


**ALEXANDRIA REDEVELOPMENT
AND HOUSING AUTHORITY**

**AUDITED
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED
DECEMBER 31, 2008**

 **Dooley & Vicars**

Certified Public Accountants, L.L.P.

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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, 2008, 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.

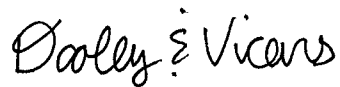
In our opinion, the financial statements referred to above present fairly in all material respects the respective financial position of the business-type activities, each major fund and the aggregate remaining fund information and component unit of the Alexandria Redevelopment and Housing Authority at December 31, 2008, 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 15 are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures which consisted principally of inquiries of Management regarding the methods of measurement and presentation of supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with Government Auditing Standards, we have also issued our report dated September 28, 2009 on our consideration of the Alexandria Redevelopment and Housing Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

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



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

September 28, 2009

**ALEXANDRIA REDEVELOPMENT & HOUSING
AUTHORITY
MANAGEMENT'S DISCUSSION & ANALYSIS
FISCAL YEAR ENDED DECEMBER 31, 2008**

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, 2008.

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 increased by \$3,357,804 or 7.62% which was due to positive operating income as well as investments in notes receivable and capital projects. The PHA was not scored by the Real Estate Assessment Center (REAC) under the Management Assessment Sub System (MASS) due to changes in REAC for the electronic submission of the PHA's financial information. This will most likely not be the case in fiscal year 2010 though the final rule for the MASS and Financial Assessment Sub System (FASS) has yet to be issued as of this report date.

REQUIRED FINANCIAL STATEMENTS

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

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

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

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

FINANCIAL ANALYSIS OF THE AUTHORITY

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

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

Alexandria Redevelopment and Housing Authority
Combined Statement of Net Assets
TABLE I

<u>Account Descriptions</u>	<u>2008</u>	<u>2007</u>	<u>Total Change</u>	<u>% Change</u>
Current Assets	15,048,445	13,165,711	1,882,734	14.30%
Noncurrent Assets	17,744,908	16,513,630	1,231,278	7.46%
Capital Assets	32,349,776	32,017,427	332,349	1.04%
Total Assets	65,143,129	61,696,768	3,446,361	5.59%
Current Liabilities	2,535,648	3,717,635	(1,181,987)	-31.79%
Noncurrent Liabilities	15,203,362	13,932,818	1,270,544	9.12%
Total Liabilities	17,739,010	17,650,453	88,557	0.50%
Invested in Capital Assets				
Net of Related Debt	19,490,230	18,598,106	892,124	4.80%
Restricted Net Assets	16,589,528	14,741,444	1,848,084	12.54%
Unrestricted Net Assets	11,324,361	10,706,765	617,596	5.77%
Total Net Assets	47,404,119	44,046,315	3,357,804	7.62%
Total Liabilities & Net Assets	65,143,129	61,696,768	3,446,361	5.59%

Current Assets:

Current assets are made up of cash, receivables and prepaid expenses. Current assets increased by \$1,882,734 due to several factors. Overall cash and investments increased by \$1,827,254, receivables decreased by \$(51,310) and prepaid expenses increased by \$106,790. Cash increased from operating revenue exceeding operating expenses while the decrease to receivables was due to decreases in HUD Accounts Receivable exceeding increases in tenant accounts receivable and miscellaneous receivables. These changes are mainly due to timing issues and collections from residents.

Non-current Assets

Non-current assets are made up of notes receivable and other assets. Non-current assets increased by \$1,231,278. This increase was due mostly to an investment in joint ventures related to the Cameron Valley LP tax credit property.

Current Liabilities

Current liabilities are made of accounts payable, accrued liabilities, unearned revenue and security deposits. Current liabilities decreased by \$(1,181,987) due to decreases in accounts payable, unearned revenue, short-term capital debt and security deposits exceeding increases in accrued expenses and other current liabilities. These accounts balance changes are mainly due to timing issues.

Non-current Liabilities

Non-current liabilities are made up of long-term debt, family self-sufficiency escrow accounts, accrued compensated absences and other accrued liabilities that are long term in nature. Non-current liabilities increased by \$1,270,544 due to advances of capital and operating debt. See Note 15 in the Notes to the Financial Statements for a full description of the activity. Minimal decreases in accrued compensated absences, and in FSS Escrow also occurred during the year but were not the material reason the non-current liabilities increased during the year.

Net Assets

As illustrated in the Combined Statement of Net Assets, the overall Net Assets of the Authority increased by \$3,357,804. The "Invested in Capital Assets" increased by \$892,124 or 4.80 %, which was due to capital improvements and payment of debt exceeding depreciation expense. There was a prior period adjustment affecting Capital Assets, Net of Related Debt in the amount of \$89,974.

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 \$1,848,084 or 12.54% was due to increases in Housing Choice Voucher restricted HAP equity.

The Unrestricted Net Assets increased by \$617,596 or 5.77 %. This reflects positive operating income during fiscal year 2008. There was a prior year adjustments of \$143,870 and 89,974 related to corrections to Hopkins Tancil property replacement and escrow reserves.

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 and Housing Authority
Combined Statement of Revenues, Expenses and Change in Net Assets
TABLE II

<u>Account Descriptions</u>	<u>2008</u>	<u>2007</u>	<u>Total Change</u>	<u>% Change</u>
Dwelling rent	3,910,688	3,567,169	343,519	9.63%
Governmental grants and subsidy	25,007,008	23,749,720	1,257,288	5.29%
Interest Income	352,402	398,590	(46,188)	-11.59%
Other Income	880,639	511,078	369,561	72.31%
Total Revenue	30,150,737	28,226,557	1,924,180	6.82%
Administration	3,855,840	3,685,746	170,094	4.61%
Tenant services	149,318	237,474	(88,156)	-37.12%
Utilities	1,412,083	1,457,744	(45,661)	-3.13%
Maintenance and operations	1,932,164	2,302,241	(370,077)	-16.07%
Protective services	4,597	3,817	780	20.43%
General expense	1,159,284	1,185,639	(26,355)	-2.22%
Housing assistance payments	15,847,832	16,494,330	(646,498)	-3.92%
Interest expense	908,258	826,100	82,158	9.95%
Depreciation expense	1,623,569	1,596,867	26,702	1.67%
Amortization expense	133,832	-	133,832	100.00%
Total Expenses	27,026,777	27,789,958	(763,181)	-2.75%
Prior year adjustments	233,844	(9,104,015)	9,337,859	100.00%
Change in Net Assets	3,357,804	(8,667,416)	12,025,220	-138.74%
Beginning Net Assets	44,046,315	52,713,731	(8,667,416)	-16.44%
Ending Net Assets	47,404,119	44,046,315	3,357,804	7.62%

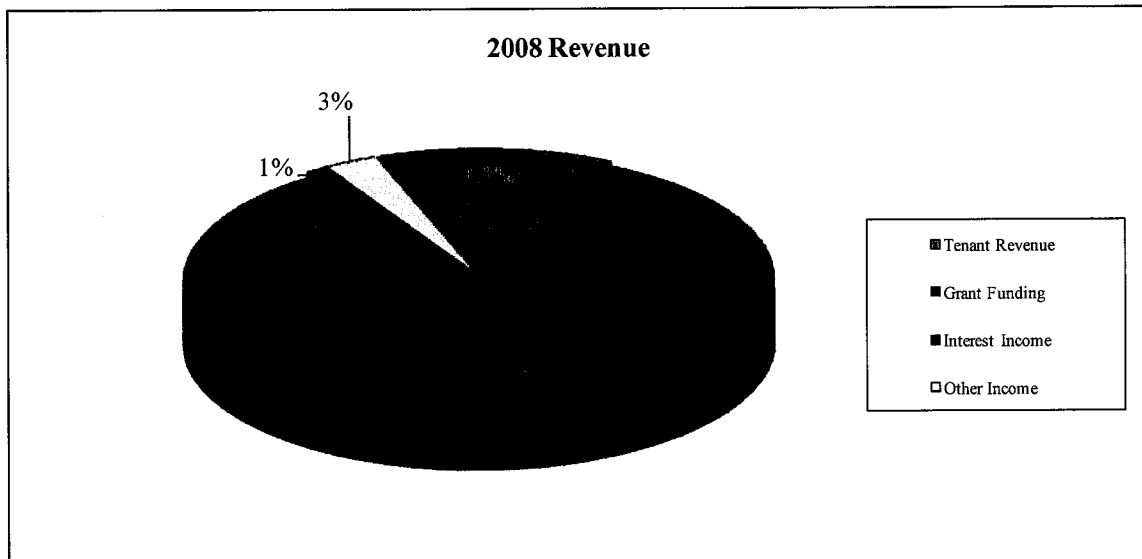
Alexandria Redevelopment & Housing Authority
Combined Statement of Revenues, Expenses and Change in Net Assets - By Fund
Fiscal Year Ended December 31, 2008

TABLE III

	Business Activities	Low-Rent	HOPE VI	Vouchers	State/Local	Nonmajor Proprietary Funds	Eliminations	Total
Tenant Revenue	-	1,761,944	-	-	2,148,744	-	-	3,910,688
Grant Funding	-	5,831,966	-	17,954,657	-	1,220,385	-	25,007,008
Interest Income	45,282	17,969	232,088	13,818	42,431	814	-	352,402
Other Income	165,343	204,302	-	30,324	216,234	1,944,503	(1,680,067)	880,639
Total Revenue	210,625	7,816,181	232,088	17,998,799	2,407,409	3,165,702	(1,680,067)	30,150,737
Administration	76,643	2,320,892	-	1,236,680	349,106	1,552,586	(1,680,067)	3,855,840
Tenant Services	-	60,528	-	-	5,361	83,429	-	149,318
Utilities	-	1,096,033	-	4,094	285,860	26,096	-	1,412,083
Maintenance	57	823,985	-	29,735	560,612	517,775	-	1,932,164
Protective services	-	1,200	-	401	344	2,652	-	4,597
General expense	-	673,331	-	64,725	317,483	103,745	-	1,159,284
Housing Assist. Pay.	-	-	-	14,930,259	-	917,573	-	15,847,832
Interest Expense	-	-	-	-	908,258	-	-	908,258
Depreciation/Amortization	57,849	963,705	-	-	722,665	13,182	-	1,757,401
Total Expenses	134,549	5,939,674	-	16,265,894	3,149,689	3,217,038	(1,680,067)	27,026,777
Change in Net Assets	76,076	1,876,507	232,088	1,732,905	(742,280)	(51,336)	-	3,123,960
Beginning Net Assets	11,121,863	21,679,717	11,133,050	3,946,707	(5,799,146)	1,964,124	-	44,046,315
Operational Transfers	-	(434,811)	-	-	173,204	261,607	-	-
Transfers of equity	-	-	-	-	517,982	(517,982)	-	-
Prior year adjustments	-	89,974	-	-	143,870	-	-	233,844
Ending Net Assets	11,197,939	23,211,387	11,365,138	5,679,612	(5,706,370)	1,656,413	-	47,404,119

REVENUES

In reviewing the Statement of Revenues, Expenses, and Net Assets, you will find that 83% of the Authority's revenues are derived from grants from the Department of Housing and Urban Development. The Authority receives revenue from tenants for dwelling rental charges, excess utilities, and miscellaneous charges of 13% of total revenue. Other Revenue comprises the remaining 3% and Interest income represents less than 1%. Compared to the Fiscal Year Ended December 31, 2007, revenues had an overall increase of \$1,924,180 or 6.82%. This was mainly due to increases in HUD funding of Capital Fund, Public Housing, Housing Choice Voucher and Section-8 Moderate Rehabilitation programs as well as increases in rental income from the State/Local program.



Tenant Revenue - Tenant Revenue received in the Public Housing Program had an increase from \$1,748,772 to \$1,761,944 or an increase of \$13,172. The increase was attributed to increases in State/Local lease up rates and rent per resident.

