

**ALEXANDRIA REDEVELOPMENT
AND HOUSING AUTHORITY**

**AUDITED
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED
DECEMBER 31, 2009**

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

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FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2009



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 component unit of the Alexandria Redevelopment and Housing Authority as of and for the year ended December 31, 2009, which collectively comprise the Authority's basic financial statements, as listed in the Table of Contents. These financial statements are the responsibility of the Housing Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards for financial audits contained in the 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 of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly in all material respects the respective financial position of the business-type activities, each major fund and the aggregate remaining fund information and component unit of the Alexandria Redevelopment and Housing Authority at December 31, 2009, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's discussion and analysis on pages 3 through 12 are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures which consisted principally of inquiries of Management regarding the methods of measurement and presentation of supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with Government Auditing Standards, we have also issued our report dated September 30, 2010 on our consideration of the Alexandria Redevelopment and Housing Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole and on the combining and individual funds 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 the U.S. Office of Management and Budget Circular A-133, **Audits of States, Local Governments, and Non-Profit Organizations**, and the U.S. Department of Housing and Urban Development, and are not a required part of the financial statements. The information in those schedules has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

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

September 30, 2010

SUPPORTING SCHEDULES

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

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INDEPENDENT AUDITORS' REPORT

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Alexandria Redevelopment
and Housing Authority
Alexandria, Virginia

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We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards for financial audits contained in the **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 of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly in all material respects the respective financial position of the business-type activities, each major fund and the aggregate remaining fund information and component unit of the Alexandria Redevelopment and Housing Authority at December 31, 2009, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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INDEPENDENT AUDITORS' REPORT
(CONTINUED)

Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole and on the combining and individual funds 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 the U.S. Office of Management and Budget Circular A-133, **Audits of States, Local Governments, and Non-Profit Organizations**, and the U.S. Department of Housing and Urban Development, and are not a required part of the financial statements. The information in those schedules has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

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

September 30, 2010

**ALEXANDRIA REDEVELOPMENT & HOUSING
AUTHORITY
MANAGEMENT'S DISCUSSION & ANALYSIS
FISCAL YEAR ENDED DECEMBER 31, 2009**

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, 2009.

FINANCIAL HIGHLIGHTS AND CONCLUSIONS:

The Alexandria Redevelopment & Housing Authority had a relatively good year as illustrated by the outcome of its fiscal year operations despite the write-off of some major projects during the year due to upcoming revitalization projects. Total Net Assets decreased by \$(147,479) which was mainly due to write-offs of the old Glebe Park project. The PHA was not scored by the Real Estate Assessment Center (REAC) under the Management Assessment Sub System (MASS) due to changes in REAC for the electronic submission of the PHA's financial information. This will most likely not be the case in fiscal year 2010 though the final rule for the MASS and Financial Assessment Sub System (FASS) has yet to be issued as of this report date.

REQUIRED FINANCIAL STATEMENTS

The Financial Statements of the Authority report information using accounting methods similar to those used by private sector companies (Enterprise Fund).

The Statement of Net Assets (Balance Sheet) includes all of the Authority's assets and liabilities and provides information about the amounts and investments in assets and the obligations to Authority creditors. It also provides a basis of assessing the liquidity and financial flexibility of the Authority. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial health of the Authority is improving or deteriorating.

The current year's revenues, expenses, and changes in net assets are accounted for in the Statement of Revenues, Expenses and Net Assets. This statement measures the success of the Authority's operations over the past fiscal year.

The Statement of Cash Flows is to provide information about the Authority's cash receipts and disbursements during the reporting period. The statement reports net changes in cash resulting from operations.

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 Assets and the Statement of Revenues, Expenses and Net Assets 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 Assets is presented in Table I.

Alexandria Redvelopment & Housing Authority
Combined Statement of Net Assets
TABLE I

Account Descriptions	2009	2008	Total Change	% Change
Current Assets	16,471,942	15,048,445	1,423,497	9.46%
Noncurrent Assets	23,389,786	17,744,908	5,644,878	31.81%
Capital Assets	28,094,474	32,349,776	(4,255,302)	-13.15%
Total Assets	67,956,202	65,143,129	2,813,073	4.32%
Current Liabilities	4,173,182	2,535,648	1,637,534	64.58%
Noncurrent Liabilities	16,526,380	15,203,362	1,323,018	8.70%
Total Liabilities	20,699,562	17,739,010	2,960,552	16.69%
Invested in Capital Assets				
Net of Related Debt	15,446,657	19,490,230	(4,043,573)	-20.75%
Restricted Net Assets	17,054,057	16,589,528	464,529	2.80%
Unrestricted Net Assets	14,755,926	11,324,361	3,431,565	30.30%
Total Net Assets	47,256,640	47,404,119	(147,479)	-0.31%
Total Liabilities & Net Assets	67,956,202	65,143,129	2,813,073	4.32%

Current Assets:

Current assets are made up of cash, receivables and prepaid expenses. Current assets increased by \$1,423,497 due to several factors. Overall cash increased by \$700,629, receivables increased by \$776,263 and prepaid expenses decreased by \$(53,395). Cash increased from operating revenue exceeding operating expenses while the increase to receivables was due to increases in HUD Accounts Receivable \$528,538. These changes are mainly due to timing issues and collections from residents.

Non-current Assets

Non-current assets are made up of notes receivable and other assets. Non-current assets increased by \$5,644,878. This increase to notes issued to partnership related to the renovation and rehabilitation of the Glebe Park project as well as interest earnings on that note and HOPE VI tax credit partnership notes.

Current Liabilities

Current liabilities are made of accounts payable, accrued liabilities, unearned revenue and security deposits. Current liabilities increased by \$1,637,534 due to deferred revenue. This was related to early payment of Housing Choice Voucher subsidy. The only other major change in the current liability category was within the HUD Accounts Payable section, a decrease in the amount of \$(182,257) related to decreases in Section-8 Moderate Rehabilitation program payables and payments on the Glebe Park and Jefferson Village HUD payables.

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 increased by \$1,323,018 due to advances of operating debt related to the State/Local programs. See Note 15 in the Notes to the Financial Statements for a full description of the activity. Minimal decreases in accrued compensated absences, and in FSS Escrow also occurred during the year but were not the material reason the non-current liabilities increased during the year.

Net Assets

As illustrated in the Combined Statement of Net Assets, the overall Net Assets of the Authority decreased by \$(147,479). The "Invested in Capital Assets" decreased by \$(4,043,573) or (20) %, due to the elimination of the Glebe Park project and depreciation expenses.

The Restricted Net Asset account is made up of a HOPE VI notes receivable, reserve accounts for long-term debt and capital funding. Restricted net assets increased

by \$464,529 or 2.8% was due to increases in Housing Choice Voucher restricted HAP equity.

The Unrestricted Net Assets increased by \$3,431,565 or 30.30 %. This reflects changes in operating and capital debt as well as positive operating income during fiscal year 2009.

While the Statement of Net Assets shows the change in financial position, the Statement of Revenues, Expenses, and Net Assets breaks down our revenues and expenses further. Table III, which follows, provides a combined statement of these changes in Net Assets. Table III provides a Statement of Revenues, Expenses and Net Assets by Revenue Source.

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

Account Descriptions	2009	2008	Total Change	% Change
Tenant Revenue	4,068,945	3,910,688	158,257	4.05%
Grant Funding	23,662,903	25,007,008	(1,344,105)	-5.37%
Interest Income	194,111	352,402	(158,291)	-44.92%
Loss on sale of homes	(3,841,626)	-	(3,841,626)	100.00%
Other Income	4,547,996	880,639	3,667,357	416.44%
Total Revenue	28,632,329	30,150,737	(1,518,408)	-5.04%
Administration	4,668,738	3,855,840	812,898	21.08%
Tenant Services	298,692	149,318	149,374	100.04%
Utilities	1,341,511	1,412,083	(70,572)	-5.00%
Maintenance	1,529,343	1,932,164	(402,821)	-20.85%
Protective services	6,030	4,597	1,433	31.17%
General expense	1,263,729	1,159,284	104,445	9.01%
Housing Assistance Payments	17,503,247	15,847,832	1,655,415	10.45%
Interest expense	666,028	908,258	(242,230)	-26.67%
Loss of sale of assets	-	-	-	100.00%
Depreciation	1,439,490	1,623,569	(184,079)	-11.34%
Amortization	63,000	133,832	(70,832)	-52.93%
Total Expenses	28,779,808	27,026,777	1,753,031	6.49%
Prior year adjustments	-	233,844	(233,844)	-100.00%
Change in Net Assets	(147,479)	3,357,804	(3,505,283)	-104.39%
Beginning Net Assets	47,404,119	44,046,315	3,357,804	7.62%
Ending Net Assets	47,256,640	47,404,119	(147,479)	-0.31%

REVENUES

In reviewing the Statement of Revenues, Expenses, and Net Assets, you will find that 83% of the Authority's revenues are derived from grants from the Department of Housing and Urban Development. The Authority receives revenue from tenants for dwelling rental charges, excess utilities, and miscellaneous charges of 14% of total revenue. Other Revenue comprises the remaining 2% and Interest income represents less than 1%. Compared to the Fiscal Year Ended December 31, 2008, revenues had an overall decrease of \$(1,518,408) or (5.04) %.

Tenant Revenue - Tenant Revenue had an increase from \$3,910,688 to \$4,068,945 or an increase of \$158,257. The increase was attributed to increases in State/Local lease up rates and rent per resident.

Program Grants/Subsidies -- Federal and State subsidies for the year decreased by \$1,344,105, or (5.37) %, from \$25,007,008 in fiscal year 2008 to \$23,662,903 in fiscal year 2009. This was mainly due to decreases in HUD funding of Capital Fund and Housing Choice Voucher programs. See Table IV below for additional analytical information.

Table IV
HUD Funding Comparative

<u>Year</u>	<u>Public Housing</u>	<u>Mod Rehab</u>	<u>CFP</u>
2009	3,790,725.00	1,076,305.00	1,507,931.78
2008	3,337,092.00	1,022,385.00	2,494,874.00
Net Change	453,633.00	53,920.00	(986,942.22)
% Change	13.59%	5.27%	-39.56%

<u>Year</u>	<u>Vouchers</u>	<u>ARRA</u>	<u>Totals</u>
2009	16,883,709.00	311,780.00	23,570,450.78
2008	17,954,657.00	-	24,809,008.00
Net Change	(1,070,948.00)	311,780.00	(1,238,557.22)
% Change	-5.96%	100.00%	-4.99%

Other Income/Interest Income – Other income increased by \$3,667,357. The increase was mainly due to increased outside miscellaneous fees, other sources of revenue in relation to Glebe Park.

