Comprehensive Annual Financial Report and Independent Auditors' Report

For the fiscal years ended June 30, 2015 and 2014

The Housing Authority of the City of Atlanta, Georgia

COMPREHENSIVE ANNUAL FINANCIAL REPORT AND INDEPENDENT AUDITORS' REPORT

THE HOUSING AUTHORITY OF THE CITY OF ATLANTA, GEORGIA

For the fiscal years ended June 30, 2015 and 2014

Issued by the Department of Finance, Atlanta Housing Authority

This Page Left Blank Intentionally

TABLE OF CONTENTS

TABLE OF CONTENTS (continued)

INTRODUCTORY SECTION

This Page Left Blank Intentionally

November 16, 2015

Members of the Board of Commissioners
The Housing Authority of the City of Atlanta, Georgia

Introduction

We are pleased to present The Housing Authority of the City of Atlanta, Georgia (referred to as AHA or the Authority) Comprehensive Annual Financial Report (CAFR) for the fiscal years ended June 30, 2015 and June 30, 2014. This report was prepared by the Authority's Finance staff and the Authority's financial statements included in this CAFR were audited by the public accounting firm CohnReznick. The Independent Auditors' Report of CohnReznick is presented as the first component of the Financial Section on page 17.

The independent audit of the financial statements of the Authority is part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require an independent auditor to report not only on the fair presentation of the financial statements, but also on the Authority's internal controls and compliance with federal program requirements.

The data presented in this report is the responsibility of the management of the Authority. To the best of our knowledge and belief, the information as presented is accurate in all material respects, is presented in a manner designed to fairly state the financial position and the results of operations of the Authority, and includes all necessary disclosures to enable the reader to gain a thorough understanding of the Authority's financial affairs. To provide a reasonable basis for making these representations, management of the Authority has established internal controls that are designed to protect its assets and the integrity of its operations, and to obtain reasonable, rather than absolute, assurance that the Authority's financial statements are free of any material misstatements, and presented in conformity with generally accepted accounting principles (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB).

During the fiscal year, the Authority changed its accounting policy for its defined benefit pension plan to adopt GASB 68 accounting standard whereby the net pension liability and any related unrecognized experience gain and loss are included in the financial statements. Therefore, amounts previously reported in the Authority's FY 2014 financial statements under a cash basis were restated to give effect to the new pension plan accounting standard. See Note B.1 of the Notes to the Financial Statements on page 56 for the impact of the change on FY 2014 financial statements.

For a complete overview and analysis of the Authority's financial position and results of operations, please review the Management's Discussion and Analysis (MD&A) found immediately following the report of the independent public accountants, in tandem with this transmittal letter. We invite the public to review AHA's CAFR on its website at www.atlantahousing.org.

Profile of the Authority

Independent Public Jurisdiction: AHA is a public body corporate and politic created by the City of Atlanta in 1938 pursuant to the Housing Authorities Laws of the State of Georgia. AHA has broad corporate powers including, but not limited to, the power to acquire, manage, own, operate, develop and renovate housing; invest and lend money; create for-profit and not-for-profit entities; administer Housing Choice vouchers; issue bonds for affordable housing purposes; and acquire, own and develop commercial, retail and market-rate properties that benefit affordable housing.

AHA has created affiliate entities to implement and execute a number of the Authority's program activities and initiatives. The financial statements of these affiliates are included in AHA's financial statements as blended component units. AHA has one affiliate that is not a component unit, but is considered a related entity. Therefore, the financial activities for this entity have been excluded from the Authority's financial statements (see Note A of the Notes to the Financial Statements for further details).

Moving To Work (MTW) Housing Authority: AHA is one of the 39 housing authorities (out of more than 3,400 in the country) designated as a Moving To Work (MTW) housing authority. An MTW agency is one that is part of a demonstration created in the 1996 Congressional appropriation for the Department of Housing and Urban Development (HUD). MTW agencies have three statutory objectives:

1. Reduce costs and achieve greater cost effectiveness in federal expenditures.
2. Give incentives to families with children where the head of household is working, seeking work or is preparing for work by participating in job training, educational programs or programs that assist people to obtain employment and become economically self-sufficient.
3. Increase housing choices for low-income families.

Having moved from "troubled agency" status in 1994 to "high performer" status in 1999 and sustaining that status thereafter, AHA applied for and received the MTW designation in 2001. After extensive negotiations with HUD, AHA executed its MTW Agreement with HUD on September 23, 2003, effective as of July 1, 2003. Later, AHA was able to retain the unique provisions under its original agreement when it negotiated and executed a 10-year extension of this agreement effective November 13, 2008, and further amended it on January 16, 2009, which extended the MTW Agreement until June 30, 2018. AHA's MTW Agreement, unlike the other 38 MTW Agencies, allows more program flexibilities and may be automatically extended for additional 10-year periods, subject to HUD's approval and AHA meeting certain agreed-upon conditions.

AHA's MTW Agreement provides substantial statutory and regulatory relief under the U.S. Housing Act of 1937, as amended. AHA's program design for implementing its MTW Agreement is reflected in AHA's multi-year Business Plan, which was prepared leveraging the statutory and regulatory relief under its MTW Agreement and the guiding principles, the lessons learned and best practices from AHA's Revitalization Program. Under its MTW Agreement, AHA has the flexibility to develop policies and procedures that differ from those prescribed in regulations implementing Section 8 and 9 of the Housing Act of 1937. It provides also the flexibility to innovate and create new programs, and to create and implement local solutions to address local challenges in providing affordable housing opportunities to eligible low-income households in Atlanta. The success that AHA has achieved as an innovator, fulfilling the promise of the MTW program envisioned by Congress, is apparent in a review of AHA's many initiatives. For more details, see the MTW Innovations and Policies section of AHA's MTW 2015 Annual Report.

While statutory and regulatory flexibility are foundational elements of the MTW Program, the Single Fund authority is essential to AHA's financial viability. AHA's MTW Agreement permits AHA to combine its Housing Choice Voucher funds, Public Housing Operating Subsidy and Capital Fund Program grants into an MTW Single Fund which may be used for MTW-eligible activities set forth in AHA's Annual Plan and that best meet local low-income housing needs. The funding flexibility provided AHA under the MTW Agreement is essential to AHA's continued success and long-term financial viability.

Governing Body and Strategic Guidance: The governing body of AHA is its Board of Commissioners (the Board), which is comprised of seven members, including two resident members, appointed by the Mayor of the City of Atlanta. The Board of Commissioners appoints the President and Chief Executive Officer to administer the affairs of the Authority, including hiring the staff of the Authority. AHA is not considered a component unit of the City of Atlanta and, as a result, AHA's financial statements are not included in the City's financial statements.

The Board provides strategic guidance and oversight of AHA's operations. AHA's programs and actions are further guided by its Business Plan, as modified, refined and updated by its Annual Implementation Plans, which are approved by the Board. The underpinnings for the Business Plan are AHA's Vision and Mission statements:

> ***Our Vision:*** "Healthy Mixed-Income Communities; Healthy Self-Sufficient Families."
>
> ***Our Mission:*** "Provide quality affordable housing in amenity-rich, mixed-income communities for the betterment of the community."

AHA's business model positions it to achieve three goals:

> **Quality Living Environments —** Provide quality affordable housing in healthy mixed-income communities with access to excellent quality-of-life amenities.
>
> **Self-Sufficiency —** (a) Facilitate opportunities for families and individuals to build economic capacity and stability that will reduce their dependency on subsidy and help them, ultimately, to become financially independent; (b) facilitate and support initiatives and strategies to support great educational outcomes for children; and (c) facilitate and support initiatives that enable the elderly and persons with disabilities to live independently with enhanced opportunities for aging well.
>
> **Economic Viability —** Maximize AHA's financial soundness and viability to ensure sustainability.

