

**ALEXANDRIA REDEVELOPMENT
AND HOUSING AUTHORITY**

**AUDITED
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED
DECEMBER 31, 2013**

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the business-type activities, each major fund, and the aggregate remaining fund information and blended component units of the Alexandria Redevelopment and Housing Authority as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities which comprise the major fund of the Alexandria Redevelopment and Housing Authority at December 31, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 12 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.


Other Information

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

The accompanying Schedule of Expenditures of Federal Awards, Financial Data Schedule, and other supplementary information are presented for purposes of additional analysis as required by 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 is not a required part of the financial statements. The other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2014, on our consideration of the Alexandria Redevelopment and Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Alexandria Redevelopment and Housing Authority's internal control over financial reporting and compliance.


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

September 30, 2014

**ALEXANDRIA REDEVELOPMENT & HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION & ANALYSIS
FISCAL YEAR ENDED DECEMBER 31, 2013**

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, 2013.

FINANCIAL HIGHLIGHTS AND CONCLUSIONS:

The Alexandria Redevelopment & Housing Authority ("ARHA") had a relatively good year as illustrated by the net increase in net position. The PHA has continued the move toward rehabbing older economically depressed developments where continued maintenance and minor capital projects are not sufficient in neither meeting the goals and objectives of the PHA nor meeting the PHA's obligation to its residents and community in providing affordable quality housing. James Bland II and III were in process during the year and ARHA continues to look toward joint partnerships with City, State and Developers to transition ARHA into a more viable economic organization as well as providing increased housing opportunities in a changing economic environment.

Total Net Position increased by \$14.51 million which was mainly capital projects, including the completion and ongoing James Bland developments.

During the fiscal year the Authority changed the way the Tax Credit LLC's were reported under the component unit section. This is due to recent changes in GASB pronouncements and this required the prior year MD&A balances to be adjusted to reflect the component unit activity related to the Tax Credit LLC's and elimination entries related to debt, notes receivables, tenant revenues and other general expense. The latter two accounts relate to public housing subsidy transfer payments to the Tax Credit LLC's during the fiscal year.

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 Position (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 Position 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 position are accounted for in the Statement of Revenues, Expenses and Net Position. 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 Position and the Statement of Revenues, Expenses and Net Position report information about the Authority's activities and are summarized in the following sections.

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

Alexandria Redevelopment & Housing Authority
Combined Statement of Net Position
TABLE I

Account Descriptions	2013	2012	Total Change	% Change
Current Assets	33,142,092	25,372,311	7,769,781	30.62%
Noncurrent Assets	735,546	190,237	545,309	286.65%
Capital Assets	100,668,032	94,280,624	6,387,408	6.77%
Total Assets	134,545,670	119,843,172	14,702,498	12.27%
Current Liabilities	8,252,081	4,960,388	3,291,693	66.36%
Noncurrent Liabilities	26,470,122	29,572,208	(3,102,086)	-10.49%
Total Liabilities	34,722,203	34,532,596	189,607	0.55%
Investment in Capital Assets	81,114,439	78,276,592	2,837,847	3.63%
Restricted Net Position	4,331,924	908,825	3,423,099	376.65%
Unrestricted Net Position	14,377,104	6,125,159	8,251,945	134.72%
Total Net Assets	99,823,467	85,310,576	14,512,891	17.01%
Total Liabilities & Net Position	134,545,670	119,843,172	14,702,498	12.27%

Current Assets:

Current assets are made up of cash, receivables and prepaid expenses. Current assets decreased by \$7,769,781 or 30.62% due to several factors. Cash increased by \$8.38 million due to increased development funds received via tax credit contributions to the Tax Credit LLC's and small increases to the unrestricted cash balances. Net receivables decreased by \$(653,074) due to decreases in miscellaneous receivables and small increases in deferred charges.

Non-current Assets

Non-current assets are made up of notes receivable and other assets. Non-current assets increased by \$545,309. This was due to increased deferred long-term financing costs.

Current Liabilities

Current liabilities are made of accounts payable, accrued liabilities, unearned revenue and security deposits. Current liabilities increased by \$3.29 million. The increase was mainly related to reclassification of the Jefferson Village debt which is due in the current year and hadn't been refinanced as of the report date. Other current liabilities decreased during the fiscal year due to adjustments made to the Tax Credit LLC records and normal timing issues related to payables and accrued liabilities.

Non-current Liabilities

Non-current liabilities are made up of long-term debt, family self-sufficiency escrow accounts, accrued compensated absences and other accrued liabilities that are long term in nature. Non-current liabilities decreased by \$(3,102,086) due to reclassification of the Jefferson Village debt which is due in the current year and hadn't been refinanced as of the report date. Actual debt increased overall due to new debt obligations related to the James Bland Development phases II, IV and V. 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.

Net Position

As illustrated in the Combined Statement of Net Position, the overall Net Position of the Authority increased by \$14.51 million. The "Investment in Capital Assets" increased by \$2.83 million or 3.63 %.

The Restricted Net Position account is made up of a Housing Choice Voucher reserves. Restricted Net Position increased by \$3.42 million, or 376.65 %. The increase is related to development and modernization restricted funds earned during the fiscal year as well as the increase of \$426,682 in HCVP restricted HAP funds. This is related to additional funding received during fiscal year 2013 that wasn't utilized for HAP during the fiscal year.

The Unrestricted Net Position increased by \$8.25 million or 134.72% due development funds earned by the Authority's development corporation and operational income net of depreciation and capital additions

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

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

<u>Account Descriptions</u>	<u>2013</u>	<u>2012</u>	<u>Total Change</u>	<u>% Change</u>
Tenant Revenue	5,610,422	5,880,754	(270,332)	-4.60%
Grant Funding	28,076,010	23,482,106	4,593,904	19.56%
Capital Grant Funding	384,985	503,151	(118,166)	-23.49%
Interest Income	34,487	151,401	(116,914)	-77.22%
Gain/(Loss) on sale of assets	-	(2,844,992)	2,844,992	100.00%
Other Income	7,971,060	10,891,660	(2,920,600)	-26.82%
Total Revenue	42,076,964	38,064,080	4,012,884	10.54%
Administration	6,416,874	6,680,469	(263,595)	-3.95%
Tenant Services	420,666	473,165	(52,499)	-11.10%
Utilities	1,510,381	1,420,105	90,276	6.36%
Maintenance	3,216,934	2,210,425	1,006,509	45.53%
Protective services	21,746	23,968	(2,222)	-9.27%
General expense	820,191	859,801	(39,610)	-4.61%
Housing Assistance Payments	20,975,297	22,017,595	(1,042,298)	-4.73%
Interest expense	842,647	941,870	(99,223)	-10.53%
Depreciation	3,902,554	3,534,952	367,602	10.40%
Amortization	78,017	47,930	30,087	100.00%
Total Expenses	38,205,307	38,210,280	(4,973)	-0.01%
Capital Contributions	9,299,696	-	9,299,696	100.00%
Prior year adjustments	1,341,538	23,520,705	(22,179,167)	-94.30%
Change in Net Position	14,512,891	23,374,505	(8,861,614)	-37.91%
Beginning Net Position	85,310,576	61,936,071	23,374,505	37.74%
Ending Net Position	99,823,467	85,310,576	14,512,891	17.01%

REVENUES

In reviewing the Statement of Revenues, Expenses, and Net Position, you will find that 67% of the Authority's revenues are derived from grants from the Department of Housing and Urban Development and other Governmental subsidies. The Authority receives revenue from tenants for dwelling rental charges, excess utilities, and miscellaneous charges of 14% of total revenue. Other Revenue comprises the remaining 18% and Interest income represents roughly 1%. Compared to the Fiscal Year Ended December 31, 2013, revenues had an overall increase of \$4.01 million or 10.54 %.

Tenant Revenue - Tenant Revenue had a decrease from \$5,880,754 to \$5,610,422 or an increase of \$(270,332) or (4.60) %. The decrease was due to all of James Bland public housing properties being demolished in the prior years and only a portion of the new revitalized James Bland properties have been completed and online. During fiscal year 2014 the Authority expects a majority of the James Bland redevelopment to be fully completed and leased-up providing a significant increase in overall tenant revenue.

Program Grants/Subsidies - Federal and State subsidies for the year increased by \$4,593,904 or 19.56 % from \$23,482,106, operational and capital, in fiscal year 2012 to \$28,076,010, combination of operating and capital grants, in fiscal year 2013. The main driver in the increase was the increase in HCVP funding after two years of HUD funding cuts to utilize current net restricted position balances for housing assistance payments. See Table IV for the comparative funding schedule:

**Table III
HUD Funding Comparative**

Year	Public Housing	Mod Rehab	CFP
2013	3,434,319.00	1,334,093.00	1,048,481.00
2012	3,955,124.00	1,336,516.00	922,007.00
Net Change	(520,805.00)	(2,423.00)	126,474.00
% Change	-13.17%	-0.18%	0.00%

Year	Vouchers	ROSS	Totals
2013	22,128,802.00	73,056.00	28,018,751.00
2012	17,098,368.00	122,456.00	23,434,471.00
Net Change	5,030,434.00	(49,400.00)	4,584,280.00
% Change	29.42%	-40.34%	19.56%

Other Income/Interest Income – Other income decreased by \$(2.92) million due to the blending of the tax credit LLC's which were reported as blended component units in the current year due to recent changes in GASB pronouncements.

Interest income decreased by \$(391,912) or (84.35) % due to changes in reporting.

There were no disposition of assets during the fiscal year.

EXPENSES

The Alexandria Redevelopment & Housing Authority experienced a decrease in operating expenses for the current year from \$38.52 million or a net decrease of \$(279,971) or (.73) %. 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 2012, administrative costs decreased by \$(263,595) or (3.95) %. The main driver in the overall decrease was salaries and benefits as well as office expenses decreases. There were increases in legal costs related to development activity and potential development deals as well as increases in other administrative costs related to training and consulting fees related to the same development activity.

Tenant Services – Tenant Services costs include all costs incurred by the Authority to provide social services to the residents. The ARC and Ladrey Advisory Boards receive funding for board meetings, training costs, and other items to assist them in staying informed on its role in the Authority's operations. Tenant Services costs increased from \$473,165 to \$420,666 or a decrease of \$(52,499) or (11.10) %. The decrease was related to salaries and benefits which is related to decreased ROSS activities. Relocation costs increased due to the James Bland redevelopment.

Utilities - The total utilities expense for the Authority increased by \$90,276 or 6.36%. The increase was due to water expense increases which is related to increased water rates and usage. ARHA continues to work to improve the energy efficiency of our portfolio

Maintenance – Maintenance costs are all costs incurred by the Authority for the 744 Public Housing units, which are owned by the Authority in a safe and sanitary manner. Costs include personnel costs, materials used to maintain the units, contracts for waste management, vehicle costs and maintenance, and telephone/radio service, etc. The Maintenance Expense for the Authority increased from \$2.21 million to \$3.22 million for an increase of \$1.06 million or 45.53%. This was related to increased modernization needs as well as increased material expenses.

Protective Services – Protective services costs were used for police and fire services. The total expense for the year was \$21,746 or a decrease of \$(2,222). The Authority utilizes police and fire monitoring services for the security and protection for elderly, disabled and other residents. The services helped reduce crime and protect the Authority's assets.