Interest income decreased by \$(46,188) due to decreases in bank and investment interest rates.

EXPENSES

The Alexandria Redevelopment & Housing Authority experienced an increase in operating expenses for the current year from \$27,026,777 to \$28,779,606 or a net increase of \$1,753,031 or 6.49%. 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 2008, administrative costs increased by \$812,899 or 21.08 %. The increase was due to normal inflation increases in salary and benefit expenses with marginal changes in other administrative costs.

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 \$149,318 to \$298,692 or a increase of 149,374 or 100.04%. The increase was due to increased needs at the various Public Housing AMP's.

Utilities - The total utilities expense for the Authority decreased by \$(70,572) or (5)%. The decrease was mainly due to decreased gas price rates and utilization.

Maintenance – Maintenance costs are all costs incurred by the Authority for the 889 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 \$1,932,164 to \$1,529,343 for a decrease of \$(402,821) or (20.85) %. The decreased costs related to materials and contract costs. The PHA continues to improve the quality of their housing stock through a mixture of capital fund and other financing methods and this has the potential to reduce overall maintenance costs.

Protective Services – Protective services costs were used for police patrol services. The total expense for the year was \$6,029 or an increase of \$1,432 or 31.15 %. The Authority utilizes the police services for security services and protection for elderly and disabled residents. The services helped reduce crime in the elderly and disabled sites.

General Expenses – General Expenses include insurance costs (property, auto, liability, workers' compensation, public officials' liability, lead based paint insurance, etc.), collection losses, and payment in lieu of taxes to the City of Alexandria. General expenses for the Authority increased from \$1,159,284 to \$1,263,729 or a increase of \$104,445 or 9.01 %. The increase was mainly due to increases in general expenses and bad debt write-offs.

Housing Assistance Payments Program – HAP payments consist of rental payments to owners of private property for which the housing authority has a HAP agreement with the tenant and the owner for the difference between the tenants rent and the applicable payment standard. HAP payments for the Authority increased from \$15,847,832 to \$17,503,247 or an overall increase of \$1,655,415 or 10.45 %. The increase was due to increased lease-ups during the fiscal year.

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 slightly decreased by \$(184,079), or (11.34) %. Depreciation expense decreased due to capital assets written off during the fiscal year.

Other Non-Operating Expenses – The Authority had other non-operating revenues/expenditures related to interest income, gain on the sale of fixed assets and interest expense. Gains on the sale of fixed assets are nonordinary items during a fiscal year and not a revenue item generally budgeted for. The PHA demolished the Glebe Park project and incurred a \$(3.8) million dollar loss due to this. Interest expense decreased by \$(242,230) or (26.67)%. Other income increased by \$3.7 million due to the notes issued related to the Glebe Park revitalization.

CAPITAL ASSETS

At the end of fiscal year 2008 the Authority had invested in Capital Assets of \$32,017,426, net of depreciation. As of December 31, 2009, the Authority had a net decrease in net capital assets of \$(4.25) million to \$28.09 million or (13.15) %. The following illustrates the Capital Asset values for 2009 and 2008.

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

<u>Account Descriptions</u>	<u>2009</u>	<u>2008</u>	<u>Total Change</u>	<u>% Change</u>
Land	6,447,356	8,231,678	(1,784,322)	-21.68%
Buildings & improvements	55,005,141	60,964,408	(5,959,267)	-9.77%
Equipment	412,801	582,458	(169,657)	-29.13%
	61,865,298	69,778,544	(7,913,246)	-11.34%
Accumulated Depreciation	(33,770,824)	(37,428,768)	3,657,944	-9.77%
Total Capital Assets	28,094,474	32,349,776	(4,255,302)	-13.15%

The Authority has five ongoing HUD Capital Fund grants and an ARRA grant. The total capital improvement for the year was \$1.9 million. Depreciation Expense for the year ended December 31, 2009 was \$1,439,490. The PHA demolished the old Glebe Park project in order to prepare for the upcoming revitalization and partial privatization of the project. The loss was \$3.8 million in the current year..

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 fund, the PHA has three funds with long-term capital debt financing. These entities, Glebe Park, Jefferson Village, and Hopkins Tancil, 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 2008 to FY 2009.

<u>Outstanding Debt Schedule</u>			
	<u>2009</u>	<u>2008</u>	<u>Net Change</u>
Current Portion of Long Term Debt	\$ 185,581	160,792	24,789
Long Term Debt, Net of	\$ 15,884,148	14,405,076	1,479,072
Totals	\$ 16,069,729	14,565,868	1,503,861

The long-term debt balance increased by \$1.5 million. The increase was due to financing activities related to Glebe Park and Jefferson Village. See the long-term debt note in the financial statements for further information, note 15.

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 Unemployment Rate for the Alexandria area as of December 31, 2009 was 4.4%, compared to the previous years' unemployment rate of 3.0.¹
- (2) The median family income for the City of Alexandria, per the 2000 census, was \$78,767.
- (3) The median price of housing, per the 2000 census was \$252,800²
- (4) The population of the City of Alexandria was 128,283 per the 2000 census figures.³
- (5) The City of Alexandria, per the 2000 census, had 8.9% of the city's population under the poverty level.⁴

¹ http://www.linkedworkforce.org/Regional_Data/PDC%208/QuickLook_Alexandria_City.pdf.

² http://www.linkedworkforce.org/Regional_Data/PDC%208/QuickLook_Alexandria_City.pdf

³ http://www.cspdc.org/documents/ASW_EconOver.pdf

- (6) 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. 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.
- (7) The Authority has begun construction of new housing units on the old Samuel Madden Low-Rent Public Housing site and the project is almost completed. This is funded by a mixture of HUD HOPE VI grant, tax credits and proceeds from the sale of the land of the Samuel Madden site. There are a total of 152 units under construction with 52 being purchased by the Authority for use in the Low-Income Public Housing program. The remaining units will be sold by the developer to the public. The prices of the units range from \$800,000 to \$1.7 million.
- (8) The Authority is also active in the tax credit market and is working at finding innovative methods in which to finance the improvement at Glebe Park. The Jefferson Village and Glebe Park properties are mixed income units with a mix of market rate and Public Housing units. The properties are in need of renovation and the Authority has partnered with the City of Alexandria, through the Community Development Block Grant (CDBG) to renovate the Jefferson Village property. The City has worked with the Authority to renovate other properties in the past. The Authority has received loans from the City of Alexandria to pay off the HUD Insured loan on the Glebe Park property and is actively seeking a investor for the revitalization of the property. No final financing agreement or sale of the property has been reached as of the report date.

⁴ http://factfinder.census.gov/servlet/GCTTable?_bm=y&-geo_id=04000US51&-_box_head_nbr=GCT-P14&-ds_name=DEC_2000_SF3_U&-_lang=en&-redoLog=false&-mt_name=DEC_2000_SF3_U_GCTH9_ST7&-format=ST-7&-_sse=on

CONCLUSIONS:

Overall, the Alexandria Redevelopment & Housing Authority had a good year financially which is consistent with prior years' performances after backing out non-ordinary prior year adjustments from the financial statements. Its 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 220, or by writing: Alexandria Redevelopment Housing Authority, 600 North Fairfax Street, Alexandria, Va. 22314.

Alexandria Redevelopment & Housing Authority

Statement of Net Assets - All Funds December 31, 2009

<u>ASSETS</u>	Totals Primary Government
Current Assets	
Cash and cash equivalents	\$ 6,659,163
Restricted Cash	5,852,386
Receivables, net	3,877,862
Prepaid Expense and Other Assets	271,932
Interprogram due from	-
Total current assets	<u>16,661,343</u>
Noncurrent Assets	
Capital assets:	
Land	6,447,356
Buildings	49,618,225
Furniture, Equipment & Machinery - Admin	412,801
Construction in Progress	5,386,916
Less: accumulated depreciation	<u>(33,770,824)</u>
Capital assets, net	28,094,474
Noncurrent Notes, Loans & Mortgages Receivable	<u>23,389,786</u>
Total noncurrent assets	<u>51,484,260</u>
Total Assets	<u>\$ 68,145,603</u>

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

Alexandria Redevelopment & Housing Authority

Statement of Net Assets - All Funds December 31, 2009

<u>LIABILITIES</u>	<u>Totals Primary Government</u>
Current Liabilities	
Bank Overdraft	\$ 189,401
Accounts Payable	198,902
Accrued Liabilities	427,231
Intergovernmental payables	557,501
Tenant security deposits	354,860
Deferred revenue	1,896,710
Current portion of long-term debt	185,581
Other current liabilities	552,397
Interprogram due to	-
Total current liabilities	<u>4,362,583</u>
Noncurrent liabilities	
Long-term debt, net of current	15,608,558
Noncurrent liabilities - other	917,822
Total noncurrent liabilities	<u>16,526,380</u>
Total Liabilities	<u>20,888,963</u>
Net Assets	
Investment in Capital Assets - Net of Related Debt	15,446,657
Restricted Net Assets	17,054,057
Unrestricted Net Assets	14,755,926
Total Net Assets	<u>47,256,640</u>
Total Liabilities and Net Assets	<u>\$ 68,145,603</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 Assets - All Funds For the year ended December 31, 2009

	Totals Primary Government
Operating Revenues	
Tenant revenue	\$ 4,068,945
Government operating grants	22,563,750
Other Government Grants	92,452
Other revenue	4,547,996
Total operating revenues	<u>31,273,143</u>
Operating Expenses	
Administrative	4,567,862
Tenant services	399,568
Utilities	1,341,511
Maintenance	1,529,343
Protective services	6,030
General	1,263,729
Housing assistance payment	17,503,247
Depreciation	1,439,490
Total operating expenses	<u>28,050,780</u>
Operating income (loss)	<u>3,222,363</u>
Non-Operating Revenues (Expenses)	
Interest Expense	(729,028)
Gain/Loss on sale of fixed assets	(3,841,626)
Interest and investment revenue	194,111
Total nonoperating revenues (expenses)	<u>(4,376,543)</u>
Income (loss) before contributions and transfers	(1,154,180)
Capital Grants - Federal Government	1,006,701
Change in Net Assets	(147,479)
Total Beginning Net Assets	47,404,119
Prior Period Adjustments/Equity Transfers	-
Total Ending Net Assets	<u>\$ 47,256,640</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, 2009

