

**ALEXANDRIA REDEVELOPMENT  
AND HOUSING AUTHORITY**

**AUDITED  
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
DECEMBER 31, 2007**



**Dooley & Vicars**  
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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the business-type activities, each major fund, and the aggregate remaining fund information and component unit of the Alexandria Redevelopment and Housing Authority as of and for the year ended December 31, 2007, 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, 2007, 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 14 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 May 2, 2008, 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. The purpose of that report is to describe the scope of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards 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*

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

May 2, 2008

**ALEXANDRIA REDEVELOPMENT & HOUSING  
AUTHORITY  
MANAGEMENT'S DISCUSSION & ANALYSIS  
FISCAL YEAR ENDED DECEMBER 31, 2007**

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, 2007.

**FINANCIAL HIGHLIGHTS AND CONCLUSIONS:**

The Alexandria Redevelopment & Housing Authority had a relatively good year as illustrated by the outcome of its fiscal year operations. Total Net Assets decreased by \$(8,667,416) or (16.44)% which was mainly due to prior year adjustments to HUD Funding and the treatment of HOPE VI Capital assets. The financial indicators continue to maintain an above average score as established by the Real Estate Assessment Center (REAC). Based on our calculation of the financial score, the Authority should receive a designation of "standard performer" under the Financial Assessment Sub System (FASS).

**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.

The Authority implemented GASB 34 in the current year. This was a change in accounting principle from Governmental Fund Type, modified accrual, to the Enterprise Fund Type under GASB 34. The changes in principle required that the Authority record accumulated depreciation and establish a capitalization policy for the recording of fixed assets and depreciation expense. The fixed assets were reported in the General Fixed Asset Account Group but now are reported in each individual fund, with depreciation and correction of prior year soft costs and items under the Authority's Capitalization policy.

The Authority also had to change the method of reporting debt and interest payments along with the long-term obligations pertaining to the debt. The Authority would report all long-

term debt in the General Long-Term Debt Account Group and the servicing of the debt on an annual basis was reporting in the Debt Service account group. This required adjustment to the account groups. The debt is currently reported within each fund type.

## 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 Redevelopment & Housing Authority**  
**Combined Statement of Net Assets**  
**TABLE I**

	2006	2007	Total Change	% Change
Current Assets and Restricted Cash	11,733,528	13,165,711	1,432,183	12.21%
Capital Assets	44,295,192	32,017,427	(12,277,765)	-27.72%
Notes Receivable - L/T	12,928,179	16,513,630	3,585,451	27.73%
<b>Total Assets</b>	<b>68,956,899</b>	<b>61,696,768</b>	<b>(7,260,131)</b>	<b>-10.53%</b>
Current Liabilities	1,984,021	3,717,635	1,733,614	87.38%
Noncurrent Liabilities	14,259,147	13,932,818	(326,329)	-2.29%
<b>Total Liabilities</b>	<b>16,243,168</b>	<b>17,650,453</b>	<b>1,407,285</b>	<b>8.66%</b>
Invested in Capital Assets				
Net of Related Debt	30,635,087	18,598,106	(12,036,981)	-39.29%
Restricted Net Assets	9,219,537	14,741,444	5,521,907	59.89%
Unrestricted Net Assets	12,859,107	10,706,765	(2,152,342)	-16.74%
<b>Total Net Assets</b>	<b>52,713,731</b>	<b>44,046,315</b>	<b>(8,667,416)</b>	<b>-16.44%</b>
<b>Total Liabilities &amp; Net Assets</b>	<b>68,956,899</b>	<b>61,696,768</b>	<b>(7,260,131)</b>	<b>-10.53%</b>

### *Current Assets restricted and unrestricted:*

Current assets are made up of cash, receivables and prepaid expenses. Current assets increased by \$1,432,183 due to several factors. Overall cash and investments increased by \$2,670,045, receivables decreased by \$(568,502) and prepaid expenses decreased by \$(669,360). The main reason for the decrease in accounts receivable were due to better cash management policies for HUD grant programs and the decrease in prepaid expenses was mainly due to a reclassification of restricted cash to the proper account.

### ***Non-current Assets***

Non-current assets are made up of notes receivable and other assets. Non-current assets increased by \$3,585,451. This increase was due to increased HOPE VI and Business Activity notes with related parties. The Notes are noncurrent, see Note 5 in the Notes to the Financial Statements for details, and the PHA expects collectability on the notes in the near future.

### ***Current Liabilities***

Current liabilities are made of accounts payable, accrued liabilities, deferred revenue and security deposits.

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

Non-current liabilities are made up of long-term debt, family self-sufficiency escrow accounts, accrued compensated absences and other accrued liabilities that are long term in nature. Non-current liabilities decreased by \$(326,329) due to payment of principal balances on the various loans. See Note 15 in the Notes to the Financial Statements for a full description of the activity. Minimal decreases in accrued compensated absences, \$(22,659), and in FSS Escrow, \$(49,311), also occurred during the year but were not the material reason the non-current liabilities decreased during the year.

### ***Net Assets***

As illustrated in the Combined Statement of Net Assets, the overall Net Assets of the Authority decreased by \$(8,667,416). The "Invested in Capital Assets" increased by \$(12,036,981) or (39.29)%, mainly as a result of the prior year adjustment to the treatment of Capital Assets under the HOPE VI program. The amount of capital additions from the aforementioned program was \$1,084,465 and depreciation expense for the year was \$(1,596,867).

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 \$5,521,907 or 59.89% due to the net activity related to aforementioned activity.

The Unrestricted Net Assets decreased by \$(2,152,342) or (16.74) %. The actual operating income, less depreciation expense, was \$949,001. There was a prior year adjustment of \$(472,112) related to a HUD final settlement agreement dealing with Housing Assistance Payments in fiscal year 2003 for the Glebe Park and Jefferson Village projects, and the \$6,898 related to adjustments in prior year funding of the Section – 8 Moderate Rehabilitation. The remaining difference related to reclassification of restricted and unrestricted net assets.

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 II, 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 II**

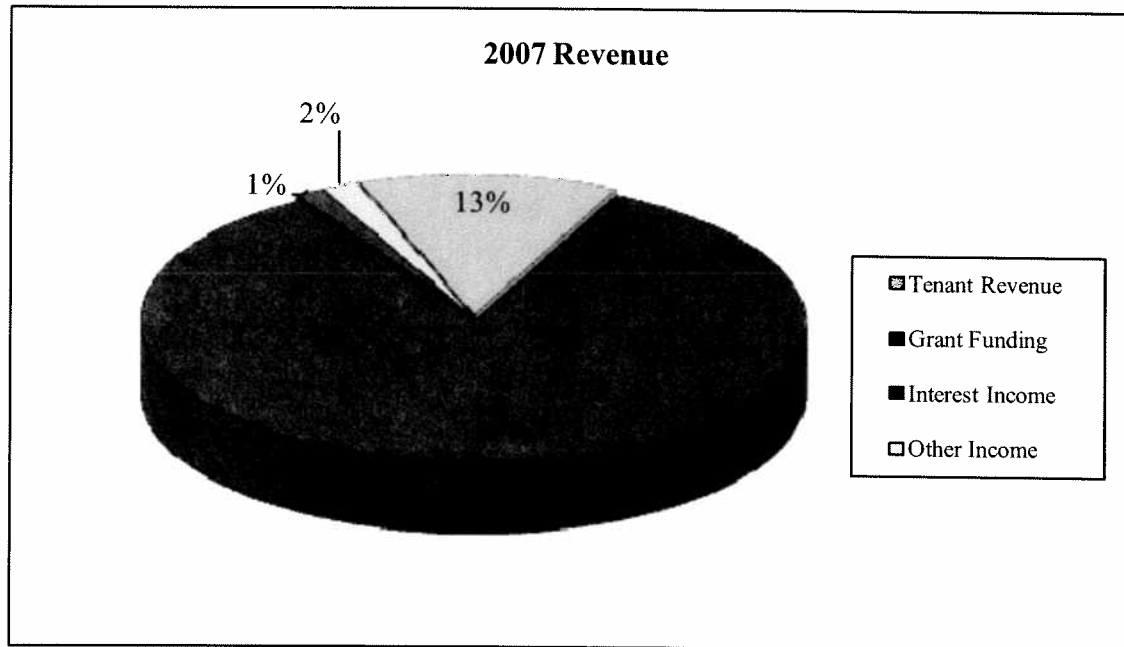
	<u>2006</u>	<u>2007</u>	<u>Total Change</u>	<u>% Change</u>
Tenant Revenue	3,592,347	3,567,169	(25,178)	-0.70%
Operational Grant Funding	21,469,316	22,665,255	1,195,939	5.57%
Capital Grant Funding	931,064	1,084,465	153,401	16.48%
Interest Income	380,027	398,590	18,563	4.88%
Other Income	<u>2,773,645</u>	<u>511,078</u>	<u>(2,262,567)</u>	<u>-81.57%</u>
<b>Total Revenue</b>	<b><u>29,146,399</u></b>	<b><u>28,226,557</u></b>	<b><u>(919,842)</u></b>	<b><u>-3.16%</u></b>
Administration	4,933,508	3,685,746	(1,247,762)	-25.29%
Tenant Services	318,883	237,474	(81,409)	-25.53%
Utilities	1,277,711	1,457,744	180,033	14.09%
Maintenance	1,777,043	2,302,241	525,198	29.55%
Protective Services	7,568	3,817	(3,751)	-49.56%
General expense	1,168,082	1,185,639	17,557	1.50%
Housing Assistance Payments	15,443,996	16,494,330	1,050,334	6.80%
Interest Expense	857,622	826,100	(31,522)	-3.68%
Depreciation	<u>1,925,378</u>	<u>1,596,867</u>	<u>(328,511)</u>	<u>-17.06%</u>
<b>Total Expenses</b>	<b><u>27,709,791</u></b>	<b><u>27,789,958</u></b>	<b><u>80,167</u></b>	<b><u>0.29%</u></b>
Prior year adjustments	52,808	(9,104,015)	(9,156,823)	100.00%
Change in Net Assets	1,489,416	(8,667,416)	(10,156,832)	-681.93%
Beginning Net Assets	<u>51,224,315</u>	<u>52,713,731</u>	<u>1,489,416</u>	<u>2.91%</u>
<b>Ending Net Assets</b>	<b><u>52,713,731</u></b>	<b><u>44,046,315</u></b>	<b><u>(8,667,416)</u></b>	<b><u>-16.44%</u></b>

**Alexandria Redevelopment & Housing Authority**  
**Combined Statement of Revenues, Expenses and Change in Net Assets - By Fund**  
**Fiscal Year Ended December 31, 2007**  
**TABLE III**

	Business Activities	Low-Rent	HOPE VI	Vouchers	State/Local	Nonmajor Proprietary Funds	Total
Tenant Revenue	-	1,748,772	-	-	1,818,397	-	3,567,169
Grant Funding	-	3,313,692	166,809	17,422,809	-	2,846,410	23,749,720
Interest Income	39,735	2,012	248,841	45,350	62,575	77	398,590
Other Income	94,499	299,582	-	95,784	21,213	-	511,078
<b>Total Revenue</b>	<b>134,234</b>	<b>5,364,058</b>	<b>415,650</b>	<b>17,563,943</b>	<b>1,902,185</b>	<b>2,846,487</b>	<b>28,226,557</b>
Administration	121,837	1,825,245	166,809	1,189,989	241,620	140,246	3,685,746
Tenant Services	-	235,935	-	-	1,539	-	237,474
Utilities	14,180	1,159,076	-	1,304	283,184	-	1,457,744
Maintenance	13,649	1,759,016	-	31,075	300,084	198,417	2,302,241
Protective services	-	3,505	-	213	99	-	3,817
General expense	-	796,386	-	119,480	269,773	-	1,185,639
Housing Assist. Pay.	-	-	-	15,605,943	-	888,387	16,494,330
Interest Expense	-	-	-	-	826,100	-	826,100
Depreciation	57,691	961,800	-	-	577,376	-	1,596,867
<b>Total Expenses</b>	<b>207,357</b>	<b>6,740,963</b>	<b>166,809</b>	<b>16,948,004</b>	<b>2,499,775</b>	<b>1,227,050</b>	<b>27,789,958</b>
<b>Change in Net Assets</b>	<b>(73,123)</b>	<b>(1,376,905)</b>	<b>248,841</b>	<b>615,939</b>	<b>(597,590)</b>	<b>1,619,437</b>	<b>436,599</b>
Beginning Net Assets	11,194,986	18,667,707	19,523,010	3,330,768	(4,737,153)	4,734,413	52,713,731
Operational Transfers	-	990,111	-	-	(464,403)	(525,708)	-
Transfers of equity	-	-	-	-	-	-	-
Prior year adjustments	-	(472,112)	(8,638,801)	-	-	6,898	(9,104,015)
<b>Ending Net Assets</b>	<b>11,121,863</b>	<b>17,808,801</b>	<b>11,133,050</b>	<b>3,946,707</b>	<b>(5,799,146)</b>	<b>5,835,040</b>	<b>44,046,315</b>

## REVENUES

In reviewing the Statement of Revenues, Expenses, and Net Assets, you will find that 84% 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 13% of total revenue. Other Revenue comprises the remaining 2% and Interest income represents less than 1%. Compared to the Fiscal Year Ended December 31, 2006, revenues had an overall decrease of \$(919,842) or (3.16%). This was mainly due to decreases in HUD funding of Capital type programs and the coming completion of the HOPE VI program.