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 \$859,801 to \$820,191 or a decrease of \$(39,610) or (4.61) %. The decrease was mainly due to overall decreases in bad debt expense and insurance expense. There were increases in other general expenses related to portability out administrative fee expense increases.

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 tenant's rent and the applicable payment standard. HAP payments for the Authority increased from \$22,017,595 to \$20,975,297 or an overall increase of \$1,042,298 or (4.73) %. This was due to increased lease up activity.

Depreciation – Because the costs of all capitalized additions are spread over the estimated useful life of an asset, the estimated current year costs of capitalized items is recorded as depreciation. Depreciation Expense for the current year increased by \$367,602 or 10.4%. This was due to new developments placed in service in the current year.

Other Non-Operating Expenses – The Authority had other non-operating revenues/expenditures related to interest expense and amortization. Interest expense decreased by \$(99,223) or (10.53) % due to amortization of capital debt principal balances. Amortization expense increased by \$30,087 the blending of the Tax Credit LLC blended component units new debt issues.

Prior Period Adjustments - There were \$1,341,538 in prior period adjustments for fiscal year ended December 31, 2013. This was made up of two separate entries. First, a \$1,317,760 write-off of Jefferson Village, State/Local) program, of notes receivable and accrued interest receivable related to bridge loans made to the Old Dominion partnership. During the final analysis of total development costs and related financing costs the partnership and general partner, Alexandria Redevelopment and Housing Authority, agreed that the balance of principal and accrued interest receivable from the partnership would be written off as there was not sufficient available funds in the partnership equity draws to pay the balance off. The original agreement tied the bridge loan and accrued interest to equity draws.

An additional adjustment was made to the beginning component unit beginning balance to bring the current year blended component unit net position balance in agreement with the December 31, 2012 audited financial statements. The entry isn't material to the overall component unit beginning balance but netted with the other prior period adjustment the Authority chose to disclose the activity as a prior period adjustment due to the first year of blending the component unit activity.

CAPITAL ASSETS

At the end of fiscal year 2012 the Authority had invested in Capital Assets of \$51,401,141, net of depreciation. As of December 31, 2013, the Authority had a net decrease in net capital assets of \$(3.9) million to \$47,494,133 million or (7.6) %. The following illustrates the Capital Asset values for 2013 and 2012.

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

<u>Account Descriptions</u>	<u>2013</u>	<u>2012</u>	<u>Total Change</u>	<u>% Change</u>
Land	19,223,010	20,956,700	(1,733,690)	-8.27%
Buildings & improvements	121,777,768	109,815,959	11,961,809	10.89%
Equipment	1,302,119	1,241,603	60,516	4.87%
	<u>142,302,897</u>	<u>132,014,262</u>	<u>10,288,635</u>	<u>7.79%</u>
Accumulated Depreciation	(41,634,865)	(37,733,638)	(3,901,227)	10.34%
Total Capital Assets	<u>100,668,032</u>	<u>94,280,624</u>	<u>6,387,408</u>	<u>6.77%</u>

The Authority has five ongoing HUD Capital Fund grants. The total capital improvement for the year was \$1.08 million, \$503,151 for CFP and \$9,903,650 in other capital projects. There were \$9.9 million in capital development within the Tax Credit LLC's during the fiscal year. Most of the activity was related to James Bland II, IV and V developments. Depreciation expense for the year ended December 31, 2013 was \$3,902,554.

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

LONG TERM DEBT

Noted in the State/Local portfolio, the PHA has four funds with long-term capital debt financing with the nine Tax Credit LLC projects. These entities, Quaker Hill, Glebe Park, Jefferson Village, and Hopkins Tancil in the State/Local portfolio, and Chatham Square, BWR, West Glebe, James Bland I, II, IV, V and Pendleton Park provide low-income rental housing, under the Public Housing and Multi-family HUD funding systems, for the residents of the City of Alexandria. Table V gives us an analysis of debt activity from FY 2012 to FY 2013.

Table V
Outstanding Debt Schedule

	<u>2013</u>	<u>2012</u>	<u>Net Change</u>
Current Portion of Long Term Debt	\$ 5,219,216	313,520	4,905,696
Long Term Debt, Net of	\$ 20,006,352	22,915,224	(2,908,872)
Totals	\$ 25,225,568	23,228,744	1,996,824

The long-term debt balance increased by \$136,247 and short term debt increased by \$4,905,696. The increase was due to new debt issues related to the James Bland redevelopment outpacing the amortization of the remaining cumulative debt during the current year while the increase in short-term debt was related to the Jefferson Village debt which is due in the current year and hadn't been refinanced as of the report date, see note 15.

ECONOMIC FACTORS AND EVENTS AFFECTING OPERATIONS:

Several factors may affect the financial position of the authority in the subsequent fiscal year. These factors include:

- (1) The population of the City of Alexandria was 139,966 per the 2010 census figures.¹
- (2) The City of Alexandria, per the 2010 census, had 8% of the city's population under the poverty level.²
- (3) As described in the Authority's Five-Year Plan, the Authority is working to increase the number of quality properties and units available for low-income residents of the City of Alexandria. Included in this plan is to revitalize current housing stock with innovative funding methods to accomplish these goals.

¹<http://alexandriava.gov/uploadedFiles/planning/info/StatisticsDemographics/Alex2011DataProfileWeb.pdf>

²<http://alexandriava.gov/uploadedFiles/planning/info/StatisticsDemographics/Alex2011DataProfileWeb.pdf>

- (4) The Authority is actively working to improve the Authority's image within the community of the City of Alexandria through increased public relation efforts. This will provide a higher visibility of the Authority and its goals so that the community will understand the vision of the Authority. This will provide a working relationship between the community and Authority in providing safe, decent, and affordable housing opportunities.

CONCLUSIONS:

Overall, the Alexandria Redevelopment & Housing Authority had a good year financially which is consistent with prior year's performance. ARHA's management is committed to staying abreast of regulations and appropriations as well as maintains an ongoing analysis of all budgets and expenses to ensure that the Authority continues to operate at the highest standards established by the Real Estate Assessment Center and the Department of Housing and Urban Development.

This financial report is designed to provide our AHRA residents, the citizens of Alexandria, Virginia, all federal and state regulatory bodies, and any creditors with a general overview of the Authority's finances. If you have any questions regarding these financial statements or supplemental information, you may contact Derek McDaniel, Finance Director at (703) 549-7115 Ext 220, or by writing: Alexandria Redevelopment Housing Authority, 600 North Fairfax Street, Alexandria, Va. 22314.

Alexandria Redevelopment & Housing Authority

Statement of Net Position - All Funds December 31, 2013

<u>ASSETS</u>	<u>Totals Primary Government</u>
Current Assets	
Cash and cash equivalents	\$ 14,440,559
Restricted Cash	16,531,571
Receivables, net	1,934,417
Prepaid Expense and Other Assets	235,545
Total current assets	<u>33,142,092</u>
Noncurrent Assets	
Capital assets:	
Land	19,223,010
Buildings	115,744,205
Furniture, Equipment & Machinery - Admin	1,302,119
Construction in Progress	6,033,563
Less: accumulated depreciation	<u>(41,634,865)</u>
Capital assets, net	100,668,032
Noncurrent Notes, Loans & Mortgages Receivable	735,546
Total noncurrent assets	<u>101,403,578</u>
Total Assets	<u>\$ 134,545,670</u>

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

Alexandria Redevelopment & Housing Authority

Statement of Net Position - All Funds December 31, 2013

<u>LIABILITIES</u>	<u>Totals Primary Government</u>
Current Liabilities	
Accounts Payable	\$ 576,344
Accrued Liabilities	744,754
Intergovernmental payables	334,248
Tenant security deposits	467,681
Deferred revenue	545,919
Current portion of long-term debt	5,219,216
Other current liabilities	363,919
Interprogram due to	-
Total current liabilities	<u>8,252,081</u>
Noncurrent liabilities	
Long-term debt, net of current	20,006,352
Noncurrent liabilities - other	6,463,770
Total noncurrent liabilities	<u>26,470,122</u>
Total Liabilities	<u>34,722,203</u>
Net Position	
Investment in Capital Assets - Net of Related Debt	81,114,439
Restricted Net Position	4,331,924
Unrestricted Net Position	14,377,104
Total Net Position	<u>99,823,467</u>
Total Liabilities and Net Position	<u>\$ 134,545,670</u>

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

Alexandria Redevelopment & Housing Authority

Statement of Revenues, Expenses and Changes in Fund Net Position - All Funds For the year ended December 31, 2013

	Totals Primary Government
Operating Revenues	
Tenant revenue	\$ 5,610,422
Government operating grants	27,633,766
Other Government Grants	442,244
Other revenue	7,971,060
Total operating revenues	<u>41,657,492</u>
Operating Expenses	
Administrative	6,411,724
Asset Management Fees	5,150
Tenant services	420,666
Utilities	1,510,381
Maintenance	3,216,934
Protective services	21,746
General	820,191
Housing assistance payment	20,975,297
Depreciation	3,902,554
Total operating expenses	<u>37,284,643</u>
Operating income (loss)	<u>4,372,849</u>
Non-Operating Revenues (Expenses)	
Interest Expense	(920,664)
Gain/Loss on sale of fixed assets	-
Interest and investment revenue	34,487
Total nonoperating revenues (expenses)	<u>(886,177)</u>
Income (loss) before contributions and transfers	3,486,672
Capital Grants - Federal Government	384,985
Capital Contributions	9,299,696
Change in Net Position	13,171,353
Total Beginning Net Position	85,260,576
Prior Period Adjustments/Equity Transfers	1,391,538
Total Ending Net Position	<u>\$ 99,823,467</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, 2013

	Totals Primary Government
Cash flows from operating activities:	
Cash received from tenants	\$ (1,210,953)
Cash received from operating grants	27,543,243
Cash received from other government grants	442,244
Cash received from other sources	18,933,976
Cash paid for goods and services	(5,674,511)
Cash paid for employees and administrative	(8,003,604)
Housing Assistance payments	(22,168,165)
Cash paid for other	(2,015,505)
Net cash provided (used) by operating activities	<u>7,846,725</u>
Cash flows from noncapital financing activities:	
Transfers	<u>(20,464,878)</u>
Cash flows from capital and related financing activities:	
Capital Grants received - Federal Government	384,985
Capital Grants received - Other Governments	9,299,696
Purchases, Sales and construction of capital assets	(10,004,581)
Principal paid on capital debt	(5,232,005)
Proceeds from capital debt and equity	4,128,533
Interest paid on capital debt	(1,362,925)
Net cash (used) for capital and related financing activities	<u>(2,786,297)</u>
Cash flows from investing activities:	
Notes receivable advances	23,349,705
Interest and dividends	476,748
Net cash provided by investing activities	<u>23,826,453</u>
	-
Net increase (decrease) in cash and cash equivalents	8,422,003
Cash and cash equivalents at beginning of year	22,550,127
Cash and cash equivalents at end of year	<u>\$ 30,972,130</u>
Reconciliation of cash and restricted cash	
Cash and cash equivalents	\$ 14,440,559
Restricted Cash and cash equivalents	16,531,571
Total Cash and cash equivalents	<u>\$ 30,972,130</u>
Noncash Investing, Capital, and Financing Activities	
Accrued Contingent liability	\$ -