	Totals Primary Government
Cash flows from operating activities:	
Cash received from tenants	\$ 3,260,450
Cash received from operating grants	22,237,675
Cash received from other government grants	92,452
Cash received from other sources	(3,248,110)
Cash paid for goods and services	(1,242,869)
Cash paid for employees and administrative Housing Assistance payments	(6,393,332)
Cash paid for other	(17,503,247)
Net cash provided (used) by operating activities	<u>570,792</u> <u>(2,226,189)</u>
Cash flows from noncapital financing activities:	
Transfers	<u>-</u>
Cash flows from capital and related financing activities:	
Capital Grants received - Federal Government	1,006,701
Purchases, Sales and construction of capital assets	(1,025,814)
Principal paid on capital debt	3,851,020
Proceeds from capital debt	(180,771)
Interest paid on capital debt	(729,028)
Net cash (used) for capital and related financing activities	<u>2,922,108</u>
Cash flows from investing activities:	
Interest and dividends	194,111
Net cash provided by investing activities	<u>194,111</u>
Net increase (decrease) in cash and cash equivalents	890,030
Cash and cash equivalents at beginning of year	11,621,519
Cash and cash equivalents at end of year	<u>\$ 12,511,549</u>
Reconciliation of cash and restricted cash	
Cash and cash equivalents	\$ 6,659,163
Restricted Cash and cash equivalents	5,852,386
Total Cash and cash equivalents	<u>\$ 12,511,549</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, 2009

	Totals Primary Government
	<u> </u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ 3,222,363
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	1,439,490
Changes in assets and liabilities:	
(Increase) Decrease in Receivables - net	(776,262)
(Increase) Decrease in Prepaid expenses	53,395
(Increase) Decrease in Interprogram due from	(4,409,090)
(Increase) Decrease in Noncurrent Notes Receivable	(8,086,857)
Increase (Decrease) in Bank Overdraft	189,401
Increase (Decrease) in Accounts payable	(38,194)
Increase (Decrease) in Accrued expenses	60,542
Increase (Decrease) in Other liabilities	1,471,006
Increase (Decrease) in Unearned revenue	213,503
Increase (Decrease) in Intergovernmental payables	(22,952)
Increase (Decrease) in Interprogram due to	4,409,090
Increase (Decrease) in Noncurrent liabilities	48,376
Net cash provided (used) by operating activities	<u>\$ (2,226,189)</u>

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

Alexandria Redevelopment & Housing Authority

Balance Sheet - Proprietary Funds
December 31, 2009

ASSETS	Business Activities	Revitalization of Severly Distressed Public Housing					Housing Choice Vouchers	State/Local	Nonmajor Proprietary Funds	Total Before Eliminations	Inter-Entity Eliminations	Totals Primary Government
		Public Housing	Low Rent Public Housing	Public Housing	Distressed Public Housing	Housing Choice Vouchers						
Current Assets												
Cash and cash equivalents	\$ 1,115,633	\$ 192,434	\$ -	\$ 3,723,999	\$ 1,382,983	\$ 244,114	\$ 6,659,163	\$ -	\$ 6,659,163	\$ -	\$ 6,659,163	
Restricted Cash	-	245,677	590,459	2,554,790	2,461,460	-	5,852,386	-	5,852,386	-	5,852,386	
Receivables, net	993,408	748,347	-	218,713	312,642	1,604,752	3,877,862	-	3,877,862	-	3,877,862	
Prepaid Expense and Other Assets	34,092	21,141	-	-	216,266	433	271,932	-	271,932	-	271,932	
Interprogram due from	2,231,076	2,712,018	2,130,314	-	3,140,887	416,264	10,630,559	(10,630,559)	-	-	-	
Total current assets	4,374,209	3,919,617	2,720,773	6,497,502	7,514,238	2,265,583	27,291,902	(10,630,559)	16,661,343	-	16,661,343	
Noncurrent Assets												
Capital assets:												
Land	-	-	-	-	2,495,114	-	6,447,356	-	6,447,356	-	6,447,356	
Buildings	1,992,318	38,702,586	-	-	7,869,272	1,054,049	49,618,225	-	49,618,225	-	49,618,225	
Furniture, Equipment & Machinery - Admin	-	-	-	206,475	125,858	80,468	412,801	-	412,801	-	412,801	
Construction in Progress	-	4,097,404	-	-	255,441	1,034,071	5,386,916	-	5,386,916	-	5,386,916	
Less: accumulated depreciation	(1,325,345)	(25,435,086)	-	(200,475)	(5,995,535)	(814,383)	(33,770,824)	-	(33,770,824)	-	(33,770,824)	
Capital assets, net	666,973	21,317,146	-	6,000	4,750,150	1,354,205	28,094,474	-	28,094,474	-	28,094,474	
Noncurrent Notes, Loans & Mortgages Receivable	7,399,863	-	9,321,215	-	9,291,457	-	26,012,535	(2,622,749)	23,389,786	-	23,389,786	
Total noncurrent assets	8,066,836	21,317,146	9,321,215	6,000	14,041,607	1,354,205	54,107,009	(2,622,749)	51,484,260	-	51,484,260	
Total Assets	\$ 12,441,045	\$ 25,236,763	\$ 12,041,988	\$ 6,503,502	\$ 21,555,845	\$ 3,619,788	\$ 81,398,911	\$ (13,253,308)	\$ 68,145,603	\$ 68,145,603	\$ 68,145,603	

Alexandria Redevelopment & Housing Authority

Balance Sheet - Proprietary Funds December 31, 2009

LIABILITIES	Business Activities	Revitalization of Severely Distressed Public Housing				Housing Choice Vouchers	State/Local	Nonmajor Proprietary Funds	Total Before Eliminations	Inter-entity Eliminations	Totals	
		Low Rent Public Housing	Public Housing	Distressed Public Housing	Severely Distressed Public Housing						Primary	Government
Current Liabilities												
Bank Overdraft	-	189,401	-	-	-	-	-	-	189,401	-	-	189,401
Accounts Payable	2,906	105,728	-	-	9,983	52,883	-	27,402	198,902	-	-	198,902
Accrued Liabilities	254,170	18,377	-	-	-	154,684	-	-	427,231	-	-	427,231
Intergovernmental payables	-	91,786	-	-	-	465,715	-	-	557,501	-	-	557,501
Tenant security deposits	-	245,677	-	-	-	109,183	-	-	354,860	-	-	354,860
Deferred revenue	-	27,484	-	-	1,512,119	357,107	-	-	1,896,710	-	-	1,896,710
Current portion of long-term debt	-	-	-	-	-	185,581	-	-	185,581	-	-	185,581
Other current liabilities	-	-	-	495,000	-	-	-	57,397	552,397	-	-	552,397
Interprogram due to	400,013	594,483	-	-	382,716	7,495,403	-	1,747,944	10,630,559	(10,630,559)	-	-
Total current liabilities	657,089	1,083,535	-	495,000	1,914,818	8,820,556	-	1,832,743	14,803,741	(10,630,559)	-	4,362,583
Noncurrent liabilities												
Long-term debt, net of current	-	-	-	-	-	18,231,307	-	-	18,231,307	(2,622,749)	-	15,608,558
Noncurrent liabilities - other	521,324	144,776	-	-	171,914	-	-	79,808	917,822	-	-	917,822
Total noncurrent liabilities	521,324	144,776	-	-	171,914	18,231,307	-	79,808	19,149,129	(2,622,749)	-	16,526,380
Total Liabilities	\$ 1,178,413	\$ 1,228,311	\$ 495,000	\$ 2,086,732	\$ 27,051,863	\$ 1,912,551	\$ 33,952,870	\$ (13,253,308)	\$ 20,888,963			
Net Assets												
Investment in Capital Assets - Net of Related Debt	\$ 666,973	\$ 21,317,146	\$ -	\$ -	\$ 6,000	\$ (7,897,667)	\$ 1,354,205	\$ 15,446,657	\$ -	\$ -	\$ -	\$ 15,446,657
Restricted Net Assets	-	-	11,546,988	2,564,790	2,952,279	-	-	-	17,054,057	-	-	17,054,057
Unrestricted Net Assets	10,595,659	2,501,905	-	1,855,980	(550,630)	-	353,012	-	14,755,926	-	-	14,755,926
Total Net Assets	11,292,632	23,819,051	11,546,988	4,416,770	(5,496,018)	1,707,217	47,256,640	-	68,145,603	(13,253,308)	-	54,892,295
Total Liabilities and Net Assets	\$ 12,441,045	\$ 25,047,362	\$ 12,041,988	\$ 6,503,502	\$ 21,555,845	\$ 3,619,768	\$ 81,209,510	\$ (13,253,308)	\$ 68,145,603			

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

Alexandria Redevelopment & Housing Authority

Statement of Revenues, Expenses and Changes in Net Assets - Proprietary funds For the year ended December 31, 2009