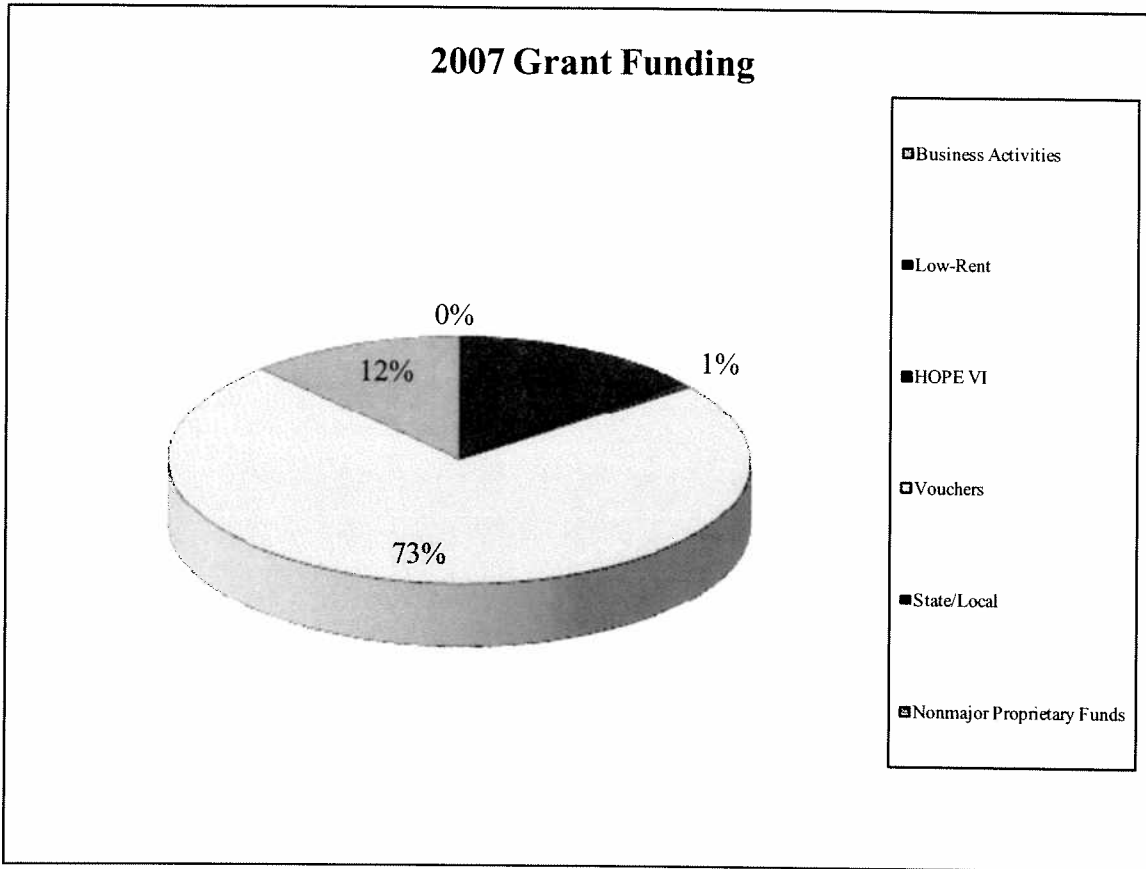


**Tenant Revenue** - Tenant Revenue received in the Public Housing Program had an decrease from \$3,592,347 to \$3,567,169, or a decrease of \$(25,178) or (.070) %. The decrease was mainly attributed to decreases in lease up of the PHA's state/local programs; Jefferson Village, Glebe Park and Hopkins Tancil. Public Housing tenant revenue increased marginally due to increased lease-up efforts and HOPE VI units coming online.

**Program Grants/Subsidies** – Federal and State subsidies for the year increased by \$1,349,340, or 6.02%, from \$22,400,380 in fiscal year 2006 to \$23,749,720 in fiscal year 2007. The Public Housing fund had an increase in funding of \$1,177,136 and Capital Fund had an increase in funding of \$622,130 due to changes in operating funding and increased modernization needs in the fiscal year. The HOPE VI program had a net decrease in funding of (342,348) and a decrease in HOPWA Funding of \$(81,704). The decrease in HOPE VI funding relates to the program coming to a close and the decrease in HOPWA funding was due to the program ending.

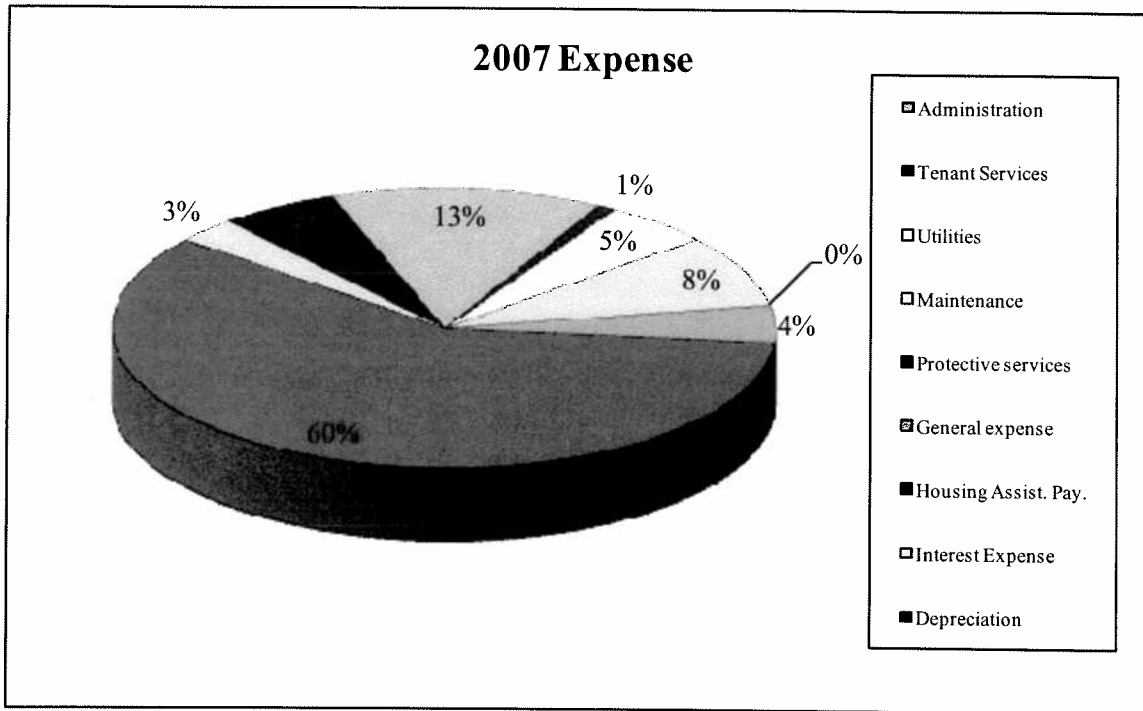
**Other Income/Interest Income** – Other income decreased by \$(2,262,567) or (81.57)%. The reduction was mainly due to decreases in outside funding of the HOPE VI mixed financing deal. The project is almost fully constructed and most of all the outside revenue streams were received in prior years.

Interest income increased by \$18,563 due to increases in cash and investment balances as well as notes receivable interest earned related to the HOPE VI and Cameron Valley notes receivable balances.



## **EXPENSES**

The Alexandria Redevelopment & Housing Authority experienced an increase in operating expenses for the current year from \$27,709,791 to \$27,789,958 or a net increase of \$80,168 or .29%. 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 2006, administrative costs decreased by \$(1,247,762) or (25.29). This was due to across the board reductions in expenditures but especially related to a focused reduction of administrative costs due to prior year funding cuts as well as the HOPE VI program coming to a close.

**Tenant Services** – Tenant Services costs include all costs incurred by the Authority to provide social services to the residents. The ARC and Ladrey Advisory Boards receive funding for board meetings, training costs, and other items to assist them in staying informed on its role in the Authority's operations. Tenant Services costs decreased from \$318,883 to \$237,474 or a decrease of (81,409) or (25.53%). The reduction in costs directly relates to loss of ROSS and PHDEP funding as well as reduced funding in prior years which forced the PHA to reduce their resident services activities.

**Utilities** - The total utilities expense for the Authority increased by \$180,033 or 14.09%. The increase was mainly due to increased energy costs which affected most every utility expense account.

**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 increased from \$1,777,043 to \$2,302,241 for an increase of \$525,198 or 29.55 %. The increased costs related to increased salary and benefits as well as moderate increases in contract work needed to keep the Public Housing and State/Local fund units up to PHA quality standards.

**Protective Services** – Protective services costs were used for police patrol services. The total expense for the year was \$3,817 or a decrease of (3,751) or (49.56) %. 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 \$1,168,082 to \$1,185,639 or an increase of \$17,557 or 1.50%. This increase was due to several factors. The Authority incurred additional payments related to HOPE VI tax credit rental unit assistance payments to HOPE VI revitalized units which had additional units come online during fiscal year 2008. A portion of the increase was related to Voucher portable administrative fee payments.

**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 \$15,443,996 to \$16,494,330 or an overall increase of \$1,050,334 or 6.80 %. The increase was due to increased funding by HUD of the program and the need to increase in overall HAP expense.

**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 \$(328,511), or (17.06) %. Depreciation expense decreased due to capital assets being fully depreciated in the prior 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. Interest expense decreased from \$857,622 to \$826,100 or a decrease of \$(31,522) or (3.68) %. This is due to the continued pay down of debt and the natural progression of increased principal payment and reduction of interest payments throughout the life of the loan. The Authority also refunded the bonds for the Glebe Park and Hopkins Tancil properties several years back and receives an interest reduction check twice during the year for reduced interest rates. The Authority received in excess of \$200,000 for both properties related to the reduced interest rates

## **CAPITAL ASSETS**

At the end of fiscal year 2006 the Authority had invested in Capital Assets of \$46,391,457, net of depreciation. As of December 31, 2007, the Authority had decreased its net capital assets by \$(12,277,766) to \$32,017,426 or (27.72) %. The following illustrates the Capital Asset values for 2006 and 2007.

**Alexandria Redevelopment & Housing Authority**  
**Combined Statement of Capital Assets**  
**TABLE V**

	2006	2007	Total Change	% Change
Land	19,063,637	8,141,704	(10,921,933)	-57.29%
Buildings & improvements	58,055,162	58,296,196	241,034	0.42%
Equipment	574,958	574,959	1	0.00%
	77,693,757	67,012,859	(10,680,898)	-13.75%
Accumulated Depreciation	(33,398,565)	(34,995,432)	(1,596,867)	4.78%
<b>Total Capital Assets</b>	<b>44,295,192</b>	<b>32,017,427</b>	<b>(12,277,765)</b>	<b>-27.72%</b>

The Authority has six ongoing HUD Capital Fund grants and a HOPE VI. The total capital improvement for the year was \$1,084,465. Depreciation Expense for the year ended December 31, 2007 was \$1,925,378. There were some minor write-offs of assets during the 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.

The long-term debt balance changed from \$13,660,105 in fiscal year 2006 to \$113,419,321 in fiscal year 2007 or a reduction of debt in the amount of \$240,784. The decrease was due to the normal principal payments on the three State/Local entities during fiscal year 2007.

#### **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, 2007 was 3.0%, compared to the previous years' unemployment rate of 2.9.<sup>1</sup>
- (2) The median family income for the City of Alexandria, per the 2000 census, was \$67,023.<sup>2</sup>

<sup>1</sup> <http://data.bls.gov/cgi-bin/surveymost>

- (3) The median price of housing, per the 2000 census was \$252,800<sup>3</sup>
- (4) The population of the City of Alexandria was 128,283 per the 2000 census figures.<sup>4</sup>
- (5) The City of Alexandria, per the 2000 census, had 8.9% of the city's population under the poverty level.<sup>5</sup>
- (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. It is the Authority's goal to gain additional financing to completely renovate all of Glebe Park in the near future and improve the quality of life for the residents of the Authority.