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, 2013

	Totals Primary Government
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ 4,372,849
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	3,902,554
Changes in assets and liabilities:	
(Increase) Decrease in Receivables - net	(690,039)
(Increase) Decrease in Prepaid expenses	(51,626)
(Increase) Decrease in Interprogram due from	(509,965)
Increase (Decrease) in Accounts payable	(149,023)
Increase (Decrease) in Accrued expenses	(14,943)
Increase (Decrease) in Other liabilities	(168,793)
Increase (Decrease) in Unearned revenue	(5,462,193)
Increase (Decrease) in Intergovernmental payables	(33,704)
Increase (Decrease) in Interprogram due to	466,417
Increase (Decrease) in Noncurrent liabilities	6,185,191
Net cash provided (used) by operating activities	<u>\$ 7,846,725</u>

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

Alexandria Redevelopment & Housing Authority

Statement of Net Position - Proprietary Funds December 31, 2013

ASSETS	Business Activities	Low Rent Public Housing	Blended Component Units	Housing Choice Vouchers	State/Local	Nonmajor Proprietary Funds	Total Before Eliminations	Inter-entity Eliminations	Totals Primary Government
Current Assets									
Cash and cash equivalents	\$ 1,832,451	\$ 4,353,804	\$ 3,049,320	\$ 2,212,853	\$ 2,166,816	\$ 825,315	\$ 14,440,559	\$ -	\$ 14,440,559
Restricted Cash	3,899,376	173,566	3,466,842	532,020	8,459,767	-	16,531,571	-	16,531,571
Receivables, net	366,169	835,314	162,073	238,739	1,692,891	89,544	3,384,730	(1,450,313)	1,934,417
Prepaid Expense and Other Assets	1,555	64,248	82,050	15,197	69,585	2,910	235,545	-	235,545
Interprogram due from	555,406	-	-	-	-	42,747	598,153	(598,153)	-
Total current assets	6,654,957	5,426,932	6,760,285	2,998,809	12,389,059	960,516	35,190,558	(2,048,466)	33,142,092
Noncurrent Assets									
Capital assets:									
Land	-	3,855,621	7,365,339	-	8,002,050	-	19,223,010	-	19,223,010
Buildings	1,992,318	33,321,238	50,163,453	-	29,198,347	1,068,849	115,744,205	-	115,744,205
Furniture, Equipment & Machinery - Admin	-	116,453	694,601	206,475	125,858	158,732	1,302,119	-	1,302,119
Construction in Progress	-	1,773,139	4,126,626	-	-	133,798	6,033,563	-	6,033,563
Less: accumulated depreciation	(1,556,266)	(22,589,973)	(7,454,841)	(206,475)	(8,885,317)	(941,993)	(41,634,865)	-	(41,634,865)
Capital assets, net	436,052	16,476,478	54,895,178	-	28,440,938	419,386	100,668,032	-	100,668,032
Noncurrent Notes, Loans & Mortgages Receivable	34,815,311	-	689,355	-	4,962,932	-	40,467,598	(39,732,052)	735,546
Total noncurrent assets	35,251,363	16,476,478	55,584,533	-	33,403,870	419,386	141,135,630	(39,732,052)	101,403,578
Total Assets	\$ 41,906,320	\$ 21,903,410	\$ 62,344,818	\$ 2,998,809	\$ 45,792,929	\$ 1,379,902	\$ 176,326,188	\$ (41,780,518)	\$ 134,545,670

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

Alexandria Redevelopment & Housing Authority

Statement of Net Position - Proprietary Funds December 31, 2013

LIABILITIES	Business Activities	Low Rent Public Housing	Blended Component Units	Housing Choice Vouchers	State/Local	Nonmajor Proprietary Funds	Total Before Eliminations	Inter-entity Eliminations	Totals	
									Primary	Government
Current Liabilities										
Accounts Payable	\$ 720	\$ 75,630	\$ 441,577	\$ 15,255	\$ 25,350	\$ 33,826	\$ 592,358	\$ (16,014)	\$	\$ 576,344
Accrued Liabilities	98,384	231,164	68,202	54,270	88,592	204,142	744,754	-	-	744,754
Intergovernmental payables	-	63,962	-	-	257,398	12,888	334,248	-	-	334,248
Tenant security deposits	-	173,566	117,682	-	176,433	-	467,681	-	-	467,681
Deferred revenue	-	22,419	31,132	-	492,368	-	545,919	-	-	545,919
Current portion of long-term debt	-	-	51,793	-	5,167,423	-	5,219,216	-	-	5,219,216
Other current liabilities	-	-	1,442,166	298,655	-	57,397	1,798,218	(1,434,299)	-	363,919
Interprogram due to	-	552,186	-	-	-	45,967	598,153	(598,153)	-	-
Total current liabilities	99,104	1,118,927	2,152,552	368,180	6,207,564	354,220	10,300,547	(2,048,466)		8,252,081
Noncurrent liabilities										
Long-term debt, net of current	-	-	33,927,604	-	22,409,739	-	56,337,343	(36,330,991)		20,006,352
Noncurrent liabilities - other	275,590	107,451	2,799,056	146,892	6,343,735	192,107	9,864,831	(3,401,061)		6,463,770
Total noncurrent liabilities	275,590	107,451	36,726,660	146,892	28,753,474	192,107	66,202,174	(39,732,052)		26,470,122
Total Liabilities	\$ 374,694	\$ 1,226,378	\$ 38,879,212	\$ 515,072	\$ 34,961,038	\$ 546,327	\$ 76,502,721	\$ (41,780,518)		\$ 34,722,203
Net Position										
Investment in Capital Assets - Net of Related Debt	\$ 436,052	\$ 16,476,478	\$ 20,915,781	\$ -	\$ 6,535,751	\$ 419,366	\$ 44,783,448	\$ 36,330,991	\$	\$ 81,114,439
Restricted Net Position	38,714,687	-	-	432,548	-	-	39,147,235	(34,815,311)		4,331,924
Unrestricted Net Position	2,380,887	4,200,554	2,549,825	2,051,189	4,296,140	414,189	15,892,784	(1,515,660)		14,377,104
Total Net Position	41,531,626	20,677,032	23,465,606	2,483,737	10,831,891	833,575	99,823,467	-		99,823,467
Total Liabilities and Net Position	\$ 41,906,320	\$ 21,903,410	\$ 62,344,818	\$ 2,998,809	\$ 45,792,929	\$ 1,379,902	\$ 176,326,188	\$ (41,780,518)		\$ 134,545,670

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

Alexandria Redevelopment & Housing Authority

Statement of Revenues, Expenses and Changes in Net Position - Proprietary funds For the year ended December 31, 2013

	Business Activities	Low Rent Public Housing	Blended Component Units	Housing Choice Vouchers	State/Local	Nonmajor Proprietary Funds	Inter-Entity Eliminations	Totals Primary Government
Operating Revenues								
Tenant revenue	\$ -	\$ 1,479,070	\$ 2,357,371	\$ -	\$ 4,039,674	\$ -	\$ (2,265,693)	\$ 5,610,422
Government operating grants	-	4,096,201	-	22,128,802	-	1,408,763	-	27,633,766
Other Government Grants	-	-	-	-	442,244	-	-	442,244
Other revenue	4,588,189	358,244	133,523	683,512	1,144,293	2,650,029	(1,586,730)	7,971,060
Total operating revenues	4,588,189	5,933,515	2,490,894	22,812,314	5,626,211	4,058,792	(3,852,423)	41,657,492
Operating Expenses								
Administrative	42,622	1,768,555	1,260,502	1,401,716	1,372,353	2,033,016	(1,468,040)	6,411,724
Asset Management Fee	-	60,070	35,230	-	28,540	-	(118,690)	5,150
Tenant services	7,926	109,514	131,988	28	97,717	73,493	-	420,666
Utilities	-	994,904	155,307	1,238	330,921	28,011	-	1,510,381
Maintenance	-	1,327,445	625,626	16,540	620,258	627,065	-	3,216,934
Protective services	-	900	18,060	974	882	930	-	21,746
General	1,000	1,223,440	169,842	227,288	209,058	50,446	(1,060,883)	820,191
Housing assistance payment	-	-	-	20,975,297	-	1,204,810	(1,204,810)	20,975,297
Depreciation	57,691	1,081,794	1,791,634	1,500	935,641	34,294	-	3,902,554
Total operating expenses	109,239	6,567,622	4,188,189	22,624,581	3,595,370	4,052,065	(3,852,423)	37,284,643
Operating Transfers In/(Out)	-	-	-	-	-	-	-	-
Operating income (loss)	4,478,950	(634,107)	(1,697,295)	187,733	2,030,841	6,727	-	4,372,849
Non-Operating Revenues (Expenses)								
Interest Expense	-	-	(532,859)	-	(830,066)	-	442,261	(920,664)
Interest and investment revenue	389,787	5,424	20,898	820	59,587	232	(442,261)	34,487
Total nonoperating revenues (expenses)	389,787	5,424	(511,961)	820	(770,479)	232	-	(886,177)
Income (loss) before contributions and transfer:	4,868,737	(628,683)	(2,209,256)	188,553	1,260,362	6,959	-	3,486,672
Capital Grants - Federal	-	384,985	-	-	-	-	-	384,985
Capital Contributions	-	-	9,299,696	-	-	-	-	9,299,696
Change in Net Position	4,868,737	(243,698)	7,090,440	188,553	1,260,362	6,959	-	13,171,353
Total Beginning Net Position	14,856,473	30,334,202	16,351,388	2,295,184	2,874,687	18,548,642	-	85,260,576
Prior Period Adjustments/Equity Transfers	21,806,416	(9,413,472)	23,778	-	6,696,842	(17,722,026)	-	1,391,538
Total Ending Net Position	\$ 41,531,626	\$ 20,677,032	\$ 23,465,606	\$ 2,483,737	\$ 10,831,891	\$ 833,575	\$ -	\$ 99,823,467