	Business Activities		Low Rent Public Housing		Revitalization of Severely Distressed Public Housing		Housing Choice Vouchers		State/Local		Nonmajor Proprietary Funds		Inter-Entity Eliminations		Totals	
Operating Revenues																
Tenant revenue	\$ -	\$ 1,649,400	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,419,545	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,068,945
Government operating grants	-	4,603,736	-	16,883,709	-	-	-	-	-	-	1,076,305	-	-	-	22,563,750	
Other Government Grants	-	92,452	-	-	-	-	-	-	-	-	-	-	-	-	92,452	
Other revenue	178,160	69,694	-	21	-	-	21	-	4,153,403	-	2,302,622	-	(2,155,904)	-	4,547,996	
Total operating revenues	178,160	6,415,282	-	16,883,730	-	16,883,730	21	-	6,572,948	-	3,378,927	-	(2,155,904)	-	31,273,143	
Operating Expenses																
Administrative	47,219	2,389,580	300	1,462,987					442,186		2,051,060		(1,825,470)		4,567,862	
Tenant services	9,000	297,800	-	-	-	-	-	-	78,139	-	14,629	-	-	-	399,568	
Utilities	-	1,073,912	-	3,955	-	-	3,955	-	235,128	-	28,516	-	-	-	1,341,511	
Maintenance	280	1,094,110	-	68,095	-	-	68,095	-	470,471	-	226,821	-	(330,434)	-	1,529,343	
Protective services	-	1,712	-	576	-	-	576	-	1,245	-	2,497	-	-	-	6,030	
General	-	743,330	-	70,562	-	-	70,562	-	376,579	-	73,258	-	-	-	1,263,729	
Housing assistance payment	-	-	-	16,538,897	-	-	16,538,897	-	-	-	964,350	-	-	-	17,503,247	
Depreciation	57,691	1,064,783	-	1,500	-	-	1,500	-	302,371	-	13,145	-	-	-	1,439,490	
Total operating expenses	114,190	6,665,227	300	18,146,572	300	18,146,572	1,500	-	1,906,119	-	3,374,276	-	(2,155,904)	-	28,050,780	
Operating Transfers In/(Out)	-	(149,092)	-	-	-	-	-	-	103,576	-	45,516	-	-	-	-	
Operating income (loss)	63,970	(399,037)	(300)	(1,262,842)	(300)	(1,262,842)	(1,262,842)	-	4,770,405	-	50,167	-	-	-	3,222,363	
Non-Operating Revenues (Expenses)																
Interest Expense	-	-	-	-	-	-	-	-	(729,028)	-	-	-	-	-	(729,028)	
Gain/Loss on sale of fixed assets	-	-	-	-	-	-	-	-	(3,841,626)	-	-	-	-	-	(3,841,626)	
Interest and investment revenue	723	-	182,150	-	-	-	-	-	10,601	-	637	-	-	-	194,111	
Total nonoperating revenues (expenses)	723	-	182,150	-	-	-	-	-	(4,560,053)	-	637	-	-	-	(4,376,543)	
Income (loss) before contributions and transfers	64,693	(399,037)	181,850	(1,262,842)	181,850	(1,262,842)	(1,262,842)	210,352	210,352	-	50,804	-	-	-	(1,154,180)	
Capital Grants - Federal	-	1,006,701	-	-	-	-	-	-	-	-	-	-	-	-	1,006,701	
Change in Net Assets	64,693	607,664	181,850	(1,262,842)	181,850	(1,262,842)	(1,262,842)	210,352	210,352	-	50,804	-	-	-	(147,479)	
Total Beginning Net Assets	11,197,939	23,211,387	11,365,138	5,679,612	11,365,138	5,679,612	5,679,612	(5,706,370)	(5,706,370)	-	1,656,413	-	-	-	47,404,119	
Prior Period Adjustments/Equity Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Ending Net Assets	\$ 11,262,632	\$ 23,819,051	\$ 11,546,988	\$ 4,416,770	\$ 11,546,988	\$ 4,416,770	\$ 4,416,770	\$ (5,496,018)	\$ (5,496,018)	\$ -	\$ 1,707,217	\$ -	\$ -	\$ -	\$ 47,256,640	

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, 2009

	Business Activities	Low Rent Public Housing	Revitalization of Severely Distressed Public Housing			Housing Choice Vouchers	State/Local	Nonmajor Proprietary Funds	Totals Primary Government
			Distressed Public Housing	Housing Choice Vouchers	State/Local				
Cash flows from operating activities:									
Cash received from tenants	\$ (647,387)	\$ 1,309,005	\$ -	\$ -	\$ -	\$ 2,598,831	\$ 1	\$ 3,260,450	
Cash received from operating grants	-	4,603,736	-	16,552,820	-	-	1,081,119	22,237,675	
Cash received from other government grants	-	92,452	-	-	-	-	-	92,452	
Cash received from other sources	178,160	(1,728,895)	-	21	(3,892,201)	2,194,805	-	(3,248,110)	
Cash Transferred in/(out)	-	(149,092)	-	-	103,576	-	45,516	-	
Cash paid for goods and services	459,438	(2,111,877)	-	1,432,344	(895,131)	(127,643)	(127,643)	(1,242,869)	
Cash paid for employees and administrative Housing Assistance payments	(47,219)	(2,389,580)	(300)	(1,462,987)	(442,186)	-	(2,051,060)	(6,393,332)	
Cash paid for other	877,107	(346,112)	-	(70,562)	-	130,345	(964,350)	(17,503,247)	
Net cash provided (used) by operating activities	820,099	(720,363)	(300)	(87,261)	(2,396,766)	158,402	-	(2,226,189)	
Cash flows from noncapital financing activities:									
Equity transfers and prior year adjustments	-	-	-	-	-	-	-	-	
Net cash (used) for noncapital financing activities	-	-	-	-	-	-	-	-	
Cash flows from capital and related financing activities:									
Capital Grants received - Federal Government	-	1,006,701	-	-	-	-	-	1,006,701	
Purchases, Sales and construction of capital assets	-	(961,185)	-	-	(19,113)	-	(45,516)	(1,025,814)	
Principal paid on capital debt	-	-	-	-	3,851,020	-	-	3,851,020	
Proceeds (payments of) from capital debt	-	-	(180,771)	-	-	-	-	(180,771)	
Interest paid on capital debt	-	-	-	-	(729,028)	-	-	(729,028)	
Net cash (used) for capital and related financing activities	-	45,516	(180,771)	-	3,102,879	(45,516)	-	2,922,108	
Cash flows from investing activities:									
Interest and dividends	723	-	182,150	-	-	10,601	637	194,111	
Net cash provided by investing activities	723	-	182,150	-	-	10,601	637	194,111	
Net increase (decrease) in cash and cash equivalents	820,822	(674,847)	1,079	(87,261)	716,714	113,523	-	890,030	
Cash and cash equivalents at beginning of year	294,811	1,112,958	589,380	6,366,050	3,127,729	130,591	-	11,621,519	
Cash and cash equivalents at end of year	\$ 1,115,633	\$ 438,111	\$ 590,459	\$ 6,278,789	\$ 3,844,443	\$ 244,114	\$ -	\$ 12,511,549	
Reconciliation of Unrestricted Cash and Restricted Cash									
Cash and Cash Equivalents	\$ 1,115,633	\$ 192,434	\$ -	\$ 3,723,999	\$ 1,382,983	\$ 244,114	\$ -	\$ 6,659,163	
Restricted Cash and Cash Equivalents	-	245,677	590,459	2,554,790	2,461,460	-	-	5,852,386	
Total Cash and Cash Equivalents	\$ 1,115,633	\$ 438,111	\$ 590,459	\$ 6,278,789	\$ 3,844,443	\$ 244,114	\$ -	\$ 12,511,549	

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, 2009

	Business Activities	Low Rent Public Housing	Revitalization of Severely Distressed Housing	Housing Choice Vouchers	State/Local	Nonmajor Proprietary Funds	Totals Primary Government
	\$ 63,970	\$ (399,037)	\$ (300)	\$ (1,262,842)	\$ 4,770,405	\$ 50,167	\$ 3,222,363
Depreciation expense	57,691	1,064,783		1,500	302,371	13,145	1,439,490
Changes in assets and liabilities:							
(Increase) Decrease in Receivables - net	(647,387)	(367,879)	-	(218,713)	(6,733)	464,450	(776,262)
(Increase) Decrease in Prepaid expenses	(34,092)	52,815	-	-	(110,148)	144,820	53,395
(Increase) Decrease in Interprogram due from	477,094	(1,798,589)	-	-	(3,140,887)	53,292	(4,409,090)
(Increase) Decrease in Noncurrent Notes Receivable	-	-	-	-	(8,086,857)	-	(8,086,857)
Increase (Decrease) in Bank Overdraft	-	189,401	-	-	-	-	189,401
Increase (Decrease) in Accounts payable	2,906	105,728	-	9,983	52,883	(209,694)	(38,194)
Increase (Decrease) in Accrued expenses	254,170	(5,198)	-	-	21,465	(209,895)	60,542
Increase (Decrease) in Other liabilities	-	(8,018)	-	1,512,119	(33,095)	-	1,471,006
Increase (Decrease) in Unearned revenue	-	27,484	-	-	186,019	-	213,503
Increase (Decrease) in Intergovernmental payables	-	(195,563)	-	-	176,307	(3,696)	(22,952)
Increase (Decrease) in Interprogram due to	400,013	592,781	-	(112,176)	3,471,504	56,968	4,409,090
Increase (Decrease) in Noncurrent liabilities	245,734	20,929	-	(17,132)	-	(201,155)	48,376
Net cash provided (used) by operating activities	\$ 820,099	\$ (720,363)	\$ (300)	\$ (87,261)	\$ (2,396,766)	\$ 158,402	\$ (2,226,189)

Reconciliation of operating income (loss) to net cash provided (used) by operating activities:
Operating income (loss)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:
Depreciation expense
Changes in assets and liabilities:
(Increase) Decrease in Receivables - net
(Increase) Decrease in Prepaid expenses
(Increase) Decrease in Interprogram due from
(Increase) Decrease in Noncurrent Notes Receivable
Increase (Decrease) in Bank Overdraft
Increase (Decrease) in Accounts payable
Increase (Decrease) in Accrued expenses
Increase (Decrease) in Other liabilities
Increase (Decrease) in Unearned revenue
Increase (Decrease) in Intergovernmental payables
Increase (Decrease) in Interprogram due to
Increase (Decrease) in Noncurrent liabilities
Net cash provided (used) by operating activities

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009**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) and its component units. The component unit discussed below is included in ARHA's reporting entity because of the significance of its operational and financial relationship with ARHA.

Component Units - The Authority formed a Limited Partnership on September 1, 1988 to acquire, maintain, and manage 30 townhouses and 30 condominiums. The Authority is the general partner of the partnership with a 1% interest. Footnotes regarding policies of the Authority apply to the Component Units unless otherwise noted.

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

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

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

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

Enterprise Funds - account for operations that are financed in a manner similar to private business enterprises, where the intent is that costs of providing goods or services to the general of 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
FOR THE YEAR ENDED DECEMBER 31, 2009**NOTE 1: ORGANIZATION AND REPORTING ENTITY (Cont.)**

- 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).

Section 8 Funds - The Section 8 Funds include the Housing Choice Voucher, Section 8 Moderate Rehabilitation, and Section 8 New Construction programs. Under these programs, 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 the fair market rent portions of Jefferson Village and Glebe Park as well as the Security Deposit Loan Fund, Donations Fund, and Hopkins Tancil.