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<sup>2</sup> [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](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)

<sup>3</sup> [http://factfinder.census.gov/servlet/GCTTable?\\_bm=y&-geo\\_id=04000US51&-\\_box\\_head\\_nbr=GCT-H9&-ds\\_name=DEC\\_2000\\_SF3\\_U&-\\_lang=en&-format=ST-7&-\\_sse=on](http://factfinder.census.gov/servlet/GCTTable?_bm=y&-geo_id=04000US51&-_box_head_nbr=GCT-H9&-ds_name=DEC_2000_SF3_U&-_lang=en&-format=ST-7&-_sse=on)

<sup>4</sup> [http://www.cspdc.org/documents/ASW\\_EconOver.pdf](http://www.cspdc.org/documents/ASW_EconOver.pdf)

<sup>5</sup> [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](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, 2007

<u>ASSETS</u>	<u>Totals Primary Government</u>
<b>Current Assets</b>	
Cash and cash equivalents	\$ 4,966,023
Receivables, net	3,152,909
Prepaid Expense and Other Assets	218,537
Interprogram due from	-
<b>Total current assets</b>	<u>8,337,469</u>
<b>Noncurrent Assets</b>	
Restricted cash, cash equivalents	<u>4,828,242</u>
Capital assets:	
Land	8,141,704
Buildings	52,785,082
Furniture, Equipment & Machinery - Admin	574,959
Construction in Progress	5,511,114
Less: accumulated depreciation	<u>(34,995,432)</u>
Capital assets, net	<u>32,017,427</u>
Noncurrent Notes, Loans & Mortgages Receivable	<u>16,513,630</u>
<b>Total noncurrent assets</b>	<u>53,359,299</u>
<b>Total Assets</b>	<u>\$ 61,696,768</u>

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

## Alexandria Redevelopment & Housing Authority

### Statement of Net Assets - All Funds December 31, 2007

	Totals Primary Government
<b><u>LIABILITIES</u></b>	
<b>Current Liabilities</b>	
Accounts Payable	\$ 1,960,025
Accrued Liabilities	199,879
Intergovernmental payables	80,648
Tenant security deposits	424,356
Deferred revenue	303,367
Current portion of long-term debt	254,360
Other current liabilities	495,000
Interprogram due to	-
<b>Total current liabilities</b>	<u>3,717,635</u>
<b>Noncurrent liabilities</b>	
Long-term debt, net of current	13,164,961
Noncurrent liabilities - other	767,857
<b>Total noncurrent liabilities</b>	<u>13,932,818</u>
<b>Total Liabilities</b>	<u>17,650,453</u>
<b><u>Net Assets</u></b>	
Investment in Capital Assets - Net of Related Debt	18,598,106
Restricted Net Assets	14,741,444
Unrestricted Net Assets	10,706,765
<b>Total Net Assets</b>	<u>44,046,315</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 61,696,768</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, 2007

	Totals Primary Government
<b>Operating Revenues</b>	
Tenant revenue	\$ 3,567,169
Government operating grants	22,665,255
Other revenue	511,078
<b>Total operating revenues</b>	<u>26,743,502</u>
<b>Operating Expenses</b>	
Administrative	3,685,746
Tenant services	237,474
Utilities	1,457,744
Maintenance	2,302,241
Protective services	3,817
General	1,185,639
Housing assistance payment	16,494,330
Depreciation	1,596,867
<b>Total operating expenses</b>	<u>26,963,858</u>
<b>Operating income (loss)</b>	<u>(220,356)</u>
<b>Non-Operating Revenues (Expenses)</b>	
Interest Expense	(826,100)
Interest and investment revenue	398,590
<b>Total nonoperating revenues (expenses)</b>	<u>(427,510)</u>
Income (loss) before contributions and transfers	(647,866)
Capital Grants - Federal Government	1,084,465
Change in Net Assets	436,599
Total Beginning Net Assets	52,713,731
Prior Period Adjustments	(9,104,015)
<b>Total Ending Net Assets</b>	<u>\$ 44,046,315</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, 2007

	Totals Primary Government
Cash flows from operating activities:	
Cash received from tenants	\$ 3,875,461
Cash received from operating grants	22,752,617
Cash received from other sources	641,709
Cash paid for goods and services	(1,630,107)
Cash paid for employees and administrative	(3,685,746)
Housing Assistance payments	(16,525,041)
Cash paid for other	(1,192,160)
Net cash provided (used) by operating activities	<u>4,236,733</u>
Cash flows from noncapital financing activities:	
Transfers	<u>(9,104,015)</u>
Cash flows from capital and related financing activities:	
Capital Grants received - Federal Government	1,084,465
Proceeds from the sale of assets	-
Purchases, Sales and construction of capital assets	10,680,898
Principal paid on capital debt	(240,784)
Proceeds from capital debt	(3,559,742)
Interest paid on capital debt	(826,100)
Net cash (used) for capital and related financing activities	<u>7,138,737</u>
Cash flows from investing activities:	
Interest and dividends	<u>398,590</u>
Net cash provided by investing activities	<u>398,590</u>
Net increase (decrease) in cash and cash equivalents	2,670,045
Cash and cash equivalents at beginning of year	2,776,747
Cash and cash equivalents at end of year	<u>\$ 5,446,792</u>
Reconciliation of cash and restricted cash	
Cash and cash equivalents	\$ 4,966,023
Restricted Cash and cash equivalents	4,828,242
Total Cash and cash equivalents	<u>\$ 9,794,265</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, 2007

	Totals Primary Government
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ (220,356)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	1,596,867
Changes in assets and liabilities:	
(Increase) Decrease in Receivables - net	667,002
(Increase) Decrease in Prepaid expenses	669,360
(Increase) Decrease in Interprogram due from	(1,092,186)
(Increase) Decrease in Noncurrent Notes Receivable	(25,709)
Increase (Decrease) in Accounts payable	1,803,198
Increase (Decrease) in Accrued expenses	(8,694)
Increase (Decrease) in Other liabilities	41,128
Increase (Decrease) in Intergovernmental payables	(281,357)
Increase (Decrease) in Interprogram due to	990,594
Increase (Decrease) in Noncurrent liabilities	(71,970)
Net cash provided (used) by operating activities	<u>\$ 4,067,877</u>

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

# Alexandria Redevelopment & Housing Authority

## Balance Sheet - Proprietary Funds December 31, 2007

ASSETS	Business Activities	Revitalization of Severity				Nonmajor Proprietary Funds	Total Before Eliminations	Inter-entity Eliminations	Totals Primary Government
		Public Housing	Low Rent Public Housing	Distressed Public Housing	Housing Choice Vouchers				
<b>Current Assets</b>									
Cash and cash equivalents	\$ 1,017,804	\$ 138,860	\$ -	\$ 2,732,353	\$ 639,612	\$ 437,394	\$ 4,966,023	\$ -	\$ 4,966,023
Receivables, net	311,598	291,380	-	-	437,662	2,112,269	3,152,909	-	3,152,909
Prepaid Expense and Other Assets	218,537	-	-	-	-	-	218,537	-	218,537
Interprogram due from	3,516,213	1,655,187	2,130,314	-	4,865,086	138,096	12,304,896	(12,304,896)	-
<b>Total current assets</b>	<u>5,064,152</u>	<u>2,085,427</u>	<u>2,130,314</u>	<u>2,732,353</u>	<u>5,942,360</u>	<u>2,687,759</u>	<u>20,642,365</u>	<u>(12,304,896)</u>	<u>8,337,469</u>
<b>Noncurrent Assets</b>									
Restricted cash, cash equivalents	-	254,847	589,484	2,287,358	1,696,553	-	4,828,242	-	4,828,242
Capital assets:									
Land	-	-	-	-	-	-	-	-	-
Buildings	-	3,862,268	-	-	4,279,436	-	8,141,704	-	8,141,704
Furniture, Equipment & Machinery - Admin	1,992,318	36,426,344	-	-	14,366,420	-	52,785,082	-	52,785,082
Construction in Progress	-	80,468	-	198,975	295,516	-	574,959	-	574,959
Less: accumulated depreciation	(1,209,805)	(23,384,886)	-	(198,975)	(10,201,766)	-	(34,995,432)	-	(34,995,432)
Capital assets, net	782,513	16,984,194	-	-	8,739,606	5,511,114	32,017,427	-	32,017,427
Noncurrent Notes, Loans & Mortgages Receivable	7,365,428	-	8,908,252	-	239,850	-	16,513,630	-	16,513,630
<b>Total noncurrent assets</b>	<u>8,147,941</u>	<u>17,239,041</u>	<u>9,497,736</u>	<u>2,287,358</u>	<u>10,676,109</u>	<u>5,511,114</u>	<u>53,359,299</u>	<u>-</u>	<u>53,359,299</u>
<b>Total Assets</b>	<u>\$ 13,212,093</u>	<u>\$ 19,324,468</u>	<u>\$ 11,628,050</u>	<u>\$ 5,019,711</u>	<u>\$ 16,618,469</u>	<u>\$ 8,198,873</u>	<u>\$ 74,001,664</u>	<u>\$ (12,304,896)</u>	<u>\$ 61,696,768</u>

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

# Alexandria Redevelopment & Housing Authority

## Balance Sheet - Proprietary Funds December 31, 2007

LIABILITIES	Business Activities	Low Rent Public Housing	Revitalization of Severity				Nonmajor Proprietary Funds	Total Before Eliminations	Inter-entity Eliminations	Totals Primary Government
			Public Housing	Distressed Public Housing	Housing Choice Vouchers	State/Local				
<b>Current Liabilities</b>										
Accounts Payable	\$ 1,360,267	\$ 599,758	\$ -	\$ -	\$ -	\$ -	\$ 1,960,025	\$ -	\$ 1,960,025	
Accrued Liabilities	178,165	-	-	21,714	-	-	199,879	-	199,879	
Intergovernmental payables	-	-	-	8,899	-	71,749	80,648	-	80,648	
Tenant security deposits	-	254,847	-	169,509	-	-	424,356	-	424,356	
Deferred revenue	-	58,434	-	173,773	-	71,160	303,367	-	303,367	
Current portion of long-term debt	-	-	-	254,360	-	-	254,360	-	254,360	
Other current liabilities	-	-	495,000	-	-	-	495,000	-	495,000	
Interprogram due to	-	584,205	-	884,016	-	2,212,276	12,304,896	(12,304,896)	-	
<b>Total current liabilities</b>	<b>1,538,432</b>	<b>1,497,244</b>	<b>495,000</b>	<b>9,252,654</b>	<b>884,016</b>	<b>2,355,185</b>	<b>16,022,531</b>	<b>(12,304,896)</b>	<b>3,717,635</b>	
<b>Noncurrent liabilities</b>										
Long-term debt, net of current	-	-	-	13,164,961	-	-	13,164,961	-	13,164,961	
Noncurrent liabilities - other	551,798	18,423	-	188,988	-	8,648	767,857	-	767,857	
<b>Total noncurrent liabilities</b>	<b>551,798</b>	<b>18,423</b>	<b>-</b>	<b>188,988</b>	<b>188,988</b>	<b>8,648</b>	<b>13,932,818</b>	<b>-</b>	<b>13,932,818</b>	
<b>Total Liabilities</b>	<b>\$ 2,090,230</b>	<b>\$ 1,515,667</b>	<b>\$ 495,000</b>	<b>\$ 22,417,615</b>	<b>\$ 1,073,004</b>	<b>\$ 2,363,833</b>	<b>\$ 29,955,349</b>	<b>\$ (12,304,896)</b>	<b>\$ 17,650,453</b>	
<b>Net Assets</b>										
Investment in Capital Assets - Net of Related Debt	\$ 782,513	\$ 16,984,194	\$ -	\$ (4,679,715)	\$ 2,081,350	\$ 5,511,114	\$ 18,598,106	\$ -	\$ 18,598,106	
Restricted Net Assets	-	-	11,133,050	1,527,044	-	-	14,741,444	-	14,741,444	
Unrestricted Net Assets	10,339,350	824,607	-	(2,646,475)	1,865,357	323,926	10,706,765	-	10,706,765	
<b>Total Net Assets</b>	<b>11,121,863</b>	<b>17,808,801</b>	<b>11,133,050</b>	<b>(5,799,146)</b>	<b>3,946,707</b>	<b>5,835,040</b>	<b>44,046,315</b>	<b>-</b>	<b>44,046,315</b>	
<b>Total Liabilities and Net Assets</b>	<b>\$ 13,212,093</b>	<b>\$ 19,324,468</b>	<b>\$ 11,628,050</b>	<b>\$ 5,019,711</b>	<b>\$ 16,618,469</b>	<b>\$ 8,198,873</b>	<b>\$ 74,001,664</b>	<b>\$ (12,304,896)</b>	<b>\$ 61,696,768</b>	

