>\$ 14,108,277</b>	<b>\$ 13,463,315</b>
<b>Plan fiduciary net position</b>			
Contributions - employer	\$ 217,473	\$ 328,482	\$ 334,135
Contributions - employee	230,918	225,277	228,475
Net investment income	1,643,242	235,235	593,919
Benefit payments, including refunds of employee contributions	(789,100)	(635,666)	(610,608)
Administrative expense	(9,618)	(8,327)	(8,065)
Other	(1,459)	(100)	(126)
<b>Net change in plan fiduciary net position</b>	<b>1,291,456</b>	<b>144,901</b>	<b>537,730</b>
<b>Plan fiduciary net position - beginning</b>	<b>13,639,506</b>	<b>13,494,605</b>	<b>12,956,875</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 14,930,962</b>	<b>\$ 13,639,506</b>	<b>\$ 13,494,605</b>
<b>ARHA's net pension liability (asset) - ending (a)-(b)</b>	<b>\$ (475,124)</b>	<b>\$ 468,771</b>	<b>\$ (31,290)</b>
<b>Plan fiduciary net position as a percentage of the total Pension liability</b>	<b>103%</b>	<b>97%</b>	<b>3%</b>
<b>Covered employee payroll</b>	<b>\$ 4,407,673</b>	<b>\$ 4,671,615</b>	<b>\$ 4,603,233</b>
<b>ARHA's net pension liability as a percentage of covered-employee payroll</b>	<b>-10.78%</b>	<b>10.03%</b>	<b>-0.68%</b>

Totals, with the exception of the covered payroll are from Schedule E Total Pension Liability and Fiduciary Net Position on pages 113-136 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, 2017  
(CONTINUED)

Schedule of Employer Contributions to the VRS For the Years Ended June 30, 2008, through 2017.

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
6/30/2017	\$ 217,473	\$ 217,473	\$ -	\$ 4,407,673	4.93%
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%

## ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION RELATED TO PENSIONS  
FOR THE YEAR ENDED DECEMBER 31, 2017**Note 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, 2017 are not material.

Changes of assumptions - The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

Largest 10 - Non-Hazardous Duty:

Updated mortality table RP-2014 projected to 2020  
Lowered retirement rates at older ages and changed final retirement from 70 to 75  
Adjusted withdrawal rates to better fit experience at each year age and service through 9 years  
Lowered disability rates  
Increased line of duty disability rate from 14% to 20%

All Others - Non-Hazardous Duty:

Updated mortality table RP-2014 projected to 2020  
Lowered retirement rates at older ages and changed final retirement from 70 to 75  
Adjusted withdrawal rates to better fit experience at each year age and service through 9 years  
Lowered disability rates  
Increased line of duty disability rate from 14% to 15%