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, 2013

	Business Activities	Low Rent Public Housing	Blended Component Units	Housing Choice Vouchers	State/Local	Nonmajor Proprietary Funds	Totals Primary Government
Cash flows from operating activities:							
Cash received from tenants	\$ 246,548	\$ 1,445,503	\$ 2,297,399	\$ -	\$ (5,200,403)	\$ -	\$ (1,210,953)
Cash received from operating grants	-	4,096,201	-	22,022,974	-	1,424,068	27,543,243
Cash received from other government grants	-	-	-	-	442,244	-	442,244
Cash received from other sources	4,588,189	358,244	131,436	683,512	10,397,902	2,774,693	18,933,976
Cash paid for goods and services	(269,217)	(2,675,842)	(947,065)	(18,803)	(1,052,212)	(711,372)	(5,674,511)
Cash paid for employees and administrative	(42,622)	(1,829,625)	(1,295,732)	(1,401,716)	(1,400,893)	(2,033,016)	(8,003,604)
Housing Assistance payments	-	-	-	(20,975,297)	-	(1,192,868)	(22,168,165)
Cash paid for other	(616,968)	(655,766)	(169,842)	(227,288)	(258,260)	(87,381)	(2,015,505)
Net cash provided (used) by operating activities	3,905,930	738,715	16,196	83,382	2,928,378	174,124	7,846,725
Cash flows from noncapital financing activities:							
Equity transfers and prior year adjustments	-	(9,413,472)	23,778	-	6,696,842	(17,772,026)	(20,464,878)
Net cash (used) for noncapital financing activities	-	(9,413,472)	23,778	-	6,696,842	(17,772,026)	(20,464,878)
Cash flows from capital and related financing activities:							
Capital Grants received - Federal Government	-	384,985	-	-	-	-	384,985
Capital Contributions	-	-	9,299,696	-	-	-	9,299,696
Purchases, Sales and construction of capital assets	-	(384,985)	(9,614,940)	-	(4,656)	-	(10,004,581)
Principal paid on capital debt	-	-	(3,789,750)	-	(1,442,255)	-	(5,232,005)
Proceeds (payments of) from capital debt and equity	-	-	4,128,533	-	-	-	4,128,533
Interest paid on capital debt	-	-	(532,859)	-	(830,066)	-	(1,362,925)
Net cash (used) for capital and related financing activities	-	-	(509,320)	-	(2,276,977)	-	(2,786,297)
Cash flows from investing activities:							
Notes Receivable Advances	(2,161,352)	9,413,472	(39,067)	-	1,086,007	15,050,645	23,349,705
Interest and dividends	389,787	5,424	20,898	820	59,587	232	476,748
Net cash provided by investing activities	(1,771,565)	9,418,896	(18,169)	820	1,145,594	15,050,877	23,826,453
Net increase (decrease) in cash and cash equivalents	2,134,365	744,139	(487,515)	84,202	8,493,837	(2,547,025)	8,422,003
Cash and cash equivalents at beginning of year	3,597,462	3,783,231	7,003,677	2,660,671	2,132,746	3,372,340	22,550,427
Cash and cash equivalents at end of year	\$ 5,731,827	\$ 4,527,370	\$ 6,516,162	\$ 2,744,873	\$ 10,626,583	\$ 825,315	\$ 30,972,130
Reconciliation of Unrestricted Cash and Restricted Cash							
Cash and Cash Equivalents	\$ 1,832,451	\$ 4,353,804	\$ 3,049,320	\$ 2,212,853	\$ 2,166,816	\$ 825,315	\$ 14,440,559
Restricted Cash and Cash Equivalents	3,899,376	173,566	3,466,842	532,020	8,459,767	-	16,531,571
Total Cash and Cash Equivalents	\$ 5,731,827	\$ 4,527,370	\$ 6,516,162	\$ 2,744,873	\$ 10,626,583	\$ 825,315	\$ 30,972,130

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, 2013

	Business Activities	Low Rent Public Housing	Blended Component Units	Housing Choice Vouchers	State/Local	Nonmajor Proprietary Funds	Totals Primary Government
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	\$ 4,478,950	\$ (634,107)	\$ (1,697,295)	\$ 187,733	\$ 2,030,841	\$ 6,727	\$ 4,372,849
Operating income (loss)	57,691	1,081,794	1,791,634	1,500	935,641	34,294	3,902,554
Adjustments to reconcile operating income to net cash provided (used) by operating activities:							
Depreciation expense	246,548	(38,222)	(81,103)	(105,828)	(704,261)	(7,173)	(690,039)
Changes in assets and liabilities:	(1,555)	(32,528)	(16,084)	2,244	(2,434)	(1,269)	(51,626)
(Increase) Decrease in Receivables - net	(555,406)	-	-	-	-	45,441	(509,965)
(Increase) Decrease in Prepaid expenses	(8,860)	(145,657)	-	(688)	(6,235)	2,594	(158,846)
(Increase) Decrease in Interprogram due from	(250,876)	122,376	-	13,584	10,177	93,021	(11,718)
Increase (Decrease) in Accounts payable	-	(142,514)	(2,087)	44,815	(66,086)	6,598	(159,274)
Increase (Decrease) in Accrued expenses	-	4,655	21,131	-	(5,487,979)	(2,921)	(5,465,114)
Increase (Decrease) in Other liabilities	-	15,488	-	-	(49,202)	10	(33,704)
Increase (Decrease) in Unearned revenue	(60,562)	552,186	-	-	-	(25,207)	466,417
Increase (Decrease) in Intergovernmental payables	-	(44,756)	-	(59,978)	6,267,916	22,009	6,185,191
Increase (Decrease) in Interprogram due to	-	-	-	83,382	2,928,378	174,124	7,846,725
Increase (Decrease) in Noncurrent liabilities	-	-	-	-	-	-	-
Net cash provided (used) by operating activities	\$ 3,905,930	\$ 738,715	\$ 16,196	\$ 83,382	\$ 2,928,378	\$ 174,124	\$ 7,846,725

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

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**NOTE 1: ORGANIZATION AND REPORTING ENTITY**

- A. Reporting Entity - The Alexandria Redevelopment and Housing Authority (ARHA) is a non-profit organization which was organized under the laws of the Commonwealth of Virginia to provide low rent housing for qualified individuals in accordance with the rules and regulations prescribed by the Department of Housing and Urban Development and other Federal Agencies. ARHA is responsible for operating a low-rent housing program which provides housing for eligible families, for operating redevelopment and conservation programs and for the delivery of services to citizens of low-rent housing and urban renewal areas through the encouragement and development of social and economic opportunities. As required by GAAP, these statements present the funds, activities, and functions of ARHA (the primary government). ARHA is not a component unit of the City of Alexandria.

Component units are reported as part of the reporting entity under either the blended or discrete method of presentation. Blended involves merging the component unit data with the primary government. The discrete method presents the financial statements of the component unit outside of the basic financial statement totals of the primary government.

In determining how to define the reporting entity, management has considered all potential component units. The decision to include component units in the reporting entity is made by applying the criteria set forth in *Section 2100 and 2500 of the Codification of Governmental Accounting and Financial Reporting Standards and Statement No. 14 (amended), of the Governmental Accounting Standards Board: The Financial Reporting Entity and Statement No. 61 of the Governmental Accounting Standards Board: The Financial Reporting Entity: Omnibus*. These criteria include manifestation of oversight responsibility including financial benefit to or burden on a primary organization, financial accountability as a result of fiscal dependency, potential for dual inclusion, and organization included in the reporting entity although the primary organization is not financially accountable. The Authority has two blended component units under the State and Local section of the HUD REAC Financial Data Schedule: Virginia Housing Development, L.L.C.; Quaker Hill, L.P. The Authority reports eight blended component units West Glebe, L.P.; Braddock Whiting Reynolds, L.P.; Madden AUOE, L.P.; Old Dominion, L.P.; James Bland I, L.P.; James Bland II, L.P.; and James Bland IV, L.P.

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**NOTE 1: ORGANIZATION AND REPORTING ENTITY (Cont'd)**

- 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.

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

The Authority has no governmental funds.

The Authority reports the following major proprietary funds:

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

Housing Choice Voucher Fund - Under this program, rental assistance payments are made by the Authority primarily to landlords on behalf of eligible families. These programs are funded by the annual contributions contract with HUD.

State Fund - The State/Local Fund includes Jefferson Village as well as the Security Deposit Loan Fund, Donations Fund, Miller Homes, Quaker Hill and Hopkins Tancil.

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.

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**NOTE 1: ORGANIZATION AND REPORTING ENTITY (Cont.)****C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation - (Cont.)**

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.

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.

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED DECEMBER 31, 2013**NOTE 1: ORGANIZATION AND REPORTING ENTITY (Cont.)**

- G. Land, Structures and Equipment - Land, structures and equipment are capitalized at cost with depreciation calculated on the straight-line basis over the following estimated useful lives:

Real Property	30 years
Real Property Improvements	20 years
Office Furniture and Equipment	7 years
Data Processing Equipment and Automobiles	5 years

When assets are retired, demolished, or sold, their costs are removed from the accounts and the proceeds, if any, are reflected in revenues currently.

- H. Impairment of Long-Lived Assets

GASB Statement No. 42, Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries, establishes accounting and financial reporting standards for impairment of capital assets. Under the provisions of the statement, prominent events or changes in circumstances affecting capital assets are required to be evaluated to determine whether impairment of a capital asset has occurred. Impaired capital assets that will no longer be used should be reported at the lower of carrying value or fair value. Impairment of capital assets with physical damage generally should be measured using the restoration cost approach, which uses the estimated cost to restore the capital asset to identify the portion of the historical cost of the capital asset that should be written-off. No such impairment loss was incurred during the current year.

- I. Intangible Assets

Bond financing costs on the capital program revenue bonds are amortized over the life of the issue using the straight-line method, which approximates the effective-interest method.

- 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
- 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 funded on a fee-for-services basis. These fees were approved by the appropriate grantors as of ARHA's overall operations budget for the fiscal year.

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED DECEMBER 31, 2013

- L. Net Position - Net Position balances are designated by the Low Rent Fund, Section 8 Housing Choice Voucher Fund, Other Federal Grants Fund, Business Activities and State/Local Fund for future expenses, or must be returned to the grantor, and generally may not be used in any manner by ARHA except as specified under their respective contracts. The Net Position balance of the Business Activities Fund are designated to provide for financial resource utilization in future periods. Deficit balances in net positions are primarily attributable to accumulated depreciation charges on fixed assets.
- 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.
- N. Income Taxes - As a political subdivision of the State of Virginia, ARHA is exempt from Federal and State income taxes.
- O. New Accounting Pronouncements - In fiscal year 2013, the Authority implemented GASB No. 61, The Financial Reporting Entity, which amends certain requirements for the inclusion and reporting component units in a government's financial statements. This Statement will require new blending criteria, clarification of reporting equity interests in legally separate organizations, expanded note disclosures explaining the rationale for component unit classification, as well as additional requirements beyond "Fiscal Dependency" and having the same common board. The provisions of the Statement are effective for financial statements for periods beginning after June 30, 2012.

During fiscal year 2012, the Authority has implemented GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position. As of December 31, 2013, the Authority had no deferred inflows or outflows to be reported.

NOTE 2: DEPOSITS & INVESTMENTS

Deposits - At year end, the carrying amount of deposits with banks and savings institutions was \$14,440,559 unrestricted and \$16,531,571 restricted. Of the bank balance, \$27,332,741 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.

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED DECEMBER 31, 2013**NOTE 2: DEPOSITS & INVESTMENTS (Cont'd)**

Investments – As of December 31, 2013, 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, 2013, all of the Authority's investments were in U.S. Government Securities held in the Authority's name.

Restricted Cash – Restricted cash is made up of HOPE VI non-federal modernization funds, restricted HAP Funds, security deposit, FSS escrow funds and restricted cash for replacement reserve, residual receipts and taxes and insurance needs. They are restricted by HUD for the purposes stated above.