In approaching its work, regardless of the funding source, strategy or programmatic initiative, AHA applies the following guiding principles:

1. End the practice of concentrating low-income families in distressed and isolated neighborhoods.
2. Create healthy mixed-use, mixed-income (children-centered) communities using a holistic and comprehensive approach to assure long-term market competitiveness and sustainability of the community, and to support excellent outcomes for families (especially children), with emphasis on excellent, high-performing neighborhood schools and high quality-of-life amenities, including first-class retail and green space.

3. Create mixed-income communities with the goal of creating market-rate communities with a seamlessly integrated affordable residential component.
4. Develop communities through public/private partnerships using public and private sources of funding and private-sector real estate market principles.
5. Support AHA-assisted families with strategies and programs that help them achieve their life goals, focusing on self-sufficiency and educational advancement of the children with expectations and standards for personal responsibility benchmarked for success.

In addition to these strategic directions, and creatively using the tools and flexibility afforded by its MTW Agreement to implement housing policy reforms across all programs, during FY 2015 AHA focused on the following three priorities as articulated in its FY 2015 MTW Annual Implementation Plan:

1. Advance AHA's Real Estate Initiatives with the goal of facilitating opportunity-rich housing in healthy mixed-income communities;
2. Advance AHA's Human Development Initiatives with the goal of building healthy self-sufficient families through lifelong learning, workforce participation, wealth-building and *"Aging Well"* initiatives; and
3. Advance AHA's Business Transformation Initiative, including the integrated Enterprise Resource Planning (ERP) solution, enhanced capabilities and an improved customer experience.

Housing Profile: AHA chartered a new course and embarked on an important and ambitious mission: to transform its delivery of affordable housing by ending the practice of concentrating low-income families and by abandoning the traditional 100 percent public housing model through implementation of a comprehensive and strategic revitalization program (Revitalization Program). Under AHA's Revitalization Program, public-housing-assisted households were relocated to housing of their choice, primarily to private housing (using tenant-based Housing Choice vouchers). After relocation, distressed and obsolete housing projects were demolished, and the sites remediated and prepared for development. Through partnerships with excellent private-sector developers, market-rate-quality, mixed-use, mixed-income communities continue to be developed using public and private resources. AHA's Revitalization Program is designed to intentionally de-concentrate poverty and create communities of choice, where Atlanta's families from every socio-economic status can live, learn, work and play as they pursue their version of the American dream.

As of June 30, 2010, AHA successfully completed the relocation of all affected public-housing-assisted households and, by December 31, 2010, AHA had completed the demolition of these 12 remaining properties. With the completion of the relocation and demolition phases, AHA no longer owns or operates any large-family public housing projects, thereby ending the era of warehousing low-income households in distressed and obsolete developments in isolated and depressed areas.

As a result of the above-described strategic initiatives and leveraging more than $300 million in HOPE VI, other public housing development funds and MTW funds, which resulted in a total financial investment and economic impact of more than $2 billion, AHA's portfolio of housing opportunities has changed dramatically since 1995. In 1994, AHA owned and operated 14,300 public-housing-assisted units in 43 conventional public housing projects and administered approximately 4,500 certificates and vouchers. As of June 30, 2015, AHA's housing profile and operating activities have evolved into the following:

- Public-housing-assisted communities (11 senior high-rise buildings and two small-family developments) owned and operated through professional property management firms, with 1,942 housing units, all of which are well-located in economically integrated neighborhoods (referred to as AHA-Owned Residential Communities);
- Operating subsidy for 2,221 Annual Contribution Contract (ACC) (HUD-subsidized) units in 16 AHA-Sponsored mixed-income, mixed-finance (MIMF) rental communities owned and operated by related public/private owner entities;
- Tenant-based Housing Choice rental assistance for 9,542 units owned and operated by private property owners;
- Project Based Rental Assistance (PBRA) for 1,748 units in six of the MIMF rental communities owned and operated by related public/private owner entities;
- Rental assistance for 3,244 PBRA-assisted units in other mixed-income and Supportive Housing communities owned and operated by unrelated private owners;
- Mortgage assistance to 37 participants, who used their Section 8 tenant-based Housing Choice vouchers for homeownership; and
- Down payment assistance to a total of 384 first-time home buyers since inception of the program.

The implementation of these initiatives has also changed the mix of AHA's revenue from HUD from being primarily comprised of Section 9 Public Housing operating funds and capital funds in 1995 to being primarily comprised of Section 8 Housing Choice Voucher funds in FY 2015. During FY 2015, approximately 85% of AHA's revenue from HUD was attributable to Section 8 Housing Choice Voucher funds.

Moreover, as a result of the strategic Revitalization Program and other initiatives, and the shift from a primarily Section 9 Public Housing funds platform to a Section 8 Housing Choice Voucher funds platform, AHA's operations are more stable and its financial position is stronger.

In addition, AHA is one of the 11 founding member organizations of National Housing Compliance, Inc. (NHC), a Georgia not-for-profit 501(c)(4) corporation that performs contract administration services as HUD's Performance Based Contract Administrator (PBCA) for the states of Illinois and Georgia. NHC makes periodic contributions to members based on NHC's earned PBCA revenue in excess of NHC's operating expenses. As a member, AHA received unrestricted contributions from NHC activities in Illinois and Georgia which are included in AHA's financial statements as operating revenue.

Budget Process and Monitoring: The annual budget for the Authority is prepared with significant involvement from the CEO and the executive staff, and the support and analysis of AHA Budget and Analytics staff. At the front-end of the budget process, the CEO and executive staff establish the key areas of focus for the coming year based on the MTW Business Plan.

On an annual basis, the Board approves the Authority's Comprehensive Operating and Capital Budget after the CEO has presented both the annual MTW Business Plan and the Authority's proposed budget for public review and comment. Throughout the fiscal year, the Board-approved budget becomes the primary management tool to plan, control and evaluate spending for major activities and programs. Monthly actual-to-budget performance reports are reviewed by the Budget and Analytics staff and the Authority's departments. Quarterly actual-to-budget reviews are conducted at the management and executive levels, and budget revisions and actions to address variances against budget, as needed, are taken to ensure appropriate budget control. A quarterly report is also submitted to the Board with a complete analysis and explanations of significant actual-to-budget variances.

Economic Conditions and Financial Outlook

Like every other major metropolitan area in the United States, metropolitan-Atlanta was adversely impacted by the global economic recession. Many local and national economists have stated that metropolitan-Atlanta and Georgia remain attractive places to live, work and invest because the fundamentals are quite strong. Metropolitan-Atlanta enjoys the benefits of moderate weather, an educated workforce, a concentration of excellent colleges and universities, and the Hartsfield-Jackson Atlanta International Airport. Such economists stated that, given these fundamentals, Atlanta's economic recovery would be stronger than that of the nation. Job loss data suggests, however, that Atlanta in the near term was hit slightly harder by the recession than the nation. Net job growth in metropolitan-Atlanta began in late 2010 and continued through 2015, but at a slower pace than some of its counterparts. All indications suggest full recovery will take several more years.

During FY 2015, the multi-family rental market continued its recovery nationally and in the City of Atlanta with rents rising due to increased demand. There has also been steady improvement in the sales prices of single-family homes with the sustained reduction in excess inventory.