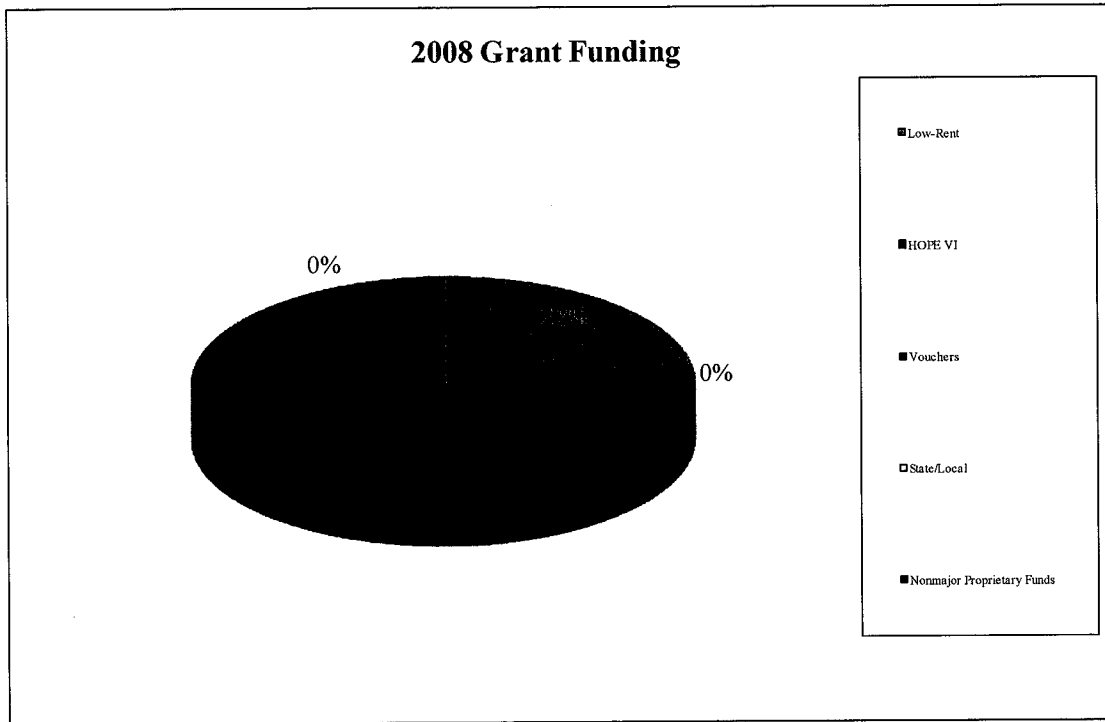
Program Grants/Subsidies - Federal and State subsidies for the year increased by \$1,257,288, or 5.29%, from \$23,749,720 in fiscal year 2007 to \$25,007,008 in fiscal year 2008. Table III gives us an analysis of the various programs funding changes from FY 2007 to FY 2008.

**Table III
Governmental Funding Comparative**

Year	Public Housing	HOPE VI	CFP
2008	3,567,699.00	-	2,264,267.00
2007	3,313,692.00	166,809.00	1,864,203.00
Net Change	254,007.00	(166,809.00)	400,064.00
% Change	7.67%	-100.00%	21.46%
Year	Vouchers	Mod Rehab	Non-Major Funds
2008	17,954,657.00	1,022,385.00	-
2007	17,422,809.00	982,207.00	198,000.00
Net Change	531,848.00	40,178.00	(198,000.00)
% Change	3.05%	4.09%	-100.00%
Year	Totals		
2008	25,007,008.00		
2007	23,749,720.00		
Net Change	1,257,288.00		
% Change	5.29%		

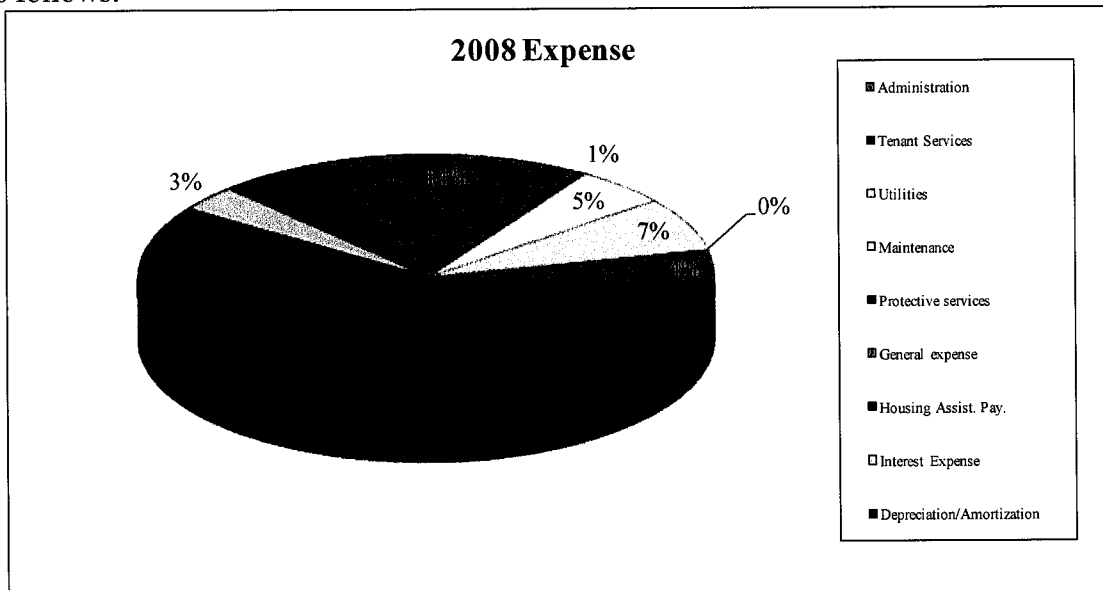
Other Income/Interest Income – Other income increased by \$369,561 or 72.31%. The increase was mainly due increased outside miscellaneous fees and other sources of revenue.

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



EXPENSES

The Alexandria Redevelopment & Housing Authority experienced a decrease in operating expenses for the current year from \$27,789,958 to \$27,026,777 or a net decrease of \$(763,181) or (2.75%). 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 2007, administrative costs increased by \$170,094 or 4.61 %. The increase was due to normal inflation increases in salary and benefit expenses with marginal changes in other administrative costs.

Tenant Services – Tenant Services costs include all costs incurred by the Authority to provide social services to the residents. The ARC and Ladrey Advisory Boards receive funding for board meetings, training costs, and other items to assist them in staying informed on its role in the Authority's operations. Tenant Services costs decreased from \$237,474 to \$149,318 or a decrease of (88,156) or (37.12%). 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 \$(45,661) or (3.13%). The decrease was mainly due to decreased gas price rates with small increases in water rates and utilization.

Maintenance – Maintenance costs are all costs incurred by the Authority for the 889 Public Housing units, which are owned by the Authority in a safe and sanitary manner. Costs include personnel costs, materials used to maintain the units, contracts for waste management, vehicle costs and maintenance, and telephone/radio service, etc. The Maintenance Expense for the Authority decreased from \$2,302,241 to \$1,932,164 for a decrease of \$(370,077) or (16.07) %. The decreased costs related to increased salary and benefits and contract costs with smaller increases in material costs. The PHA continues to improve the quality of their housing stock through a mixture of capital fund and other financing methods and this has the potential to reduce overall maintenance costs.

Protective Services – Protective services costs were used for police patrol services. The total expense for the year was \$4,597 or an increase of \$780 or 20.43 %. 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 decreased from \$1,185,639 to \$1,159,284 or a decrease of \$(26,355) or (2.22) %. The decrease was mainly due to decreased insurance expenses during fiscal year 2008. There is no way to forecast if insurance expense will continue to decrease in future years.

Housing Assistance Payments Program – HAP payments consist of rental payments to owners of private property for which the housing authority has a HAP agreement with the tenant and the owner for the difference between the tenants rent and the applicable payment standard. HAP payments for the Authority decreased from \$16,494,330 to \$115,847,832 or an overall decrease of \$(646,498) or (3.92) %. The decrease was due to decreased lease-ups during the fiscal year.

Depreciation – Because the costs of all capitalized additions are spread over the estimated useful life of an asset, the estimated current year costs of capitalized items is recorded as depreciation. Depreciation Expense for the current year slightly increased by \$26,702, or 1.67 %. Depreciation expense increased due to capital improvements from prior years being placed into service in fiscal year 2008.

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 increased from \$826,100 to \$908,258 or an increase of \$82,158 or 9.95 %. This was due to the refinancing of the Glebe Park debt and elimination of the HUD debt refinancing interest offset received in prior years.

CAPITAL ASSETS

At the end of fiscal year 2007 the Authority had invested in Capital Assets of \$32,017,426, net of depreciation. As of December 31, 2008, the Authority had a net increase in net capital assets of \$332,349 to \$32,349,776 or 1.04 %. The following illustrates the Capital Asset values for 2007 and 2008.

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

<u>Account Descriptions</u>	<u>2008</u>	<u>2007</u>	<u>Total Change</u>	<u>% Change</u>
Land	8,231,678	8,141,704	89,974	1.11%
Buildings & improvements	60,964,408	58,296,196	2,668,212	4.58%
Equipment	582,458	574,959	7,499	1.30%
	69,778,544	67,012,859	2,765,685	4.13%
Accumulated Depreciation	(37,428,768)	(34,995,432)	(2,433,336)	6.95%
Total Capital Assets	32,349,776	32,017,427	332,349	1.04%

The Authority has six ongoing HUD Capital Fund grants and a HOPE VI. The total capital improvement for the year was \$2,264,267. Depreciation Expense for the year ended December 31, 2008 was \$1,623,569. There was an adjustment to land in the amount of \$89,974, adjustment to buildings in the amount of \$809,769 with an offsetting adjustment to Accumulated Depreciation in the amount of \$(809,769). There were some minor additions to the HCV program for equipment in the amount of \$7,500.

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

LONG TERM DEBT

Noted in the State/Local fund, the PHA has three funds with long-term capital debt financing. These entities, Glebe Park, Jefferson Village, and Hopkins Tancil, provide low-income rental housing, under the Public Housing and Multi-family HUD funding systems, for the residents of the City of Alexandria. Table V gives us an analysis of debt activity from FY 2007 to FY 2008.

Alexandria Redevelopment and Housing Authority
Debt Comparison
Table VI

Capital Debt	2008	2007	Changes	Variance
State/Local	12,859,546	13,419,321	(559,775)	-4.17%
Totals	12,859,546	13,419,321	(559,775)	-4.17%
Operating Debt	2008	2007	Changes	Variance
State/Local	1,706,322	-	1,706,322	100.00%
Totals	1,706,322	-	1,706,322	100.00%

The long-term debt balance changed from \$13,419,321 in fiscal year 2007 to \$12,859,546 in fiscal year 2008 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 2008.

Glebe Park had the HUD Insured loan with Patrician Mortgage Company paid off during fiscal year 2008 while receiving additional financing from the City of Alexandria to pay the loan off and begin the revitalization and financing portion of the Glebe Park redevelopment plan.

The PHA received \$1,706,322 in long-term operating debt from the City of Alexandria for the purpose of advances funds for Cameron Valley LP through the efforts of obtaining tax credit financing and other financing for the redevelopment of the property. The property is not owned by ARHA and as such the debt is considered operating in nature. See note 15 for further explanation.

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, 2008 was 4.4%, compared to the previous years' unemployment rate of 3.0.¹
- (2) The median family income for the City of Alexandria, per the 2000 census, was \$78,767.
- (3) The median price of housing, per the 2000 census was \$252,800²
- (4) The population of the City of Alexandria was 128,283 per the 2000 census figures.³
- (5) The City of Alexandria, per the 2000 census, had 8.9% of the city's population under the poverty level.⁴
- (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.

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

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

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

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

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
- (8) 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.
- (9) The Authority is also active in the tax credit market and is working at finding innovative methods in which to finance the improvement at Glebe Park. The Jefferson Village and Glebe Park properties are mixed income units with a mix of market rate and Public Housing units. The properties are in need of renovation and the Authority has partnered with the City of Alexandria, through the Community Development Block Grant (CDBG) to renovate the Jefferson Village property. The City has worked with the Authority to renovate other properties in the past. The Authority has received loans from the City of Alexandria to pay off the HUD Insured loan on the Glebe Park property and is actively seeking a investor for the revitalization of the property. No final financing agreement or sale of the property has been reached as of the report date.