NOTE 3: RECEIVABLES

Receivables as of December 31, 2013, for the Authority's individual major funds and other proprietary funds in the aggregate, including the applicable allowance for uncollectible accounts, are as follows:

	Business Activities	Low Rent Public Housing	Housing Choice Vouchers	State/ Local Funds	Component Unit Funds	Nonmajor Proprietary Funds	Total
Receivables							
Tenants	\$ -	84,592	\$ -	217,206	77,767	\$ -	379,565
Intergovernmental	-	691,388	238,739	37,643		89,544	1,057,314
Miscellaneous	366,169	73,242	-	19,569	93,144	-	552,124
Notes, Loans and Mortgages - Curr.	-	-	-	-	-	-	-
Gross Receivables	366,169	849,222	238,739	274,418	170,911	89,544	1,989,003
Less: Allowance for Uncollectibles	-	(13,908)	-	(31,840)	(8,838)	-	(54,586)
Net Total Receivables	\$366,169	\$835,314	\$238,739	\$242,578	\$162,073	\$89,544	\$1,934,417

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED DECEMBER 31, 2013**NOTE 5: MORTGAGES AND NOTES RECEIVABLE AND NONCURRENT ASSETS**

At December 31, 2013 the Authority had various notes receivable balance related to HOPE VI loans, Turnkey III and Development Ventures Inc. loans and additional other assets related to Tax Credit L.L.C. Component Unit long-term financing fees which are amortized over the life of the debt financing. All loans are to tax credit L.L.C. entities that are blended as ARHA component units and as such are completely eliminated as inter-company loans. The amounts due are as follows:

Business Activities	\$ 34,815,311
Blended Component Unit	689,355
State/Local	<u>4,962,932</u>
Total Mortgages, Notes Receivable, and Other Assets	40,467,598
Elimination Entry – Intercompany Loans	<u>(39,732,052)</u>
Total Noncurrent assets	<u>\$ 735,546</u>

Intangible Assets and Amortization is as follows:

Madden AUOE LP

Permanent loan fees in the amount of \$70,000 are amortized under the straight-line method, which approximates the effective interest method, over the life of the permanent loan. Tax credit fees in the amounts of 91,665 are amortized under the straight-line method over estimated lives of 10 and 15 years, respectively. As of December 31, 2013, accumulated amortization totaled \$64,807, respectively, and amortization expense was \$9,200.

BWR LP

Permanent loan fees in the amount of \$504,378 are amortized under the straight-line method, which approximates the effective interest method, over the life of the permanent loan, Tax credit fees are amortized using the straight-line method for a period of ten years. As of December 31, 2013, accumulated amortization totaled \$162,139, respectively, and amortization expense was \$11,055.

West Glebe LP

Permanent loan fees in the amount of \$28,608 are amortized under the straight-line method, which approximates the effective interest method, over the life of the permanent loan, Tax credit fees in the amount of \$55,554 are amortized using the straight-line method for a period of ten years. As of December 31, 2013, accumulated amortization totaled \$24,208, respectively, and amortization expense was \$6,509.

Old Dominion LP

Permanent loan fees in the amount of \$23,901 are amortized under the straight-line method, which approximates the effective interest method, over the life of the permanent loan, Tax credit fees in the amount of \$31,119 are amortized using the straight-line method for a period of ten years. As of December 31, 2013, accumulated amortization totaled \$14,032, respectively, and amortization expense was \$3,725.

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED DECEMBER 31, 2013**NOTE 5: MORTGAGES AND NOTES RECEIVABLE AND NONCURRENT ASSETS - (Cont.)**

James Bland I LP

Tax credit fees of \$35,769 are amortized using the straight-line method over a 10-year period, which is the term of the credit period. Accumulated amortization as of December 31, 2013 was \$9,241. Amortization expense for the years ended December 31, 2013.

James Bland II LP

As of December 31, 2013 tax credit fees of \$24,602, respectively, are amortized using the straight-line method over a 15-year period, which is the term of the credit period. Amortization expense for the years ended December 31, 2013 was \$2,460. Accumulated amortization as of December 31, 2013 was \$4,100.

James Bland IV LP

Tax credit fees of \$52,691 are amortized using the straight-line method over a 15-year period, which is the term of the credit period. Amortization expense for the years ended December 31, 2013 was \$4,391. Accumulated amortization as of December 31, 2013 was \$4,391.

NOTE 6: CAPITAL ASSETS

Land, structures and equipment consist of the following at December 31, 2013:	Beginning Balances	Increases	Decreases	Ending Balances
Enterprise Activities				
Capital Assets not being depreciated				
Land	\$ 20,956,700	\$ -	\$ (1,733,690)	\$ 19,223,010
Construction in progress	5,881,846	517,631	(365,914)	6,033,563
Total capital assets not being depreciated	<u>26,838,546</u>	<u>517,631</u>	<u>(2,099,604)</u>	<u>25,256,573</u>
Buildings & improvements	103,934,113	11,444,178	365,914	115,744,205
Furniture & equipment	1,241,603	60,516	-	1,302,119
Total capital assets being depreciated	<u>105,175,716</u>	<u>11,504,694</u>	<u>365,914</u>	<u>117,046,324</u>
Less accumulated depreciation:				-
Buildings, Improvements, Furniture & Equipment	37,732,311	3,902,554	-	41,634,865
Total accumulated depreciation	<u>37,732,311</u>	<u>3,902,554</u>	<u>-</u>	<u>41,634,865</u>
Total capital assets being depreciated	<u>67,443,405</u>			<u>75,411,459</u>
Enterprise activity capital assets, net	<u>\$ 94,281,951</u>			<u>\$ 100,668,032</u>

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED DECEMBER 31, 2013**NOTE 7: ACCOUNTS PAYABLE**

Accounts payable at December 31, 2013, consisted of the following:

Vendors & contractors	\$ 576,344
Payments in lieu of taxes – City of Alexandria	81,038
Accounts payable – HUD	253,210
Tenant security deposits	467,681
	<u>\$ 1,378,273</u>

NOTE 8: ACCRUED EXPENSES AND OTHER ACCRUED LIABILITIES

Accrued expenses and other current liabilities at December 31, 2013, consisted of the following:

Accrued salary payable	\$ 426,947
Accrued compensated absences – current portion	294,821
Accrued interest payable	22,986
Unearned revenue – prepaid rents	545,919
Operational Debt – Short-term –West Glebe City of Alex	5,219,216
Other current liabilities	65,264
Accrued liabilities – other	298,655
	<u>\$ 6,873,808</u>

NOTE 9: DEFINED BENEFIT PENSION PLANa. 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 is available on the VRS website at <http://www.varetire.org/Pdf/Publications/2013-Annual-Report.pdf> or obtained by writing the System's Chief Financial Officer at P. O. Box 2500, Richmond, VA 23218-2500.

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED DECEMBER 31, 2013**NOTE 9: DEFINED BENEFIT PENSION PLAN - (Cont.)**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 the 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, 2013, was 5% of annual covered payroll.

c. Annual Pension Cost

For 2013, ARHA's annual pension cost of \$438,540 was equal to the required and actual contributions. The required contribution was determined as part of the June 30, 2013 actuarial valuation using the entry age normal cost method. The actual assumptions included (a) 7.0% investment rate of return, (b) projected salary increases of 3.50% to 5.35% per year for employees depending on position (c) 2.5% per year cost-of-living adjustments.

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

c. Annual Pension Cost – (Con't)

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, 2011	\$ 508,209	100%	None
December 31, 2012	467,420	100%	None
December 31, 2013	\$ 438,540	100%	None

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED DECEMBER 31, 2013**NOTE 9: DEFINED BENEFIT PENSION PLAN - (Cont.)**d. Schedule of Funding Progress (Unaudited)

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

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
June 30, 2009	10,142,890	10,118,379	< 24,511 >	100.24%	3,417,232	< .72% >
June 30, 2010	10,154,109	11,619,990	1,465,881	87.38%	3,971,713	36.91%
June 30, 2011	10,307,935	12,026,489	1,718,554	85.71%	4,459,639	38.54%
June 30, 2012	10,269,272	12,595,993	2,326,721	81.53%	4,393,255	52.96%
June 30, 2013	10,714,585	12,406,634	1,692,049	86.36%	4,326,482	39.11%

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.

NOTE 10: CONTINGENCIES AND OTHER MATTERSa. 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.

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED DECEMBER 31, 2013**NOTE 11: IMPAIRMENT OF CAPITAL ASSETS**

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

Note 12: DEFERRED COMPENSATION PLAN

ARHA provides an approved deferred compensation plan under Section 457 of the Internal Revenue Service which is administered by Mutual of America Life Insurance Company. All regular full-time ARHA employees are eligible to participate. The Internal Revenue Code requires that the plan assets and income attributed to the assets be held in trust for the exclusive benefit of the participants and/or beneficiaries. All amounts of employees' compensation deferred under the plan are deposited with the plan trustee, Mutual of America Life Insurance Company, for management and investment. The plan trustee holds all assets of the plan, maintains accounting of each plan participant's accumulated assets, and makes distributions to participants in accordance with the plan document.

NOTE 14: NET POSITION

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

NOTE 15: LONG TERM DEBT AND NONCURRENT LIABILITIES

Noncurrent liabilities at December 31, 2013 including component units consisted of the following:

	Balance				Balance	Long-Term	Current
	12/31/2012	Increases	Decreases	Eliminations	12/31/2013	Portion	Portion
Notes Payable - Capital	\$56,965,724	\$ 4,590,835	\$ -	(36,330,991)	\$25,225,568	\$20,006,352	\$ 5,219,216
Notes Payable - Operations	275,590	-	-	-	275,590	275,590	-
Compensated Absences	744,372	44,586	(51,905)	-	737,053	442,232	294,821
Non-Current Liabilities-Other	3,559,431	5,587,578	-	(3,401,061)	5,745,948	5,745,948	-
Total Non-Current Liabilities	\$61,545,117	\$10,222,999	\$ (51,905)	\$(39,732,052)	\$31,984,159	\$26,470,122	\$ 5,514,037

Hopkins/Tancil Courts - The project entered an agreement with Burke & Herbert on November 1, 2010 in the amount of \$3,000,000. The terms of the loan were 5.25 percent per annum with a balloon payment due on November 1, 2015 for all interest and principal due as of that date. The monthly payments for the new loan are \$18,115. The principal balance as of December 31, 2013 is \$2,805,833. Total interest paid for the fiscal year was \$149,259.

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2013**NOTE 15: LONG-TERM DEBT – (Cont'd)****Hopkins/Tancil Courts (Cont'd)**

Maturities of long-term debt are as follows:

Year	Principal	Interest	Totals
2014	71,780	145,595	217,375
2015	2,734,053	118,389	2,852,442
Totals	2,805,833	263,984	3,069,817

Jefferson Village – The project entered an agreement with Burke & Herbert on June 30, 2009 in the amount of \$5.2 million. The terms of the loan were 6 percent per annum with a balloon payment due on June 3, 2014 for all interest and principal due as of that date. The monthly payments for the new loan are \$33,783. The principal balance as of December 31, 2013 is \$4,741,799. Total interest paid for the fiscal year was \$292,171.

Principal payments required:

Year	Principal	Interest	Totals
2014	4,741,799	121,168	4,862,967
Totals	4,741,799	121,168	4,862,967

Quaker Hill – Quaker Hill was sold by Cameron Valley Limited Partnership to the Quaker Hill Limited Partnership. In order for Quaker Hill Limited Partnership to acquire the property, its General Partner, Alexandria Redevelopment and Housing Authority entered into an agreement to transfer the loan obligations related to the operating deficits of the Cameron Valley Limited Partnership, over to the new owner, the Quaker Hill Limited Partnership in the amount of \$6,887,016 with accrued interest of \$512,847 on April 1, 2010. The interest rate on the loan is .5% per annum. Accrued interest at December 31, 2013 was \$641,979. This loan is eliminated on the upper level financial statements.