Revitalization of Severely Distressed Public Housing – This program provides a portion of mixed use financing to demolish severely distressed public housing and replace with projects that include market rent units, low income tax credit units, and public housing units.

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

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

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

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009**NOTE 1: ORGANIZATION AND REPORTING ENTITY (Cont.)**

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation - (Cont.)

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

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

D. Use of Estimates - The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingencies at the date of the financial statements, and revenues and expenses recognized during the reporting period. Actual results could differ from those estimates.E. Cash and Cash Equivalents - Highly liquid investments with initial maturities of three months or less from date of purchase are considered cash equivalents.F. Investments - Investments are carried at fair value, with changes in fair value recognized as a component of investment income. Fair value is determined by reference to quoted market prices.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. Other Assets - Finance Fees are listed as "Other Assets," and are amortized over 30 years.I. 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.

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED DECEMBER 31, 2009**NOTE 1: ORGANIZATION AND REPORTING ENTITY (Cont.)**

- J. 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.
- K. Indirect Costs - Certain indirect costs are allocated to expenses in the various programs in accordance with cost allocation plans. These plans were approved by the appropriate grantors as of ARHA's overall operations budget for the fiscal year.
- L. Net Assets - Net Assets balances are designated by the Low Rent Fund, Section 8 Fund, Other Federal Grants Fund, Business Activities and State/Local Fund for future expenses, or must be returned to the grantor, and generally may not be used in any manner by ARHA except as specified under their respective contracts. The Net Assets balance of the Business Activities Fund, and of the Component Unit are designated to provide for financial resource utilization in future periods. Deficit balances in net assets are primarily attributable to accumulated depreciation charges on fixed assets.
- M. Pension Plans - ARHA participates in a defined benefit pension plan administered by the Virginia Retirement System. It is ARHA's policy to fund the normal cost and amortization of unfunded prior service cost (over 30 years). Expenses are recognized as incurred. The Component Unit does not provide this benefit.
- N. Income Taxes - As a political subdivision of the State of Virginia, ARHA is exempt from Federal and State income taxes. The Component Unit is a partnership and as such any tax liabilities or benefits flow through to the partners.
- O. Subsequent Events - Date of Management Evaluation: Management has evaluated subsequent events through September 30, 2010, the date on which the financial statements were available to be issued.

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED DECEMBER 31, 2009**NOTE 2: DEPOSITS & INVESTMENTS**

Deposits - At year end, the carrying amount of deposits with banks and savings institutions was \$12,511,549. Of the bank balance, \$12,869,997 was covered by Federal depository insurance or collateralized in accordance with the Virginia Security for Public Deposits Act (the Act) and HUD requirements. Under the Act, banks holding public deposits in excess of the amounts insured by federal depository insurance must pledge collateral in the amount of 50% of excess deposits to a collateral pool in the name of the State Treasury Board. Savings and loan institutions are required to collateralize 100% of deposits in excess of federal depository insurance limits under the Act, while HUD requires collateralization of 100% of deposits in excess of federal depository insurance from all banks, savings and loan, and investment institutions for all cash deposits and for investment vehicles not directly held. The State Treasury Board requires ARHA to obtain additional collateral from participating financial institutions to cover collateral shortfalls in the event of default and is responsible for monitoring compliance with the collateralization and reporting requirements of the Act and for notifying local governments of noncompliance by banks and savings and loan institutions. ARHA follows HUD's guidelines for investments policy. The PHA had \$260 in petty cash funds at December 31, 2009.

Investments – As of December 31, 2009, 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, 2009, 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.

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED DECEMBER 31, 2009**NOTE 3: RECEIVABLES**

Receivables as of December 31, 2009, for the Authority's individual major funds and other proprietary funds in the aggregate, including the applicable allowance for uncollectible accounts, are as follows:

	Business Activities	Low Rent Public Housing	Housing Choice Vouchers	State/ Local Funds	Nonmajor Proprietary Funds	Total
Receivables						
Tenants	\$ -	263,109	\$ -	212,330	\$ -	475,439
Intergovernmental	-	594,483	218,713	-	1,500,716	2,313,912
Miscellaneous	993,408	17,532	-	111,460	104,036	1,226,436
Notes, Loans and Mortgages - Curr.	-	-	-	-	-	-
Gross Receivables	993,408	875,124	218,713	323,790	1,604,752	4,015,787
Less: Allowance for Uncollectibles	-	(126,777)	-	(11,148)	-	(137,925)
Net Total Receivables	\$993,408	\$748,347	\$218,713	\$312,642	\$1,604,752	\$3,877,862

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED DECEMBER 31, 2009**NOTE 5: MORTGAGES AND NOTES RECEIVABLE AND NONCURRENT ASSETS**

At December 31, 2009 the Authority had various notes receivable balance related to HOPE VI loans, Turnkey III and Development Ventures Inc. loans. The amounts due are as follows:

HOPE VI	\$ 9,321,215
Business Activities	7,399,863
State/Local	4,024,108
State/Local – EYA	1,440,000
State/Local – Investment in joint ventures	<u>1,204,600</u>
Total Noncurrent assets	<u>\$ 23,389,786</u>

HOPE VI:

The HOPE VI program has various loans with the HOPE VI partnerships which are considered to be related entities but not component units. The loans outstanding at December 31, 2009 were \$8,475,962 with accrued interest of \$845,253 for a total of \$9,321,215. There were no amounts considered to be currently receivable due to the nature of the arrangements. All accrued interest is considered long-term due to the fact that the notes will be collected off of future cash flows from operations and then the accrued interest will be due from the partnerships.

These notes receivable consist of the following:

- Note Receivable from Braddock Whiting Reynolds, LLC issued on December 16, 2004 in the amount up to \$3,862,330 at 4.68% interest with an outstanding balance. The balance on the Authority HOPE VI loan at December 31, 2009 was 3,714,528 with accrued interest of \$724,545 for a total Authority HOPE VI loan in the amount of \$4,435,073 at December 31, 2009. The loan carries a 40 year term and matures on December 16, 2044. This 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.
- Note Receivable from Braddock Whiting Reynolds, LLC issued on December 16, 2004 in the amount up to \$3,050,814. Prior to construction completion, interest is payable at a variable rate based upon three month LIBOR plus 225 basis points. Upon construction completion, the rate of interest is converted to a fixed rate of .25%. At the end of construction the loan will convert to permanent financing. The balance on the Authority loan at December 31, 2009 was \$2,772,370 with accrued interest of \$120,708 for a total Authority loan in the amount of \$2,893,078 at December 31, 2009. The loan carries a 40 year term and matures on December 16, 2044. This 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. This loan is first in line between the respective loans with the LLC.
- Notes Receivable from Chatham Square, LLC - \$1,989,064 loan with accrued interest of \$0 for a total Authority loan in the amount of \$1,989,064 at December 31, 2009. The loan bears no interest, and has fifty year term due on January 20, 2054

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED DECEMBER 31, 2009**NOTE 5: MORTGAGES AND NOTES RECEIVABLE AND NONCURRENT ASSETS - (Cont.)**

Business Activities:

ARHA entered into an agreement with the Cameron Valley Limited Partnership to fund operating deficits for the partnerships 100 unit condominium and townhouses.

This note receivable consists of the following:

Note Receivable from the Cameron Valley Limited Partnership issued on April 12, 1991 in the amount \$6,887,016 represents an operating deficit loan between ARHA and Cameron Valley Limited Partnership. ARHA has agreed to fund the operating deficits with security in the 100 unit condominium and townhouses owned by the Partnership. The stated interest rate is .5% per annum on the outstanding balance at December 31, 2009. The total accrued interest at December 31, 2009 was \$512,848, for a total long-term notes receivable balance of \$7,399,863. All operating deficit advances are due from the Limited Partnership on April 1, 2011. Due to the upcoming change in ownership and buyout of the tax credit investor we did not accrue interest income in fiscal year 2009. The note will be a part of the settlement and transfer of ownership in fiscal year 2010.

State/Local:

ARHA entered into various agreements via the Glebe Park revitalization project and loaned \$4,024,107 to the Old Dominion Limited Partnership and \$1,440,000 to the developer of the project, EYA, for short-term financing needs awaiting the tax credit proceeds receipt.

Changes in Notes Receivable balances are as follows:

Balance at December 31, 2008	\$ 16,540,308
Glebe Park notes issued – Old Dominion Partnership	4,024,107
Glebe Park notes issued - EYA	1,440,000
HOPE VI interest earned on notes	180,771
State/Local interest earned on notes	<u>0</u>
Balance at December 31, 2009	<u>\$ 22,185,186</u>

The PHA entered an agreement with the City of Alexandria for the redevelopment of Cameron Valley LP and received loans from the city to redevelop the property with a mixture of tax credit financing and city loans. The PHA entered into a joint venture with the city of Alexandria and had a net joint venture in the Cameron Valley LP redevelopment in the amount of \$1,204,600 as of December 31, 2009.