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, 2008

<u>ASSETS</u>	Totals Primary Government
Current Assets	
Cash and cash equivalents	\$ 5,261,189
Restricted Cash	6,360,330
Receivables, net	3,101,599
Prepaid Expense and Other Assets	325,327
Interprogram due from	-
Total current assets	<u>15,048,445</u>
Noncurrent Assets	
Capital assets:	
Land	8,231,678
Buildings	56,404,488
Furniture, Equipment & Machinery - Admin	582,458
Construction in Progress	4,559,920
Less: accumulated depreciation	<u>(37,428,768)</u>
Capital assets, net	32,349,776
Noncurrent Notes, Loans & Mortgages Receivable	<u>17,744,908</u>
Total noncurrent assets	<u>50,094,684</u>
Total Assets	<u>\$ 65,143,129</u>

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

Alexandria Redevelopment & Housing Authority

Statement of Net Assets - All Funds December 31, 2008

	Totals Primary Government
<u>LIABILITIES</u>	
Current Liabilities	
Accounts Payable	\$ 237,096
Accrued Liabilities	366,689
Intergovernmental payables	637,850
Tenant security deposits	357,514
Deferred revenue	242,248
Current portion of long-term debt	160,792
Other current liabilities	533,459
Interprogram due to	-
Total current liabilities	<u>2,535,648</u>
Noncurrent liabilities	
Long-term debt, net of current	14,405,076
Noncurrent liabilities - other	798,286
Total noncurrent liabilities	<u>15,203,362</u>
Total Liabilities	<u>17,739,010</u>
<u>Net Assets</u>	
Investment in Capital Assets - Net of Related Debt	19,490,230
Restricted Net Assets	16,589,528
Unrestricted Net Assets	11,324,361
Total Net Assets	<u>47,404,119</u>
Total Liabilities and Net Assets	<u>\$ 65,143,129</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, 2008

	Totals Primary Government
Operating Revenues	
Tenant revenue	\$ 3,910,688
Government operating grants	23,354,845
Other Government Grants	198,000
Other revenue	880,639
Total operating revenues	<u>28,344,172</u>
Operating Expenses	
Administrative	3,855,840
Tenant services	149,318
Utilities	1,412,083
Maintenance	1,932,164
Protective services	4,597
General	1,159,284
Housing assistance payment	15,847,832
Depreciation	1,623,569
Total operating expenses	<u>25,984,687</u>
Operating income (loss)	<u>2,359,485</u>
Non-Operating Revenues (Expenses)	
Interest Expense	(1,042,090)
Interest and investment revenue	352,402
Total nonoperating revenues (expenses)	<u>(689,688)</u>
Income (loss) before contributions and transfers	1,669,797
Capital Grants - Federal Government	1,454,163
Change in Net Assets	3,123,960
Total Beginning Net Assets	44,046,315
Prior Period Adjustments/Equity Transfers	233,844
Total Ending Net Assets	<u>\$ 47,404,119</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, 2008

	Totals Primary Government
Cash flows from operating activities:	
Cash received from tenants	\$ 4,449,847
Cash received from operating grants	23,018,812
Cash received from other government grants	198,000
Cash received from other sources	2,130,342
Cash paid for goods and services	(5,891,445)
Cash paid for employees and administrative Housing Assistance payments	(5,535,907)
Cash paid for other	(15,833,811)
Net cash provided (used) by operating activities	<u>(665,340)</u> <u>1,870,498</u>
Cash flows from noncapital financing activities:	
Transfers	<u>233,844</u>
Cash flows from capital and related financing activities:	
Capital Grants received - Federal Government	1,454,163
Purchases, Sales and construction of capital assets	(1,955,918)
Principal paid on capital debt	1,146,547
Proceeds from capital debt	(232,192)
Interest paid on capital debt	(1,042,090)
Net cash (used) for capital and related financing activities	<u>(629,490)</u>
Cash flows from investing activities:	
Interest and dividends	<u>352,402</u>
Net cash provided by investing activities	<u>352,402</u>
Net increase (decrease) in cash and cash equivalents	1,827,254
Cash and cash equivalents at beginning of year	9,794,265
Cash and cash equivalents at end of year	<u>\$ 11,621,519</u>
Reconciliation of cash and restricted cash	
Cash and cash equivalents	\$ 5,261,189
Restricted Cash and cash equivalents	6,360,330
Total Cash and cash equivalents	<u>\$ 11,621,519</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, 2008

	Totals Primary Government
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ 2,359,485
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	1,623,569
Noncash transfers and expenses	-
Changes in assets and liabilities:	
(Increase) Decrease in Receivables - net	73,268
(Increase) Decrease in Prepaid expenses	(106,790)
(Increase) Decrease in Interprogram due from	6,083,427
(Increase) Decrease in Noncurrent Notes Receivable	(999,086)
Increase (Decrease) in Accounts payable	(1,722,929)
Increase (Decrease) in Accrued expenses	166,810
Increase (Decrease) in Other liabilities	(28,383)
Increase (Decrease) in Unearned revenue	(61,119)
Increase (Decrease) in Intergovernmental payables	557,202
Increase (Decrease) in Interprogram due to	(6,105,385)
Increase (Decrease) in Noncurrent liabilities	30,429
Net cash provided (used) by operating activities	<u>\$ 1,870,498</u>

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

Alexandria Redevelopment & Housing Authority

Balance Sheet - Proprietary Funds
December 31, 2008

ASSETS	\$	Revitalization of					State/Local	Nonmajor Proprietary Funds	Total Before Eliminations	Inter-Entity Eliminations	Totals Primary Government
		Business Activities	Low Rent Public Housing	Severely Distressed Public Housing	Housing Choice Vouchers	Housing Choice Vouchers					
Current Assets											
Cash and cash equivalents	294,811	897,722	-	-	-	1,373,640	130,591	5,261,189	-	-	5,261,189
Restricted Cash	-	215,236	589,380	3,801,625	-	1,754,089	-	6,360,330	-	-	6,360,330
Receivables, net	346,020	380,468	-	-	-	305,909	2,069,202	3,101,599	-	-	3,101,599
Prepaid Expense and Other Assets	-	73,956	-	-	-	106,118	145,253	325,327	-	-	325,327
Interprogram due from	2,708,170	913,429	2,130,314	-	-	-	469,556	6,221,469	(6,221,469)	-	-
Total current assets	3,349,001	2,480,811	2,719,694	6,366,050	6,366,050	3,539,756	2,814,602	21,269,914	(6,221,469)	(6,221,469)	15,048,445
Noncurrent Assets											
Capital assets:											
Land	-	-	-	-	-	-	-	-	-	-	-
Buildings	1,992,318	3,952,242	-	-	-	4,279,436	-	8,231,678	-	-	8,231,678
Furniture, Equipment & Machinery - Admin	-	38,702,686	-	-	-	14,853,535	856,049	56,404,488	-	-	56,404,488
Construction in Progress	-	-	-	206,475	-	295,515	80,468	582,458	-	-	582,458
Less: accumulated depreciation	(1,267,654)	(24,370,303)	-	(198,975)	-	(10,790,598)	(601,238)	(37,428,768)	-	-	(37,428,768)
Capital assets, net	724,664	21,420,744	-	7,500	-	8,875,034	1,321,834	32,349,776	-	-	32,349,776
Noncurrent Notes, Loans & Mortgages Receivable	7,399,864	-	9,140,444	-	-	1,204,600	-	17,744,908	-	-	17,744,908
Total noncurrent assets	8,124,528	21,420,744	9,140,444	7,500	7,500	10,079,634	1,321,834	50,094,684	-	-	50,094,684
Total Assets	\$ 11,473,529	\$ 23,901,555	\$ 11,860,138	\$ 6,373,550	\$ 13,619,390	\$ 4,136,436	\$ 71,364,598	\$ (6,221,469)	\$ (6,221,469)	\$ 65,143,129	

Alexandria Redevelopment & Housing Authority

Balance Sheet - Proprietary Funds December 31, 2008

LIABILITIES	Business Activities	Revitalization of Severly Distressed Public Housing			Housing Choice Vouchers	State/Local	Nonmajor Proprietary Funds	Total Before Eliminations	Inter-Entity Eliminations	Totals Primary Government
		Low Rent Public Housing	Public Housing	Distressed Public Housing						
Current Liabilities										
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 237,096	\$ 237,096	\$ -	\$ -	237,096
Accrued Liabilities	-	23,575	-	-	-	133,219	366,689	-	-	366,689
Intergovernmental payables	-	287,349	-	-	-	289,408	637,850	-	-	637,850
Tenant security deposits	-	215,236	-	-	-	142,278	357,514	-	-	357,514
Deferred revenue	-	-	-	-	-	171,088	242,248	-	-	242,248
Current portion of long-term debt	-	38,459	-	-	-	160,792	160,792	-	-	160,792
Other current liabilities	-	1,702	495,000	-	-	-	533,459	-	-	533,459
Interprogram due to	-	-	495,000	-	504,892	4,023,899	6,221,469	(6,221,469)	-	-
Total current liabilities	-	566,321	495,000	495,000	504,892	4,920,684	8,757,117	(6,221,469)	-	2,535,648
Noncurrent liabilities										
Long-term debt, net of current	-	-	-	-	-	14,405,076	14,405,076	-	-	14,405,076
Noncurrent liabilities - other	275,590	123,847	-	-	189,046	-	209,803	798,286	-	798,286
Total noncurrent liabilities	275,590	123,847	-	-	189,046	14,405,076	15,203,362	-	-	15,203,362
Total Liabilities	\$ 275,590	\$ 690,168	\$ 495,000	\$ 495,000	\$ 693,938	\$ 19,325,760	\$ 23,960,479	\$ (6,221,469)	\$ (6,221,469)	\$ 17,739,010
Net Assets										
Investment in Capital Assets - Net of Related Debt	\$ 724,664	\$ 21,420,744	\$ -	\$ -	\$ 7,500	\$ (3,984,512)	\$ 1,321,834	\$ 19,490,230	\$ -	\$ 19,490,230
Restricted Net Assets	-	-	11,365,138	3,612,579	1,611,811	-	-	16,589,528	-	16,589,528
Unrestricted Net Assets	10,473,275	1,790,643	-	2,059,533	(3,333,669)	334,579	11,324,361	-	-	11,324,361
Total Net Assets	11,197,939	23,211,387	11,365,138	5,679,612	(5,706,370)	1,656,413	47,404,119	-	-	47,404,119
Total Liabilities and Net Assets	\$ 11,473,529	\$ 23,901,555	\$ 11,860,138	\$ 6,373,550	\$ 13,619,390	\$ 4,136,436	\$ 71,364,598	\$ (6,221,469)	\$ (6,221,469)	\$ 65,143,129

Alexandria Redevelopment & Housing Authority

Statement of Revenues, Expenses and Changes in Net Assets - Proprietary funds For the year ended December 31, 2008

	Business Activities	Low Rent Public Housing	Revitalization of Severely Distressed Public Housing			Housing Choice Vouchers	State/Local	Nonmajor Proprietary Funds	Inter-entity Eliminations	Totals	
			Public Housing	Public Housing	Public Housing					Primary Government	Government
Operating Revenues											
Tenant revenue	\$ -	\$ 1,761,944	\$ -	\$ -	\$ -	\$ 2,148,744	\$ -	\$ -	\$ -	\$ -	\$ 3,910,688
Government operating grants	-	4,377,803	-	17,954,657	-	-	1,022,385	-	-	-	23,354,845
Other Government Grants	-	-	-	-	-	-	198,000	-	-	-	198,000
Other revenue	165,343	204,302	-	30,324	-	216,234	1,944,503	(1,680,067)	-	-	880,639
Total operating revenues	165,343	6,344,049	-	17,984,981	-	2,364,978	3,164,888	(1,680,067)	-	-	28,344,172
Operating Expenses											
Administrative	76,643	2,320,892	-	1,236,680	-	349,106	1,552,586	(1,680,067)	-	-	3,855,840
Tenant services	-	60,528	-	-	-	5,361	83,429	-	-	-	149,318
Utilities	-	1,096,033	-	4,094	-	285,860	26,096	-	-	-	1,412,083
Maintenance	57	823,985	-	29,735	-	560,612	517,775	-	-	-	1,932,164
Protective services	-	1,200	-	401	-	344	2,652	-	-	-	4,597
General	-	673,331	-	64,725	-	317,483	103,745	-	-	-	1,159,284
Housing assistance payment	-	-	-	14,930,259	-	-	917,573	-	-	-	15,847,832
Depreciation	57,849	963,705	-	-	-	588,833	13,182	-	-	-	1,623,569
Total operating expenses	134,549	5,939,674	-	16,265,894	-	2,107,599	3,217,038	(1,680,067)	-	-	25,984,687
Operating Transfers In/(Out)	-	(434,811)	-	-	-	173,204	261,607	-	-	-	-
Operating income (loss)	30,794	(30,436)	-	1,719,087	-	430,583	209,457	-	-	-	2,359,485
Non-Operating Revenues (Expenses)											
Interest Expense	-	-	-	-	-	(1,042,090)	-	-	-	-	(1,042,090)
Interest and investment revenue	45,282	17,969	232,088	13,818	-	42,431	814	-	-	-	352,402
Total nonoperating revenues (expenses)	45,282	17,969	232,088	13,818	-	(999,659)	814	-	-	-	(689,688)
Income (loss) before contributions and transfers	76,076	(12,467)	232,088	1,732,905	-	(569,076)	210,271	-	-	-	1,669,797
Capital Grants - Federal	-	1,454,163	-	-	-	-	-	-	-	-	1,454,163
Change in Net Assets	76,076	1,441,696	232,088	1,732,905	-	(569,076)	210,271	-	-	-	3,123,960
Total Beginning Net Assets	11,121,863	21,679,717	11,133,050	3,946,707	-	(5,799,146)	1,964,124	-	-	-	44,046,315
Prior Period Adjustments/Equity Transfers	-	89,974	-	-	-	661,852	(517,982)	-	-	-	233,844
Total Ending Net Assets	\$ 11,197,939	\$ 23,211,387	\$ 11,365,138	\$ 5,679,612	\$ (5,706,370)	\$ 1,656,413	\$ 1,656,413	\$ -	\$ -	\$ -	\$ 47,404,119