The Project also entered into an agreement with the City of Alexandria in the amount of \$4,704,600 on April 1, 2010. The Authority has paid off a cumulative principal balance in the amount of \$308,258, all in fiscal year 2013, leaving a principal balance in the amount of \$4,396,342. The interest rate on the loan is 2.0% per annum. Cumulative interest payable is \$536,987. Cumulative owed on this loan is \$4,933,329 as of December 31, 2013.

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2013**NOTE 15: LONG-TERM DEBT – (Cont'd)****Quaker Hill – (Cont'd)**

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

ARHA entered into a loan agreement on June 30, 2008 with the VHDA for the redevelopment of the Quaker Hill project. The loan balance as of December 31, 2013 was \$3,074,197 with \$10,014 in accrued interest. ARHA makes monthly payments in the amount of \$13,916, as of December 31, 2013 but subject to annual adjustment per the terms of the amortization schedule, and will be due in full on April 1, 2034. A total of \$45,844 in principal payments were made in fiscal year 2013. The interest rate is 5.25% per annum and cumulative interest payments in fiscal year 2013 were \$112,289.

Principal payments required:

Year	Principal	Interest	Totals
2014	47,669	119,322	166,991
2015	49,566	117,425	166,991
2016	51,539	115,453	166,992
2017	53,590	113,401	166,991
2018	55,722	111,269	166,991
2019-2023	313,696	521,260	834,956
2024-2028	381,288	453,668	834,956
2029-2033	463,445	371,511	834,956
2034	1,657,682	21,433	1,679,115
	<u>3,074,197</u>	<u>1,944,742</u>	<u>5,018,939</u>

James Bland I - TCAP deferred note payable - On October 8, 2009, the Partnership entered into a TCAP Written Agreement ("TCAP Agreement") with VHDA pursuant to the American Recovery and Reinvestment Act of 2009 Tax Credit Assistance Program ("TCAP"). Under the TCAP Agreement, VHDA has agreed to provide TCAP funds to the Partnership in an aggregate amount of \$2,056,530 (the "TCAP Note"). The TCAP Note shall bear no interest and matures on December 31, 2061. The TCAP Note is secured by a deed of trust on the property. Repayment of the loan shall be deferred through December 31, 2041. In exchange for receipt of the funds, the Partnership has agreed to develop and manage the Property in compliance with Federal grant requirements. All records pertaining to TCAP funds must be maintained by the Partnership until the end of the Compliance Period, as defined in the TCAP Agreement, or for a longer period of time, if the record is required to be maintained by VHDA or the IRS to meet tax credit requirements. As of December 31, 2013 VHDA had funded \$2,056,530 of the TCAP Note.

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2013**NOTE 15: LONG-TERM DEBT – (Cont'd)**

Pendleton Park, LLC Loan - The loan is secured by a deed of trust on the Property and is payable in monthly payments of interest only beginning May 25, 2012 through the maturity date. On June 26, 2013 the Company paid off the construction loan with proceeds from a note with VHDA. Of the original principal amount of the note with VHDA, \$1,200,000 shall be financed under VHDA's REACH-SPARC Program and \$1,300,000 shall be financed under VHDA's REACH SPL MATCH Program. Beginning August 1, 2013 monthly principal and interest payments of \$10,708 are due until maturity. The terms are set forth below.

Loan commitment	\$2,500,000
Interest rate:	3.124%
Maturity:	July 1, 2043

As of December 31, 2013, the note payable balance was \$2,478,892.

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

Year ending December 31,	
2014	\$ 51,793
2015	53,435
2016	55,128
2017	56,875
2018	58,678
Thereafter	2,202,983
Total	\$ 2,478,892

Operational Debt

Glebe Park Apartments - The City of Alexandria loaned the ARHA \$5,600,000 for the purpose of paying off the Glebe Park loan on March 1, 2010. The funds are to be repaid from escrow funds from the prior Glebe Park HUD insured loan, sale of Glebe Park and James Bland and/or James Bland Addition properties, from future Glebe Park HOPE VI grants and residual receipts from the redeveloped Glebe Park property. The loan bears an interest rate of 2% per annum. Due to the terms of the loan and volatility of the market we are unsure as to when the various terms of repayment of the loan will be met and do not believe that any portion of the loan will be due in fiscal year 2015. The loan value as of December 31, 2013, is \$5,007,000 with cumulative accrued interest of \$614,955, \$101,141 earned in the current year.

Virginia Housing Development Agency LLC an instrumentality of the Authority entered into a \$50,000 operational loan to help assist long-term funding needs.

NOTE 16: INTERFUND BALANCES

Interfund balances have been eliminated in the combined financial statements.

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2013**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: RELATED PARTY TRANSACTIONS

ARHA has entered into two financing arrangements with the City of Alexandria to fund the revitalizing of the Glebe Park property and the Cameron Valley LP properties. The debt proceeds for each property was \$5,600,000 and \$4,704,600, respectively. The Glebe Park loan net loan balance as of December 31, 2013 was \$5,007,000. The loan for the Cameron Valley LP property was a pass through to the entity and is now completely controlled by ARHA.

NOTE 19: CONTINGENCIES:

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

NOTE 20: RISK MANAGEMENT

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

Our search for contingent liabilities revealed no liabilities that required disclosure against the ARHA as of December 31, 2013.

NOTE 21: PRIOR PERIOD ADJUSTMENTS

There were \$1,341,538 in prior period adjustments for fiscal year ended December 31, 2013. This was made up of two separate entries. First, a \$1,317,760 write-off of Jefferson Village, State/Local) program, of notes receivable and accrued interest receivable related to bridge loans made to the Old Dominion partnership. During the final analysis of total development costs and related financing costs the partnership and general partner, Alexandria Redevelopment and Housing Authority, agreed that the balance of principal and accrued interest receivable from the partnership would be written off as there was not sufficient available funds in the partnership equity draws to pay the balance off. The original agreement tied the bridge loan and accrued interest to equity draws.

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2013**NOTE 21: PRIOR PERIOD ADJUSTMENTS – (Cont'd)**

An additional adjustment was made to the beginning component unit beginning balance to bring the current year blended component unit net position balance in agreement with the December 31, 2012 audited financial statements. The entry isn't material to the overall component unit beginning balance but netted with the other prior period adjustment the Authority chose to disclose the activity as a prior period adjustment due to the first year of blending the component unit activity.

NOTE 22: SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 30, 2014, the date on which the financial statements were available to be issued. There were no material events or transactions since the fiscal year end date of December 31, 2013 through the report date of September 30, 2014.

NOTE 23: SUPPLEMENTAL INFORMATION

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

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 24: COMPONENT UNITS FINANCIALS

Statement of Net Position - Balance Sheet										Blended
	Pendleton Park, L.L.C.	Old Dominion Housing, L.P.	West Glebe Housing, L.P.	Braddock Whiting Reynolds, L.P.	James Bland Housing I, L.P.	James Bland Housing II, L.P.	James Bland Housing IV, L.P.	James Bland Housing V, L.P.	Madden AUOE, L.P.	Component Units TOTAL
Cash	\$ 278,270	\$ 160,139	\$ 260,523	\$ 1,218,818	\$ 187,004	\$ 1,431,070	\$ 491,568	\$ 1,214,924	\$ 1,238,717	\$ 6,481,033
Other Current Assets	24,538	17,611	53,627	56,434	7,868	6,325	35,703	-	59,291	261,397
Noncurrent Assets	5,910,002	4,099,993	7,975,988	9,327,319	3,693,764	4,077,794	8,563,765	4,126,626	7,860,958	55,636,209
Total Assets	6,212,810	4,277,743	8,290,138	10,602,571	3,888,636	5,515,189	9,091,036	5,341,550	9,158,966	62,378,639
Liabilities										
Current Liabilities	769,889	54,423	25,196	40,378	251,232	323,412	472,218	222,782	37,565	2,197,095
Long Term Liabilities	4,293,101	1,878,351	1,119,855	8,055,235	3,112,098	3,019,498	4,889,098	2,906,289	7,307,416	36,580,941
Total Liabilities	5,062,990	1,932,774	1,145,051	8,095,613	3,363,330	3,342,910	5,361,316	3,129,071	7,344,981	38,778,036
Net Position - Equity										
Net Position (Equity)	1,149,820	2,344,969	7,145,087	2,506,958	525,306	2,172,279	3,729,720	2,212,479	1,813,985	23,600,603
Statement of Activities - Income Statement										
Revenues	342,659	267,900	347,267	266,612	240,346	224,774	310,288	-	357,525	2,357,371
Investment	140	302	381	-	-	8,032	-	12,030	-	20,885
Other	898,886	9,893	1,991,577	11,103	4,193	2,188,123	2,087,313	2,200,449	2,428	9,393,965
Total Revenue	1,241,685	278,095	2,339,225	277,715	244,539	2,420,929	2,397,601	2,212,479	359,953	11,772,221
Expenses										
Administrative	132,825	145,626	174,062	174,574	118,075	120,505	309,503	-	221,795	1,396,965
Maintenance and Operations	71,981	83,948	111,289	148,022	81,220	44,654	102,559	-	97,315	740,988
General	73,456	10,417	20,877	194,282	30,368	49,872	51,931	-	185,994	617,197
Depreciation	130,578	147,058	293,375	237,700	202,548	197,235	281,474	-	301,666	1,791,634
Total Expenses	408,840	387,049	599,603	754,578	432,211	412,266	745,467	-	806,770	4,546,784
Income <Loss>	832,845	-108,954	1,739,622	(476,863)	(187,672)	2,008,663	1,652,134	2,212,479	(446,817)	7,225,437
Beginning Net Position (Equity)	316,975	2,453,923	5,405,465	2,983,821	712,978	163,616	2,077,586	-	2,260,802	16,375,166
Ending Net Position (Equity)	\$1,149,820	\$2,344,969	\$7,145,087	\$2,506,958	\$525,306	\$2,172,279	\$3,729,720	\$2,212,479	\$1,813,985	\$23,600,603

SUPPORTING SCHEDULES

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2013

<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	\$ 3,434,319
Public Housing Capital Fund Program	14.872*	N/A	1,048,481
Resident Opportunity and Supportive Services	14.870	N/A	73,056
Housing Choice Voucher Program	14.871*	N/A	22,128,802
Section 8 Moderate Rehab	14.856*	N/A	<u>1,334,093</u>
TOTAL U.S. DEPARTMENT OF HUD			<u>28,018,751</u>
TOTAL FEDERAL AWARDS EXPENDED			<u>\$ 28,018,751</u>

(*) Denotes a Major Program

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2013

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, accounting principles generally accepted in the United States of America.

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**



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD
HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR FEDERAL PROGRAM AND
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Commissioners
Alexandria Redevelopment
and Housing Authority
Alexandria, Virginia

Report on Compliance for Each Major Program

We have audited the Alexandria Redevelopment and Housing Authority's compliance with types of compliance requirements described in the *(OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2013. The Alexandria Redevelopment and Housing Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of finds and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of law, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Alexandria Redevelopment and Housing Authority's major federal programs based on our audit of the types of compliance requirement referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations (OMB Circular A-133)*. Those standards and *OMB Circular A-133* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with compliance requirements referred to above that could have a material effect on the major federal programs 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 on compliance with each major program. However, our audit does not provide a legal determination on the Authority's compliance.