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED DECEMBER 31, 2009**NOTE 6: CAPITAL ASSETS**

Land, structures and equipment consist of the following at December 31, 2009:

	Beginning Balances	Increases	Decreases	Ending Balances
Enterprise Activities				
Capital assets not being depreciated:				
Land	\$ 8,231,678	\$ (1,784,322)	\$ -	\$ 6,447,356
Construction in progress	4,559,920	1,024,997	198,000	5,386,917
Total capital assets not being depreciated	<u>12,791,598</u>	<u>(759,325)</u>	<u>198,000</u>	<u>11,834,273</u>
Buildings & improvements	56,404,488	198,000	6,984,263	49,618,225
Furniture & equipment	582,458	-	169,657	412,801
Total capital assets being depreciated	<u>56,986,946</u>	<u>198,000</u>	<u>7,153,920</u>	<u>50,031,026</u>
Less accumulated depreciation for:				
Buildings & improvements	36,934,278	1,437,990	5,097,434	33,274,834
Furniture & equipment	494,490	1,500	-	495,990
Total accumulated depreciation	<u>37,428,768</u>	<u>1,439,490</u>	<u>5,097,434</u>	<u>33,770,824</u>
Total capital assets being depreciated	<u>19,558,178</u>			<u>16,260,202</u>
Enterprise activity capital assets, net	<u>\$ 32,349,776</u>			<u>\$ 28,094,475</u>

NOTE 7: ACCOUNTS PAYABLE

Accounts payable at December 31, 2009, consisted of the following:

Vendors & contractors	\$ 198,902
Payments in lieu of taxes – City of Alexandria	117,162
Accounts payable – HUD	440,339
Tenant security deposits	354,860
	<u>\$ 1,111,263</u>

NOTE 8: ACCRUED EXPENSES AND OTHER ACCRUED LIABILITIES

Accrued expenses and other current liabilities at December 31, 2009, consisted of the following:

Accrued salary payable	\$ 192,736
Accrued compensated absences – current portion	79,811
Accrued interest payable	154,684
Unearned revenue – prepaid rents	384,591
Prepaid HCV Subsidy	1,512,119
Current portion of long-term debt	185,581
Other current liabilities	57,397
Contract Retention	495,000
	<u>\$ 3,061,919</u>

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED DECEMBER 31, 2009**NOTE 9: DEFINED BENEFIT PENSION PLAN**a. Plan Description

All full-time, salaried employees of participating employers must participate in the VRS. Benefits vest after five years of service. Employees are eligible for an unreduced retirement benefit at age 65 with 5 years of service (age 60 with 5 years of service for participating law enforcement officers and firefighters) and at age 50 with 30 years of service for participating employers (age 50 with 25 years of service for participating law enforcement officers and firefighters) payable monthly for life in an amount equal to 1.7 percent of their average final compensation (AFC) for each year of credited service. Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits. In addition, retirees qualify for an annual cost-of-living adjustment (COLA) beginning in their second year of retirement. The COLA is limited to 5% per year. AFC is defined as the highest consecutive 36 months of reported compensation. Participating law enforcement officers and firefighters may receive a monthly benefit supplement if they retire prior to age 65. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of that report may be obtained by writing the System at P. O. Box 2500, Richmond, VA 23218-2500.

b. Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5% of their annual salary to the VRS. The employer assumed is 5% member contribution. In addition, ARHA is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. ARHA's contribution rate for the fiscal year ended December 31, 2009, was 5% of annual covered payroll.

c. Annual Pension Cost

For 2009, ARHA's annual pension cost of \$161,380 was equal to the required and actual contributions. The required contribution was determined as part of the June 30, 2009 actuarial valuation using the entry age normal cost method. The actual assumptions included (a) 7.5% investment rate of return, (b) projected salary increases of 3.75% to 5.6% per year for employees depending on position (c) 2.5% per year cost-of-living adjustments.

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED DECEMBER 31, 2009**NOTE 9: DEFINED BENEFIT PENSION PLAN - (Cont.)**

Both (a) and (b) included an inflation component of 2.5%. The actuarial value of ARHA's assets is equal to the modified market value of assets. This method was determined using techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. ARHA's unfunded actuarial accrued liability is being amortized as a level percentage of payroll on an open basis within a period of 30 years or less.

Three-Year Trend information for Alexandria Redevelopment and Housing Authority:

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
December 31, 2007	\$ 144,472	100%	None
December 31, 2008	132,875	100%	None
December 31, 2009	161,380	100%	None

d. Schedule of Funding Progress (Unaudited)

Historical trend information is not available for the years prior to June 30, 1996.

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded Actuarial Accrued Liability (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
June 30, 2007	9,331,046	9,306,370	< 24,676 >	100.27%	2,889,447	<0.85%>
June 30, 2008	10,172,797	9,518,464	< 591,334 >	106.17%	2,657,501	<22.25%>
June 30, 2009	10,142,890	10,118,379	< 24,511 >	100.24%	3,417,232	<0.72%>

Analysis of the dollar amounts of plan net assets, actuarial accrued liability, and unfunded actuarial accrued liability in isolation can be misleading. Expressing net assets as a percentage of the actuarial accrued liability provides one indication of ARHA's funding status on a going-concern basis. Analysis of this percentage over time, indicates whether ARHA is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the company. Trends in the unfunded actuarial accrued liability and annual covered payroll are both affected by inflation. Expressing the unfunded actuarial accrued liability as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of ARHA's progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger ARHA.

The Component Unit does not provide this benefit.

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED DECEMBER 31, 2009**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.

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.

The Component Unit has received no grant funds.

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 Assets.

NOTE 13: INVESTMENT IN OPERATING PARTNERSHIPS

The Authority formed a Limited Partnership, Cameron Valley L.P. on September 1, 1988 to acquire, maintain, and manage 30 townhouses and 30 condominiums. The Authority is the general partner of the partnership with a 1% interest. Condensed information on the component unit at June 30, 2009 is as follows:

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED DECEMBER 31, 2009**NOTE 13: INVESTMENT IN OPERATING PARTNERSHIPS – (Cont.)**

	<u>Cameron Valley, L.P.</u>
<u>Balance Sheet</u>	
Total Current Assets	\$ 1,129,097
Total Net Fixed Assets	4,546,883
Total Other Assets	<u>144,019</u>
 TOTAL Assets	 <u>\$ 5,819,999</u>
Total Current Liabilities	\$ 60,415
Total Other Liabilities	11,632,387
Total Partners Capital	<u>< 5,872,803></u>
 TOTAL Liabilities & Partners Capital	 <u>\$ 5,819,999</u>
<u>Income Statement</u>	
Rental Income	\$ 836,904
Other Income	<u>7,271</u>
 TOTAL Income	 844,175
 TOTAL Expenses	 <u>< 892,319></u>
 Net Income <Loss>	 < 48,144>
 Prior Year Adjustment	 2,978
 Beginning Capital	 <u>< 5,827,637></u>
 TOTAL CAPITAL	 <u>\$< 5,872,803></u>

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED DECEMBER 31, 2009**NOTE 14: NET ASSETS**

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

NOTE 15: LONG-TERM DEBT

Hopkins/Tancil Courts - The mortgage note is insured by the Federal Housing Administration (FHA) and collateralized by a deed of trust on the rental property. The note bears interest at the rate of 10%. Principal and interest are payable by the Authority in monthly installments of \$26,056.89 through November 2025. The balance of the mortgage note payable at December 31, 2009 was \$2,485,476.

Under agreements with the mortgage lender and FHA, the project is required to make monthly escrow deposits for taxes, insurance and replacement of project assets, and is subject to restrictions as to operating policies, rental charges and operating expenditures. The escrow deposits began in 1986.

The liability of ARHA under the mortgage note is limited to the underlying value of the real estate collateral plus other amounts deposited with the lender.

Maturities of long-term debt are as follows:

Year	Principal	Interest	Totals
2010	67,158.00	245,525.00	312,683.00
2011	74,190.00	238,493.00	312,683.00
2012	81,959.00	230,724.00	312,683.00
2013	90,441.00	222,241.00	312,682.00
2014	100,011.00	212,671.00	312,682.00
2015-2019	679,839.00	883,574.00	1,563,413.00
2020-2024	1,119,297.00	444,116.00	1,563,413.00
2025	272,581.00	14,045.00	286,626.00
	<u>2,485,476.00</u>	<u>2,491,389.00</u>	<u>4,976,865.00</u>

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY
ALEXANDRIA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS - CONTINUED
TWELVE MONTHS ENDED DECEMBER 31, 2009

NOTE 15: LONG TERM DEBT – (Cont.)

Jefferson Village - The Alexandria Redevelopment and Housing Authority at December 31, 1988 had bonds payable of \$6,000,000 under 1988 Series B Revenue Bonds. These bonds are for the purpose of loaning the proceeds to the West Street Limited Partnership for the acquisition, renovation and rehabilitation of the 69-unit Jefferson Village Apartments located in Alexandria, Virginia. The bonds are secured by a Deed of Trust, Assignment of Tenants and Security Agreement. These bonds have been purchased by MFS Managed Multi-State Tax Exempt Trust as of June 1, 1991. Under the trust indenture sinking fund, payments begin on December 15, 2000 at \$100,000 a year with the final payment being made on December 15, 2018 of \$4,200,000. Interest is being paid semiannually at a rate of 9.9% per annum. The balance of the bonds payable was paid on June 30, 2009 and a subsequent loan from Burke & Herbert was obtained on the same date 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. The monthly payments for the new loan are \$33,782.94. Total interest paid on both loans for the fiscal year was \$414,614.

Principal payments required:

2010	97,161.95	308,233.33	405,395.28
2011	100,515.39	304,879.89	405,395.28
2012	105,935.51	299,459.77	405,395.28
2013	113,430.62	291,964.66	405,395.28
2014	4,738,297.34	121,076.96	4,859,374.30
	<u>5,155,340.81</u>	<u>1,325,614.61</u>	<u>6,480,955.42</u>

Jefferson Village – The project entered into a line of credit agreement with Burke & Herbert in June 2010 in the amount of \$2,675,000 and will be paid back by December 2014 carrying an interest rate of 6%. During the fiscal year the PHA took out draws in the amount of \$2,622,749 and paid interest in the amount of \$0 due to the timing of the line of credit request.

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY
ALEXANDRIA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS - CONTINUED
TWELVE MONTHS ENDED DECEMBER 31, 2009

Glebe Park Apartments - The capital construction of 152 units was financed by a mortgage note payable to the Patrician Mortgage Company. This loan is insured by HUD and is collateralized by the project's property and equipment, together with an assignment of rents and leases thereon. In addition, the mortgage is collateralized by the escrow deposits maintained by the mortgagee.

The mortgage note bears interest at the rate of 8.823% per annum. The balance of the mortgage payable at December 31, 2009 was \$5,618,023. The note will be amortized over a 40-year term in monthly installments of \$49,254.58, including principal, interest and escrow deposits and is scheduled to be repaid by September 1, 2028. The PHA paid off the Patrician Mortgage loan March 1, 2009 and entered into a loan agreement with the City of Alexandria in the amount of \$5,510,688 at the interest rate of 2% per annum

The City of Alexandria loaned the ARHA \$5,600,000 for the purpose of paying off the Glebe Park loan on March 1, 2009. The funds are to be repaid from escrow funds from the prior Glebe Park HUD insured loan, sale of Glebe Park and James Bland and/or James Bland Addition properties, from future Glebe Park HOPE VI grants and residual receipts from the redeveloped Glebe Park property. The ARHA paid off \$593,000 on April 1, 2009 from reserve funds refunded by Patrician Mortgage Company. The loan bears an interest rate of 2% per annum. Due to the terms of the loan and volatility of the market we are unsure as to when the various terms of repayment of the loan will be met and do not believe that any portion of the loan will be due in fiscal year 2010.