As a result of the above factors, AHA has been impacted as follows:

- AHA-Sponsored development activities, in partnership with private-sector developers, rely on private investment and the conditions in the real estate and financial markets. During FY 2015, the local real estate market continued to strengthen, especially in the multi-family rental market. AHA expects that our development activities will continue to pick up as those markets improve and investors continue to return to the market.
- The impact of the recession in the Atlanta real estate market has created both opportunities and challenges. AHA has been able to purchase real estate at more reasonable prices to advance revitalization activities. In this environment, real estate owners throughout the City of Atlanta have been willing to participate in AHA's PBRA program, thereby guaranteeing a stream of income for a percentage of their units in a soft market. This has opened new markets in Atlanta for this program. While households using tenant-based Housing Choice vouchers have had a broader array of choices for their voucher use, this has been tempered by the higher rents and competition with market-rate tenants. With the recent recovery in the multi-family rental market, AHA will need to develop new incentives and approaches in order to facilitate access to Class A and B properties for tenant-based voucher holders.
- AHA-assisted households were severely affected by the downturn in the employment market. Higher unemployment and under-employment amongst AHA-assisted households result in higher aggregate subsidy payments from AHA until the employment market more fully recovers.

Federal Funding — Status and Outlook

The Authority relied on federal funding for about 96% of its overall revenue during FY 2015. Consequently, federal budget decisions play a significant role in AHA's ongoing economic condition.

Since the Budget Control Act of 2011, federal budget appropriators have focused on deficit reduction, in particular by reducing discretionary defense and non-defense programs. With the 2012 failure of the Congressional Super Committee to reach a bipartisan agreement, the automatic trigger of sequestration went into effect, resulting in a 5 percent reduction on top of the budget cuts passed by Congress.

At the end of 2013, the two houses of Congress agreed on the Bipartisan Budget Act of 2013, which provided a two-year reprieve from sequestration and the restoration of about 50 percent of the sequestered cuts. While the return to normalcy in federal budget and appropriations processes is welcome, it will be short-lived unless Congress acts in 2016 to moderate the impact of budget ceilings and sequestration cuts.

In preparing our budget for FY 2016 in the context of the reality of the staggering federal deficit, AHA was conservative in making assumptions and projections concerning revenue. AHA believes that it is well-positioned to face possible Congressional funding cuts because of:

- the statutory and regulatory relief provided under its MTW Agreement;
- AHA's shift from a Section 9 Public Housing funds platform to a Section 8 Housing Choice Voucher funds platform;
- the operational and financial efficiencies resulting from combining its low-income operating funds, Housing Choice Voucher funds and certain capital funds into an MTW Single Fund, and preparing a multi-year Business Plan;
- the elimination of the obsolete, distressed and socially dysfunctional public housing projects through the thoughtful implementation of its comprehensive Revitalization Program and other strategic initiatives;
- the implementation of a business transformation including an integrated ERP system which resulted in cost and time efficiencies throughout the Authority; and
- the implementation of various cost-reduction initiatives at its corporate operations and AHA-Owned Residential Communities.

AHA's strategic decisions have allowed it to sustain its strong financial position while providing eligible low-income households with housing opportunities in amenity-rich communities and neighborhoods that are substantially better than other available low-income housing options. Despite AHA's financial preservation strategy, however, there have been indications from HUD in recent months that it is seeking to change the terms applicable to the funding and expenditure authority of the MTW agencies. Should HUD successfully impose such changes, AHA's financial position may be adversely impacted.

FY 2015 Accomplishments and Program Highlights

AHA comprehensively operates the entire agency pursuant to its MTW Agreement and utilizes fungibility of its MTW Single Fund in operating and administering its programs. In cases where there are statutory requirements or grant provisions, AHA complies with these terms as required. Each AHA program is designed to economically and efficiently leverage all AHA's resources where possible —

finances and funding flexibility, knowledge and experience, grant funds, rental subsidies, partner relationships and land. Through its various housing solutions and programs, all supported by human development services, AHA is able to meet a broad spectrum of housing needs for low-income families in the City of Atlanta.

Below are some of AHA's FY 2015 major accomplishments and milestones which demonstrate AHA's continued strategic focus and commitment to its vision and three primary statutory goals.

- 21,779 households served.
- 491 new households were housed from the Housing Choice waiting list, which was opened for the first time in more than ten years.
- 85 veterans were housed through the HUD-Veterans Affairs Supportive Housing (VASH) program and AHA's Supportive Housing Program.
- Committed or signed project-based rental agreements (new and renewals) at 12 privately owned communities, ensuring availability of 798 affordable housing units for two to 15 years, of which 204 were new and affordable rental units.
- Advancement of AHA's real estate and expansion of housing opportunities:
  - Completed vertical construction on Oasis at Scholars Landing, a 60-unit affordable personal care facility, to be leased to eligible residents in FY 2016 under AHA's PBRA program.
  - Completed the renovation of Zell Miller Building to serve as the center of operations for AHA's human development services team for Housing Choice participants.
  - Closed on Centennial Place Phase I reformulation on June 11, 2015, and began rehabilitation of this 20-year-old mixed-use, mixed-income community.
  - Centennial Place Phase II received a Low Income Housing Tax Credit (LIHTC) award and will close in FY 2016. A LIHTC application was submitted for Phase III with a determination to be made in FY 2016.
  - 11 market-rate homes were built and sold by AHA's development partner at West Highlands.
  - 69 eligible first-time home-buyers received down payment assistance from AHA.
  - On June 18, 2015, AHA acquired the Rockdale Mental Health Center, a 1.37-acre site, for future development of a mixed-use, mixed income community as market conditions warrant.
- As part of AHA's repositioning plan of AHA-Owned Residential Communities from Section 9 to Section 8, submitted applications for HUD's Rental Assistance Demonstration (RAD) program and a LIHTC for Juniper and Tenth Highrise.
- Jointly with the City of Atlanta, submitted an application for a 2014 Choice Neighborhoods Implementation (CNI) Grant. On September 28, 2015, HUD awarded a $30 million CNI grant to AHA and the City of Atlanta; the grant leverages $396 million in other public and private funds.
- Received a $450,000 grant from the Home Depot Foundation to be used strictly on construction costs on Oasis at Scholars Landing, which was completed during FY 2015.

- Through AHA's Supportive Housing Program, partnered with the City of Atlanta's Continuum of Care and the United Way of Greater Atlanta to launch two new pilots to house 11 formerly homeless families and stabilize 102 families at risk of homelessness.
- Provided human development services and case management to 1,209 Housing Choice participants; 318 of these became compliant with AHA's work/program requirement.
- 27 students were awarded $49,750 in scholarships through AHA's Atlanta Community Scholars Award, one student was named a Gates Millennial Scholar and three students received scholarships from the Housing Authority Insurance Group.
- Successfully completed the stabilization of its ERP platform for Housing Choice, including operational reporting on Housing Choice processes, which resulted in increased productivity for staff and reduced service time for participants.
- Redesigned its internet and intranet sites, thereby improving property owners' and participants' access to AHA's range of housing programs and improving internal agency-wide communication and access to resources needed on a daily basis.
- As part of its business transformation initiated in FY 2011 and other cost-reduction initiatives with administrative tasks, realized $7.2 million of year-over-year savings over the $5.4 million delivered last year for a cumulative $12.6 million over the two-year period, while increasing the number of families served.

Please refer to AHA's FY 2015 MTW Annual Report for comprehensive insight into AHA's successes as well as AHA's FY 2016 MTW Annual Plan for activities contemplated beyond FY 2015.

We take our responsibility to serve the community and Atlanta's low-income families very seriously. Our MTW Agreement has allowed us to be innovative, engaging our partners and stakeholders in local problem-solving. We believe we are transforming the business of helping people.