Opinion on Each Major Program

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs identified above for the year ended December 31, 2013.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD
HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR FEDERAL PROGRAM AND
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(CONTINUED)**

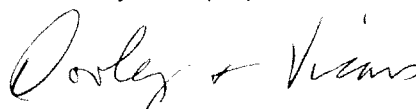
Report on Internal Control over Compliance

Management of Alexandria Redevelopment and Housing Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major program and to test and report on internal control over compliance in accordance with the *OMB Circular A-133*, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be *material weaknesses* or *significant deficiencies*. We did not identify any deficiencies in internal control over compliance that we consider to be *material weakness*, as defined above. However, material weakness may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of our testing based on the requirements of *OMB Circular A-133*. Accordingly, this report is not suitable for any other purpose.



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

September 30, 2014



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

Board of Commissioners
Alexandria Redevelopment
and Housing Authority
Alexandria, Virginia

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Alexandria Redevelopment and Housing Authority, which comprise the statement of net position as of December 31, 2013, and the related statements of revenues, expenses and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon September 30, 2014.

Internal Control over Financial Reporting

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

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

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

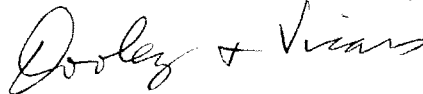
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Alexandria Redevelopment and Housing Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

Purpose of this Report

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



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

September 30, 2014

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY
STATUS OF PRIOR AUDIT FINDINGS
AT DECEMBER 31, 2013

There were no audit findings in the prior audit report.

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2013

Section I -- Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified	
Internal control over financial reporting:		
• Material weakness(es) identified:	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no
• Significant Deficiency(s) identified that are not considered to be material weakness(es)?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> none reported
Noncompliance material to financial statements noted?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no

Federal Awards

Internal control over major programs:		
• Material weakness(es) identified:	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no
• Significant Deficiency(s) identified that are not considered to be material weakness(es)?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> none reported
Type of auditor's report issued on compliance for major programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with section 501(a) of Circular A-133:	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED DECEMBER 31, 2013
 (CONTINUED)

Identification of major programs:

<i>CFDA Number(s)</i>	<i>Name of Federal Program or Cluster</i>
14.872	Public Housing Capital Fund
14.871	Section 8 Housing Choice Vouchers
14.856	Section 8 Moderate Rehab

Dollar threshold used to distinguish
 between type A and B programs: \$ 840,563

Auditee qualified as low-risk auditee? X yes no

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(CONTINUED)

Section II -- Financial Statement Findings

There are no financial statement findings.

Section III -- Federal Awards Findings and Questioned Costs

There were no financial awards findings or questioned costs.

SUPPLEMENTAL INFORMATION

Alexandria Redevelopment & Housing Authority (VA004)
ALEXANDRIA, VA
Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2013

	Project Total	14,870 Resident Opportunity and Supportive Services	14,871 Housing Choice Vouchers	6.2 Component Unit - Blended	14,866 Revitalization of Severely Distressed Public Housing	2 State/Local	1 Business Activities	14,854 Public and Indian Housing Elimination Program, Section 8 Moderate	14,856 Lower Income Housing Assistance Program, Section 8 Moderate	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$4,353,904		\$2,212,853	\$3,049,320		\$2,166,816	\$1,832,451	\$57,397	\$394,871	\$413,247	\$14,440,559		\$14,440,559
112 Cash - Restricted - Modernization and Development									\$0				
113 Cash - Other Restricted			\$532,020	\$3,346,160		\$8,283,334	\$3,699,376		\$0		\$16,063,890		\$16,063,890
114 Cash - Tenant Security Deposits	\$173,566			\$117,692		\$176,433			\$0		\$467,681		\$467,681
115 Cash - Restricted for Payment of Current Liabilities									\$0				
100 Total Cash	\$4,527,470	\$0	\$2,744,873	\$6,516,162	\$0	\$10,626,583	\$5,731,827	\$57,397	\$394,871	\$413,247	\$30,972,130	\$0	\$30,972,130
121 Accounts Receivable - PHA Projects			\$238,739						\$0		\$238,739		\$238,739
122 Accounts Receivable - HUD Other Projects	\$691,368	\$10,750							\$78,794		\$780,932		\$780,932
124 Accounts Receivable - Other Government									\$0		\$37,643		\$37,643
125 Accounts Receivable - Miscellaneous	\$73,242			\$93,144		\$1,469,892	\$366,169		\$0		\$2,002,437	-\$1,450,313	\$552,124
126 Accounts Receivable - Tenants	\$84,592			\$77,767		\$217,206		\$0	\$0		\$379,565		\$379,565
125.1 Allowance for Doubtful Accounts - Tenants	-\$13,908			-\$8,838		-\$31,840		\$0	\$0		-\$54,586		-\$54,586
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0	\$0	\$0		\$0	\$0	\$0	\$0		\$0		\$0
127 Notes, Loans, & Mortgages Receivable - Current									\$0				
128 Fraud Recovery									\$0				
128.1 Allowance for Doubtful Accounts - Fraud			\$0						\$0		\$0		\$0
129 Accrued Interest Receivable									\$0				
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$835,314	\$10,750	\$238,739	\$162,073	\$0	\$1,692,891	\$366,169	\$0	\$78,794	\$0	\$3,384,730	-\$1,450,313	\$1,934,417
131 Investments - Unrestricted									\$0				
132 Investments - Restricted									\$0				
135 Investments - Restricted for Payment of Current Liability									\$0				
142 Prepaid Expenses and Other Assets	\$64,248		\$15,197	\$82,050		\$69,585	\$1,555		\$261	\$2,649	\$235,545		\$235,545
143 Inventories									\$0				
143.1 Allowance for Obsolete Inventories									\$0				
144 Inter Program Due From									\$42,747		\$598,153	-\$598,153	\$0
145 Assets Held for Sale									\$0				
150 Total Current Assets	\$5,426,932	\$10,750	\$2,998,809	\$6,760,285	\$0	\$12,389,059	\$6,694,957	\$57,397	\$476,473	\$415,896	\$35,190,558	-\$2,048,466	\$33,142,092
161 Land	\$3,855,621			\$7,365,339		\$8,002,050			\$0		\$19,223,010		\$19,223,010
162 Buildings	\$33,321,238			\$50,163,453		\$29,198,347	\$1,992,318		\$0	\$1,068,849	\$115,744,205		\$115,744,205
163 Furniture, Equipment & Machinery - Dwellings									\$0				
164 Furniture, Equipment & Machinery - Administration	\$116,453		\$206,475	\$694,601		\$125,858			\$0	\$158,732	\$1,302,119		\$1,302,119
165 Leasehold Improvements									\$0				
166 Accumulated Depreciation	-\$22,989,973		-\$206,475	-\$7,454,841		-\$6,885,317	-\$1,556,266		\$0	-\$941,993	-\$41,634,865		-\$41,634,865
167 Construction in Progress	\$1,773,139			\$4,126,626					\$0	\$133,798	\$6,033,563		\$6,033,563
168 Infrastructure									\$0				
160 Total Capital Assets, Net of Accumulated Depreciation	\$16,476,478	\$0	\$0	\$54,895,178	\$0	\$28,440,938	\$436,052	\$0	\$0	\$419,396	\$100,668,032	\$0	\$100,668,032
171 Notes, Loans and Mortgages Receivable - Non-Current				\$0					\$0				
172 Notes, Loans, & Mortgages Receivable - Non-Current - Past Due				\$0					\$0		\$39,732,052		\$39,732,052
173 Grants Receivable - Non-Current									\$0				
174 Other Assets				\$689,355		\$46,191			\$0		\$735,546		\$735,546

176 Investments in Joint Ventures	\$16,476,478	\$0	\$55,584,533	\$0	\$33,403,870	\$35,251,363	\$0	\$419,386	\$141,135,630	-\$39,732,062	\$101,403,578
180 Total Non-Current Assets											
190 Total Assets	\$21,903,410	\$10,750	\$2,998,809	\$62,344,818	\$0	\$45,792,928	\$41,906,320	\$57,397	\$176,326,188	-\$41,780,518	\$134,545,670
200 Deferred Outflow of Resources											
290 Total Assets and Deferred Outflow of Resources	\$21,903,410	\$10,750	\$2,998,809	\$62,344,818	\$0	\$45,792,928	\$41,906,320	\$57,397	\$176,326,188	-\$41,780,518	\$134,545,670
311 Bank Overdraft	\$75,630		\$15,255	\$441,577		\$25,350	\$720	\$9,823	\$592,358	-\$16,614	\$576,344
312 Accounts Payable <= 90 Days											
313 Accounts Payable >90 Days Past Due											
321 Accrued Wages/Payroll Taxes Payable	\$159,601	\$2,979	\$22,656	\$41,552		\$22,916	\$98,384	\$2,248	\$76,611	\$428,947	\$428,947
322 Accrued Compensated Absences - Current Portion	\$71,563	\$1,820	\$31,614	\$26,650		\$42,690		\$0	\$120,484	\$294,821	\$294,821
323 Accrued Contingency Liability											
325 Accrued Interest Payable						\$22,986		\$0	\$22,986		\$22,986
331 Accounts Payable - HUD, PHA Programs						\$240,322		\$12,888	\$253,210		\$253,210
332 Account Payable - PHA Projects						\$17,076		\$0	\$17,076		\$17,076
333 Accounts Payable - Other Government						\$117,682		\$0	\$117,682		\$117,682
341 Tenant Security Deposits	\$22,419					\$482,368		\$0	\$504,787		\$504,787
342 Unearned Revenue						\$5,167,423		\$0	\$5,167,423		\$5,167,423
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue								\$57,397	\$57,397		\$57,397
344 Current Portion of Long-term Debt - Operating Borrowings								\$0	\$0		\$0
345 Other Current Liabilities						\$7,967		\$0	\$7,967		\$7,967
346 Accrued Liabilities - Other			\$298,655	\$1,434,299				\$0	\$1,732,954	-\$1,434,299	\$298,655
347 Intra Program - Due To	\$552,186	\$3,220						\$42,747	\$598,153	-\$598,153	\$0
348 Loan Liability - Current											
310 Total Current Liabilities	\$1,118,927	\$5,019	\$368,180	\$2,152,552	\$0	\$6,207,564	\$99,104	\$67,706	\$10,300,547	-\$2,048,466	\$8,252,081
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue						\$16,737,764		\$0	\$16,737,764		\$16,737,764
352 Long-term Debt, Net of Current - Operating Borrowings						\$5,671,975		\$0	\$5,671,975		\$5,671,975
353 Non-current Liabilities - Other	\$106		\$99,472	\$2,759,082		\$6,275,701	\$275,590	\$8,648	\$9,422,599	-\$3,401,061	\$6,021,538
354 Accrued Compensated Absences - Non Current	\$107,345	\$2,731	\$47,420	\$39,974		\$64,034		\$0	\$180,728	\$442,232	\$442,232
355 Loan Liability - Non Current											
356 FASB 5 Liabilities											
357 Accrued Pension and OPEB Liabilities											
350 Total Non-Current Liabilities	\$107,451	\$2,731	\$146,892	\$3,672,660	\$0	\$28,753,474	\$275,590	\$8,648	\$36,202,174	-\$39,732,062	\$26,470,122
500 Total Liabilities	\$1,226,378	\$10,750	\$515,072	\$3,879,212	\$0	\$34,961,038	\$374,694	\$76,354	\$401,826	-\$41,780,518	\$34,722,503
400 Deferred Inflow of Resources								\$0			
508 3 Nonspendable Fund Balance											
508 4 Net Investment in Capital Assets	\$16,476,478			\$20,915,781		\$6,535,751	\$436,052	\$0	\$419,386	\$44,783,448	\$81,114,539
509 3 Restricted Fund Balance											
510 3 Committed Fund Balance											
511 3 Assigned Fund Balance											
511 4 Restricted Net Position			\$432,548			\$38,714,687		\$0	\$39,147,235	-\$34,816,311	\$4,331,924
512 3 Unassigned Fund Balance											
512 4 Unrestricted Net Position	\$4,200,854	\$0	\$2,051,189	\$2,549,825	\$0	\$4,296,140	\$2,380,887	\$0	\$400,119	\$15,892,784	\$14,377,104
513 Total Equity - Net Assets / Position	\$20,677,032	\$0	\$2,483,377	\$23,465,606	\$0	\$10,831,891	\$41,531,626	\$0	\$400,119	\$433,456	\$99,823,467
500 Total Liab., Def. Inflow of Res., and Equity - Net Assets / Position	\$21,903,410	\$10,750	\$2,998,809	\$62,344,818	\$0	\$45,792,928	\$41,906,320	\$57,397	\$176,326,188	-\$41,780,518	\$134,545,670