Alexandria Redevelopment & Housing Authority

**Statement of Cash Flows - Proprietary Funds
For the year ended December 31, 2008**

	Business Activities	Revitalization of Severely Distressed Public Housing				State/Local	Nonmajor Proprietary Funds	Totals Primary Government
		Low Rent Public Housing	Housing Choice Vouchers	Housing Choice Vouchers	Housing Choice Vouchers			
Cash flows from operating activities:								
Cash received from operating grants	\$ (34,422)	\$ 2,206,457	\$ -	\$ -	\$ 2,277,812	\$ -	\$ -	\$ 4,449,847
Cash received from other government grants	-	4,377,903	-	-	-	1,065,476	-	23,018,812
Cash received from other sources	130,907	946,060	-	30,324	(664,142)	1,687,193	-	198,000
Cash Transferred In/(out)	-	(434,811)	-	-	173,204	261,607	-	2,130,342
Cash paid for goods and services	(1,596,160)	(2,527,613)	-	(34,172)	(958,295)	(775,205)	(5,891,445)	(5,891,445)
Cash paid for employees and administrative	(76,643)	(2,320,892)	-	(1,236,680)	(349,106)	(1,552,586)	(5,535,907)	(5,535,907)
Housing Assistance payments	-	-	-	(14,930,259)	-	(1,060,262)	(15,990,521)	(15,990,521)
Cash paid for other	808,043	(1,560,520)	-	(64,725)	227,612	80,960	(508,630)	(508,630)
Net cash provided (used) by operating activities	(768,275)	686,484	-	1,340,021	707,085	(94,817)	1,870,498	1,870,498
Cash flows from noncapital financing activities:								
Equity transfers and prior year adjustments	-	89,974	-	-	661,852	(517,982)	233,844	233,844
Net cash (used) for noncapital financing activities	-	89,974	-	-	661,852	(517,982)	233,844	233,844
Cash flows from capital and related financing activities:								
Capital Grants received - Federal Government	-	1,454,163	-	-	-	-	1,454,163	1,454,163
Purchases, Sales and construction of capital assets	-	(862,896)	-	(7,500)	(724,261)	(361,261)	(1,955,918)	(1,955,918)
Principal paid on capital debt	-	-	-	-	1,146,547	-	1,146,547	1,146,547
Proceeds (payments of) from capital debt	-	-	(232,192)	-	-	-	(232,192)	(232,192)
Interest paid on capital debt	-	-	-	-	(1,042,090)	-	(1,042,090)	(1,042,090)
Net cash (used) for capital and related financing activities	-	591,267	(232,192)	(7,500)	(619,804)	(361,261)	(629,490)	(629,490)
Cash flows from investing activities:								
Interest and dividends	45,282	17,969	232,088	13,818	42,431	814	352,402	352,402
Net cash provided by investing activities	45,282	17,969	232,088	13,818	42,431	814	352,402	352,402
Net increase (decrease) in cash and cash equivalents	(722,993)	1,385,694	(104)	1,346,339	791,564	(973,246)	1,827,254	1,827,254
Cash and cash equivalents at beginning of year	1,017,804	393,707	589,484	5,019,711	2,336,165	437,394	9,794,265	9,794,265
Cash and cash equivalents at end of year	\$ 294,811	\$ 1,779,401	\$ 589,380	\$ 6,366,050	\$ 3,127,729	\$ (535,852)	\$ 11,621,519	\$ 11,621,519
Reconciliation of Unrestricted Cash and Restricted Cash								
Cash and Cash Equivalents	\$ 294,811	\$ 897,722	\$ -	\$ 2,564,425	\$ 1,373,640	\$ 130,591	\$ 5,261,189	\$ 5,261,189
Restricted Cash and Cash Equivalents	-	215,236	589,380	3,801,625	1,754,089	-	6,360,330	6,360,330
Total Cash and Cash Equivalents	\$ 294,811	\$ 1,112,958	\$ 589,380	\$ 6,366,050	\$ 3,127,729	\$ 130,591	\$ 11,621,519	\$ 11,621,519

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, 2008

	Business Activities	Revitalization of Severely Distressed Public Housing					Nonmajor Proprietary Funds	Totals Primary Government						
		Low Rent Public Housing	Housing Choice Vouchers	State/Local	Nonmajor Proprietary Funds	Totals Primary Government								
	\$	30,794	\$	(30,436)	\$	-	\$	1,719,087	\$	430,583	\$	209,457	\$	2,359,485
	57,849		963,705				588,833		13,182					1,623,569
	(34,422)		502,947				131,753		(527,010)					73,268
	218,537		(73,956)				(106,118)		(145,253)					(106,790)
	808,043		741,758				4,865,086		(331,460)					6,083,427
	(34,436)		-				(964,650)		-					(999,086)
	(1,360,267)		(599,758)				-		237,096					(1,722,929)
	(178,165)		23,575				111,505		209,895					166,810
	-		(1,152)				(27,231)		-					(28,383)
	-		(58,434)				(2,685)		-					(61,119)
	-		287,349				280,509		(10,656)					557,202
	-		(1,174,538)				(4,600,500)		48,777					(6,105,385)
	(276,208)		105,424				-		201,155					30,429
			686,484				707,085		(94,817)					1,870,498
	\$	(768,275)	\$	686,484	\$	-	\$	1,340,021	\$	707,085	\$	(94,817)	\$	1,870,498

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

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**NOTE 1: ORGANIZATION AND REPORTING ENTITY**

- A. Reporting Entity - The Alexandria Redevelopment and Housing Authority (ARHA) is a non-profit organization which was organized under the laws of the Commonwealth of Virginia to provide low rent housing for qualified individuals in accordance with the rules and regulations prescribed by the Department of Housing and Urban Development and other Federal Agencies. ARHA is responsible for operating a low-rent housing program which provides housing for eligible families, for operating redevelopment and conservation programs and for the delivery of services to citizens of low-rent housing and urban renewal areas through the encouragement and development of social and economic opportunities. As required by GAAP, these statements present the funds, activities and functions of ARHA (the primary government) and its component units. The component unit discussed below is included in ARHA's reporting entity because of the significance of its operational and financial relationship with ARHA.

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

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

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

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

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

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

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**NOTE 1: ORGANIZATION AND REPORTING ENTITY (Cont.)**

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

The Authority has no governmental funds.

The Authority reports the following major proprietary funds:

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

Section 8 Funds - The Section 8 Funds include the Housing Choice Voucher, Section 8 Moderate Rehabilitation, and Section 8 New Construction programs. Under these programs, rental assistance payments are made by the Authority primarily to landlords on behalf of eligible families. These programs are funded by the annual contributions contract with HUD.

State Fund - The State/Local Fund includes the fair market rent portions of Jefferson Village and Glebe Park as well as the Security Deposit Loan Fund, Donations Fund, and Hopkins Tancil.

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

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

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

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

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**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, 2008**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, 2008**NOTE 2: DEPOSITS & INVESTMENTS**

Deposits - At year end, the carrying amount of deposits with banks and savings institutions was \$11,621,260. Of the bank balance, \$7,953,631 was covered by Federal depository insurance or collateralized in accordance with the Virginia Security for Public Deposits Act (the Act) and HUD requirements. Under the Act, banks holding public deposits in excess of the amounts insured by federal depository insurance must pledge collateral in the amount of 50% of excess deposits to a collateral pool in the name of the State Treasury Board. Savings and loan institutions are required to collateralize 100% of deposits in excess of federal depository insurance limits under the Act, while HUD requires collateralization of 100% of deposits in excess of federal depository insurance from all banks, savings and loan, and investment institutions for all cash deposits and for investment vehicles not directly held. The State Treasury Board requires ARHA to obtain additional collateral from participating financial institutions to cover collateral shortfalls in the event of default and is responsible for monitoring compliance with the collateralization and reporting requirements of the Act and for notifying local governments of noncompliance by banks and savings and loan institutions. ARHA follows HUD's guidelines for investments policy. The PHA had \$260 in petty cash funds at December 31, 2008.

Investments – As of December 31, 2008, the Authority had no investment balances.

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

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

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority does not have a deposit policy for custodial credit risk. As of December 31, 2008, 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, 2008**NOTE 3: RECEIVABLES**

Receivables as of December 31, 2008, 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	\$ -	296,977	\$ -	\$ -	227,422	\$ -	524,399
Intergovernmental	-	214,218	-	-	37,643	1,533,514	1,785,375
Miscellaneous	346,020	-	-	-	47,374	535,688	929,082
Notes, Loans and Mortgages - Curr.	-	-	-	-	-	-	-
Gross Receivables	346,020	511,195	0	0	312,439	2,069,202	3,238,856
Less: Allowance for Uncollectibles	-	(130,727)	-	-	(6,530)	-	(137,257)
Net Total Receivables	\$346,020	\$380,468	\$0	\$0	\$305,909	\$2,069,202	\$3,101,599

NOTE 4: DEFERRED CHARGES

Deferred charges at December 31, 2008, consisted of the following:

Prepaid insurance & expenses	\$ 186,567
Financing fees	106,118
Prepaid health insurance	31,945
Prepaid postage	<u>547</u>
	<u>\$ 325,327</u>

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED DECEMBER 31, 2008**NOTE 5: MORTGAGES AND NOTES RECEIVABLE AND NONCURRENT ASSETS**

At December 31, 2008 the Authority had various notes receivable balance related to HOPE VI loans, Turnkey III and Development Ventures Inc. loans. The amounts due are as follows:

HOPE VI	\$ 9,140,444
Business Activities	7,399,864
State/Local – Investment in joint ventures	<u>1,204,600</u>
Total Noncurrent assets	<u>\$ 17,744,908</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, 2008 were \$8,475,962 with accrued interest of \$664,482 for a total of \$9,140,444. There were no amounts considered to be currently receivable due to the nature of the arrangements. All accrued interest is considered long-term due to the fact that the notes will be collected off of future cash flows from operations and then the accrued interest will be due from the partnerships.