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, 2007

	Business Activities	Revitalization of Severly Distressed Public Housing				State/Local	Nonmajor Proprietary Funds	Totals Primary Government
		Low Rent Public Housing	Housing Choice Vouchers	Public Housing	Housing Choice Vouchers			
<b>Operating Revenues</b>								
Tenant revenue	\$ -	\$ 1,748,772	\$ -	\$ -	\$ 1,818,397	\$ -	\$ 3,567,169	
Government operating grants	-	3,313,692	166,809	17,422,809	-	1,761,945	22,665,255	
Other revenue	94,499	299,582	-	95,784	21,213	-	511,078	
<b>Total operating revenues</b>	<b>94,499</b>	<b>5,362,046</b>	<b>166,809</b>	<b>17,518,593</b>	<b>1,839,610</b>	<b>1,761,945</b>	<b>26,743,502</b>	
<b>Operating Expenses</b>								
Administrative	121,837	1,825,245	166,809	1,189,989	241,620	140,246	3,685,746	
Tenant services	-	235,935	-	-	1,539	-	237,474	
Utilities	14,180	1,159,076	-	1,304	283,184	-	1,457,744	
Maintenance	13,649	1,759,016	-	31,075	300,084	198,417	2,302,241	
Protective services	-	3,505	-	213	99	-	3,817	
General	-	796,386	-	119,480	269,773	-	1,185,639	
Housing assistance payment	-	-	-	15,605,943	-	888,387	16,494,330	
Depreciation	57,691	961,800	-	-	577,376	-	1,596,867	
<b>Total operating expenses</b>	<b>207,357</b>	<b>6,740,963</b>	<b>166,809</b>	<b>16,948,004</b>	<b>1,673,675</b>	<b>1,227,050</b>	<b>26,963,858</b>	
Operating Transfers In/(Out)	-	990,111	-	-	(464,403)	(525,708)	-	
<b>Operating income (loss)</b>	<b>(112,858)</b>	<b>(388,806)</b>	<b>-</b>	<b>570,589</b>	<b>(298,468)</b>	<b>9,187</b>	<b>(220,356)</b>	
<b>Non-Operating Revenues (Expenses)</b>								
Interest Expense	-	-	-	-	(826,100)	-	(826,100)	
Interest and investment revenue	39,735	2,012	248,841	45,350	62,575	77	398,590	
Total nonoperating revenues (expenses)	39,735	2,012	248,841	45,350	(763,525)	77	(427,510)	
Income (loss) before contributions and transfers	(73,123)	(386,794)	248,841	615,939	(1,061,993)	9,264	(647,866)	
Capital Grants - Federal	-	-	-	-	-	1,084,465	1,084,465	
Change in Net Assets	(73,123)	(386,794)	248,841	615,939	(1,061,993)	1,093,729	436,599	
Total Beginning Net Assets	11,194,986	18,667,707	19,523,010	3,330,768	(4,737,153)	4,734,413	52,713,731	
Prior Period Adjustments	-	(472,112)	(8,638,801)	-	-	6,898	(9,104,015)	
<b>Total Ending Net Assets</b>	<b>\$ 11,121,863</b>	<b>\$ 17,808,801</b>	<b>\$ 11,133,050</b>	<b>\$ 3,946,707</b>	<b>(5,799,146)</b>	<b>\$ 5,835,040</b>	<b>\$ 44,046,315</b>	

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

**Alexandria Redevelopment & Housing Authority**

**Statement of Cash Flows - Proprietary Funds  
For the year ended December 31, 2007**

	Business Activities	Revitalization of Severely Distressed Public Housing				Housing Choice Vouchers	State/Local	Nonmajor Proprietary Funds	Totals Primary Government
		Low Rent Public Housing	Distressed Public Housing	Housing Public	Housing				
Cash flows from operating activities:									
Cash received from tenants	\$ 338,552	\$ 1,777,776	\$ -	\$ -	\$ -	\$ 1,565,181	\$ 25,096	\$ 3,706,605	
Cash received from operating grants	-	3,313,692	166,809	17,531,985	-	-	1,740,131	22,752,617	
Cash received from other government grants	60,064	(147,400)	179,361	95,784	233,274	-	362,108	783,191	
Cash transferred in/(out)	-	990,111	-	-	(464,403)	-	(525,708)	-	
Cash paid for goods and services	1,137,010	(2,532,942)	-	(85,469)	87,086	-	(198,417)	(1,592,732)	
Cash paid for employees and administrative Housing Assistance payments	(121,837)	(1,825,245)	(166,809)	(1,189,989)	(241,620)	-	(140,246)	(3,685,746)	
Cash paid for other	(940,907)	(1,358,221)	5,038	(15,605,943)	-	-	(782,388)	(16,368,331)	
Net cash provided (used) by operating activities	472,882	217,771	184,399	626,888	881,792	2,061,310	428,637	3,991,887	
Cash flows from noncapital financing activities:									
Equity transfers and prior year adjustments	-	(472,112)	(8,638,801)	-	-	-	6,898	(9,104,015)	
Net cash (used) for noncapital financing activities	-	(472,112)	(8,638,801)	-	-	-	6,898	(9,104,015)	
Cash flows from capital and related financing activities:									
Capital Grants received - Federal Government	-	-	-	-	-	-	1,084,465	1,084,465	
Proceeds from the sale of assets	-	-	-	-	-	-	-	-	
Purchases, Sales and construction of capital assets	-	1	11,765,363	-	(1)	(1)	(1,084,465)	10,680,898	
Principal paid on capital debt	-	-	-	-	(240,784)	-	-	(240,784)	
Proceeds (payments of) from capital debt	-	-	(3,559,742)	-	-	-	-	(3,559,742)	
Interest paid on capital debt	-	-	-	-	(826,100)	-	-	(826,100)	
Net cash (used) for capital and related financing activities	-	1	8,205,621	-	(1,066,885)	-	-	7,138,737	
Cash flows from investing activities:									
Interest and dividends	39,735	2,012	248,841	45,350	62,575	-	77	398,590	
Purchase/Sale of investments	-	-	-	-	-	-	-	-	
Net cash provided by investing activities	39,735	2,012	248,841	45,350	62,575	-	77	398,590	
Net increase (decrease) in cash and cash equivalents	512,617	(252,328)	60	672,238	1,057,000	-	435,612	2,425,199	
Cash and cash equivalents at beginning of year	515,187	391,188	589,424	2,287,358	1,279,166	-	1,782	2,776,747	
Cash and cash equivalents at end of year	\$ 1,027,804	\$ 138,860	\$ 589,484	\$ 672,238	\$ 2,336,166	\$ -	\$ 437,394	\$ 5,201,946	
Reconciliation of Unrestricted Cash and Restricted Cash									
Cash and Cash Equivalents	\$ 1,017,804	\$ 138,860	\$ -	\$ 2,732,353	\$ 639,612	\$ -	\$ 437,394	\$ 4,966,023	
Restricted Cash and Cash Equivalents	-	254,847	589,484	2,287,358	1,696,553	-	-	4,828,242	
Total Cash and Cash Equivalents	\$ 1,017,804	\$ 393,707	\$ 589,484	\$ 5,019,711	\$ 2,336,165	\$ -	\$ 437,394	\$ 9,794,265	

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, 2007**

	Business Activities	Low Rent Public Housing	Distressed Housing	Public Housing	Housing Choice Vouchers	State/Local	Nonmajor Proprietary Funds	Totals Primary Government
	\$ (112,858)	\$ (388,806)	\$ -	\$ -	\$ 570,589	\$ (298,468)	\$ 9,187	\$ (220,356)
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	57,691	961,800				577,376		1,596,867
Changes in assets and liabilities:								
(Increase) Decrease in Receivables - net	338,552	29,004	179,361			(253,216)	373,301	667,002
(Increase) Decrease in Prepaid expenses	(2,632)	-	-			671,992	-	669,360
(Increase) Decrease in Interprogram due from	(940,907)	(446,982)	5,038			(41,979)	332,644	(1,092,186)
(Increase) Decrease in Noncurrent Notes Receivable	(34,435)	-	-			8,726	-	(25,709)
(Increase) Decrease in Restricted Assets		(254,847)	-			-	-	(254,847)
Increase (Decrease) in Accounts payable	1,203,440	599,758	-			-	-	1,803,198
Increase (Decrease) in Accrued expenses	(8,310)	-	-			(384)	-	(8,694)
Increase (Decrease) in Other liabilities	(5,000)	24,832	-		(3,566)	203,719	-	219,985
Increase (Decrease) in intergovernmental payables	-	(244,116)	-		-	(7,690)	(29,551)	(281,357)
Increase (Decrease) in Interprogram due to	-	(62,872)	-		109,176	1,201,234	(256,944)	990,594
Increase (Decrease) in Noncurrent liabilities	(22,659)	-	-		(49,311)	-	-	(71,970)
Net cash provided (used) by operating activities	\$ 472,882	\$ 217,771	\$ 184,399	\$ -	\$ 626,888	\$ 2,061,310	\$ 428,637	\$ 3,991,887

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

## ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007**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 interfund 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 - Continued  
FOR THE YEAR ENDED DECEMBER 31, 2007**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 Section 8 Certificate, Section 8 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 - Continued  
FOR THE YEAR ENDED DECEMBER 31, 2007**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, 2007**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.

## ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS - Continued  
FOR THE YEAR ENDED DECEMBER 31, 2007**NOTE 2: DEPOSITS & INVESTMENTS**

Deposits - At year end, the carrying amount of deposits with banks and savings institutions was \$9,794,265. Of the bank balance, \$200,000 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.

Investments – As of December 31, 2007, the Authority has 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, 2007, 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 and 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, 2007**NOTE 3: RECEIVABLES**

Receivables as of December 31, 2007, 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	Revitalization of Severely Distressed Public Housing	Housing Choice Vouchers	State/ Local Funds	Nonmajor Proprietary Funds	Total
Receivables							
Tenants	\$ -	359,827	\$ -	\$ -	485,552	\$ -	845,379
Intergovernmental	-	-	-	-	37,643	2,107,456	2,145,099
Miscellaneous	311,598	62,099	-	-	33,288	4,813	411,798
Notes, Loans and Mortgages - Curr.	-	-	-	-	-	-	-
Gross Receivables	311,598	421,926	0	0	556,483	2,112,269	3,402,276
Less: Allowance for Uncollectibles	-	(130,546)	-	-	(118,821)	-	(249,367)
Net Total Receivables	\$311,598	\$291,380	\$0	\$0	\$437,662	\$2,112,269	\$3,152,909

**NOTE 4: DEFERRED CHARGES**

Deferred charges at December 31, 2007, consisted of the following:

Prepaid insurance & expenses	\$ 184,006
Prepaid health insurance	29,743
Prepaid postage	<u>4,788</u>
	<u>\$ 218,537</u>

**NOTE 5: MORTGAGES AND NOTES RECEIVABLE AND OTHER ASSETS**

At December 31, 2007 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	\$ 8,908,252
Business Activities	7,365,428
Business Activities – Other Assets	<u>239,950</u>
Total Notes Receivable – noncurrent	<u>\$ 16,513,630</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, 2007 were \$5,215,061 with accrued interest of \$183,449 for a total of \$5,398,510. There were no amounts considered to be

## ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS - Continued  
FOR THE YEAR ENDED DECEMBER 31, 2007**NOTE 5: MORTGAGES AND NOTES RECEIVABLE - (Cont.)**

current 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, 2007 was 3,714,528 with accrued interest of \$162,200 for a total Authority HOPE VI loan in the amount of \$3,876,728 at December 31, 2007. 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, 2007 was \$2,772,370 with accrued interest of \$242,687 for a total Authority loan in the amount of \$1,573,944 at December 31, 2007. 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.

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 of \$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, 2007. The total accrued interest at December 31, 2007 was \$478,412, for a total long-term notes receivable balance of \$7,365,428. All operating deficit advances are due from the Limited Partnership on April 1, 2011.

Changes in Notes Receivable balances are as follows:

Balance at December 31, 2006	\$ 12,729,503
HOPE VI notes issued	3,260,901
HOPE VI interest earned on notes	248,841
Business Activities interest earned on notes	<u>34,435</u>
Balance at December 31, 2007	<u>\$ 16,273,680</u>

## ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS - Continued  
FOR THE YEAR ENDED DECEMBER 31, 2007**NOTE 5: CAPITAL ASSETS**

Land, structures and equipment consist of the following at December 31, 2007:

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Enterprise Activities</b>				
<b>Capital Assets not being depreciated</b>				
Land	\$ 19,063,637	\$ -	\$(10,921,933)	\$ 8,141,704
Construction in progress	5,270,079	1,084,465	(843,430)	5,511,114
<b>Total capital assets not being depreciated</b>	<u>24,333,716</u>	<u>1,084,465</u>	<u>(11,765,363)</u>	<u>13,652,818</u>
Buildings & improvements	52,785,083	-	(1)	52,785,082
Furniture & equipment	574,958	1	-	574,959
<b>Total capital assets being depreciated</b>	<u>53,360,041</u>	<u>1</u>	<u>(1)</u>	<u>53,360,041</u>
Less accumulated depreciation for:				-
Buildings & improvements	32,823,607	1,596,867	-	34,420,474
Furniture & equipment	574,958	-	-	574,958
<b>Total accumulated depreciation</b>	<u>33,398,565</u>	<u>1,596,867</u>	<u>-</u>	<u>34,995,432</u>
<b>Total capital assets being depreciated</b>	<u>19,961,476</u>			<u>18,364,609</u>
<b>Enterprise activity capital assets, net</b>	<u>\$ 44,295,192</u>			<u>\$ 32,017,427</u>

**NOTE 6: ACCOUNTS PAYABLE**

Accounts payable at December 31, 2007, consisted of the following:

Vendors & contractors	\$ 262,891
Payments in lieu of taxes – City of Alexandria	68,310
Accounts payable – U.S. Dept. of Labor	14,352
HUD	597,744
Managed Partnership Sites	667,040
Cameron Valley Managed Sites	430,336
Tenant security deposits	424,356
	<u>\$ 2,465,029</u>

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

Accrued expenses and other current liabilities at December 31, 2007, consisted of the following:

Accrued salary payable	\$ 109,113
Accrued compensated absences – current portion	69,052
Accrued interest payable	21,714
Unearned revenue – prepaid rents	232,207
Unearned revenue – governmental advances	71,160
Current portion of long-term debt	254,360
Contract Retention	495,000
	<u>\$ 1,252,606</u>

## ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS - Continued  
FOR THE YEAR ENDED DECEMBER 31, 2007**NOTE 8: 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, 2007, was 5% of annual covered payroll.

c. Annual Pension Cost

For 2007, ARHA's annual pension cost of \$149,017 was equal to the required and actual contributions. The required contribution was determined as part of the June 30, 2007 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 5.60% per year, and (c) 2.5% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 3%. 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.

## ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS - Continued  
FOR THE YEAR ENDED DECEMBER 31, 2007**NOTE 8: DEFINED BENEFIT PENSION PLAN - (Cont.)**

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, 2005	\$ 155,533	100%	None
December 31, 2006	149,017	100%	None
December 31, 2007	149,017	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, 2005	8,001,342	8,236,630	235,288	97.14%	2,791,070	8.43%
June 30, 2006	8,404,567	8,137,648	< 266,919 >	103.28%	2,980,338	<8.96%>
June 30, 2007	9,331,046	9,306,370	< 24,676 >	100.27%	2,889,447	<0.85%>

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, 2007**NOTE 9: CONTINGENCIES AND OTHER MATTERS**a. Litigation and Other Matters

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

b. Grants

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

The Component Unit has received no grant funds.

**NOTE 10: IMPAIRMENT OF CAPITAL ASSETS**

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

**NOTE 11: PRIOR PERIOD ADJUSTMENT**

Prior period adjustments are the net effect of changes resulting from the correction of an error. Because such amounts are the product of errors from a prior period, they are not properly included as part of the results of operations of the current period, even though they are reported in the current period. Instead, such adjustments are properly reported as a direct adjustment to Beginning Net Assets to restate that amount to what it would have been had the error not occurred. The prior period adjustments are detailed on the Statement of Activities, and are to correct the recording of HOPE VI contributions to the partnerships as assets of the PHA. It has been decided that the portion owned by the PHA, .001%, of the partnership's assets are not sufficient to record those assets as part of the PHA's assets. The amount of this adjustment was \$(8,638,801). Within the Public Housing program the \$(472,112) prior year adjustments dealt with a final settlement on a prior year Housing Assistance Payments (HAP) issue related to the Glebe Park and Jefferson Village projects. The PHA agreed to pay these sums back to HUD for overpayment of HAP funding in fiscal year 2003. In addition, the Section-8 Moderate Rehabilitation program had prior year adjustments to HUD Revenue in the amount of \$6,898

**NOTE 12: 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, 2007 is as follows:

## ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS - Continued  
FOR THE YEAR ENDED DECEMBER 31, 2007**NOTE 12: INVESTMENT IN OPERATING PARTNERSHIPS – (Cont.)**

	<u>Cameron Valley, L.P.</u>
<u>Balance Sheet</u>	
Total Current Assets	\$ 794,511
Total Net Fixed Assets	5,088,654
Total Other Assets	<u>143,903</u>
 TOTAL Assets	 <u>\$ 6,027,068</u>
Total Current Liabilities	\$ 92,653
Total Other Liabilities	11,550,872
Total Partners Capital	<u>&lt; 5,616,457&gt;</u>
 TOTAL Liabilities & Partners Capital	 <u>\$ 6,027,068</u>
<u>Income Statement</u>	
Rental Income	\$ 836,498
Other Income	<u>17,132</u>
 TOTAL Income	 853,630
 TOTAL Expenses	 <u>&lt; 1,154,761&gt;</u>
 Net Income <Loss>	 < 301,131>
 Capital Contributions	 0
 Beginning Capital	 <u>&lt; 5,315,326&gt;</u>
 TOTAL CAPITAL	 <u>\$ &lt; 5,616,457 &gt;</u>

## ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS - Continued  
FOR THE YEAR ENDED DECEMBER 31, 2007**NOTE 13: NET ASSETS**

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

**NOTE 14: 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, 2007 was \$2,601,298.

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
2008	55,030.00	257,653.00	312,683.00
2009	60,792.00	251,891.00	312,683.00
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
2013-2017	557,150.00	1,006,264.00	1,563,414.00
2018-2022	916,989.00	646,424.00	1,563,413.00
2023-2025	788,030.00	123,961.00	911,991.00
	<u>2,601,298.00</u>	<u>3,000,935.00</u>	<u>5,602,233.00</u>

**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.



ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY  
ALEXANDRIA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS - Continued  
TWELVE MONTHS ENDED DECEMBER 31, 2007

**NOTE 14: LONG TERM DEBT – (Cont.)**

**Jefferson Village (Cont.)** - 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 at December 31, 2007 was \$5,200,000.

Principal payments required:

Year	Principal	Interest	Totals
2008	100,000.00	515,505.00	615,505.00
2009	100,000.00	504,900.00	604,900.00
2010	100,000.00	495,000.00	595,000.00
2011	100,000.00	485,100.00	585,100.00
2012	100,000.00	476,502.00	576,502.00
2013-2017	500,000.00	2,228,693.00	2,728,693.00
2018	4,200,000.00	415,800.00	4,615,800.00
<b>Totals</b>	<b>5,200,000.00</b>	<b>5,121,500.00</b>	<b>10,321,500.00</b>

**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, 2007 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.

Principal payments required:

Year	Principal	Interest	Totals
2008	99,330.00	491,725.00	591,055.00
2009	108,457.00	482,598.00	591,055.00
2010	118,423.00	472,632.00	591,055.00
2011	129,304.00	461,751.00	591,055.00
2012	141,186.00	449,869.00	591,055.00
2013-2017	926,070.00	2,029,205.00	2,955,275.00
2018-2022	1,437,248.00	1,518,027.00	2,955,275.00
2023-2027	2,230,591.00	724,684.00	2,955,275.00
2028	427,414.00	15,876.00	443,290.00
<b>Totals</b>	<b>5,618,023.00</b>	<b>6,646,367.00</b>	<b>12,264,390.00</b>

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY  
ALEXANDRIA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS – Continued  
TWELVE MONTHS ENDED DECEMBER 31, 2007

**NOTE 14: LONG TERM DEBT – (Cont.)**

**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, 2007, all advances had been paid back out of tax credit proceeds.

**NOTE 15: INTERFUND BALANCES**

The Authority had the following interfund balances at December 31, 2007:

	<u>Due From</u>	<u>Due To</u>
Business Activities	\$ 3,516,213	\$ -
Low Rent		
Public Housing	1,655,187	584,205
Revitalization of		
Severely Distressed		
Public Housing	2,130,314	-
Housing Choice Vouchers	-	884,016
State/Local Funds	4,865,086	8,624,399
Nonmajor Proprietary Funds	138,096	2,212,276
	<u>                    </u>	<u>                    </u>
Total	<u>\$12,304,896</u>	<u>\$12,304,896</u>

Interfund balances have been eliminated in the combined financial statements.

**NOTE 16: ECONOMIC DEPENDENCY**

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

**NOTE 17: CONTINGENCIES:**

The entity is subject to possible examinations made by federal regulators who determine compliance with terms, conditions, laws and regulations governing grants given to the entity in the current and prior years. These examinations may result in required refunds by the entity to federal grantors and/or program beneficiaries. There are currently lawsuits ongoing; however, there are no amounts which are deemed as contingent liabilities which should be disclosed or accrued in the financial statements. Subsequent to the balance sheet date the PHA was in the process of settling a lawsuit with a prior finance director 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

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY  
ALEXANDRIA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS - Continued  
TWELVE MONTHS ENDED DECEMBER 31, 2007

**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 - \$3,714,528 loan with accrued interest of \$162,200 for a total Authority HOPE VI loan in the amount of \$3,876,728 at December 31, 2007.
- Note Receivable from Braddock Whiting Reynolds, LLC - \$2,772,370 loan with accrued interest of \$242,687 for a total Authority loan in the amount of \$3,015,057 at December 31, 2007.
- Notes Receivable from Chatham Square, LLC - \$1,900,000 loan with accrued interest of \$75,642 for a total Authority HOPE VI loan in the amount of \$1,975,642 at December 31, 2007.
- Note Receivable from the Cameron Valley Limited Partnership - \$6,887,016 loan with accrued interest of \$478,412, for a total long-term notes receivable balance of \$7,365,428 at December 31, 2007.
- ARHA is entered into a joint venture with Madden AUOE Limited Partnership and Mid-City Urban LLC. On January 1, 2007, 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, 2007, was \$42,215.

**NOTE 19: 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, 2007

**NOTE 20: SUBSEQUENT EVENTS**

There were no material subsequent events which require disclosure at December 31, 2007.

**NOTE 21: 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**

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

FINANCIAL DATA SCHEDULE SUBMITTED TO HUD – REAC  
FOR THE YEAR ENDED DECEMBER 31, 2007

PHA: VA004 FYED: 12/31/2007

Line Item No.	Account Description	Business Activities	Housing Opportunities for Persons with AIDS	Low Rent Public Housing	Public and Indian Housing Drug Elimination Program	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitat VA004MR0001	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitat VA004MR0002	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitat VA004MR0003
111	Cash - Unrestricted	\$1,017,804	\$0	\$138,860	\$0	\$437,394	\$0	\$0
112	Cash - Restricted - Modernization and Development	\$0	\$0	\$0	\$0	\$0	\$0	\$0
113	Cash - Other Restricted	\$0	\$0	\$0	\$0	\$0	\$0	\$0
114	Cash - Tenant Security Deposits	\$0	\$0	\$254,847	\$0	\$0	\$0	\$0
100	Total Cash	\$1,017,804	\$0	\$393,707	\$0	\$437,394	\$0	\$0
122	Accounts Receivable - HUD Other Projects	\$0	\$0	\$0	\$0	\$40,353	\$30,711	\$19,259
124	Accounts Receivable - Other Government	\$0	\$136,670	\$0	\$0	\$0	\$0	\$0
125	Accounts Receivable - Miscellaneous	\$311,598	\$0	\$62,099	\$0	\$0	\$0	\$0
126	Accounts Receivable - Tenants - Dwelling Rents	\$0	\$0	\$359,827	\$0	\$0	\$0	\$0
126.1	Allowance for Doubtful Accounts - Dwelling Rents	\$0	\$0	\$-130,546	\$0	\$0	\$0	\$0
126.2	Allowance for Doubtful Accounts - Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0
120	Total Receivables, net of allowances for doubtful accounts	\$311,598	\$136,670	\$291,380	\$0	\$40,353	\$30,711	\$19,259
132	Investments Restricted	\$0	\$0	\$0	\$0	\$0	\$0	\$0
142	Prepaid Expenses and Other Assets	\$218,537	\$0	\$0	\$0	\$0	\$0	\$0
144	Interprogram Due From	\$3,516,213	\$0	\$1,655,187	\$57,397	\$0	\$0	\$0
150	Total Current Assets	\$5,064,152	\$136,670	\$2,340,274	\$57,397	\$477,747	\$30,711	\$19,259
161	Land	\$0	\$0	\$3,862,268	\$0	\$0	\$0	\$0
168	Infrastructure	\$0	\$0	\$0	\$0	\$0	\$0	\$0
162	Buildings	\$1,992,318	\$0	\$36,426,344	\$0	\$0	\$0	\$0
164	Furniture, Equipment & Machinery - Administration	\$0	\$0	\$80,468	\$0	\$0	\$0	\$0
166	Accumulated Depreciation	\$-1,209,805	\$0	\$-23,384,886	\$0	\$0	\$0	\$0
167	Construction in Progress	\$0	\$0	\$0	\$0	\$0	\$0	\$0
160	Total Fixed Assets, Net of Accumulated Depreciation	\$782,513	\$0	\$16,984,194	\$0	\$0	\$0	\$0
171	Notes, Loans, & Mortgages Receivable - Non Current	\$7,365,428	\$0	\$0	\$0	\$0	\$0	\$0
174	Other Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0
180	Total Non-Current Assets	\$8,147,941	\$0	\$16,984,194	\$0	\$0	\$0	\$0
190	Total Assets	\$13,212,093	\$136,670	\$19,324,468	\$57,397	\$477,747	\$30,711	\$19,259