The State/Local fund received \$1,706,000 in operating debt from the City of Alexandria to advance for the redevelopment of the Cameron Valley LP property. The Cameron Valley LP property received the funding for the purpose of paying off the initial tax credit investor, Clorox Corporation, and redevelopment of the property. The ARHA does not own the property and will use tax credit proceeds and/or other financing proceeds to satisfy the debt.

HOPE VI – The City of Alexandria has agreed to advance \$4,196,110 for the redevelopment of Samuel Madden Homes and the acquisition of land and development of the required replacement housing. As of December 31, 2009, all advances had been paid back out of tax credit proceeds.

NOTE 16: INTERFUND BALANCES

Interfund balances have been eliminated in the combined financial statements.

NOTE 17: 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.

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY
ALEXANDRIA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS - CONTINUED
TWELVE MONTHS ENDED DECEMBER 31, 2009

NOTE 18: RELATED PARTY TRANSACTIONS

The HOPE VI program has various loans with the HOPE VI partnerships which are considered to be related entities but not component units along with tax credit partnerships. These notes receivable consist of the following:

- Note Receivable from Braddock Whiting Reynolds, LLC - The balance on the Authority HOPE VI loan at December 31, 2009 was 3,714,528 with accrued interest of \$724,545 for a total Authority HOPE VI loan in the amount of \$4,439,073 at December 31, 2009. The loan carries a 40 year term and matures on December 16, 2044.
- Note Receivable from Braddock Whiting Reynolds, LLC - The balance on the Authority loan at December 31, 2009 was \$2,772,370 with accrued interest of \$120,708 for a total Authority loan in the amount of \$2,893,078 at December 31, 2009. The loan carries a 40 year term and matures on December 16, 2044.
- Notes Receivable from Chatham Square, LLC - \$1,989,064 loan with accrued interest of \$0 for a total Authority HOPE VI loan in the amount of \$1,989,064 at December 31, 2009.
- Note Receivable from the Cameron Valley Limited Partnership - \$6,887,016 loan with accrued interest of \$512,847, for a total long-term notes receivable balance of \$7,399,863 at December 31, 2009.
- ARHA is entered into a joint venture with Madden AUOE Limited Partnership and Mid-City Urban LLC. On January 1, 2009, Mid-City Urban, LLC turned its interest in the partnership over to ARHA which made ARHA the sole member of the General Partner. ARHA's ownership interest in the partnership is .01%.
- ARHA has entered into management agreements with Madden AUOE Limited Partnership to manage the property owned by the partnership. ARHA receives 56.36 per unit per month and a bookkeeping fee of \$7.50 per unit per month. The total fees received by ARHA from the partnerships, for the year ended December 31, 2009, was \$46,300.
- 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 LP properties. The debt proceeds for each property was \$5,600,000 and \$1,706,000, respectively. The Glebe Park loan was partially paid in the amount of \$593,000 in fiscal year 2009 and the net loan balance as of December 31, 2009 was \$5,007,000. The loan for the Cameron Valley LP property was a pass through to the entity and is not controlled by the ARHA.
- ARHA entered into two financing agreements with the Old Dominion Limited Partnership, \$4,024,107, and the Developer of the project, EYA in the amount of \$1,440,000. The first note has a maturity June 1, 2039 while the second loan is a short-term note meant to be used as bridge financing for the project.

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY
ALEXANDRIA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS - CONTINUED
TWELVE MONTHS ENDED DECEMBER 31, 2009

NOTE 19: CONTINGENCIES:

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

NOTE 20: 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, 2009.

NOTE 21: SUBSEQUENT EVENTS

The Housing Authority along with the City of Alexandria is involved in buying out the tax credit investor in the Quaker Hill project, Clorox Corporation, and will revitalize the project over the course of the next year or longer. The Authority utilized City of Alexandria funds to buyout the investor and begin the revitalization project with a mixture of short-term financing sources from the City of Alexandria along with exchange credits from VHDC and bank financing. This process will take roughly 12 months and cost roughly 21.1 million.

The Housing Authority has begun the revitalization process for the James Bland and will demolish the property during fiscal year 2010 as well as revitalize the project with a mixture of homeownership and rental properties. This will take on five phases and cost roughly \$37.5 million.

NOTE 22: SUPPLEMENTAL INFORMATION

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

SUPPORTING SCHEDULES

Line No.	Item Description	COCA	ADPS	Other Assets	Other Liabilities	Net Worth	Other Assets	Other Liabilities	Net Worth	Other Assets	Other Liabilities	Net Worth	Other Assets	Other Liabilities	Net Worth
109	Current portion of long-term debt - capital projects/mortgage	-	-	-	-	-	-	-	-	-	-	-	-	-	-
110	Current portion of long-term debt - operating borrowings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
111	Other current liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
112	Accrued liabilities - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
113	Enter program - due to	-	-	-	-	-	-	-	-	-	-	-	-	-	-
114	Loan liability - current - Not For Profit	275,833	591,245	-	-	-	-	-	-	-	-	-	-	-	-
115	Loan liability - current - Partnership	-	-	-	-	-	-	-	-	-	-	-	-	-	-
116	Loan liability - current - Joint Venture	-	-	-	-	-	-	-	-	-	-	-	-	-	-
117	Loan liability - current - Tax Credit	-	-	-	-	-	-	-	-	-	-	-	-	-	-
118	Loan liability - current - Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
119	Loan liability - current	-	-	-	-	-	-	-	-	-	-	-	-	-	-
120	Total Current Liabilities	302,835	1,269,698	-	-	-	-	-	-	-	-	-	-	-	-
121	Long-term debt - CFFP	-	-	-	-	-	-	-	-	-	-	-	-	-	-
122	Long-term - Capital Projects/Mortgage Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-
123	Capital Projects/Mortgage Revenue Bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-
124	Long-term debt, net of current - operating borrowings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
125	Non-current liabilities - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
126	Accrued compensated absences - Non-current	-	-	-	-	-	-	-	-	-	-	-	-	-	-
127	Accrued compensated absences - Not For Profit	-	-	-	-	-	-	-	-	-	-	-	-	-	-
128	Loan liability - Non-current - Partnership	-	-	-	-	-	-	-	-	-	-	-	-	-	-
129	Loan liability - Non-current - Joint Venture	-	-	-	-	-	-	-	-	-	-	-	-	-	-
130	Loan liability - Non-current - Tax Credit	-	-	-	-	-	-	-	-	-	-	-	-	-	-
131	Loan liability - Non-current - Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
132	Loan liability - Non-current	-	-	-	-	-	-	-	-	-	-	-	-	-	-
133	FASS 51 liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
134	Accrued Pension and OPEB Liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
135	Total Non-current Liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
136	Total Liabilities	302,835	1,269,698	-	-	-	-	-	-	-	-	-	-	-	-
137	Invested in capital assets, net of related debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-
138	Restricted Net Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
139	Unrestricted Net Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
140	Total Equity/Net Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
141	Total Liabilities and Equity/Net assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-