These notes receivable consist of the following:

- Note Receivable from Braddock Whiting Reynolds, LLC issued on December 16, 2004 in the amount up to \$3,862,330 at 4.68% interest with an outstanding balance. The balance on the Authority HOPE VI loan at December 31, 2008 was 3,714,528 with accrued interest of \$550,705 for a total Authority HOPE VI loan in the amount of \$4,265,233 at December 31, 2008. 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, 2008 was \$2,772,370 with accrued interest of \$113,777 for a total Authority loan in the amount of \$2,886,147 at December 31, 2008. The loan carries a 40 year term and matures on December 16, 2044. This loan is secured by a second deed of trust which covers three (3) parcels of real property, assignment of rents and lease, security agreement and fixture filing. This loan is first in line between the respective loans with the LLC.
- Notes Receivable from Chatham Square, LLC - \$1,989,064 loan with accrued interest of \$0 for a total Authority loan in the amount of \$1,989,064 at December 31, 2008. The loan bears no interest, and has fifty year term due on January 20, 2054

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED DECEMBER 31, 2008**NOTE 5: MORTGAGES AND NOTES RECEIVABLE AND NONCURRENT ASSETS - (Cont.)**

Business Activities:

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

This note receivable consists of the following:

Note Receivable from the Cameron Valley Limited Partnership issued on April 12, 1991 in the amount \$6,887,016 represents an operating deficit loan between ARHA and Cameron Valley Limited Partnership. ARHA has agreed to fund the operating deficits with security in the 100 unit condominium and townhouses owned by the Partnership. The stated interest rate is .5% per annum on the outstanding balance at December 31, 2008. The total accrued interest at December 31, 2008 was \$512,848, for a total long-term notes receivable balance of \$7,399,864. 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, 2007	\$ 16,273,680
HOPE VI notes issued	0
HOPE VI interest earned on notes	232,193
Business Activities interest earned on notes	<u>34,435</u>
Balance at December 31, 2008	<u>\$ 16,540,308</u>

The PHA entered an agreement with the City of Alexandria for the redevelopment of Cameron Valley LP and received loans from the city to redevelop the property with a mixture of tax credit financing and city loans. The PHA entered into a joint venture with the city of Alexandria and had a net joint venture in the Cameron Valley LP redevelopment in the amount of \$1,204,600 as of December 31, 2008.

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED DECEMBER 31, 2008**NOTE 6: CAPITAL ASSETS**

Land, structures and equipment consist of the following at December 31, 2008:

	Beginning Balances	Increases	Decreases	Ending Balances
Enterprise Activities				
Capital assets not being depreciated:				
Land	\$ 8,141,704	\$ 89,974	\$	\$ 8,231,678
Construction in progress	5,511,114	1,858,441	2,809,635	4,559,920
Total capital assets not being depreciated	<u>13,652,818</u>	<u>1,948,415</u>	<u>2,809,635</u>	<u>12,791,598</u>
Buildings & improvements	52,785,082	3,619,406	-	56,404,488
Furniture & equipment	574,959	7,500	1	582,458
Total capital assets being depreciated	<u>53,360,041</u>	<u>3,626,906</u>	<u>1</u>	<u>56,986,946</u>
Less accumulated depreciation for:				
Buildings & improvements	34,420,474	2,433,336	-	36,853,810
Furniture & equipment	574,958	-	-	574,958
Total accumulated depreciation	<u>34,995,432</u>	<u>2,433,336</u>	<u>-</u>	<u>37,428,768</u>
Total capital assets being depreciated	<u>18,364,609</u>			<u>19,558,178</u>
Enterprise activity capital assets, net	<u>\$ 32,017,427</u>			<u>\$ 32,349,776</u>

NOTE 7: ACCOUNTS PAYABLE

Accounts payable at December 31, 2008, consisted of the following:

Vendors & contractors	\$ 237,096
Payments in lieu of taxes – City of Alexandria	637,850
Tenant security deposits	357,514
	<u>\$ 1,232,460</u>

NOTE 8: ACCRUED EXPENSES AND OTHER ACCRUED LIABILITIES

Accrued expenses and other current liabilities at December 31, 2008, consisted of the following:

Accrued salary payable	\$ 159,606
Accrued compensated absences – current portion	73,864
Accrued interest payable	133,219
Unearned revenue – prepaid rents	242,248
Current portion of long-term debt	160,792
Other current liabilities	38,459
Contract Retention	495,000
	<u>\$ 1,303,188</u>

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED DECEMBER 31, 2008**NOTE 9: DEFINED BENEFIT PENSION PLAN**a. Plan Description

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

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

b. Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5% of their annual salary to the VRS. The employer assumed is 5% member contribution. In addition, ARHA is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. ARHA's contribution rate for the fiscal year ended December 31, 2008, was 5% of annual covered payroll.

c. Annual Pension Cost

For 2008, ARHA's annual pension cost of \$132,875 was equal to the required and actual contributions. The required contribution was determined as part of the June 30, 2008 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 for non-LEO

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED DECEMBER 31, 2008**NOTE 9: DEFINED BENEFIT PENSION PLAN - (Cont.)**

members and 3.50% to 4.75%, for LEO members 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.

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, 2006	\$ 149,017	100%	None
December 31, 2007	144,472	100%	None
December 31, 2008	132,875	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, 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%>
June 30, 2008	10,172,797	9,518,464	< 591,334>	106.17%	2,657,501	<22.25%>

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, 2008**NOTE 10: CONTINGENCIES AND OTHER MATTERS**a. Litigation and Other Matters

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

b. Grants

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

The Component Unit has received no grant funds.

NOTE 11: IMPAIRMENT OF CAPITAL ASSETS

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

NOTE 12: 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 State/Local restricted cash in relation to the HUD Insured debt obligation reserve requirements in the amount of \$143,870. Additional adjustments were for the land value of one Public Housing site in the amount of \$89,974. Total prior period adjustments for the year were \$233,844.

NOTE 13: INVESTMENT IN OPERATING PARTNERSHIPS

The Authority formed a Limited Partnership, Cameron Valley L.P. on September 1, 1988 to acquire, maintain, and manage 30 townhouses and 30 condominiums. The Authority is the general partner of the partnership with a 1% interest. Condensed information on the component unit at June 30, 2008 is as follows:

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED DECEMBER 31, 2008**NOTE 13: INVESTMENT IN OPERATING PARTNERSHIPS – (Cont.)**

	<u>Cameron Valley, L.P.</u>
<u>Balance Sheet</u>	
Total Current Assets	\$ 823,616
Total Net Fixed Assets	4,875,053
Total Other Assets	<u>143,961</u>
 TOTAL Assets	 <u>\$ 5,842,630</u>
 Total Current Liabilities	 \$ 119,282
Total Other Liabilities	11,550,985
Total Partners Capital	<u>< 5,827,637 ></u>
 TOTAL Liabilities & Partners Capital	 <u>\$ 5,842,637</u>
<u>Income Statement</u>	
Rental Income	\$ 862,460
Other Income	<u>148,076</u>
 TOTAL Income	 1,010,536
 TOTAL Expenses	 <u>< 1,204,213 ></u>
 Net Income <Loss>	 < 193,680 >
 Prior Year Adjustment	 < 17,500 >
 Beginning Capital	 <u>< 5,616,457 ></u>
 TOTAL CAPITAL	 <u>\$ < 5,827,637 ></u>

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED DECEMBER 31, 2008**NOTE 14: NET ASSETS**

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

NOTE 15: LONG-TERM DEBT

Hopkins/Tancil Courts - The mortgage note is insured by the Federal Housing Administration (FHA) and collateralized by a deed of trust on the rental property. The note bears interest at the rate of 10%. Principal and interest are payable by the Authority in monthly installments of \$26,056.89 through November 2025. The balance of the mortgage note payable at December 31, 2008 was \$2,546,269.

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
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	90,441.00	222,241.00	312,682.00
2014-2018	615,591.00	947,823.00	1,563,414.00
2019-2023	1,013,010.00	550,404.00	1,563,414.00
2024-2025	543,128.00	56,181.00	599,309.00
	<u>2,546,269.00</u>	<u>2,743,282.00</u>	<u>5,289,551.00</u>

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY
ALEXANDRIA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS - CONTINUED
TWELVE MONTHS ENDED DECEMBER 31, 2008

NOTE 15: LONG TERM DEBT – (Cont.)

Jefferson Village - The Alexandria Redevelopment and Housing Authority at December 31, 1988 had bonds payable of \$6,000,000 under 1988 Series B Revenue Bonds. These bonds are for the purpose of loaning the proceeds to the West Street Limited Partnership for the acquisition, renovation and rehabilitation of the 69-unit Jefferson Village Apartments located in Alexandria, Virginia. The bonds are secured by a Deed of Trust, Assignment of Tenants and Security Agreement. These bonds have been purchased by MFS Managed Multi-State Tax Exempt Trust as of June 1, 1991. Under the trust indenture sinking fund, payments begin on December 15, 2000 at \$100,000 a year with the final payment being made on December 15, 2018 of \$4,200,000. Interest is being paid semiannually at a rate of 9.9% per annum. The balance of the bonds payable at December 31, 2008 was \$5,100,000.

Principal payments required:

	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	476,501.92	576,501.92
	2013	100,000.00	465,300.00	565,300.00
	2014-2018	4,600,000.00	2,179,193.42	6,779,193.42
		5,100,000.00	4,605,995.34	9,705,995.34

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, 2008 was \$5,618,023. The note will be amortized over a 40-year term in monthly installments of \$49,254.58, including principal, interest and escrow deposits and is scheduled to be repaid by September 1, 2028. The PHA paid off the Patrician Mortgage loan March 1, 2008 and entered into a loan agreement with the City of Alexandria in the amount of \$5,510,688 at the interest rate of 2% per annum

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY
ALEXANDRIA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS - CONTINUED
TWELVE MONTHS ENDED DECEMBER 31, 2008

NOTE 15: LONG TERM DEBT – (Cont.)

The City of Alexandria loaned the ARHA \$5,600,000 for the purpose of paying off the Glebe Park loan on March 1, 2009. The funds are to be repaid from escrow funds from the prior Glebe Park HUD insured loan, sale of Glebe Park and James Bland and/or James Bland Addition properties, from future Glebe Park HOPE VI grants and residual receipts from the redeveloped Glebe Park property. The ARHA paid off \$593,000 on April 1, 2008 from reserve funds refunded by Patrician Mortgage Company. The loan bears an interest rate of 2% per annum. Due to the terms of the loan and volatility of the market we are unsure as to when the various terms of repayment of the loan will be met and do not believe that any portion of the loan will be due in fiscal year 2010.

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

HOPE VI – The City of Alexandria has agreed to advance \$4,196,110 for the redevelopment of Samuel Madden Homes and the acquisition of land and development of the required replacement housing. As of December 31, 2008, all advances had been paid back out of tax credit proceeds.

NOTE 16: INTERFUND BALANCES

Interfund balances have been eliminated in the combined financial statements.

NOTE 17: ECONOMIC DEPENDENCY

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

NOTE 18: CONTINGENCIES:

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

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY
ALEXANDRIA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS - CONTINUED
TWELVE MONTHS ENDED DECEMBER 31, 2008

NOTE 19: RELATED PARTY TRANSACTIONS

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

- Note Receivable from Braddock Whiting Reynolds, LLC - The balance on the Authority HOPE VI loan at December 31, 2008 was 3,714,528 with accrued interest of \$550,705 for a total Authority HOPE VI loan in the amount of \$4,265,233 at December 31, 2008. The loan carries a 40 year term and matures on December 16, 2044.
- Note Receivable from Braddock Whiting Reynolds, LLC - The balance on the Authority loan at December 31, 2008 was \$2,772,370 with accrued interest of \$113,777 for a total Authority loan in the amount of \$2,886,147 at December 31, 2008. The loan carries a 40 year term and matures on December 16, 2044.
- Notes Receivable from Chatham Square, LLC - \$1,989,064 loan with accrued interest of \$0 for a total Authority HOPE VI loan in the amount of \$1,989,064 at December 31, 2008.
- 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, 2008.
- ARHA is entered into a joint venture with Madden AUOE Limited Partnership and Mid-City Urban LLC. On January 1, 2008, 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, 2008, was \$42,215.
- ARHA has entered into two financing arrangements with the City of Alexandria to fund the revitalizing of the Glebe Park property and the Cameron Valley LP properties. The debt proceeds for each property was \$5,600,000 and \$1,706,000, respectively. The Glebe Park loan was partially paid in the amount of \$593,000 in fiscal year 2008 and the net loan balance as of December 31, 2008 was \$5,007,000. The loan for the Cameron Valley LP property was a pass through to the entity and is not controlled by the ARHA.
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ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY
ALEXANDRIA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS - CONTINUED
TWELVE MONTHS ENDED DECEMBER 31, 2008

NOTE 20: RISK MANAGEMENT

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

Our search for contingent liabilities revealed no liabilities that required disclosure against the ARHA as of December 31, 2008

NOTE 21: SUBSEQUENT EVENTS

There were no material subsequent events which require disclosure at December 31, 2008.