Acknowledgments

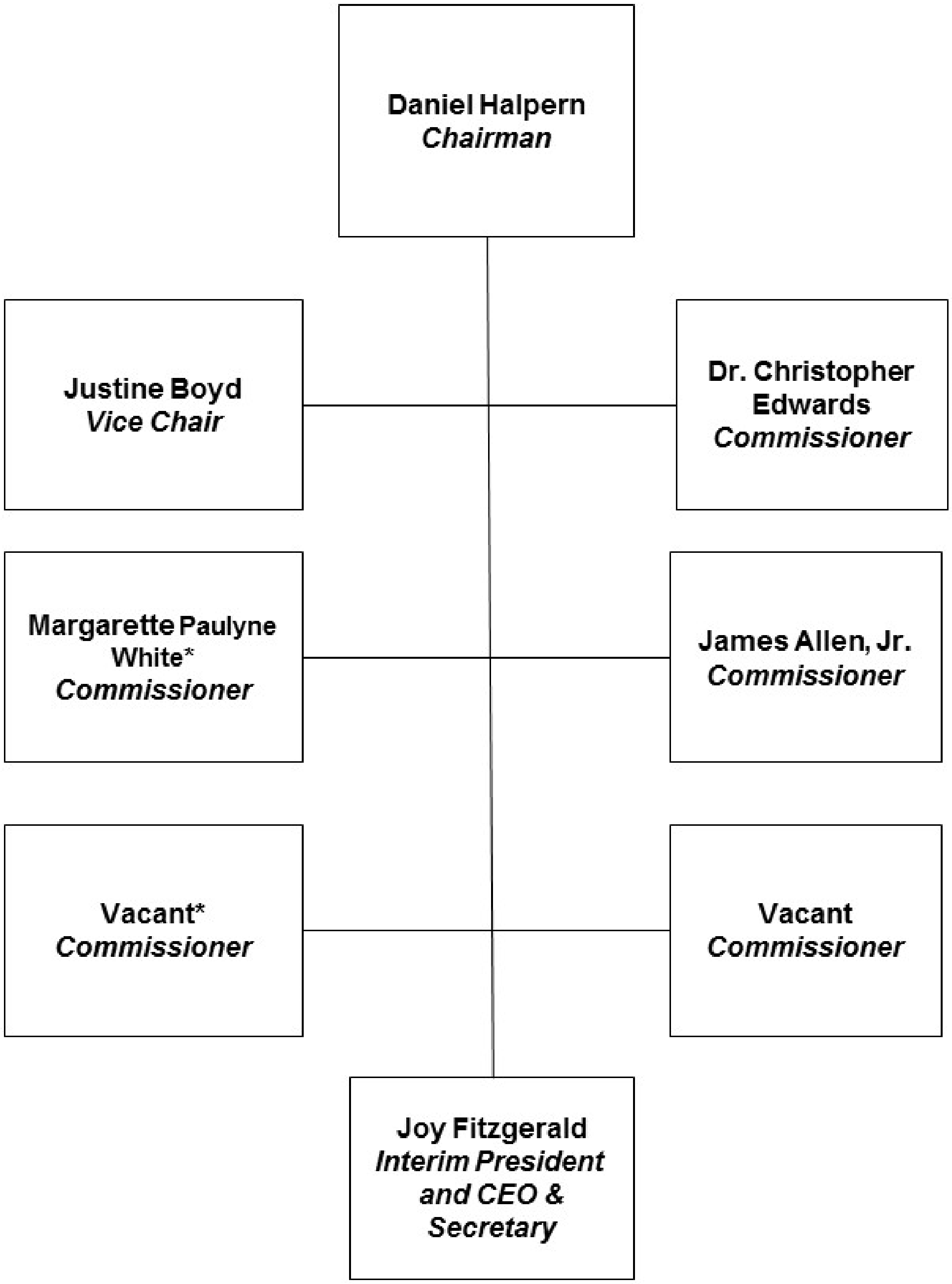
The preparation of this report has been accomplished through the hard work of the Finance Department accountants and support of other staff members throughout AHA. We wish to express our appreciation to all of the individuals who contributed to the preparation of this report.

We would also like to take this opportunity, on behalf of the staff and residents of the Atlanta Housing Authority, to acknowledge the members of the Board of Commissioners for their tireless support and guidance.

Joy W. Fitzgerald
Interim President and CEO

Myrianne Robillard
Senior Vice President of Finance

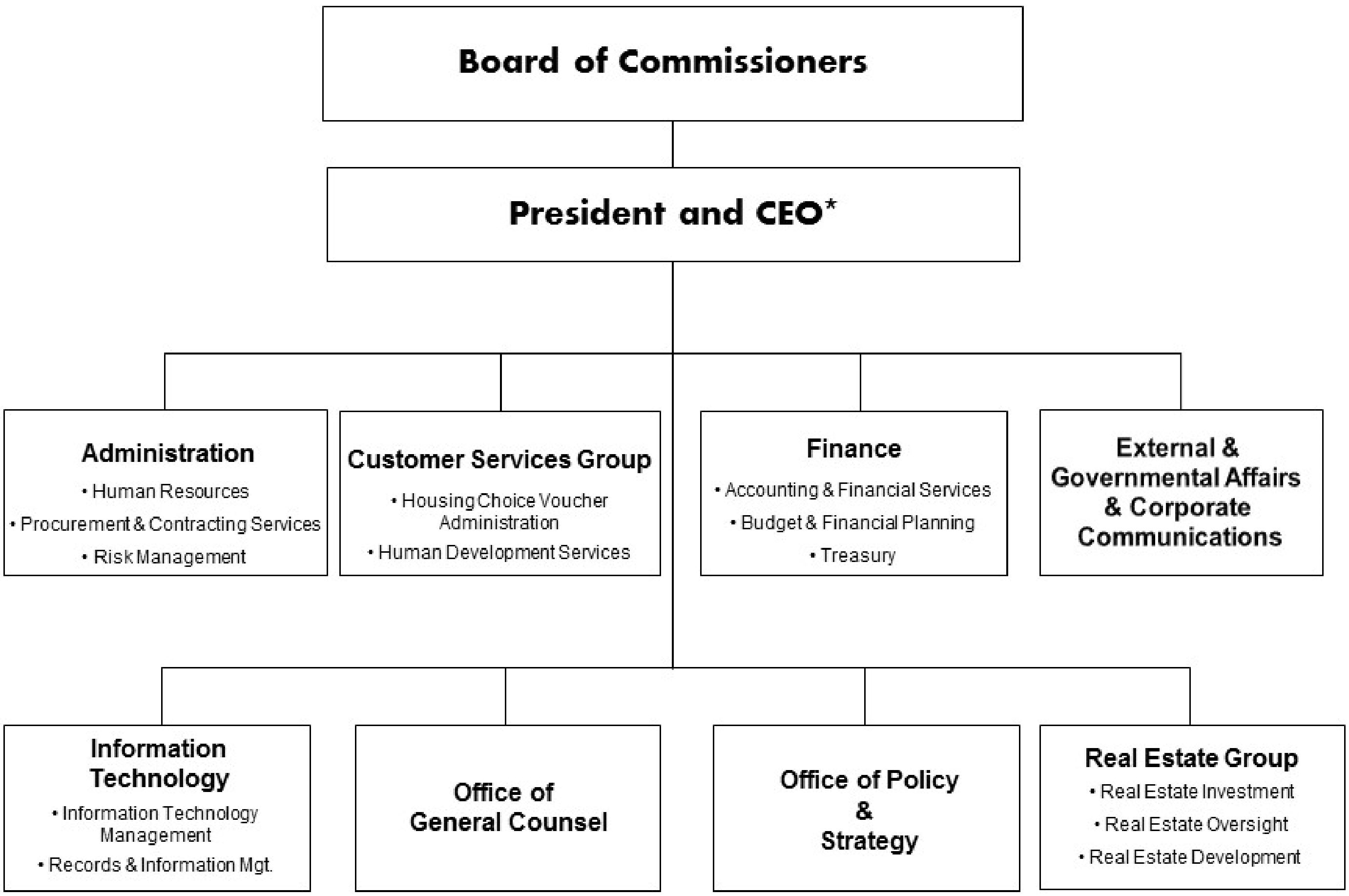
AHA's Board of Commissioners



As of June 30, 2015

*On July 6, 2015, the Atlanta City Council confirmed the appointments to the Board of Brandon Riddick-Seals to replace Commissioner Margarette Paulyne White whose term had expired and Robert Rumley III to replace Loretta Young Walker who resigned from the Board on April 29, 2015.