Alexandria Redevelopment & Housing Authority (VA004)
ALEXANDRIA, VA
Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2013

	Project Total	14 870 Resident Opportunity and Supportive Services	14 871 Housing Choice Vouchers	6 2 Component Unit - Blended	14 866 Revitalization of Severely Distressed Public Housing	2 State/Local	1 Business Activities	14 854 Public and Indian Housing Elimination Program	14 856 Lower Income Housing Assistance Program - Section 8 Moderate	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$1,455,035			\$2,337,894	\$3,970,965				\$0		\$7,761,494	-\$2,265,693	\$5,495,801
70400 Tenant Revenue - Other	\$26,035			\$19,477	\$59,109				\$0		\$114,621	\$114,621	\$114,621
70500 Total Tenant Revenue	\$1,479,070	\$0	\$0	\$2,357,371	\$4,030,074	\$0	\$0	\$0	\$0	\$0	\$7,876,115	-\$2,265,693	\$5,610,422
70600 HUD PHA Operating Grants	\$4,096,201	\$73,096	\$22,128,802						\$1,334,093	\$1,614	\$27,633,766		\$27,633,766
70610 Capital Grants	\$384,985								\$0		\$384,985		\$384,985
70710 Management Fee									\$0	\$1,231,053	\$1,231,053	\$1,231,053	\$0
70720 Asset Management Fee									\$0	\$118,690	\$118,690	-\$118,690	\$0
70730 Book Keeping Fee									\$0	\$236,987	\$236,987	-\$236,987	\$0
70740 Front Line Service Fee									\$0	\$955,123	\$955,123		\$955,123
70750 Other Fees									\$0				
70700 Total Fee Revenue									\$0	\$2,541,853	\$2,541,853	-\$1,586,730	\$955,123
70800 Other Government Grants					\$442,244				\$0		\$442,244		\$442,244
71100 Investment Income - Unrestricted	\$5,424		\$820	\$20,898	\$59,987		\$59		\$65	\$167	\$87,020	-\$52,533	\$34,487
71300 Mortgage Interest Income									\$0				
71300 Proceeds from Disposition of Assets Held for Sale									\$0				
71310 Cost of Sale of Assets									\$0				
71400 Fraud Recovery			\$155,164						\$0		\$155,164		\$155,164
71500 Other Revenue	\$358,244		\$528,348	\$9,432,219	\$1,144,293		\$4,588,189		\$0		\$16,160,469		\$16,160,469
71600 Gain or Loss on Sale of Capital Assets									\$0				
72000 Investment Income - Restricted									\$0				
70000 Total Revenue	\$6,323,924	\$73,096	\$22,813,134	\$11,811,488	\$0	\$5,685,798	\$4,977,976	\$0	\$1,334,158	\$2,651,810	\$55,671,344	-\$4,284,684	\$51,376,660
91100 Administrative Salaries	\$616,500		\$578,286	\$331,446	\$429,708				\$47,501	\$1,356,973	\$3,360,414		\$3,360,414
91200 Auditing Fees	\$24,992		\$980	\$37,732	\$13,372				\$2,144	\$12,496	\$91,716		\$91,716
91300 Management Fee	\$385,630		\$250,319	\$205,207	\$363,958				\$25,939		\$1,231,053	-\$1,231,053	\$0
91310 Book-keeping Fee	\$40,980		\$135,025	\$30,111	\$21,405				\$9,466		\$236,987	-\$236,987	\$0
91400 Advertising and Marketing			\$300	\$244	\$1,077				\$0	\$219	\$1,840		\$1,840
91500 Employee Benefit Contributions - Administrative	\$195,854		\$170,459	\$103,206	\$109,787				\$15,882	\$319,969	\$915,157		\$915,157
91600 Office Expenses	\$64,848		\$213,394	\$36,600	\$29,985		\$575		\$0	\$73,048	\$417,851		\$417,851
91700 Legal Expense	\$45,163		\$2,145	\$81,984	\$51,103				\$0	\$54,314	\$234,709		\$234,709
91800 Travel	\$6,973		\$175	\$270	\$659				\$0	\$659	\$8,716		\$8,716
91810 Allocated Overhead									\$0				
91900 Other	\$385,615		\$50,633	\$433,702	\$351,918		\$42,047		\$0	\$114,406	\$1,381,321		\$1,381,321
91000 Total Operating - Administrative	\$1,769,655	\$0	\$1,401,716	\$1,280,502	\$0	\$1,372,353	\$42,622	\$0	\$100,932	\$1,932,084	\$7,879,764	-\$1,468,040	\$6,411,724
92000 Asset Management Fee	\$60,070			\$35,230	\$28,540				\$0		\$123,840		\$123,840
92100 Tenant Services - Salaries	\$72,376	\$62,188		\$68,551	\$59,847				\$0		\$263,062		\$263,062
92200 Relocation Costs	\$557			\$31,871	\$238				\$0		\$32,666		\$32,666
92300 Employee Benefit Contributions - Tenant Services	\$21,739	\$10,653		\$21,345	\$15,316				\$0		\$69,053		\$69,053
92400 Tenant Services - Other	\$14,842		\$28	\$10,221	\$22,216		\$7,926		\$0	\$652	\$55,885		\$55,885
92500 Total Tenant Services	\$109,514	\$72,841	\$28	\$131,988	\$97,117		\$7,926	\$0	\$0	\$652	\$420,696	\$0	\$420,696

93100 Water	\$612,834	\$73,506	\$293,791	\$4,423	\$984,554	\$984,554
93200 Electricity	\$314,230	\$86,489	\$27,064	\$20,774	\$428,557	\$428,557
93300 Gas	\$67,840	\$15,312	\$10,066	\$2,814	\$97,270	\$97,270
93400 Fuel						
93500 Labor						
93600 Sewer						
93700 Employee Benefit Contributions - Utilities						
93800 Other Utilities Expense						
93000 Total Utilities	\$994,904	\$155,307	\$330,921	\$28,011	\$1,510,381	\$1,510,381
94100 Ordinary Maintenance and Operations - Labor	\$413,748	\$186,284	\$150,530	\$277,221	\$1,027,783	\$1,027,783
94200 Ordinary Maintenance and Operations - Materials and Other	\$149,459	\$56,359	\$50,051	\$136,056	\$393,001	\$393,001
94300 Ordinary Maintenance and Operations Contracts	\$943,405	\$324,978	\$381,218	\$148,420	\$1,513,485	\$1,513,485
94500 Employee Benefit Contributions - Ordinary Maintenance	\$120,833	\$58,005	\$38,459	\$66,368	\$282,665	\$282,665
94000 Total Maintenance	\$1,327,445	\$625,626	\$620,258	\$627,065	\$3,216,934	\$3,216,934
95100 Protective Services - Labor						
95200 Protective Services - Other Contract Costs						
95300 Protective Services - Other	\$900	\$18,060	\$882	\$930	\$21,746	\$21,746
95500 Employee Benefit Contributions - Protective Services						
95000 Total Protective Services	\$900	\$18,060	\$882	\$930	\$21,746	\$21,746
96110 Property Insurance	\$96,674	\$92,612	\$108,767	\$11,067	\$306,779	\$306,779
96120 Liability Insurance	\$26,146	\$15,038	\$8,101	\$29,535	\$62,539	\$62,539
96130 Workman's Compensation	\$19,053	\$8,633	\$11,475	\$6,084	\$34,084	\$34,084
96140 All Other Insurance	\$4,521	\$2,000	\$6,684	\$5,980	\$20,165	\$20,165
96100 Total Insurance Premiums	\$136,394	\$116,699	\$135,007	\$47,582	\$473,567	\$473,567
96200 Other General Expenses	\$1,029,622	\$45,132	\$23,432	\$1,035	\$1,289,839	\$1,289,839
96210 Compensated Absences		\$24	\$0	\$1,614	\$1,638	\$1,638
96300 Payments in Lieu of Taxes	\$63,962		\$17,075		\$81,037	\$81,037
96400 Bad debt - Tenant Rents	\$6,536	\$7,987	\$33,544		\$34,993	\$34,993
96500 Bad debt - Mortgages						
96600 Bad debt - Other						
96800 Severance Expense						
96900 Total Other General Expenses	\$1,087,046	\$53,143	\$74,051	\$2,649	\$1,407,507	\$1,407,507
96710 Interest of Mortgage (or Bonds) Payable						
96720 Interest on Notes Payable (Short and Long Term)		\$490,741	\$693,026		\$1,183,767	\$1,183,767
96730 Amortization of Bond Issue Costs			\$101,141		\$101,141	\$101,141
96700 Total Interest Expense and Amortization Cost	\$0	\$42,118	\$35,899	\$0	\$78,017	\$78,017
96900 Total Operating Expenses	\$5,485,828	\$73,056	\$3,469,795	\$51,540	\$16,417,530	\$16,417,530
97000 Excess of Operating Revenue over Operating Expenses	\$838,096	\$0	\$2,165,350	\$12,837	\$39,254,014	\$1,204,810
97100 Extraordinary Maintenance						
97200 Casualty Losses - Non-capitalized						
97300 Housing Assistance Payments		\$20,459,108			\$21,663,918	\$21,663,918
97350 HAP Portability In		\$516,189			\$516,189	\$516,189
97400 Depreciation Expense	\$1,081,794	\$1,500	\$935,641	\$34,294	\$3,902,554	\$3,902,554
97500 Fraud Losses						
97600 Capital Outlays - Governmental Funds						