**Financial Data Schedule
Alexandria Redevelopment & Housing Authority**

December 31, 2009

Income Statement

Line Item No.	Description	Operating	Non-Operating	Capital	Other	Net	Operating	Non-Operating	Capital	Other	Total	Operating	Non-Operating	Capital	Other	Total
70300	Net tenant rental revenue	1,885,635	-	-	-	1,885,635	-	-	-	-	1,885,635	-	-	-	-	1,885,635
70400	Tenant revenue - other	63,765	-	-	-	63,765	-	-	-	-	63,765	-	-	-	-	63,765
70500	Total Tenant Revenue	1,949,400	-	-	-	1,949,400	-	-	-	-	1,949,400	-	-	-	-	1,949,400
70600-71000	Housing assistance payments	-	-	-	-	-	402,474	249,827	286,297	22,752	15,317,017	-	-	-	-	16,281,267
71000-71100	Operating administrative fees earned	-	-	-	-	-	48,982	28,357	31,006	3,630	1,566,692	-	-	-	-	1,628,677
71100-71200	Fund to House Fee Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
71200-71300	Other independent public accountant audit costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
71300-71400	HUD PHA operating grants	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
71400-71500	Capital grants	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
71500	Total Revenue	1,949,400	-	-	-	1,949,400	451,456	278,184	320,303	26,382	16,883,709	-	-	-	-	17,208,282
71600-71700	Management Fee	1,626,713	-	-	-	1,626,713	-	-	-	-	-	-	-	-	-	1,626,713
71700-71800	Asset Management Fee	119,092	-	-	-	119,092	-	-	-	-	-	-	-	-	-	119,092
71800-71900	Book Keeping Fee	219,993	-	-	-	219,993	-	-	-	-	-	-	-	-	-	219,993
71900-72000	Front Line Service Fee	330,434	-	-	-	330,434	-	-	-	-	-	-	-	-	-	330,434
72000-72100	Total Fee Revenue	2,296,232	-	-	-	2,296,232	-	-	-	-	-	-	-	-	-	2,296,232
72100-72200	Other government grants	92,452	-	-	-	92,452	-	-	-	-	-	-	-	-	-	92,452
72200-72300	Housing Assistance Payment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
72300-72400	Administrative Fee	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
72400-72500	Investment Income - unrestricted	637	-	-	-	637	182,150	723	-	-	10,601	-	-	-	-	194,110
72500-72600	Mortgage interest income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
72600-72700	Proceeds from disposition of assets held for sale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
72700-72800	Housing Assistance Payment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
72800-72900	Administrative Fee	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
72900-73000	Fraud recovery	1,490	-	-	-	1,490	69,694	2,206	102	21	4,153,403	-	-	-	-	4,407,668
73000-73100	Gain or loss on sale of capital assets	-	-	-	-	-	-	-	-	-	(3,841,620)	-	-	-	-	(3,841,620)
73100-73200	Housing Assistance Payment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
73200-73300	Administrative Fee	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
73300-73400	Total Revenue	2,298,269	711,020	453,642	279,559	3,111,610	26,484	182,150	16,883,709	274,923	178,883	-	-	-	-	2,663,228
73400-73500	Administrative salaries	1,270,397	353,364	14,077	7,883	8,446	845	717,896	104,451	-	-	-	-	-	-	2,177,259
73500-73600	Auditing Fee	950	22	-	-	972	3,852	14,238	137,164	-	-	-	-	-	-	46,950
73600-73700	Management Fee	980,485	64,199	35,952	38,520	1,119,156	-	230,339	137,142	-	-	-	-	-	1,517,289	
73700-73800	Book-Keeping Fee	62,419	90	-	-	62,509	-	130,643	14,243	-	-	-	-	-	(207,365)	
73800-73900	Advertising and Marketing	3,002	-	-	-	3,002	-	-	-	-	-	-	-	-	-	3,002
73900-74000	Employee benefit contributions - administrative	205,331	250,472	1,371	769	832	82	196,160	52,894	7,265	-	-	-	-	806,167	
74000-74100	Office Expenses	141,767	73,495	-	-	215,262	-	122,551	20,990	77	-	-	-	-	358,580	
74100-74200	Legal Expense	34,201	63,327	-	-	97,528	-	7,460	62,981	-	-	-	-	-	167,969	
74200-74300	Travel	4,495	17	-	-	4,512	-	1,392	6,105	-	-	-	-	-	12,009	
74300-74400	Allocated Overhead	124,069	583,448	13	7	607,537	-	16,273	33,616	39,877	-	-	-	-	797,612	
74400-74500	Other	1,874,212	2,389,580	79,660	44,611	4,777,063	4,780	1,452,987	442,186	47,219	-	-	-	-	4,668,738	
74500-74600	Total Operating-Administrative	2,298,269	3,111,020	453,642	279,559	3,111,610	26,484	182,150	16,883,709	274,923	178,883	-	-	-	2,663,228	
74600-74700	Asset Management Fee	10,417	171,982	-	-	182,399	-	18,986	11,478	-	-	-	-	-	193,877	
74700-74800	Rehabilitation Costs	2,099	417	-	-	2,516	-	2,478	-	-	-	-	-	-	37,406	
74800-74900	Employee benefit contributions - tenant services	4,212	8,583	-	-	12,795	-	45,197	9,000	-	-	-	-	-	417	
74900-75000	Tenant services - other	14,629	297,800	-	-	312,429	-	78,139	9,000	-	-	-	-	-	66,992	
75000-75100	Total Tenant Services	19,357	299,782	-	-	319,139	-	141,797	9,000	-	-	-	-	-	298,629	
75100-75200	Water	1,971	648,325	-	-	650,296	-	273	180,208	-	-	-	-	-	830,777	
75200-75300	Electricity	21,940	326,507	-	-	348,447	-	2,859	56,408	-	-	-	-	-	387,714	
75300-75400	Gas	4,695	99,080	-	-	103,775	-	823	18,512	-	-	-	-	-	123,020	
75400-75500	Fuel	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
75500-75600	Beer	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
75600-75700	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
75700-75800	Employee benefit contributions - utilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
75800-75900	HSA Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
75900-76000	Other utility expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
76000-76100	Total Utilities	28,516	1,073,912	-	-	1,102,428	-	3,945	235,128	-	-	-	-	-	1,341,511	
76100-76200	Ordinary maintenance and operations - labor	88,496	467,290	-	-	555,786	-	146,955	49,779	-	-	-	-	-	702,651	
76200-76300	Ordinary maintenance and operations - materials and other	63,474	156,861	-	-	220,335	-	1,064	40,779	-	-	-	-	-	271,178	
76300-76400	Ordinary Maintenance and Operations Contracts - Garbage and Trash	2,665	15,054	-	-	17,719	-	14,985	2,556	-	-	-	-	-	23,883	
76400-76500	Ordinary Maintenance and Operations Contracts - Heating & Cooling	21,027	-	-	-	21,027	-	2,927	-	-	-	-	-	-	2,927	
76500-76600	Ordinary Maintenance and Operations Contracts - Snow Removal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
76600-76700	Ordinary Maintenance and Operations Contracts - Elevator Maintenance	14,160	-	-	-	14,160	-	811	39,461	-	-	-	-	-	14,160	
76700-76800	Ordinary Maintenance and Operations Contracts - Landscaping & Grounds	5,847	149,993	-	-	155,840	-	15,584	455	-	-	-	-	-	196,112	
76800-76900	Ordinary Maintenance and Operations Contracts - Unit Turnaround	16,089	-	-	-	16,089	-	10,738	-	-	-	-	-	-	32,128	
76900-77000	Ordinary Maintenance and Operations Contracts - Electrical Contracts	2,927	-	-	-	2,927	-	-	-	-	-	-	-	-	2,927	
77000-77100	Ordinary Maintenance and Operations Contracts - Plumbing Contracts	86,565	-	-	-	86,565	-	10,080	-	-	-	-	-	-	96,645	
77100-77200	Ordinary Maintenance and Operations Contracts - External Maintenance	228	-	-	-	228	-	8,848	24,165	-	-	-	-	-	33,241	
77200-77300	Ordinary Maintenance and Operations Contracts - Janitorial Contracts	18,820	6,249	-	-	25,069	-	6,848	10,691	-	-	-	-	-	58,082	
77300-77400	Ordinary Maintenance and Operations Contracts - Routine Maintenance	7,215	139,002	-	-	146,217	-	41,106	157,679	280	-	-	-	-	157,996	
77400-77500	Ordinary Maintenance and Operations Contracts - Misc. Contracts	19,049	36,535	-	-	55,584	-	67,031	273,737	280	-	-	-	-	175,791	
77500-77600	Ordinary Maintenance and Operations Contracts - Misc. Contracts	74,851	470,049	-	-	544,900	-	67,031	273,737	280	-	-	-	-	555,514	

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2009

<u>CFDA TITLE ASSISTANCE TYPE</u>	<u>CFDA NUMBER</u>	<u>THRU ENTITY</u>	<u>PASS FEDERAL EXPENDITURES</u>
<u>FEDERAL GRANTOR: U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Low-Rent Public Housing	14.850a*	N/A	\$ 3,790,725
Public Housing Capital Fund Program	14.872*	N/A	1,507,932
Housing Choice Voucher Program	14.871*	N/A	16,883,709
Section 8 Moderate Rehab	14.856*	N/A	1,076,305
Formula Capital Fund Stimulus Grant (ARRA)	14.885*	N/A	<u>311,780</u>
TOTAL U.S. DEPARTMENT OF HUD			<u>23,570,451</u>
TOTAL FEDERAL AWARDS EXPENDED			<u>\$ 23,570,451</u>

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2009

Note 1: Basis of Accounting

The Schedule of Expenditures of Federal Awards is prepared on the same basis of accounting as ARHA's financial statements. ARHA complies with the basis of accounting required by HUD.

Note 2: Major Programs

The (*) to the right of a CFDA number identifies the grant as a major federal program as defined by OMB Circular A-133.

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.

**FINANCIAL COMPLIANCE REPORTS
FOR
FEDERAL FUNDS**



REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Commissioners
Alexandria Redevelopment
and Housing Authority
Alexandria, Virginia

Compliance

We have audited the compliance of the Alexandria Redevelopment and Housing Authority with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 2009. The Alexandria Redevelopment and Housing Authority's major federal programs are identified in the schedule of federal awards section of this report. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

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 OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 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 the 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. Our audit does not provide a legal determination on the Authority's compliance with those requirements.

In our opinion, the Authority complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2009. The results of our auditing procedures disclosed no instances of noncompliance with those requirements that are reported in accordance with OMB Circular A-133.

Internal Control Over Compliance

The management of the Alexandria Redevelopment and Housing Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Authority's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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.

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133
(CONTINUED)

A deficiency in internal control 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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses as defined above.

This report is intended for the information of the Board of Commissioners, management, and the Department of Housing and Urban Development and is not intended to be and should not be used by anyone other than those specified parties.

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

September 30, 2010



REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING 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 the financial statements of the business-type activities, each major fund, and the aggregate remaining fund information and component unit of the Alexandria Redevelopment and Housing Authority as of and for the year ended December 31, 2009, and have issued our report thereon dated September 30, 2010. 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.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Alexandria Redevelopment and Housing Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

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, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Alexandria Redevelopment and Housing Authority's financial statements are free of material misstatement, we performed test 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 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 no instances of noncompliance or other matter that are required to be reported under **Government Auditing Standards**.

This report is intended for the information of the Board of Commissioners and management of the Alexandria Redevelopment and Housing Authority and the Department of Housing and Urban Development and is not intended to be and should not be used by anyone other than those specified parties.

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

September 30, 2010

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

STATUS OF PRIOR AUDIT FINDINGS
AT DECEMBER 31, 2009

The report for the period ended December 31, 2009, contained the following open audit findings. Corrective action taken and its current status is as follows:

Finding No. 07-03 Tenant Recertification for Eligibility

CONDITION: Compliance testing of tenant files showed many inconsistencies, as well as actual compliance findings, including: missing and incomplete re-certification in Section 8 tenant files, incomplete HUD 50058 reporting forms in Section 8 tenant files, and multiple re-certifications without supporting documentation.

ACTION TAKEN: Quality controls in relation to Section 8 tenant files have been corrected in concurrence with the corrective action plan in the prior year audit report.

CURRENT

CONDITION: Effective quality control improvements have been made.

CURRENT

STATUS: The finding has cleared.

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2009

Section I -- Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

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

Federal Awards

Internal control over major programs:

- Material weakness(es) identified: yes no
- Significant Deficiency(s) identified that are not considered to be material weakness(es)? yes none reported

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

Any audit findings disclosed that are required to be reported in accordance with section 501(a) of Circular A-133: yes no

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(CONTINUED)

Identification of major programs:

<i>CFDA Number(s)</i>	<i>Name of Federal Program or Cluster</i>
14.850A	Low Rent Public Housing
14.872	Public Housing Capital Fund
14.856	Section 8 Moderate Rehabilitation
14.871	Section 8 Housing Choice Vouchers
14.885	Formula Capital Fund Stimulus Grant (ARRA)

Dollar threshold used to distinguish
between type A and B programs: \$ 707,114

Auditee qualified as low-risk auditee? yes X no

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(CONTINUED)

Section II -- Financial Statement Findings

There are no financial statement findings.

Section III – Federal Awards Findings and Questioned Costs

There were no financial awards findings or questioned costs.