AHA's Organizational Structure



* An Interim President and CEO currently serves in this role.

As of June 30, 2015

This Page Left Blank Intentionally

FINANCIAL SECTION

This Page Left Blank Intentionally

CohnReznick LLP
cohnreznick.com

Independent Auditors' Report

To the Board of Commissioners
The Housing Authority of the City of Atlanta, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of The Housing Authority of the City of Atlanta, Georgia as of and for the years ended June 30, 2015 and 2014, and the related notes to the financial statements, which collectively comprise The Housing Authority of the City of Atlanta, Georgia'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 an opinion on these financial statements based on our audits. We conducted our audits 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Housing Authority of the City of Atlanta, Georgia as of June 30, 2015 and 2014, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 21 to 43 and the Schedule of Changes in Net Pension Liability and Related Ratios and Schedule of Pension Plan Contributions on pages 83 and 84, respectively, 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 audits 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 audits were conducted for the purpose of forming an opinion on the basic financial statements as a whole. The introductory section, HUD Financial Data Schedule and notes thereto, Schedules of Related-Party Loans and Fees Receivable, Schedules of Related-Party Transactions, Schedule of HUD-Funded Grants, and Schedules of CFP and RHF Program Completion Costs and Advances Program Certification are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The HUD Financial Data Schedule, Schedules of Related-Party Loans and Fees Receivable, Schedules of Related-Party Transactions, Schedule of HUD-Funded Grants, and Schedules of CFP and RHF Program Completion Costs and Advances Program Certification are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic 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 HUD Financial Data Schedule, Schedules of Related-Party Loans and Fees Receivable, Schedules of Related-Party Transactions, Schedule of HUD-Funded Grants, and Schedules of CFP and RHF Program Completion Costs and Advances Program Certification are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2015, on our consideration of The Housing Authority of the City of Atlanta, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant 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 The Housing Authority of the City of Atlanta, Georgia's internal control over financial reporting and compliance.

CohnReznick LLP

Charlotte, North Carolina
November 16, 2015

This Page Left Blank Intentionally

The management of The Housing Authority of the City of Atlanta, Georgia (referred to as AHA or the Authority) is providing this Management's Discussion and Analysis (MD&A) as an analytical overview of AHA's financial performance for the fiscal years ended June 30, 2015 (FY 2015) and June 30, 2014 restated (FY 2014 restated). This document should be read in conjunction with the Letter of Transmittal, AHA's Financial Statements and accompanying Notes.

OVERVIEW OF FINANCIAL STATEMENTS

AHA is pleased to present its Financial Statements for the fiscal years ended June 30, 2015 and June 30, 2014, which have been prepared in accordance with U.S. generally accepted accounting principles (GAAP), as applied to governmental entities. GAAP requires the inclusion of three basic financial statements: the statement of net position (balance sheet); statement of revenues, expenses and changes in net position; and statement of cash flows. In addition, GAAP requires the inclusion of this MD&A as required supplementary information.

The financial statements provide both short- and long-term information about the Authority's financial condition. The financial statements also include notes that provide additional information, including a summary of significant accounting policies applied consistently in the preparation of the financial statements. As provided under GAAP, the Authority uses the accrual basis of accounting to prepare its financial statements, except as described in Note B. Under this basis of accounting, revenue is recognized in the period in which it is earned, and expense, including depreciation and amortization, is recognized in the period in which it is incurred. All assets and deferred outflows and liabilities and deferred inflows associated with the operations of the Authority are included in the statements of net position.

AHA's results of operations are presented in the statements of revenues, expenses and changes in net position, where activities are categorized between operating and non-operating items. AHA defines its operating revenues as income derived from operating funds received from HUD, tenant dwelling revenue, Section 8 portability revenue and fees earned in conjunction with development activities under its development and revitalization program, as well as fees earned from National Housing Compliance, Inc. Operating expenses for proprietary funds include the cost of housing assistance to low-income families, operating housing units and providing tenant services, revitalization, demolition and remediation, administrative expense and depreciation on capital assets. Non-operating revenues and expenses include interest and investment income, gain from the sale of assets, adjustments to valuation allowances and interest expense. Capital contributions include MTW Single Fund and development grants used for capitalized expenditures, including loans, in connection with modernization, development and revitalization activities. See Note B.15 for further information.

During FY 2015, AHA adopted GASB Standard 68 "*Accounting and Financial Reporting for Pensions*" and accordingly changed its accounting policy for its defined benefit pension plan, which was previously accounted for on a cash basis. Under GASB 68, AHA is required to include in its financial statements the net pension liability and any related unrecognized experience gain and loss as deferred inflows and deferred outflows, respectively. Although the new pension accounting standard was adopted during FY 2015, amounts previously reported in AHA's FY 2014 financial statements were restated as if the standard had been adopted on July 1, 2013. Please refer to Note B.1 on page 56 for the financial impact on FY 2014 financial statements. It should be noted that financial information at and for the fiscal year ended June 30, 2013 used in this MD&A has not been restated to give effect to this change of accounting policy.

FY 2015 OPERATION HIGHLIGHTS

Advancing Affordable Housing Opportunities

AHA continued to advance and facilitate quality affordable housing opportunities in a variety of healthy mixed-income communities for low-income families as follows:

Tenant-based Housing Choice Voucher Program (HCVP)

Under HCVP, AHA supported 9,579 households at the end of FY 2015, including in-jurisdiction participants, as well as participants who: (a) moved from AHA's service area to a residence outside of AHA's service area; (b) moved into AHA's service area from other public housing agencies' service areas; or (c) received mortgage assistance for their homes in AHA's service area. Significant FY 2015 accomplishments include:

- A total of **$88.3 million** in payments provided under this program.
- Housing Choice Rental Agreements entered into with owners/landlords for 491 households pulled from AHA's HCVP waiting list, increasing in-jurisdiction participation (net of attrition) from 7,292 to 7,526 households.
- Increased number of veterans assisted by AHA's VASH program from 98 to 193.
- Financial housing support provided at the end of FY 2015 to 2,016 participants who have relocated outside AHA's service area under HUD's Portability Program, down from 2,303 at the end of FY 2014 due to attrition.
- Housing Choice mortgage assistance payments continued to be made for 37 families at the end of FY 2015.

Project Based Rental Assistance (PBRA) Program

At the end of FY 2015, 4,992 households were supported under AHA's PBRA program, which included payments to related Owner Entities (private-sector owners) of AHA-Sponsored master-planned communities, unrelated private-sector owners of mixed-income developments and unrelated owners of Supportive Housing. Significant FY 2015 accomplishments include:

- A total of **$35.4 million** provided in payments under this program.
- Rental assistance provided to 3,244 households in PBRA mixed-income developments under PBRA agreements with private property owners compared to 3,040 at the end of FY 2014.
- 1,748 PBRA units provided for households at six AHA-Sponsored mixed-income, master-planned communities under PBRA agreements with Owner Entities, including 301 units at Centennial Place I through IV, which were converted during the fiscal year from Section 9 mixed-income operating subsidy to PBRA.

Operating Subsidy Provided to Owner Entities of AHA-Sponsored Master-Planned Communities

AHA served 2,221 families in public-housing-assisted units in AHA-Sponsored MIMF rental communities by providing **$12.2 million** in operating subsidy to Owner Entities, in accordance with regulatory and operating agreements, to cover the operating costs of AHA-assisted units in mixed-income communities not covered by tenant rents.