NOTE 22: SUPPLEMENTAL INFORMATION

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

SUPPORTING SCHEDULES

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY
Alexandria, Virginia

FINANCIAL DATA SUBMISSION SUMMARY
NET ASSET ACCOUNTS
DECEMBER 31, 2008

<u>Account Description</u>	<u>Business Activities</u>	<u>State/Local</u>	<u>Central Office Cost Center</u>	<u>Low-Rent Public Hsg 14,85</u>	<u>HOPWA 14,241</u>	<u>PHDEP 14,854</u>	<u>Comp Grant 14,859</u>
ASSETS:							
CURRENT ASSETS:							
Cash:							
Cash - unrestricted	\$ 294,811	\$ 1,373,640	\$ 130,564	\$ 897,722	\$	\$	0
Cash - restricted	0	1,611,811	0	0	0	0	0
Cash - tenant security deposits	0	142,278	0	215,236	0	0	0
Total Cash	294,811	3,127,729	130,564	1,112,958	0	0	0
Accounts and notes receivables:							
Accounts receivable - HUD	0	37,643	27,983	214,218	0	0	1,280,837
Accounts receivable - other government	0	0	0	0	136,670	0	0
Accounts receivable - miscellaneous	346,020	47,374	535,688	0	0	0	0
Accounts receivable - tenants rents	0	227,422	0	296,977	0	0	0
Allowance for doubtful accounts-tenants	0	(6,530)	0	(130,727)	0	0	0
Total receivables - net	346,020	305,909	563,671	380,468	136,670	0	1,280,837
Current investments	2,708,170	106,118	145,253	73,956	0	0	0
Prepaid expenses and other assets	3,349,001	0	839,488	913,429	0	57,397	0
Interprogram due from		3,539,756		2,480,811	136,670	57,397	1,280,837
TOTAL CURRENT ASSETS							
NONCURRENT ASSETS:							
Capital Assets:							
Land	1,992,318	4,279,436		3,952,242	0	0	0
Buildings		14,853,535	856,049	38,702,586	0	0	0
Furniture & equipment		295,515	80,468	0	0	0	0
Work in process		237,146	212,800	3,136,219	0	0	973,755
Accumulated depreciation		(1,267,654)	(801,238)	(24,370,303)	0	0	0
Total capital assets - net	724,664	8,875,034	348,079	21,420,744	0	0	973,755
Other assets	0	0	0	0	0	0	0
Investment in joint venture		1,204,600					
Notes receivable - noncurrent	7,399,864	0	0	0	0	0	0
TOTAL NONCURRENT ASSETS	8,124,528	10,079,634	348,079	21,420,744	0	0	973,755
TOTAL ASSETS	\$ 11,473,529	\$ 13,619,390	\$ 1,187,567	\$ 23,901,555	\$ 136,670	\$ 57,397	\$ 2,254,592

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY
Alexandria, Virginia

FINANCIAL DATA SUBMISSION SUMMARY
NET ASSET ACCOUNTS
DECEMBER 31, 2008

Account Description	HOPE VI 14,866	ROSS 14,870	Housing Choice Vouchers 14,871	Welfare To Work 17,253	Mod Rehab I 14,856	Mod Rehab II 14,856
ASSETS:						
CURRENT ASSETS:						
Cash:						
Cash - unrestricted	\$ 0	\$ 0	2,564,425	0	\$ 27	\$ 0
Cash - restricted	589,380	0	3,801,625	0	0	0
Cash - tenant security deposits	0	0	0	0	0	0
Total Cash	589,380	0	6,366,050	0	27	0
Accounts and notes receivables:						
Accounts receivable - HUD	0	0	0	0	27,075	16,690
Accounts receivable - other government	0	0	0	0	0	0
Accounts receivable - miscellaneous	0	0	0	0	0	0
Accounts receivable - tenants rents	0	0	0	0	0	0
Allowance for doubtful accounts-tenants	0	0	0	0	0	0
Total receivables - net	0	0	0	0	27,075	16,690
Current investments	0	0	0	0	0	0
Prepaid expenses and other assets						
Interprogram due from	2,130,314	71,160	0	0	337,303	0
TOTAL CURRENT ASSETS	2,719,694	71,160	6,366,050	0	364,405	16,690
NONCURRENT ASSETS:						
Capital Assets:						
Land	0	0	0	0	0	0
Buildings	0	0	0	0	0	0
Furniture & equipment	0	0	206,475	0	0	0
Work in process	0	0	0	0	0	0
Accumulated depreciation	0	0	(198,975)	0	0	0
Total capital assets - net	0	0	7,500	0	0	0
Other assets	0	0	0	0	0	0
Investment in joint venture						
Notes receivable - noncurrent	9,140,444	0	0	0	0	0
TOTAL NONCURRENT ASSETS	9,140,444	0	7,500	0	0	0
TOTAL ASSETS	\$ 11,860,138	\$ 71,160	\$ 6,373,550	\$ 0	\$ 364,405	\$ 16,690

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY
Alexandria, Virginia

FINANCIAL DATA SUBMISSION SUMMARY
NET ASSET ACCOUNTS
DECEMBER 31, 2008

<u>Account Description</u>	Mod Rehab III 14,856	Mod Rehab IV 14,856	Elimination	TOTAL
ASSETS:				
CURRENT ASSETS:				
Cash:				
Cash - unrestricted	\$ 0	\$ 0	\$ 0	\$ 5,261,189
Cash - restricted	0	0	0	6,002,816
Cash - tenant security deposits	0	0	0	357,514
Total Cash	0	0	0	11,621,519
Accounts and notes receivables:				
Accounts receivable - HUD	44,259	0	0	1,648,705
Accounts receivable - other government	0	0	0	136,670
Accounts receivable - miscellaneous	0	0	0	929,082
Accounts receivable - tenants rents	0	0	0	524,399
Allowance for doubtful accounts-tenants	0	0	0	(137,257)
Total receivables - net	44,259	0	0	3,101,599
Current investments				
Prepaid expenses and other assets	0	0	0	325,327
Interprogram due from	0	3,696	(6,221,469)	0
TOTAL CURRENT ASSETS	44,259	3,696	(6,221,469)	15,048,445
NONCURRENT ASSETS:				
Capital Assets:				
Land	0	0	0	8,231,678
Buildings	0	0	0	56,404,488
Furniture & equipment	0	0	0	582,458
Work in process	0	0	0	4,559,920
Accumulated depreciation	0	0	0	(37,428,768)
Total capital assets - net	0	0	0	32,349,776
Other assets				
Investment in joint venture	0	0	0	0
Notes receivable - noncurrent	0	0	0	1,204,600
TOTAL NONCURRENT ASSETS	0	0	0	16,540,308
TOTAL ASSETS	\$ 44,259	\$ 3,696	\$ (6,221,469)	\$ 65,143,129

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY
Alexandria, Virginia

FINANCIAL DATA SUBMISSION SUMMARY
NET ASSET ACCOUNTS
DECEMBER 31, 2008

Account Description	Business Activities	State/Local	Central Office Cost Center	Low-Rent Public Hsg	HOPWA	PHDEP	Comp Grant
LIABILITIES AND NET ASSETS:							
LIABILITIES:							
CURRENT LIABILITIES							
Cash overdraft	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Accounts payable < 90 days	\$ 0	\$ 0	\$ 237,096	\$ 0	\$ 0	\$ 0	\$ 0
Accrued salaries/payroll withholding	0	0	159,606	0	0	0	0
Accrued compensated absences	0	0	50,289	23,575	0	0	0
Accrued interest payable	0	133,219	0	0	0	0	0
Accounts payable - HUD PHA programs	0	278,742	0	211,601	0	57,397	0
Accounts payable - PHA Projects	0	0	0	0	0	0	0
Accounts payable - other gov.	0	10,666	0	75,748	0	0	0
Tenant security deposits	0	142,278	0	215,236	0	0	0
Unearned revenue	0	171,088	0	0	0	0	0
Current portion of L-T debt - capital projects	0	160,792	0	0	0	0	0
Current portion of L-T debt - operating	0	0	0	0	0	0	0
Other current liabilities	0	0	0	38,459	0	0	0
Interprogram (due to)	0	4,023,899	224,057	1,702	125,133	0	1,280,837
TOTAL CURRENT LIABILITIES	0	4,970,684	671,048	566,321	125,133	57,397	1,280,837
NONCURRENT LIABILITIES							
Long-term debt, net of current - capital projects	0	12,698,754	0	0	0	0	0
Long-term debt, net of current - operating	0	1,706,322	0	0	0	0	0
Accrued comp. Absences - long term	0	0	201,155	105,424	0	0	0
Noncurrent liabilities - other	275,590	0	0	18,423	0	0	0
TOTAL NONCURRENT LIABILITIES	275,590	14,405,076	201,155	123,847	0	0	0
TOTAL LIABILITIES	\$ 275,590	\$ 19,325,760	\$ 872,203	\$ 690,168	\$ 125,133	\$ 57,397	\$ 1,280,837
NET ASSETS:							
Capital assets net of related debt	724,664	(3,984,512)	348,079	21,420,744	0	0	973,755
Restricted - Net Assets	0	1,611,811	0	0	0	0	0
Unrestricted - Net Assets	10,473,275	(3,333,669)	(32,715)	1,790,643	11,537	0	0
TOTAL NET ASSETS	\$ 11,197,939	\$ (5,706,370)	\$ 315,364	\$ 23,211,387	\$ 11,537	\$ 0	\$ 973,755
TOTAL LIABILITIES AND NET ASSETS	\$ 11,473,529	\$ 13,619,390	\$ 1,187,567	\$ 23,901,555	\$ 136,670	\$ 57,397	\$ 2,254,592

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY
Alexandria, Virginia

FINANCIAL DATA SUBMISSION SUMMARY
NET ASSET ACCOUNTS
DECEMBER 31, 2008

Account Description	HOPE VI 14,866	ROSS 14,870	Housing Choice Vouchers 14,871	Welfare To Work 17,253	Mod Rehab I 14,856	Mod Rehab II 14,856
LIABILITIES AND NET ASSETS:						
LIABILITIES:						
CURRENT LIABILITIES						
Cash overdraft	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Accounts payable < 90 days	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Accrued salaries/payroll withholding	0	0	0	0	0	0
Accrued compensated absences	0	0	0	0	0	0
Accrued interest payable	0	0	0	0	0	0
Accounts payable - HUD PHA programs	0	71,160	0	0	0	0
Accounts payable - PHA Projects	0	0	0	0	0	0
Accounts payable - other gov.	0	0	0	0	0	0
Tenant security deposits	0	0	0	0	0	0
Unearned revenue	0	0	0	0	0	0
Current portion of L-T debt - capital projects	0	0	0	0	0	0
Current portion of L-T debt - operating	0	0	0	0	0	0
Other current liabilities	495,000	0	0	0	0	0
Interprogram (due to)	0	0	504,892	0	0	16,690
TOTAL CURRENT LIABILITIES	495,000	71,160	504,892	0	0	16,690
NONCURRENT LIABILITIES						
Long-term debt, net of current - capital projects	0	0	0	0	0	0
Long-term debt, net of current - operating	0	0	0	0	0	0
Accrued comp. Absences - long term	0	0	0	0	0	0
Noncurrent liabilities - other	0	0	189,046	0	8,648	0
TOTAL NONCURRENT LIABILITIES	0	0	189,046	0	8,648	0
TOTAL LIABILITIES	\$ 495,000	\$ 71,160	\$ 693,938	\$ 0	\$ 8,648	\$ 16,690
NET ASSETS:						
Capital assets net of related debt	0	0	7,500	0	0	0
Restricted - Net Assets	11,365,138	0	3,612,579	0	0	0
Unrestricted - Net Assets	0	0	2,059,533	0	355,757	0
TOTAL NET ASSETS	\$ 11,365,138	\$ 0	\$ 5,679,612	\$ 0	\$ 355,757	\$ 0
TOTAL LIABILITIES AND NET ASSETS	\$ 11,860,138	\$ 71,160	\$ 6,373,550	\$ 0	\$ 364,405	\$ 16,690