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

FINANCIAL DATA SCHEDULE SUBMITTED TO HUD – REAC  
FOR THE YEAR ENDED DECEMBER 31, 2007

PHA: VA004 FYED: 12/31/2007

Line Item No.	Account Description	Business Activities	Housing Opportunities for Persons with AIDS	Low Rent Public Housing	Public and Indian Housing Drug Elimination Program	Lower Income Housing Assistance Program_Section 8 Moderate Rehabilitat VA004MR0001	Lower Income Housing Assistance Program_Section 8 Moderate Rehabilitat VA004MR0002	Lower Income Housing Assistance Program_Section 8 Moderate Rehabilitat VA004MR0003
312	Accounts Payable <= 90 Days	\$262,891	\$0	\$0	\$0	\$0	\$0	\$0
321	Accrued Wage/Payroll Taxes Payable	\$109,113	\$0	\$0	\$0	\$0	\$0	\$0
322	Accrued Compensated Absences - Current Portion	\$69,052	\$0	\$0	\$0	\$0	\$0	\$0
325	Accrued Interest Payable	\$0	\$0	\$0	\$0	\$0	\$0	\$0
331	Accounts Payable - HUD PHA Programs	\$1,097,376	\$0	\$540,347	\$57,397	\$0	\$0	\$0
332	Accounts Payable - PHA Projects	\$0	\$0	\$0	\$0	\$0	\$0	\$0
333	Accounts Payable - Other Government	\$0	\$0	\$59,411	\$0	\$0	\$0	\$0
341	Tenant Security Deposits	\$0	\$0	\$254,847	\$0	\$0	\$0	\$0
342	Deferred Revenues	\$0	\$0	\$58,434	\$0	\$0	\$0	\$0
343	Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	\$0	\$0	\$0	\$0	\$0	\$0	\$0
346	Accrued Liabilities - Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0
347	Interprogram Due To	\$0	\$125,133	\$584,205	\$0	\$156,710	\$30,711	\$19,259
310	Total Current Liabilities	\$1,538,432	\$125,133	\$1,497,244	\$57,397	\$156,710	\$30,711	\$19,259
351	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue Bonds	\$0	\$0	\$0	\$0	\$0	\$0	\$0
354	Accrued Compensated Absences - Non Current	\$276,208	\$0	\$0	\$0	\$0	\$0	\$0
353	Noncurrent Liabilities - Other	\$275,590	\$0	\$18,423	\$0	\$8,648	\$0	\$0
350	Total Noncurrent Liabilities	\$551,798	\$0	\$18,423	\$0	\$8,648	\$0	\$0
300	Total Liabilities	\$2,090,230	\$125,133	\$1,515,667	\$57,397	\$165,358	\$30,711	\$19,259
508	Total Contributed Capital	\$0	\$0	\$0	\$0	\$0	\$0	\$0
508.1	Invested in Capital Assets, Net of Related Debt	\$782,513	\$0	\$16,984,194	\$0	\$0	\$0	\$0
511	Total Reserved Fund Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0
511.1	Restricted Net Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0
512.1	Unrestricted Net Assets	\$10,339,350	\$11,537	\$824,607	\$0	\$312,389	\$0	\$0
513	Total Equity/Net Assets	\$11,121,863	\$11,537	\$17,808,801	\$0	\$312,389	\$0	\$0
600	Total Liabilities and Equity/Net Assets	\$13,212,093	\$136,670	\$19,324,468	\$57,397	\$477,747	\$30,711	\$19,259

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

FINANCIAL DATA SCHEDULE SUBMITTED TO HUD – REAC  
FOR THE YEAR ENDED DECEMBER 31, 2007

PHA: VA004 FYED: 12/31/2007

Line Item No.	Account Description	Business Activities	Housing Opportunities for Persons with AIDS	Low Rent Public Housing	Public and Indian Housing Drug Elimination Program	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitat VA004MR0001	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitat VA004MR0002	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitat VA004MR0003
703	Net Tenant Rental Revenue	\$0	\$0	\$1,748,772	\$0	\$0	\$0	\$0
705	Total Tenant Revenue	\$0	\$0	\$1,748,772	\$0	\$0	\$0	\$0
706	HUD PHA Operating Grants	\$0	\$0	\$3,313,692	\$0	\$408,477	\$258,351	\$284,575
706.1	Capital Grants	\$0	\$0	\$0	\$0	\$0	\$0	\$0
711	Investment Income - Unrestricted	\$39,735	\$0	\$2,012	\$0	\$35	\$19	\$21
714	Fraud Recovery	\$0	\$0	\$0	\$0	\$0	\$0	\$0
715	Other Revenue	\$94,499	\$0	\$299,582	\$0	\$0	\$0	\$0
720	Investment Income - Restricted	\$0	\$0	\$0	\$0	\$0	\$0	\$0
700	Total Revenue	\$134,234	\$0	\$5,364,058	\$0	\$408,512	\$258,370	\$284,596

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

FINANCIAL DATA SCHEDULE SUBMITTED TO HUD – REAC  
FOR THE YEAR ENDED DECEMBER 31, 2007

PHA: VA004 FYED: 12/31/2007

Line Item No.	Account Description	Business Activities for Persons with AIDS	Housing Opportunities for Persons with AIDS	Low Rent Public Housing	Public and Indian Housing Drug Elimination Program	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitat VA004MR0001	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitat VA004MR0002	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitat VA004MR0003
911	Administrative Salaries	\$0	\$0	\$1,120,008	\$0	\$29,730	\$16,648	\$17,838
912	Auditing Fees	\$0	\$0	\$33,607	\$0	\$800	\$500	\$500
914	Compensated Absences	\$0	\$0	\$-25,027	\$0	\$0	\$0	\$0
915	Employee Benefit Contributions - Administrative	\$0	\$0	\$322,206	\$0	\$7,432	\$4,162	\$4,460
916	Other Operating - Administrative	\$121,837	\$0	\$374,451	\$0	\$60	\$33	\$36
921	Tenant Services - Salaries	\$0	\$0	\$230,526	\$0	\$0	\$0	\$0
924	Tenant Services - Other	\$0	\$0	\$5,409	\$0	\$0	\$0	\$0
931	Water	\$0	\$0	\$620,923	\$0	\$0	\$0	\$0
932	Electricity	\$0	\$0	\$356,759	\$0	\$0	\$0	\$0
933	Gas	\$14,180	\$0	\$181,394	\$0	\$0	\$0	\$0
941	Ordinary Maintenance and Operations - Labor	\$0	\$0	\$717,563	\$0	\$0	\$0	\$0
942	Ordinary Maintenance and Operations - Materials and Other	\$0	\$0	\$199,135	\$0	\$0	\$0	\$0
943	Ordinary Maintenance and Operations - Contract Costs	\$13,649	\$0	\$641,143	\$0	\$0	\$0	\$0
945	Employee Benefit Contributions - Ordinary Maintenance	\$0	\$0	\$201,175	\$0	\$0	\$0	\$0
953	Protective Services - Other	\$0	\$0	\$3,505	\$0	\$0	\$0	\$0
961	Insurance Premiums	\$0	\$0	\$350,219	\$0	\$0	\$0	\$0
962	Other General Expenses	\$0	\$0	\$386,756	\$0	\$0	\$0	\$0
963	Payments in Lieu of Taxes	\$0	\$0	\$59,411	\$0	\$0	\$0	\$0
967	Interest Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0
969	Total Operating Expenses	\$149,666	\$0	\$5,779,163	\$0	\$38,022	\$21,343	\$22,834
970	Excess Operating Revenue over Operating Expenses	\$-15,432	\$0	\$-415,105	\$0	\$370,490	\$237,027	\$261,762
973	Housing Assistance Payments	\$0	\$0	\$0	\$0	\$367,467	\$234,511	\$258,424
974	Depreciation Expense	\$57,691	\$0	\$961,800	\$0	\$0	\$0	\$0
900	Total Expenses	\$207,357	\$0	\$6,740,963	\$0	\$405,489	\$255,854	\$281,258
1001	Operating Transfers In	\$0	\$0	\$990,111	\$0	\$6,241	\$0	\$0
1002	Operating Transfers Out	\$0	\$0	\$0	\$0	\$0	\$-2,516	\$-3,338
1010	Total Other Financing Sources (Uses)	\$0	\$0	\$990,111	\$0	\$6,241	\$-2,516	\$-3,338
1000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$-73,123	\$0	\$-386,794	\$0	\$9,264	\$0	\$0



ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

FINANCIAL DATA SCHEDULE SUBMITTED TO HUD – REAC  
FOR THE YEAR ENDED DECEMBER 31, 2007

PHA: VA004 FYED: 12/31/2007

Line Item No.	Account Description	Business Activities	Housing Opportunities for Persons with AIDS	Low Rent Public Housing	Public and Indian Housing Drug Elimination Program	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitation VA004MR0001	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitation VA004MR0002	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitation VA004MR0003
1102	Debt Principal Payments - Enterprise Funds	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1103	Beginning Equity	\$11,194,986	\$11,537	\$18,667,707	\$0	\$296,227	\$0	\$0
1104	Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0	\$0	\$-472,112	\$0	\$6,898	\$0	\$0
1120	Unit Months Available	0	0	10,496	0	600	336	360
1121	Number of Unit Months Leased	0	0	9,340	0	522	306	333
1117	Administrative Fee Equity	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1118	Housing Assistance Payments Equity	\$0	\$0	\$0	\$0	\$0	\$0	\$0

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

FINANCIAL DATA SCHEDULE SUBMITTED TO HUD – REAC  
FOR THE YEAR ENDED DECEMBER 31, 2007

PHA: VA004 FYED: 12/31/2007

Line Item No.	Account Description	Lower Income Housing Assistance Program, Section 8 Moderate Rehabilitation VA004MR0004	Public Housing, Comprehensive Grant Program	Revitalization of Severely Distressed Public Housing	Resident Opportunity and Supportive Services	Housing Choice Vouchers	Public Housing Capital Fund Program	Welfare-to-Work Grants to States and Localities
111	Cash - Unrestricted	\$0	\$0	\$0	\$0	\$2,732,353	\$0	\$0
112	Cash - Restricted - Modernization and Development	\$0	\$0	\$589,484	\$0	\$0	\$0	\$0
113	Cash - Other Restricted	\$0	\$0	\$0	\$0	\$2,287,358	\$0	\$0
114	Cash - Tenant Security Deposits	\$0	\$0	\$0	\$0	\$0	\$0	\$0
100	Total Cash	\$0	\$0	\$589,484	\$0	\$5,019,711	\$0	\$0
122	Accounts Receivable - HUD Other Projects	\$7,591	\$1,280,837	\$0	\$0	\$0	\$592,035	\$0
124	Accounts Receivable - Other Government	\$0	\$0	\$0	\$0	\$0	\$0	\$0
125	Accounts Receivable - Miscellaneous	\$0	\$0	\$0	\$0	\$0	\$0	\$4,813
126	Accounts Receivable - Tenants - Dwelling Rents	\$0	\$0	\$0	\$0	\$0	\$0	\$0
126.1	Allowance for Doubtful Accounts - Dwelling Rents	\$0	\$0	\$0	\$0	\$0	\$0	\$0
126.2	Allowance for Doubtful Accounts - Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0
120	Total Receivables, net of allowances for doubtful accounts	\$7,591	\$1,280,837	\$0	\$0	\$0	\$592,035	\$4,813
132	Investments Restricted	\$0	\$0	\$0	\$0	\$0	\$0	\$0
142	Prepaid Expenses and Other Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0
144	Interprogram Due From	\$0	\$0	\$2,130,314	\$71,160	\$0	\$0	\$9,539
150	Total Current Assets	\$7,591	\$1,280,837	\$2,719,798	\$71,160	\$5,019,711	\$592,035	\$14,352
161	Land	\$0	\$0	\$0	\$0	\$0	\$0	\$0
168	Infrastructure	\$0	\$0	\$0	\$0	\$0	\$0	\$0
162	Buildings	\$0	\$0	\$0	\$0	\$0	\$0	\$0
164	Furniture, Equipment & Machinery - Administration	\$0	\$0	\$0	\$0	\$198,975	\$0	\$0
166	Accumulated Depreciation	\$0	\$0	\$0	\$0	\$-198,975	\$0	\$0
167	Construction In Progress	\$0	\$973,755	\$0	\$0	\$0	\$4,537,359	\$0
160	Total Fixed Assets, Net of Accumulated Depreciation	\$0	\$973,755	\$0	\$0	\$0	\$4,537,359	\$0
171	Notes, Loans, & Mortgages Receivable - Non Current	\$0	\$0	\$8,908,252	\$0	\$0	\$0	\$0
174	Other Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0
180	Total Non-Current Assets	\$0	\$973,755	\$8,908,252	\$0	\$0	\$4,537,359	\$0
190	Total Assets	\$7,591	\$2,254,592	\$11,628,050	\$71,160	\$5,019,711	\$5,129,394	\$14,352