FY 2015 OPERATION HIGHLIGHTS — continued

Operating Expenses and Capital Improvements at AHA-Owned Residential Communities

AHA continued to serve households in two small-family communities and advance the strategic goals of independent living and improving the quality of life for elderly and disabled persons *"Aging Well"* at the 11 senior high-rises as follows:

- Funded **$11.0 million** in operating expenses not covered by tenant rents, including human development services, to support 1,942 households.
- Invested **$3.4 million** for modernization and renovation construction projects designed to maintain AHA's property and continue to improve the quality of life at senior high-rises.
- Invested **$0.1 million** in predevelopment loans to prepare Juniper & Tenth and Piedmont Road high-rises for conversion under the Rental Assistance Demonstration (RAD) program.
- Continued to realize substantial benefits from the energy and efficiency improvements completed during FY 2014 and funded under the Energy Performance Contract (EPC) capital lease secured during FY 2012.



Achieving our Vision: Healthy Mixed-Income Communities; Healthy Self-Sufficient Families

FY 2015 OPERATION HIGHLIGHTS — continued

Revitalization Activities

AHA funded **$12.3 million** for revitalization activities during FY 2015 as AHA and its private-sector development partners continued to advance the Master Plans for the mixed-use, mixed-income communities.

FY 2015 revitalization activity highlights include:

Auburn Pointe (Grady Homes Revitalization)

- AHA determined it would not demolish the structure located at 20 Hilliard Street due to its historic significance and is working with the community and developer to establish a plan for adaptive re-use of the property.
- The master planning process was initiated; however, finalizing the plan was delayed pending a decision by the City of Atlanta to construct a natatorium recreational center on a portion of the Auburn Pointe property (see Note V on page 79).

Capitol Gateway (Capitol Homes Revitalization)

- AHA demolished the structure located at 333 Auburn Avenue and completed the demolition and site remediation associated with the Memorial Drive assemblage.
- The master planning process was initiated in FY 2015 with completion expected in FY 2016.

Centennial Place (Techwood/Clark Howell Homes Revitalization)

- Planning began to redevelop the Cupola Building as 13 affordable for-sale homes.
- Renovations at the Zell Miller Building were completed; it now serves as the center of operations for AHA's human development services team for Housing Choice participants.
- The master plan was updated in FY 2015.
- Reformulation: Centennial Park Phase I closed June 11, 2015 and construction is underway. Phase II received a LIHTC award and will close in FY 2016. A LIHTC application was submitted for Phase III with a determination to be made in FY 2016.
- Entered into a construction management agreement for public improvements design work for Phase VI in 4th quarter of FY 2015.

Mechanicsville (McDaniel Glenn Revitalization)

- AHA's development partner has been engaged in predevelopment activities for the development of 75 scattered-site rental units as part of a lease-to-own program promoting neighborhood stabilization. Affordable rentals will be achieved through a LIHTC Program for a 15-year period. Twenty-five of these units will be on AHA property under the terms of a ground lease with a purchase option at the end of the 15-year compliance period. The closing has been delayed until FY 2016.
- The Master Plan update has been completed.

FY 2015 OPERATION HIGHLIGHTS — continued

Scholars Landing (University Homes Revitalization)

- Vertical construction was completed on Oasis at Scholars Landing, the 60-unit affordable personal care facility. The property expects to lease to eligible residents in FY 2016. AHA has provided PBRA assistance for all units.
- As part of the Choice Neighborhoods planning process, AHA worked with a master planner to develop a methodology and process to focus on neighborhood areas of proposed revitalization. As a result of the analysis, two key locations (Ashview Heights and Atlanta University Center Neighborhood) were identified within the Choice Neighborhoods area in which to focus neighborhood stabilization measures and homeownership. Scholars Landing is located within the Atlanta University Center Neighborhood.

Villages at Carver (Carver Homes Revitalization)

- A vacant parcel (1463 Pryor Road) was sold to Fulton County on May 12, 2014, for the development of a regional library. Construction of the regional public library began in FY 2015 with completion anticipated in FY 2016. When completed, the library will provide a much-needed amenity to families in the revitalized community and surrounding neighborhood.

West Highlands at Heman Perry Boulevard (Perry Homes Revitalization)

- On May 21, 2015, a Construction Management Agreement was executed for development of 252 for-sale homes and work has begun. Public improvements are underway for development of 154 of the 252 for-sale homes.
- In FY 2015, 11 market-rate homes were built and sold by AHA's development partner at West Highlands.
- The Master Plan update will begin in the first quarter of FY 2016.
- AHA and AHA's master developer continue to support the development of the Westside Atlanta Charter School. AHA's development partner has provided approximately 5,000 square feet in the base of the Columbia Crest multi-family apartment building to house grades K–1. In June 2014, AHA ground-leased approximately one acre to the school to construct educational modular trailers to allow for an expansion to K–5. AHA has invited the school to participate in the master planning process to assist in the location of a permanent site for the school.
- On June 18, 2015, AHA acquired the Rockdale Mental Health Center, a 1.37-acre site, for future development of a mixed-use, mixed-income community as market conditions warrant.

Land Transactions

- In FY 2015, AHA began negotiations with the City of Atlanta regarding a donation of 1.77 acres of Auburn Pointe (the former Grady Homes) to construct a natatorium recreational center. Having received approval from HUD's Special Applications Center (SAC) to dispose of the property, AHA anticipates closing in FY 2016 (see Note V on page 79).
- AHA began redevelopment of the former Herndon Homes public housing site by issuing a Request for Qualifications for developer partners. AHA anticipates making an award in FY 2016.

FY 2015 OPERATION HIGHLIGHTS — continued

Homeownership Down Payment Assistance

Using its MTW flexibility, AHA partnered with the City of Atlanta, Invest Atlanta, AHA's master development partners and local lenders to provide down payment assistance to 69 low- to moderate-income first-time homebuyers purchasing homes throughout the City of Atlanta during FY 2015.

Fulfilling our Mission to provide quality affordable housing in amenity-rich, mixed-income communities for the betterment of the community.

FY 2015 FINANCIAL HIGHLIGHTS

AHA's financial position remained strong with a net position (*formerly referred to as net assets*) of **$434.6 million** at June 30, 2015.

- Total assets and deferred outflows exceeded total liabilities and deferred inflows at June 30, 2015 by $434.6 million (net position), representing a 0.6% reduction from the end of FY 2014. Unrestricted net position of $69.7 million at the end of FY 2015 consists primarily of unrestricted cash available for MTW-authorized activities as well as a working capital reserve to support liquidity for AHA operations.

- Net position decreased by $2.7 million year-over-year as a result of a net operating loss of $11.5 million, which was primarily driven by depreciation and amortization amounting to $11.9 million. Operating revenues were constrained by AHA's cash management strategy as draws of MTW Single Funds were limited to amounts to cover actual expenditures. The undrawn balance of MTW Single Funds remains at HUD for use in future years. Partially offsetting the net operating loss was $9.9 million of capital contributions from MTW fund and grants used to cover capitalized expenditures, including loans.

- AHA's current ratio that measures AHA's liquidity decreased slightly from 6.9 to 6.6 during FY 2015 but remains very strong. Current assets decreased by $4.4 million primarily due to the use of MTW funds for public improvements, which are expected to be repaid by future Perry Bolton Tax Allocation District (TAD) bond proceeds.

- Capital assets decreased from $151.0 million to $145.3 million or by $5.7 million during FY 2015, primarily due to depreciation exceeding capital asset acquisitions.

- Other non-current assets and deferred outflows increased from $15.4 million to $20.0 million or by $4.6 million, during the current fiscal year primarily due to public improvements incurred to be reimbursed from a future Perry Bolton TAD bond issue and a $0.7 million increase in deferred outflows related to additional experience loss resulting from the pension plan investment (fiduciary net position) valuation.

- The adoption of a new pension plan accounting policy during the fiscal year negatively impacted AHA's net position at July 1, 2013 by $4.7 million, as AHA restated its financial statements to give retroactive effect to the accounting change to the beginning of FY 2014. The amount of $4.7 million corresponds to the net pension liability as well as related deferred inflows and deferred outflows (or plan-related experience gain and loss, respectively) required to be included in AHA's financial statements under the new standard.