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY
Alexandria, Virginia

FINANCIAL DATA SUBMISSION SUMMARY
NET ASSET ACCOUNTS
DECEMBER 31, 2008

Account Description	Mod Rehab III 14,856	Mod Rehab IV 14,856	Elimination	TOTAL
LIABILITIES AND NET ASSETS:				
LIABILITIES:				
CURRENT LIABILITIES				
Cash overdraft	\$ 0	\$ 0	\$ 0	\$ 0
Accounts payable < 90 days	\$ 0	\$ 0	\$ 0	\$ 237,096
Accrued salaries/payroll withholding	0	0	0	159,606
Accrued compensated absences	0	0	0	73,864
Accrued interest payable	0	0	0	133,219
Accounts payable - HUD PHA programs	0	3,696	0	622,596
Accounts payable - PHA Projects	0	0	0	0
Accounts payable - other gov.	0	0	0	86,414
Tenant security deposits	0	0	0	357,514
Unearned revenue	0	0	0	171,088
Current portion of L-T debt - capital projects	0	0	0	160,792
Current portion of L-T debt - operating	0	0	0	0
Other current liabilities	0	0	0	533,459
Interprogram (due to)	44,259	0	(6,221,469)	0
TOTAL CURRENT LIABILITIES	44,259	3,696	(6,221,469)	2,535,648
NONCURRENT LIABILITIES				
Long-term debt, net of current - capital projects	0	0	0	12,698,754
Long-term debt, net of current - operating	0	0	0	1,706,322
Accrued comp. Absences - long term	0	0	0	306,579
Noncurrent liabilities - other	0	0	0	491,707
TOTAL NONCURRENT LIABILITIES	0	0	0	15,203,362
TOTAL LIABILITIES	\$ 44,259	\$ 3,696	\$ (6,221,469)	\$ 17,739,010
NET ASSETS:				
Capital assets net of related debt	0	0	0	19,490,230
Restricted - Net Assets	0	0	0	16,589,528
Unrestricted - Net Assets	0	0	0	11,324,361
TOTAL NET ASSETS	0	0	0	47,404,119
TOTAL LIABILITIES AND NET ASSETS	\$ 44,259	\$ 3,696	\$ (6,221,469)	\$ 65,143,129

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY
Alexandria, Virginia

FINANCIAL DATA SUBMISSION
REVENUES, EXPENSES AND CHANGE IN FUND ASSET ACCOUNTS
FOR THE YEAR ENDED DECEMBER 31, 2008

Account Description	Business Activities		State/Local		Central Office	Low-Rent Public Hsg	HOPWA	
					Cost Center	14,850	14,241	
REVENUES:								
Net tenant rental revenue	\$	0	\$	2,148,744	\$	0	\$	1,761,944
Tenant revenue - other		0		0		0		0
Total tenant revenue		0		2,148,744		0		1,761,944
HUD PHA grants - operating		0		0		0		4,377,803
HUD PHA grants - capital		0		0		0		1,454,163
Management fee		0		0	1,529,171	0		0
Asset management fee		0		0	162,750	0		0
Bookkeeping fee		0		0	122,063	0		0
Other government grants		0		0	198,000	0		0
Investment income - unrestricted		45,282		42,431	787	17,969		0
Fraud income		0		0	0	0		0
Other revenue		165,343		216,234	130,519	204,302		0
Investment income - restricted		0		0	0	0		0
Gain/(loss) on disposition		0		0	0	0		0
TOTAL REVENUES	\$	210,625	\$	2,407,409	\$	2,143,290	\$	7,816,181
EXPENSES:								
Administrative		48,719		75,590		804,020		302,982
Administrative salaries		0		0		35,000		0
Auditing fees		0		135,028		0		1,292,111
Management fees		0		17,031		0		91,367
Bookkeeping fees		10,958		0		0		0
Advertising & marketing		0		16,054		286,066		155,627
Employee benefits - administrative		3,064		54,343		32,818		56,406
Legal expense		0		20		11,251		515
Travel expense		13,902		28,332		321,960		300,062
Other operating - administrative		76,643		326,398		1,491,115		2,199,070
Total Administrative Expense		0		22,708		0		121,822
Asset management fee		0		66		80,283		45,433
Tenant services		0		5,295		3,146		15,095
Tenant services - salaries		0		5,361		83,429		60,528
Other tenant services		0		226,956		1,596		633,657
Total Tenant Services		0		26,751		18,970		323,696
Utilities		0		32,153		5,530		138,680
Water		0		285,860		26,096		1,096,033
Electricity		0		0		0		0
Gas		0		0		0		0
Total Utilities Expense		0		0		0		0

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY
Alexandria, Virginia

FINANCIAL DATA SUBMISSION
REVENUES, EXPENSES AND CHANGE IN FUND ASSET ACCOUNTS
FOR THE YEAR ENDED DECEMBER 31, 2008

Account Description	Business	State/ Local	Central Office Cost Center	Low-Rent Public Hsg 14,850	HOPWA 14,241
	Activities				
Ordinary Maintenance & Operation	57	237,946	350,043	203,153	0
Labor	0	66,877	39,531	209,907	0
Materials	0	12,316	17,087	12,147	0
Garbage & trash removal contracts	0	0	0	137,344	0
Snow Removal contracts	0	0	0	14,756	0
Elevator contracts	0	192,938	90,958	0	0
Janitorial contracts	0	0	0	96,808	0
Routine Maintenance	0	0	0	88,574	0
Contract costs - other	0	50,535	20,156	61,296	0
Employee benefit contributions	57	560,612	517,775	823,985	0
Total Ordinary Maintenance & Operation					
Protective services	0	344	2,652	1,200	0
Other protective services	0	344	2,652	1,200	0
Total Protective Services					
General Expenses	0	113,351	87,580	158,986	0
Property insurance	0	24,720	0	0	0
Liability insurance	0	0	0	0	0
Workmen's compensation	0	36,517	0	0	0
Insurance - other	0	0	0	286,599	0
Other general expense	0	1,688	16,165	11,929	0
Compensated absences	0	10,666	0	75,748	0
Payments in lieu of taxes	0	130,541	0	140,069	0
Bad debt - tenant rents	0	317,483	103,745	673,331	0
Total General Expenses					
Financial Expenses	0	908,258	0	0	0
Interest expense - Mortgage Payable	0	133,832	0	0	0
Amortization - issuance costs	0	1,042,090	0	0	0
Total Financial Expenses					
TOTAL OPERATING EXPENSE	\$ 76,700	\$ 2,560,856	\$ 2,224,812	\$ 4,975,969	\$ 0
EXCESS OPERATING REVENUE	\$ 133,925	\$ (153,447)	\$ (81,522)	\$ 2,840,212	\$ 0
Other Expenses	0	0	0	0	0
Housing assistance payments	57,849	588,833	13,182	963,705	0
Depreciation expense	57,849	588,833	13,182	963,705	0
Total Other Expenses					
TOTAL EXPENSES	\$ 134,549	\$ 3,149,689	\$ 2,237,994	\$ 5,939,674	\$ 0
EXCESS OF REVENUE OVER EXPENSES	\$ 76,076	\$ (742,280)	\$ (94,704)	\$ 1,876,507	\$ 0
Transfer of funds	0	173,204	261,607	(434,811)	0
Transfer of equity	0	517,982	(517,982)	0	0
Prior period adjustments	0	143,870	0	89,974	0
Beginning Net Assets	11,121,863	(5,799,146)	666,443	21,679,717	11,537

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY
 Alexandria, Virginia

FINANCIAL DATA SUBMISSION
 REVENUES, EXPENSES AND CHANGE IN FUND ASSET ACCOUNTS
 FOR THE YEAR ENDED DECEMBER 31, 2008

Account Description	Business	State/ Local	Central Office Cost Center	Low-Rent Public Hsg	HOPWA
	Activities				
Ending Net Assets	\$ 11,197,939	\$ (5,706,370)	\$ 315,364	\$ 23,211,387	\$ 11,537
Administrative Fund Equity	-	-	-	-	-
Housing Choice Voucher Equity	-	-	-	-	-
Units Available		4,402	-	-	-
Units Leased		3,938	-	-	-

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY
Alexandria, Virginia

FINANCIAL DATA SUBMISSION
REVENUES, EXPENSES AND CHANGE IN FUND ASSET ACCOUNTS
FOR THE YEAR ENDED DECEMBER 31, 2008

<u>Account Description</u>	<u>PHDEP</u>	<u>Comp Grant</u>	<u>HOPE VI</u>	<u>ROSS</u>
	14,854	14,859	14,866	14,870
REVENUES:				
Net tenant rental revenue	\$ 0	\$ 0	\$ 0	\$ 0
Tenant revenue - other	0	0	0	0
Total tenant revenue	0	0	0	0
HUD PHA grants - operating	0			0
HUD PHA grants - capital	0	0	0	0
Management fee	0	0	0	0
Asset management fee	0	0	0	0
Bookkeeping fee	0	0	0	0
Other government grants	0	0	0	0
Investment income - unrestricted	0	0	0	0
Fraud income	0	0	0	0
Other revenue	0	0	0	0
Investment income - restricted	0	0	232,088	0
Gain/(loss) on disposition	0	0	0	0
TOTAL REVENUES	\$ 0	\$ 0	\$ 232,088	\$ 0
EXPENSES:				
Administrative	\$ 0	\$ 0	\$ 0	\$ 0
Administrative salaries	0	0	0	0
Auditing fees	0	0	0	0
Management fees	0	0	0	0
Bookkeeping fees	0	0	0	0
Advertising & marketing	0	0	0	0
Employee benefits - administrative	0	0	0	0
Legal expense	0	0	0	0
Travel expense	0	0	0	0
Other operating - administrative	0	0	0	0
Total Administrative Expense	0	0	0	0
Asset management fee	0	0	0	0
Tennat services	0	0	0	0
Tenant services - salaries	0	0	0	0
Other tenant services	0	0	0	0
Total Tenant Services	0	0	0	0
Utilities	0	0	0	0
Water	0	0	0	0
Electricity	0	0	0	0
Gas	0	0	0	0
Total Utilities Expense	0	0	0	0

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY
Alexandria, Virginia

FINANCIAL DATA SUBMISSION
REVENUES, EXPENSES AND CHANGE IN FUND ASSET ACCOUNTS
FOR THE YEAR ENDED DECEMBER 31, 2008

Account Description	PHDEP	Comp Grant	HOPE VI	ROSS
Ordinary Maintenance & Operation				
Labor	0	0	0	0
Materials	0	0	0	0
Garbage & trash removal contracts	0	0	0	0
Snow Removal contracts	0	0	0	0
Elevator contracts	0	0	0	0
Janitorial contracts	0	0	0	0
Routine Maintenance	0	0	0	0
Contract costs - other	0	0	0	0
Employee benefit contributions	0	0	0	0
Total Ordinary Maintenance & Operation	14,854	14,859	14,866	14,870
Protective services	0	0	0	0
Other protective services	0	0	0	0
Total Protective Services	0	0	0	0
General Expenses	0	0	0	0
Property insurance	0	0	0	0
Liability insurance	0	0	0	0
Workmen's compensation	0	0	0	0
Insurance - other	0	0	0	0
Other general expense	0	0	0	0
Compensated absences	0	0	0	0
Payments in lieu of taxes	0	0	0	0
Bad debt - tenant rents	0	0	0	0
Total General Expenses	0	0	0	0
Financial Expenses	0	0	0	0
Interest expense - Mortgage Payable	0	0	0	0
Amortization - issuance costs	0	0	0	0
Total Financial Expenses	0	0	0	0
TOTAL OPERATING EXPENSE	\$ 0	\$ 0	\$ 0	\$ 0
EXCESS OPERATING REVENUE	\$ 0	\$ 0	\$ 232,088	\$ 0
Other Expenses	0	0	0	0
Housing assistance payments	0	0	0	0
Depreciation expense	0	0	0	0
Total Other Expenses	0	0	0	0
TOTAL EXPENSES	\$ 0	\$ 0	\$ 0	\$ 0
EXCESS OF REVENUE OVER EXPENSES	\$ 0	\$ 0	\$ 232,088	\$ 0
Transfer of funds	0	0	0	0
Transfer of equity	0	0	0	0
Prior period adjustments	0	0	0	0
Beginning Net Assets	0	973,755	11,133,050	0

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY
 Alexandria, Virginia

FINANCIAL DATA SUBMISSION
 REVENUES, EXPENSES AND CHANGE IN FUND ASSET ACCOUNTS
 FOR THE YEAR ENDED DECEMBER 31, 2008

Account Description	PHDEF	Comp Grant	HOPE VI	ROSS
	14,854	14,859	14,866	14,870
Ending Net Assets	\$ 0	\$ 973,755	\$ 11,365,138	\$ 0
Administrative Fund Equity	-	-	-	-
Housing Choice Voucher Equity	-	-	-	-
Units Available	-	-	-	-
Units Leased	-	-	-	-

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY
Alexandria, Virginia

**FINANCIAL DATA SUBMISSION
REVENUES, EXPENSES AND CHANGE IN FUND ASSET ACCOUNTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