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

FINANCIAL DATA SCHEDULE SUBMITTED TO HUD – REAC  
FOR THE YEAR ENDED DECEMBER 31, 2007

PHA: VA004 FYED: 12/31/2007

Line Item No.	Account Description	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitation VA004MR0004	Public Housing Comprehensive Grant Program	Revitalization of Severely Distressed Public Housing	Resident Opportunity and Supportive Services	Housing Choice Vouchers	Public Housing Capital Fund Program	Weifare-to-Work Grants to States and Localities
312	Accounts Payable <= 90 Days	\$0	\$0	\$0	\$0	\$0	\$0	\$0
321	Accrued Wage/Payroll Taxes Payable	\$0	\$0	\$0	\$0	\$0	\$0	\$0
322	Accrued Compensated Absences - Current Portion	\$0	\$0	\$0	\$0	\$0	\$0	\$0
325	Accrued Interest Payable	\$0	\$0	\$0	\$0	\$0	\$0	\$0
331	Accounts Payable - HUD PHA Programs	\$0	\$0	\$0	\$0	\$0	\$0	\$0
332	Accounts Payable - PHA Projects	\$0	\$0	\$0	\$0	\$0	\$0	\$0
333	Accounts Payable - Other Government	\$0	\$0	\$0	\$0	\$0	\$0	\$14,352
341	Tenant Security Deposits	\$0	\$0	\$0	\$0	\$0	\$0	\$0
342	Deferred Revenues	\$0	\$0	\$0	\$71,160	\$0	\$0	\$0
343	Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	\$0	\$0	\$0	\$0	\$0	\$0	\$0
346	Accrued Liabilities - Other	\$0	\$0	\$495,000	\$0	\$0	\$0	\$0
347	Interprogram Due To	\$7,591	\$1,280,837	\$0	\$0	\$884,016	\$592,035	\$0
310	Total Current Liabilities	\$7,591	\$1,280,837	\$495,000	\$71,160	\$884,016	\$592,035	\$14,352
351	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue Bonds	\$0	\$0	\$0	\$0	\$0	\$0	\$0
354	Accrued Compensated Absences - Non Current	\$0	\$0	\$0	\$0	\$0	\$0	\$0
353	Noncurrent Liabilities - Other	\$0	\$0	\$0	\$0	\$188,988	\$0	\$0
350	Total Noncurrent Liabilities	\$0	\$0	\$0	\$0	\$188,988	\$0	\$0
300	Total Liabilities	\$7,591	\$1,280,837	\$495,000	\$71,160	\$1,073,004	\$592,035	\$14,352
508	Total Contributed Capital	\$0	\$0	\$0	\$0	\$0	\$0	\$0
508.1	Invested in Capital Assets, Net of Related Debt	\$0	\$973,755	\$0	\$0	\$0	\$4,537,359	\$0
511	Total Reserved Fund Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0
511.1	Restricted Net Assets	\$0	\$0	\$11,133,050	\$0	\$2,081,350	\$0	\$0
512.1	Unrestricted Net Assets	\$0	\$0	\$0	\$0	\$1,865,357	\$0	\$0
513	Total Equity/Net Assets	\$0	\$973,755	\$11,133,050	\$0	\$3,946,707	\$4,537,359	\$0
600	Total Liabilities and Equity/Net Assets	\$7,591	\$2,254,592	\$11,628,050	\$71,160	\$5,019,711	\$5,129,394	\$14,352

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

FINANCIAL DATA SCHEDULE SUBMITTED TO HUD – REAC  
FOR THE YEAR ENDED DECEMBER 31, 2007

PHA: VA004 FYED: 12/31/2007

Line Item No.	Account Description	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitation VA004MR0004	Public Housing Comprehensive Grant Program	Revitalization of Severely Distressed Public Housing	Resident Opportunity and Supportive Services	Housing Choice Vouchers	Public Housing Capital Fund Program	Welfare-to-Work Grants to States and Localities
703	Net Tenant Rental Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0
705	Total Tenant Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0
706	HUD PHA Operating Grants	\$30,804	\$0	\$166,809	\$0	\$17,422,809	\$779,738	\$0
706.1	Capital Grants	\$0	\$0	\$0	\$0	\$0	\$1,084,465	\$0
711	Investment Income - Unrestricted	\$2	\$0	\$0	\$0	\$12,368	\$0	\$0
714	Fraud Recovery	\$0	\$0	\$0	\$0	\$38,825	\$0	\$0
715	Other Revenue	\$0	\$0	\$0	\$0	\$56,959	\$0	\$0
720	Investment Income - Restricted	\$0	\$0	\$248,841	\$0	\$32,982	\$0	\$0
700	Total Revenue	\$30,806	\$0	\$415,650	\$0	\$17,563,943	\$1,864,203	\$0

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

FINANCIAL DATA SCHEDULE SUBMITTED TO HUD -- REAC  
FOR THE YEAR ENDED DECEMBER 31, 2007

PHA: VA004 FYED: 12/31/2007

Line Item No.	Account Description	Lower Income Housing Assistance Program, Section 8 Moderate Rehabilitation VA004MR0004	Public Housing Comprehensive Grant Program	Revitalization of Severely Distressed Public Housing	Resident Opportunity and Supportive Services	Housing Choice Vouchers	Public Housing Capital Fund Program	Welfare-to-Work Grants to States and Localities
911	Administrative Salaries	\$1,784	\$0	\$0	\$0	\$837,715	\$24,107	\$0
912	Auditing Fees	\$200	\$0	\$0	\$0	\$8,613	\$0	\$0
914	Compensated Absences	\$0	\$0	\$0	\$0	\$-3,296	\$0	\$0
915	Employee Benefit Contributions - Administrative	\$446	\$0	\$0	\$0	\$216,925	\$28,332	\$0
916	Other Operating - Administrative	\$4	\$0	\$166,809	\$0	\$130,032	\$3,174	\$0
921	Tenant Services - Salaries	\$0	\$0	\$0	\$0	\$0	\$0	\$0
924	Tenant Services - Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0
931	Water	\$0	\$0	\$0	\$0	\$0	\$0	\$0
932	Electricity	\$0	\$0	\$0	\$0	\$0	\$0	\$0
933	Gas	\$0	\$0	\$0	\$0	\$1,304	\$0	\$0
941	Ordinary Maintenance and Operations - Labor	\$0	\$0	\$0	\$0	\$0	\$0	\$0
942	Ordinary Maintenance and Operations - Materials and Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0
943	Ordinary Maintenance and Operations - Contract Costs	\$0	\$0	\$0	\$0	\$615	\$0	\$0
945	Employee Benefit Contributions - Ordinary Maintenance	\$0	\$0	\$0	\$0	\$30,460	\$198,417	\$0
953	Protective Services - Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0
961	Insurance Premiums	\$0	\$0	\$0	\$0	\$213	\$0	\$0
962	Other General Expenses	\$0	\$0	\$0	\$0	\$35,789	\$0	\$0
963	Payments in Lieu of Taxes	\$0	\$0	\$0	\$0	\$83,691	\$0	\$0
967	Interest Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0
969	Total Operating Expenses	\$2,434	\$0	\$166,809	\$0	\$1,342,061	\$254,030	\$0
970	Excess Operating Revenue over Operating Expenses	\$28,372	\$0	\$248,841	\$0	\$16,221,882	\$1,610,173	\$0
973	Housing Assistance Payments	\$27,985	\$0	\$0	\$0	\$15,605,943	\$0	\$0
974	Depreciation Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0
900	Total Expenses	\$30,419	\$0	\$166,809	\$0	\$16,948,004	\$254,030	\$0
1001	Operating Transfers In	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1002	Operating Transfers Out	\$-387	\$0	\$0	\$0	\$0	\$-525,708	\$0
1010	Total Other Financing Sources (Uses)	\$-387	\$0	\$0	\$0	\$0	\$-525,708	\$0
1000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$0	\$0	\$248,841	\$0	\$615,939	\$1,084,465	\$0

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

FINANCIAL DATA SCHEDULE SUBMITTED TO HUD – REAC  
FOR THE YEAR ENDED DECEMBER 31, 2007

PHA: VA004 FYED: 12/31/2007

Line Item No.	Account Description	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitation VA004MR0004	Public Housing Grant Program	Revitalization of Severely Distressed Public Housing	Resident Opportunity and Supportive Services	Housing Choice Vouchers	Public Housing Capital Fund Program	Welfare-to-Work Grants to States and Localities
1102	Debt Principal Payments - Enterprise Funds	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1103	Beginning Equity	\$0	\$973,755	\$19,523,010	\$0	\$3,330,768	\$3,452,894	\$0
1104	Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0	\$0	\$-8,638,801	\$0	\$0	\$0	\$0
1120	Unit Months Available	36	0	0	0	20,664	0	0
1121	Number of Unit Months Leased	34	0	0	0	16,507	0	0
1117	Administrative Fee Equity	\$0	\$0	\$0	\$0	\$1,865,357	\$0	\$0
1118	Housing Assistance Payments Equity	\$0	\$0	\$0	\$0	\$2,081,350	\$0	\$0

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

FINANCIAL DATA SCHEDULE SUBMITTED TO HUD – REAC  
FOR THE YEAR ENDED DECEMBER 31, 2007

PHA: VA004 FYED: 12/31/2007

Line Item No.	Account Description	State/Local	Total
111	Cash - Unrestricted	\$639,612	\$4,966,023
112	Cash - Restricted - Modernization and Development	\$0	\$589,484
113	Cash - Other Restricted	\$1,527,044	\$3,814,402
114	Cash - Tenant Security Deposits	\$169,509	\$424,356
100	Total Cash	\$2,336,165	\$9,794,265
122	Accounts Receivable - HUD Other Projects	\$0	\$1,970,786
124	Accounts Receivable - Other Government	\$37,643	\$174,313
125	Accounts Receivable - Miscellaneous	\$33,288	\$411,798
126	Accounts Receivable - Tenants - Dwelling Rents	\$485,552	\$845,379
126.1	Allowance for Doubtful Accounts - Dwelling Rents	\$-118,821	\$-249,367
126.2	Allowance for Doubtful Accounts - Other	\$0	\$0
120	Total Receivables, net of allowances for doubtful accounts	\$437,662	\$3,152,909
142	Prepaid Expenses and Other Assets	\$0	\$218,537
144	Interprogram Due From	\$4,865,086	\$12,304,896
150	Total Current Assets	\$7,638,913	\$25,470,607
161	Land	\$4,279,436	\$8,141,704
168	Infrastructure	\$0	\$0
162	Buildings	\$14,366,420	\$52,785,082
164	Furniture, Equipment & Machinery - Administration	\$295,516	\$574,959
166	Accumulated Depreciation	\$-10,201,766	\$-34,995,432
167	Construction In Progress	\$0	\$5,511,114
160	Total Fixed Assets, Net of Accumulated Depreciation	\$8,739,606	\$32,017,427
171	Notes, Loans, & Mortgages Receivable - Non Current	\$0	\$16,273,680
174	Other Assets	\$239,950	\$239,950
180	Total Non-Current Assets	\$8,979,556	\$48,531,057
190	Total Assets	\$16,618,469	\$74,001,664

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

FINANCIAL DATA SCHEDULE SUBMITTED TO HUD – REAC  
FOR THE YEAR ENDED DECEMBER 31, 2007

PHA: VA004 FYED: 12/31/2007

Line Item No.	Account Description	State/Local	Total
312	Accounts Payable <= 90 Days	\$0	\$262,891
321	Accrued Wage/Payroll Taxes Payable	\$0	\$109,113
322	Accrued Compensated Absences - Current Portion	\$0	\$69,052
325	Accrued Interest Payable	\$21,714	\$21,714
331	Accounts Payable - HUD PHA Programs	\$0	\$597,744
332	Accounts Payable - PHA Projects	\$0	\$1,097,376
333	Accounts Payable - Other Government	\$8,899	\$82,662
341	Tenant Security Deposits	\$169,509	\$424,356
342	Deferred Revenues	\$173,773	\$303,367
343	Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	\$254,360	\$254,360
346	Accrued Liabilities - Other	\$0	\$495,000
347	Interprogram Due To	\$8,624,399	\$12,304,896
310	Total Current Liabilities	\$9,252,654	\$16,022,531
351	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue Bonds	\$13,164,961	\$13,164,961
354	Accrued Compensated Absences - Non Current	\$0	\$276,208
353	Noncurrent Liabilities - Other	\$0	\$491,649
350	Total Noncurrent Liabilities	\$13,164,961	\$13,932,818
300	Total Liabilities	\$22,417,615	\$29,955,349
508	Total Contributed Capital	\$0	\$0
508.1	Invested in Capital Assets, Net of Related Debt	\$-4,679,715	\$18,598,106
511	Total Reserved Fund Balance	\$0	\$0
511.1	Restricted Net Assets	\$1,527,044	\$14,741,444
512.1	Unrestricted Net Assets	\$-2,646,475	\$10,706,765
513	Total Equity/Net Assets	\$-5,799,146	\$44,046,315
600	Total Liabilities and Equity/Net Assets	\$16,618,469	\$74,001,664



ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

FINANCIAL DATA SCHEDULE SUBMITTED TO HUD -- REAC  
FOR THE YEAR ENDED DECEMBER 31, 2007

PHA: **VA004** FYED: **12/31/2007**

Line Item No.	Account Description	State/Local	Total
703	Net Tenant Rental Revenue	\$1,818,397	\$3,567,169
705	Total Tenant Revenue	\$1,818,397	\$3,567,169
706	HUD PHA Operating Grants	\$0	\$22,665,255
706.1	Capital Grants	\$0	\$1,084,465
711	Investment Income - Unrestricted	\$17,764	\$71,956
714	Fraud Recovery	\$0	\$38,825
715	Other Revenue	\$21,213	\$472,253
720	Investment Income - Restricted	\$44,811	\$326,634
700	Total Revenue	\$1,902,185	\$28,226,557