FINANCIAL ANALYSIS

CONDENSED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION*

Years ended June 30,

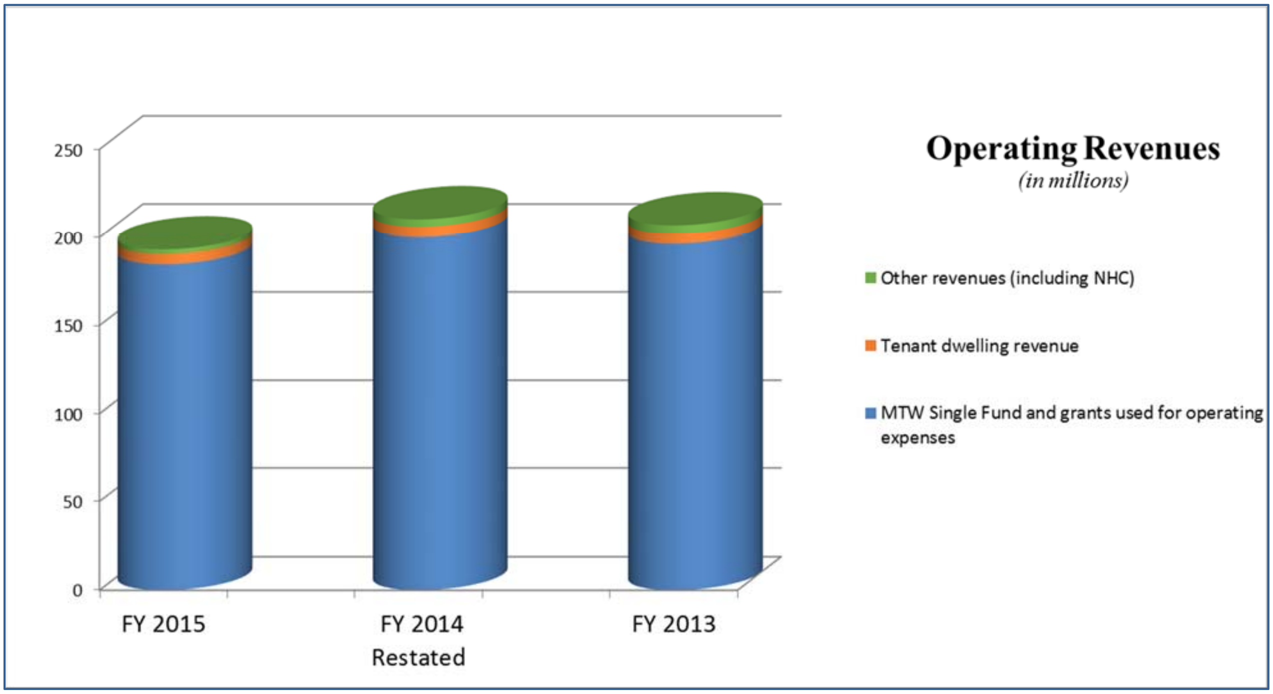
(in millions)

	2015	Restated** 2014	2013	2015 vs. 2014 Increase/ (Decrease)	2014 vs. 2013 Increase/ (Decrease)
OPERATING REVENUES					
MTW Single Fund and grants used for operating expenses	$ 183.1	$ 200.2	$ 196.4	$ (17.0)	$ 3.8
Tenant dwelling revenue	5.9	5.8	5.6	0.1	0.2
Other revenues (including NHC)	2.2	4.3	4.9	(2.1)	(0.6)
Total operating revenues	191.2	210.3	206.9	(19.1)	3.4
OPERATING EXPENSES					
Housing assistance and operating subsidy payments	135.9	139.6	138.9	(3.7)	0.7
Administration and general, including direct operating divisions	37.4	44.6	50.5	(7.2)	(5.9)
Utilities, maintenance and protective services	12.5	12.9	13.1	(0.4)	(0.2)
Resident and participant services	3.2	2.9	3.6	0.3	(0.7)
Revitalization, demolition and remediation	1.8	1.7	1.0	0.1	0.7
Depreciation and amortization	11.9	14.8	11.3	(2.9)	3.5
Total operating expenses	202.7	216.5	218.4	(13.8)	(1.9)
NET OPERATING INCOME (LOSS)	(11.5)	(6.1)	(11.5)	(5.3)	5.3
NON-OPERATING REVENUES (EXPENSES)					
Interest and investment income	0.9	0.5	0.7	0.4	(0.2)
Gain (loss) on sale of assets	0.0	3.1	(0.0)	(3.1)	3.1
Valuation allowance	(1.6)	(1.3)	(0.4)	(0.3)	(0.9)
Interest expense	(0.4)	(0.5)	(0.2)	0.1	(0.2)
Total non-operating revenues (expenses)	(1.1)	1.8	0.1	(2.9)	1.8
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	(12.6)	(4.3)	(11.4)	(8.2)	7.1
CAPITAL CONTRIBUTIONS					
MTW Single Fund used for modernization and development capital expenditures and loans	5.9	4.5	12.2	1.4	(7.6)
Development grants used for development capital expenditures and loans	4.0	1.8	6.0	2.1	(4.2)
Total capital contributions	9.9	6.3	18.2	3.5	(11.8)
INCREASE (DECREASE) IN NET POSITION	(2.7)	2.0	6.8	(4.7)	(4.7)
NET POSITION — beginning of year	437.4	440.1	433.2	(2.7)	6.8
Change in accounting policy**	-	(4.7)	-	4.7	(4.7)
NET POSITION — end of year	$ 434.6	$ 437.4	$ 440.1	$ (2.7)	$ (2.7)

** As a result of rounding, the sum of individual line items may deviate slightly from the actual total.*
*** Refer to Note B.1 on page 56.*

FINANCIAL ANALYSIS — continued

Operating Revenues



FY 2015 vs. FY 2014 Restated

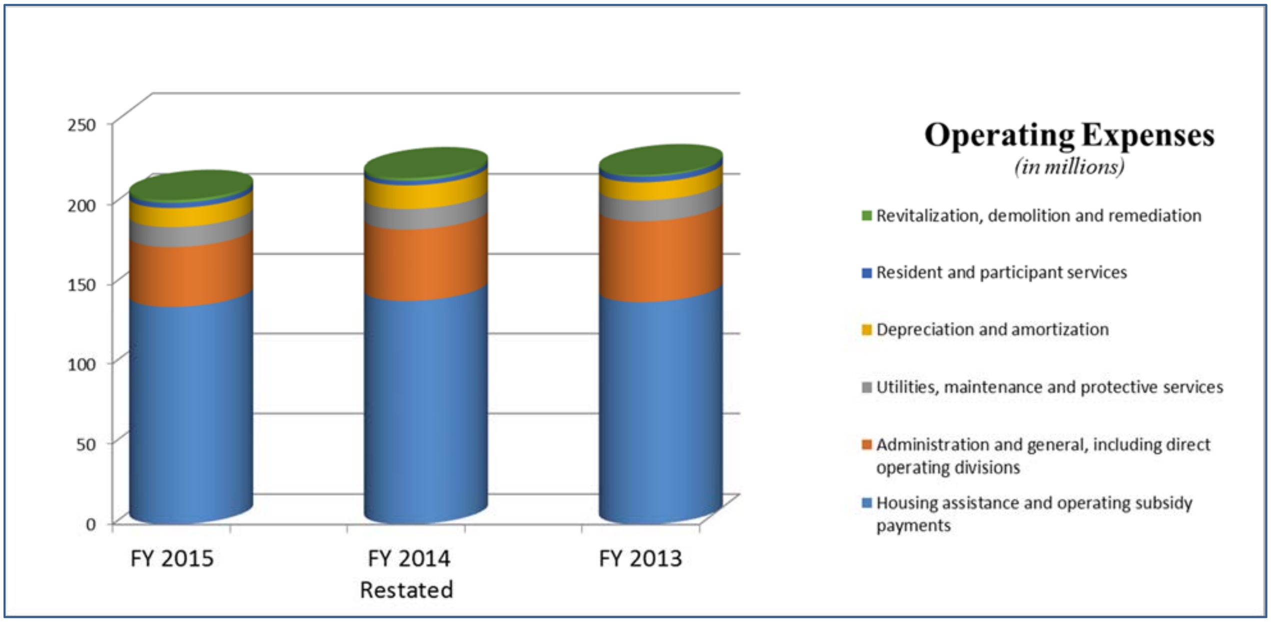
Total operating revenues decreased by **$19.1 million** year-over-year, primarily due to differences in the timing of draws from HUD of ***MTW Single Fund and grants used for operating expenses*** based on AHA's cash management strategy and HUD limitations on disbursements, representing $17.0 million. In addition, other revenues (including NHC) decreased by $2.1 million year-over-year, primarily due to AHA's decision to start absorbing incoming port vouchers in FY 2015 rather than earn administrative fees for managing Housing Choice vouchers from other housing authorities as was the case in previous years.