Account Description	Housing Choice	Welfare To	Mod	Mod	Mod	Mod	Mod	Elimination	TOTAL
	Vouchers 14,871	Work 17,253	Rehab I 14,856	Rehab II 14,856	Rehab III 14,856	Rehab IV 14,856	Rehab IV 14,856		
REVENUES:									
Net tenant rental revenue	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,910,688
Tenant revenue - other	0	0	0	0	0	0	0	0	0
Total tenant revenue	0	0	0	0	0	0	0	0	3,910,688
HUD PHA grants - operating	17,954,657	0	424,927	270,219	305,770	21,469	0	0	23,354,845
HUD PHA grants - capital	0	0	0	0	0	0	0	0	1,454,163
Management fee	0	0	0	0	0	0	0	(1,427,139)	102,032
Asset management fee	0	0	0	0	0	0	0	(144,530)	18,220
Bookkeeping fee	0	0	0	0	0	0	0	(108,398)	13,665
Other government grants	0	0	0	0	0	0	0	0	198,000
Investment income - unrestricted	6,353	0	12	7	7	1	0	0	112,849
Fraud income	30,324	0	0	0	0	0	0	0	30,324
Other revenue	0	0	0	0	0	0	0	0	716,398
Investment income - restricted	7,465	0	0	0	0	0	0	0	239,553
Gain/(loss) on disposition	0	0	0	0	0	0	0	0	0
TOTAL REVENUES	\$ 17,998,799	\$ 0	\$ 424,939	\$ 270,226	\$ 305,777	\$ 21,470	\$ (1,680,067)	\$	\$ 30,150,737
EXPENSES:									
Administrative									
Administrative salaries	\$ 879,906	\$ 0	20,520	11,492	12,312	1,231	0	0	2,156,772
Auditing fees	11,000	0	0	0	0	0	0	0	46,000
Management fees	0	0	0	0	0	0	0	(1,427,139)	0
Bookkeeping fees	0	0	0	0	0	0	0	(108,398)	0
Advertising & marketing	0	0	0	0	0	0	0	0	10,958
Employee benefits - administrative	200,259	0	4,692	2,627	2,815	282	0	0	668,422
Legal expense	900	0	0	0	0	0	0	0	147,531
Travel expense	15,735	0	0	0	0	0	0	0	27,521
Other operating - administrative	128,880	0	0	0	0	5,500	0	0	798,636
Total Administrative Expense	1,236,680	0	25,212	14,119	15,127	7,013	(1,535,537)	0	3,855,840
Asset management fee	0	0	0	0	0	0	(144,530)	0	0
Tenant services									
Tenant services - salaries	0	0	0	0	0	0	0	0	125,782
Other tenant services	0	0	0	0	0	0	0	0	23,536
Total Tenant Services	0	0	0	0	0	0	0	0	149,318
Utilities									
Water	0	0	0	0	0	0	0	0	862,209
Electricity	3,070	0	0	0	0	0	0	0	372,487
Gas	1,024	0	0	0	0	0	0	0	177,387
Total Utilities Expense	4,094	0	0	0	0	0	0	0	1,412,083

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY
Alexandria, Virginia

**FINANCIAL DATA SUBMISSION
REVENUES, EXPENSES AND CHANGE IN FUND ASSET ACCOUNTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

Account Description	Housing Choice	Welfare To	Mod	Mod	Mod	Mod	Mod	Elimination	TOTAL
	Vouchers	Work	Rehab I	Rehab II	Rehab III	Rehab IV	14,856		
	14,871	17,253	14,856	14,856	14,856	14,856	14,856		
Ordinary Maintenance & Operation									
Labor	67	0	0	0	0	0	0	0	791,266
Materials	2,842	0	0	0	0	0	0	0	319,157
Garbage & trash removal contracts	0	0	0	0	0	0	0	0	41,550
Snow Removal contracts	0	0	0	0	0	0	0	0	137,344
Elevator contracts	0	0	0	0	0	0	0	0	14,756
Janitorial contracts	26,826	0	0	0	0	0	0	0	310,722
Routine Maintenance	0	0	0	0	0	0	0	0	96,808
Contract costs - other	0	0	0	0	0	0	0	0	88,574
Employee benefit contributions	0	0	0	0	0	0	0	0	131,987
Total Ordinary Maintenance & Operation	29,735	0	0	0	0	0	0	0	1,932,164
Protective services									
Other protective services	401	0	0	0	0	0	0	0	4,597
Total Protective Services	401	0	0	0	0	0	0	0	4,597
General Expenses									
Property insurance	0	0	0	0	0	0	0	0	359,917
Liability insurance	6,615	0	0	0	0	0	0	0	31,335
Workmen's compensation	8,346	0	0	0	0	0	0	0	8,346
Insurance - other	0	0	0	0	0	0	0	0	36,517
Other general expense	44,364	0	0	0	0	0	0	0	330,963
Compensated absences	5,400	0	0	0	0	0	0	0	35,182
Payments in lieu of taxes	0	0	0	0	0	0	0	0	86,414
Bad debt - tenant rents	0	0	0	0	0	0	0	0	270,610
Total General Expenses	64,725	0	0	0	0	0	0	0	1,159,284
Financial Expenses									
Interest expense - Mortgage Payable	0	0	0	0	0	0	0	0	908,258
Amortization - issuance costs	0	0	0	0	0	0	0	0	133,832
Total Financial Expenses	0	0	0	0	0	0	0	0	1,042,090
TOTAL OPERATING EXPENSE	\$ 1,335,635	\$ 0	\$ 25,212	\$ 14,119	\$ 15,127	\$ 7,013	\$ (1,680,067)	\$ 9,555,376	
EXCESS OPERATING REVENUE	\$ 16,663,164	\$ 0	\$ 399,727	\$ 256,107	\$ 290,650	\$ 14,457	\$ 0	\$ 20,595,361	
Other Expenses									
Housing assistance payments	14,930,259	0	377,779	243,109	277,464	19,221	0	0	15,847,832
Depreciation expense	0	0	0	0	0	0	0	0	1,623,569
Total Other Expenses	14,930,259	0	377,779	243,109	277,464	19,221	0	0	17,471,401
TOTAL EXPENSES	\$ 16,265,894	\$ 0	\$ 402,991	\$ 257,228	\$ 292,591	\$ 26,234	\$ (1,680,067)	\$ 27,026,777	
EXCESS OF REVENUE OVER EXPENSES	\$ 1,732,905	\$ 0	\$ 21,948	\$ 12,998	\$ 13,186	\$ (4,764)	\$ 0	\$ 3,123,960	
Transfer of funds	0	0	0	0	0	0	0	0	0
Transfer of equity	0	0	21,420	(12,998)	(13,186)	4,764	0	0	0
Prior period adjustments	0	0	0	0	0	0	0	0	233,844
Beginning Net Assets	3,946,707	0	312,389	0	0	0	0	0	44,046,315

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY
Alexandria, Virginia

FINANCIAL DATA SUBMISSION
REVENUES, EXPENSES AND CHANGE IN FUND ASSET ACCOUNTS
FOR THE YEAR ENDED DECEMBER 31, 2008

Account Description	Housing Choice	Welfare To	Mod	Mod	Mod	Mod	Mod	Elimination	TOTAL
	Vouchers	Work	Rehab 1	Rehab II	Rehab III	Rehab IV	14,856		
	14,871	17,253	14,856	14,856	14,856	14,856	14,856		
Ending Net Assets	\$ 5,679,612	\$ 0	\$ 355,757	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 47,404,119
Administrative Fund Equity	2,067,033	-	-	-	-	-	-	-	2,067,033
Housing Choice Voucher Equity	3,612,579	-	-	-	-	-	-	-	3,612,579
Units Available	20,664	-	600	336	360	36	36	-	26,398
Units Leased	17,034	-	525	303	315	25	25	-	22,140

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2008

<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	\$ 3,567,699
Public Housing Capital Fund Program	14.872*	N/A	2,264,267
Housing Choice Voucher Program	14.871*	N/A	17,954,657
Section 8 Moderate Rehab	14.856*	N/A	1,022,385
Economic Development Initiative	14.251	N/A	<u>198,000</u>
TOTAL U.S. DEPARTMENT OF HUD			<u>25,007,008</u>
TOTAL FEDERAL AWARDS EXPENDED			<u>\$ 25,007,008</u>

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2008

Note 1: Basis of Accounting

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

Note 2: Major Programs

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

Note 3: Award Balance

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

Note 4: Program Costs

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

**FINANCIAL COMPLIANCE REPORTS
FOR
FEDERAL FUNDS**



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

Board of Commissioners
Alexandria Redevelopment
and Housing Authority
Alexandria, Virginia

Compliance

We have audited the compliance of the Alexandria Redevelopment and Housing Authority with the types of compliance requirements described in the **U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement** that are applicable to each of its major federal programs for the year ended December 31, 2008. 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, 2008. 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 08-01.

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.

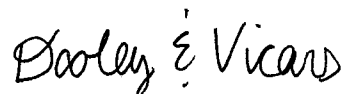
REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133
(CONTINUED)

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 08-01 to be significant deficiencies.

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.

September 28, 2009



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, 2008, and have issued our report thereon dated September 28, 2009. 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 in consequential 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
Certified Public Accountants, L.L.P.

September 28, 2009

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

STATUS OF PRIOR AUDIT FINDINGS
AT DECEMBER 31, 2008

The report for the period ended December 31, 2008, contained the following open audit findings. Corrective action taken and its current status is as follows:

Finding No. 07-01 – 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 cleared.

Finding No. 07-02 - 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 cleared.

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

STATUS OF PRIOR AUDIT FINDINGS
AT DECEMBER 31, 2008
(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-certification 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.

ACTION TAKEN: Quality controls in relation to Low Rent tenant files have been corrected in concurrence with the corrective action plan in the prior year audit report. The corrective action plan in the prior year audit report has not made an improvement on Section 8 files.

CURRENT

CONDITION: Effective quality control improvements for Section 8 files have not been made.

CURRENT

STATUS: The finding for Section 8 tenant files continues.

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED DECEMBER 31, 2008

Section I -- Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

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

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

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

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED DECEMBER 31, 2008
 (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: \$ 750,210

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, 2008
 (CONTINUED)

Section II -- Financial Statement Findings

There are no financial statement findings.

Section III – Federal Awards Findings and Questioned Costs

Finding 08-01 Tenant Compliance

CONDITION: The Authority did comply with HUD tenant compliance. Compliance testing showed instances where rent reasonable forms were not complete, proper third party verifications was not done, forms such as the 50058 were not completed or maintained in the files, and HAP contracts were not signed.

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 controls.

QUESTIONED COSTS: The amount of questioned costs is undeterminable.

CONTEXT: There were 40 Housing Choice Voucher files that were tested. The conditions were found in multiple files.

EFFECT :

- Failure to complete the rent reasonableness form at rental increases does not comply with HUD tenant compliance.
- Proper third party verifications must be done to insure proper rental rates are charged. Failure to do so does not comply with HUD tenant compliance.
- The 50058 is an important form in the recertification process. Failure to complete or maintain a current 50058 violates HUD tenant compliance.
- Failure to sign HAP contracts is in violation of HUD tenant compliance.

RECOMMENDATION: Housing Authority should develop a more stringent quality control procedure concerning tenant compliance.

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED DECEMBER 31, 2008

Finding No. 08-01 – Tenant Compliance

Point of Contact: Cindy Thompson, Director of the Housing Choice Voucher Program

Corrective Action Plan: The Alexandria Redevelopment and Housing Authority have undergone an agency-wide organizational restructuring. The Housing Choice Voucher (HCV) and Public Housing program(s) previously internally classified as Housing Operations now operate as separate departments. As such, the Quality Control Specialist previously responsible for serving both programs has been reclassified to serve only the HCV program. This has allowed a more thorough and complete review of tenant files. Current quality control reports show a significant decrease in individual Occupancy Specialist error ratios. There are also two (2) Occupancy Specialist II performing tenant file audits to support the efforts of the Quality Control Specialist. Additionally as a result of the 2008 SEMAP Confirmatory Review, ARHA has already developed and implemented more stringent quality control procedures to ensure tenant file compliance for its Housing Choice Voucher Program.

Due Date: All file findings identified by the internal audit have been corrected (see attached). The standard operating procedure for internal quality control is currently in the final stages of revision and will be completed and available for review October 30, 2009.