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

FINANCIAL DATA SCHEDULE SUBMITTED TO HUD – REAC  
FOR THE YEAR ENDED DECEMBER 31, 2007

PHA: VA004	FYED: 12/31/2007	Line Item No.	Account Description	State/Local	Total
		911	Administrative Salaries	\$53,429	\$2,101,259
		912	Auditing Fees	\$0	\$44,220
		914	Compensated Absences	\$0	\$-28,323
		915	Employee Benefit Contributions - Administrative	\$37,531	\$621,494
		916	Other Operating - Administrative	\$150,660	\$947,096
		921	Tenant Services - Salaries	\$0	\$230,526
		924	Tenant Services - Other	\$1,539	\$6,948
		931	Water	\$231,575	\$852,498
		932	Electricity	\$22,255	\$379,014
		933	Gas	\$29,354	\$226,232
		941	Ordinary Maintenance and Operations - Labor	\$122,130	\$839,693
		942	Ordinary Maintenance and Operations - Materials and Other	\$27,137	\$226,887
		943	Ordinary Maintenance and Operations - Contract Costs	\$124,718	\$1,008,387
		945	Employee Benefit Contributions - Ordinary Maintenance	\$26,099	\$227,274
		953	Protective Services - Other	\$99	\$3,817
		961	Insurance Premiums	\$153,134	\$539,142
		962	Other General Expenses	\$107,740	\$578,187
		963	Payments in Lieu of Taxes	\$8,899	\$68,310
		967	Interest Expense	\$826,100	\$826,100
		969	Total Operating Expenses	\$1,922,399	\$9,698,761
		970	Excess Operating Revenue over Operating Expenses	\$-20,214	\$18,527,796
		973	Housing Assistance Payments	\$0	\$16,494,330
		974	Depreciation Expense	\$577,376	\$1,596,867
		900	Total Expenses	\$2,499,775	\$27,789,958
		1001	Operating Transfers In	\$0	\$996,352
		1002	Operating Transfers Out	\$-464,403	\$-996,352
		1010	Total Other Financing Sources (Uses)	\$-464,403	\$0
		1000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$-1,061,993	\$436,599

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

FINANCIAL DATA SCHEDULE SUBMITTED TO HUD – REAC  
FOR THE YEAR ENDED DECEMBER 31, 2007

PHA: **VA004** FYED: **12/31/2007**

Line Item No.	Account Description	State/Local	Total
1102	Debt Principal Payments - Enterprise Funds	\$0	\$0
1103	Beginning Equity	\$-4,737,153	\$52,713,731
1104	Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0	\$-9,104,015
1120	Unit Months Available	4,402	36,894
1121	Number of Unit Months Leased	3,937	30,979
1117	Administrative Fee Equity	\$0	\$1,865,357
1118	Housing Assistance Payments Equity	\$0	\$2,081,350

## ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2007

<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	\$ 3,313,692
Housing Opportunities for Persons with AIDS	14.241 (Pass-Thru)	City	-0-
Public Housing Capital Fund Program	14.872*	N/A	1,864,203
Housing Choice Voucher Program	14.871*	N/A	17,422,809
Section 8 Moderate Rehab	14.856*	N/A	982,207
Revitalization of Severely Distressed Public Housing	14.866	N/A	<u>166,809</u>
TOTAL U.S. DEPARTMENT OF HUD			<u>23,749,720</u>
<b>TOTAL FEDERAL AWARDS EXPENDED</b>			<b><u>\$ 23,749,720</u></b>

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2007

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 funds in excess of current year needs are restricted for use in future years to pay Housing Assistance 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, 2007. 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, 2007. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements that are reported in accordance with OMB Circular A-133 and are described in the accompanying Schedule of Findings and Questioned Costs as items 07-01, 07-02 and 07-03.

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.

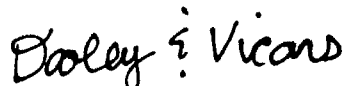
REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH  
MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133  
(CONTINUED)

A control deficiency exists when the design or operation of a control does not allow management or employees within a timely period, in the normal course of performing their assigned functions, to prevent or detect noncompliance with applicable requirements of laws, regulations, contracts and grants that would have a direct and material effect on a major federal program. A significant deficiency is a control deficiency, or combination of deficiencies, that adversely affects the Authority's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants such that there is more than a remote likelihood that the Authority's noncompliance that is more than inconsequential will not be prevented or detected by the Authority's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood that a material noncompliance with applicable requirements of laws, regulations, contracts and grants in relations to a major federal program will not be prevented or detected by the Authority's internal control.

Our consideration of internal control was for the limited purpose described in the fourth paragraph and would not necessarily identify all deficiencies in internal control that might be 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.

May 2, 2008





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

Burnice C. Dooley, C.P.A.

Michael H. Vicars, C.P.A.

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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, 2007, and have issued our report thereon dated May 2, 2008. 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 (internal control) 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. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Authority's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Authority's financial statements that is more than inconsequential will not be prevented or detected by the Authority's internal control.

A material weakness is a significant deficiency, or combination of deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Authority's internal control.

Our consideration of internal control was for the limited purpose described in the second paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any weaknesses in internal control 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  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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*

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

May 2, 2008

## ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

STATUS OF PRIOR AUDIT FINDINGS  
AT DECEMBER 31, 2007

The report for the period ended December 31, 2007, contained the following open audit findings. Corrective actions taken and the current status is as follows:

**Finding No. 06-01 – CFDA 14.872**

CONDITION: The Authority did not satisfactorily demonstrate that it had obligated and spent all Comprehensive Grant, VA39P00470899 within the allowable time.

ACTION TAKEN: ARHA has requested that it be allowed to reprogram expenditures not obligated within the allowable time for this grant to subsequent grant years.

CURRENT CONDITION: HUD has not responded to the Authority's request at this time.

CURRENT STATUS: This finding is continued, see Finding No. 07-01.

**Finding No. 06-02 – CFDA 14.850**

CONDITION: The Authority owns a project with a HUD insured loan, but has not deposited surplus cash to a residual receipts account.

ACTION TAKEN: ARHA has not deposited the residual receipts for the current fiscal year. The prior year receipts have been deposited in a restricted escrow account.

CURRENT CONDITION: The required deposit for current year has not been made.

CURRENT STATUS: This finding is continued, see Finding No. 07-02.



## ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 FOR THE YEAR ENDED DECEMBER 31, 2007  
 (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

Dollar threshold used to distinguish  
 between type A and B programs: \$ 712,492

Auditee qualified as low-risk auditee?  yes  no

## ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2007  
(CONTINUED)

## Section II -- Financial Statement Findings

There are no financial statement findings.

## Section III – Federal Awards Findings and Questioned Costs

**Finding No. 07-01 – HUD has determined that ARHA did not obligate and expend Comprehensive Grant Funds in a timely manner.**

CONDITION: The Authority did not satisfactorily demonstrate that it had obligated and spent all Comprehensive Grant, VA39P00470899 within the allowable time.

CRITERIA: HUD regulations require that Comprehensive (Capital Fund) grants must be obligated within three years of the grant year and be expended within four years of the grant year.

QUESTIONED COSTS: The amount of questioned costs is \$1,280,877.

CONTEXT: The total grant amount was \$1,693,986 of which \$1,280,877 has been disallowed by HUD.

EFFECT : The condition will require the funds to be reprogrammed to other capital fund grants with the approval of HUD, if not the funds will have to be absorbed by the Low Rent Public Housing programs operating reserves.

CAUSE: The cause was the failure of the Authority to draw down the funds.

RECOMMENDATION: All capital fund programs should be closely monitored to insure that grant funds are obligated and spent in accordance with all HUD regulations.

## ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2007  
(CONTINUED)

## Section III -- Federal Awards Findings and Questioned Costs - Continued

**Finding No. 07-02 - HUD insured project has not deposited surplus cash to residual receipts fund.**

CONDITION: The Authority owns a project with a HUD insured loan, but has not deposited surplus cash to a residual receipts account.

CRITERIA: HUD regulations require that HUD insured projects compute surplus cash and deposit any surplus cash into a restricted investment account. These residual receipts may only be withdrawn from the account with the approval of HUD.

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

CONTEXT: The Authority has determined that the surplus cash due for deposit was approximately \$601,851. The Authority did deposit residual receipts due for prior years of \$433,535 in 2008.

EFFECT : The condition could allow the project to not have funds to use for necessary repairs and improvements.

CAUSE: The cause was a lack of awareness of the requirement by management and lack of timely notification by HUD.

RECOMMENDATION: Surplus cash should be deposited to a restricted residual receipt account within ninety days after the close of the fiscal year. The current year deposit has not been made.

## ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2007  
(CONTINUED)

## Section III -- Federal Awards Findings and Questioned Costs - Continued

**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-certifications in both Low Rent and Section 8 tenant files, incomplete HUD 50058 reporting forms in both Low Rent and Section 8 tenant files, and multiple re-certifications without supporting documentation.

CRITERIA: Tenant files for all programs need to be consistent and within compliance with HUD regulations. Failure to do so is a lack of internal control that allows ineligible tenants and/or landlords to receive subsidies.

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

CONTEXT: Of 40 Housing Choice Voucher tenant files examined, one was missing almost all information, seven had discrepancies between rents computed per file and rents on HAP register, and two were missing rent reasonableness form. Of 40 Public Housing tenant files examined, two were not re-certified in 2007 and four had discrepancies between rent per tenant file and rent on rent roll.

EFFECT : The Housing Authority could be maintaining tenants who are not properly certified according to HUD regulations and not paying proper rent.

CAUSE: Lack of effective quality control procedures related to accepting/recertifying tenants and landlords.

RECOMMENDATION: The Housing Authority should adopt and adhere to more encompassing quality control procedures to insure that tenants are recertified in a timely manner with the same standards.



## ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED DECEMBER 31, 2007

*Finding No. 07-01 – HUD has determined that ARHA did not obligate and expend Comprehensive Grant Funds in a timely manner.*

**Point of Contact:** Derek McDaniel, Director of Finance

**Corrective Action Plan:** In September 2006, ARHA hired a full time Grant Accountant to serve as LOCCS officer for all capital fund and HOPE VI grants. The Grant Accountant is responsible for all accounting and monitoring functions directly related to those grants. The responsibilities of the Grant Accountant includes coordinating with Directors and staff on departmental budgets, monitoring program changes, reviewing all requisitions to verify availability of funds, and preparing monthly budget reports and special reports for all programs. In the event of any staff turnover, the Director of Finance and Chief Accountant are also authorized to serve as LOCCS officer for all capital funds and HOPE VI grants.

**Due Date:** Completed, awaiting HUD approval to reprogram costs to subsequent grant years.

*Finding No. 07-02 – HUD insured project has not deposited surplus cash to residual receipts fund.*

**Point of Contact:** Derek McDaniel, Director of Finance

**Corrective Action Plan:** On March 13, 2007 ARHA was advised by the HUD Richmond Field Office, that prior to any loans or advances, ARHA must receive approval from the U.S. Department of Housing and Urban Development. Furthermore, the Regulatory Agreement for the subject projects prohibits the Owner or Management Agent from using project revenue to engage in other business activity. Simply stated, the project should not be in the business of lending project funds to individuals or other business enterprises, including other related projects. Prior to being advised that the program revenue was restricted ARHA had been operating for years with the understanding that the program revenue was unrestricted. However, once notified by HUD, ARHA immediately ceased using the program revenue to support its other Public Housing Program. In the future, ARHA will request for HUD to approve the use of residual receipts to support the debt service associated with its public housing property.

**Due Date:** Completed, awaiting HUD approval for using project revenue for other allowable housing purposes.

## ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED DECEMBER 31, 2007

*Finding No. 07-03 – Tenant Recertification for Eligibility.*

**Point of Contact:** Marye Ish, Director of Housing Operations

**Corrective Action Plan:** ARHA will hire an additional Quality Control person so there can be a better focus on each program. This will also allow the Quality Control person to be able to review more files, and focus on problems areas with each Placement Officer. ARHA has also hired Tenmast to assist with the 50058 problems and ARHA will continue to use their services to address the PIC issues as they affect tenant recertification. ARHA now is tracking the individual Placement Officers to make sure that all Quality Control findings are corrected within the time frame established. Housing Operations is creating a database for each Placement Officer so that they will know the number of findings, the nature of these findings, and have the findings been addressed within the time frame provided. ARHA is checking each month whether or not all recertifications have been completed and is requiring the Placement Officer to provide a weekly update to the Lead Placement Officer until the recertification is completed. The Lead Placement Officer has a back up staff person that is now focusing on the PIC and Quality Control concerns individually with the Placement Officer that is involved with the case. ARHA is also addressing the inspection issues that were causing the PIC information to be out of line. The Director is meeting with the Lead Placement Officers and their staff on a weekly basis to track the progress of delayed recertifications, PIC data entry, and working with Tenmast. ARHA is also starting recruitment for Section 8 Placement Officers to address the two vacancies in the program, which are key to reducing the number of cases each Placement Officer is currently carrying.

ARHA will also be training the Placement Officers in tenant eligibility and calculations by bringing in a national trainer and former HUD director of public housing to improve and update their skills.

**Due Date:** Tenmast is already hired and under contract. The Section 8 Placement Officer recruitment will be underway in September. The recruitment for the new public housing Placement Officer will begin with the new fiscal year since that position was not in the current budget. Focus meetings to review Quality Control data for each Placement Officer are underway now. The national trainer is expected to be under contract by October, 2008.