FY 2014 Restated vs. FY 2013

Total operating revenues increased by **$3.4 million** year-over-year, with no impact from the FY 2014 restatement, primarily due to differences in the timing of draws of ***MTW Single Fund and grants used for operating expenses*** from HUD based on AHA's cash management strategy representing an increase of $3.8 million. Other revenues (including NHC) decreased by $0.6 million year-over-year, primarily due to lower development transaction fees, partially offset by a $0.2 million increase in tenant dwelling revenue.

FINANCIAL ANALYSIS — continued

Operating Expenses



FY 2015 vs. FY 2014 Restated

Total operating expenses decreased by **$13.8 million** year-over-year, with significant offsetting changes addressed below:

- ***Housing Assistance and Operating Subsidy Payments*** consists of payments to landlords, tenants and partners under the tenant-based Housing Choice Voucher Program, rental assistance paid to unrelated private-sector owners and related Owner Entities under the PBRA program, and operating subsidy paid to related Owner Entities of the mixed-income, mixed-finance (MIMF) rental communities. In aggregate, those payments decreased by a net of **$3.7 million** year-over-year as presented below:

Housing Assistance and Operating Subsidy Payments	**2015**	*(in millions)* **2014**	**2013**	**2015 vs. 2014 Increase (Decrease)**	**2014 vs. 2013 Increase (Decrease)**
Tenant-based Housing Choice Vouchers	$ 88.3	$ 91.2	$ 91.0	$ (2.9)	$ 0.2
Project Based Rental Assistance (PBRA)	35.4	33.4	33.3	2.0	0.1
MIMF Operating Subsidy	12.2	15.0	14.6	(2.8)	0.4
Total	$135.9	$139.6	$138.9	$ (3.7)	$ 0.7

FINANCIAL ANALYSIS, Operating Expenses — continued

- ***Tenant-based Housing Choice Voucher (HAP)*** payments to landlords and tenants decreased by \$2.9 million year-over-year, primarily due to a slower than anticipated lease up of vouchers from the waiting list and from VASH referrals; a temporary suspension of new admission activities due to the waiting list exhaustion; the absorption of AHA vouchers by administering public housing authorities, and a reduction in the average HAP payment as tenant financial position improved.
- ***Project Based Rental Assistance (PBRA)*** paid to Owner Entities of AHA-Sponsored master-planned communities, private-sector owners of mixed-income developments and owners of Supportive Housing increased by \$2.0 million year-over-year, primarily due to the conversion of Centennial Place Phases I, II, III and IV to PBRA from MIMF Operating Subsidy.
- ***Mixed-Income, Mixed-Finance (MIMF) Operating Subsidy*** for public-housing-assisted units in AHA-Sponsored MIMF rental communities decreased by \$2.8 million year-over-year. This decrease was primarily due to the conversion of Centennial Place Phases I, II, III and IV to PBRA from MIMF Operating Subsidy, as well as net changes in subsidy for other properties due to tenant income and occupancy changes.

- ***Administration and general, including direct operating divisions*** decreased by **\$7.2 million** year-over-year, primarily due to a \$6.0 million reduction in consulting and professional services as AHA continued to use internal resources as opposed to external resources where possible, and the conversion of outsourced resources involved in property oversight into permanent employees as well as a \$1.2 million decrease resulting from the elimination of Pay for Performance bonuses in FY 2015.
- ***Utilities, maintenance and protective services*** decreased by **\$0.4 million** year-over-year, primarily due to reductions in extraordinary maintenance and protective services expenses.
- ***Resident and participant services*** increased by **\$0.3 million** year-over-year, primarily as a result of the initiation of case management services during FY 2015.
- ***Revitalization, demolition and remediation*** expenses remained basically constant year-over-year at \$1.8 million and \$1.7 million for FY 2015 and FY 2014, respectively.
- ***Depreciation and amortization*** decreased by **\$2.9 million** year-over-year, primarily due to accelerated depreciation taken in FY 2014 on certain capital assets following the comprehensive capital asset review initiated in FY 2013.

FINANCIAL ANALYSIS, Operating Expenses — continued

FY 2014 Restated vs. FY 2013

Total operating expenses *decreased by* ***$1.9 million*** primarily due to the following offsetting changes:

- ***Housing Assistance and Operating Subsidy Payments*** in aggregate increased by a net of **$0.7 million** year-over-year as described below:
  - ***Tenant-based Housing Choice Voucher (HAP)*** payments to landlords and tenants remained relatively constant year-over-year.
  - ***Project Based Rental Assistance (PBRA)*** paid to Owner Entities of AHA-Sponsored master-planned communities, private-sector owners of mixed-income developments and owners of Supportive Housing remained relatively constant year-over-year.
  - ***Mixed-Income, Mixed-Finance (MIMF) Operating Subsidy*** for public-housing-assisted units in AHA-Sponsored MIMF rental communities increased by $0.4 million year-over-year. This net increase was primarily due to the lease up of Ashley Auburn Point II during FY 2014 and adjustments for prior years.
- ***Administration and general, including direct operating divisions*** decreased by **$5.9 million** year-over-year, primarily due to a $4.3 million reduction in consulting, professional and outside services from the use of internal as opposed to external resources, as well as a decrease in professional services and other staff augmentation associated with the business transformation and implementation of the integrated ERP solution, and a $1.0 million decrease in salary and benefit expense, net of merit increases, due to position elimination and deferral in hiring. In addition, as a result of the change in accounting policy for pension plan, the restated FY 2014 pension expense under the new standard amounted to $0.4 million (amount previously reported of $2.5 million of cash contribution) or $0.6 million lower than the $1.0 million cash contribution recorded as expense in FY 2013, which was not restated to give effect to the new standard.
- ***Utilities, maintenance and protective services*** decreased by **$0.2 million** on a year-over-year basis due to lower utility costs as AHA realized the full-year benefit of the EPC improvements implemented in FY 2013.
- ***Resident and participant services*** decreased by **$0.7 million** year-over-year, primarily as a result of a reduction in staffing costs due to the full-year benefit of the reorganization of the function initiated in prior years as part of AHA's business transformation.
- ***Revitalization, demolition and remediation*** expenses increased by **$0.7 million** due to increased remediation and demolition activity during FY 2014 compared to prior year.
- ***Depreciation and amortization*** increased by **$3.5 million** year-over-year, primarily due to accelerated depreciation taken on certain capital assets following the comprehensive capital asset review initiated in FY 2013 and, to a lesser degree, an increase in depreciation expense in FY 2014 due to an overall increase in capital spending.

FINANCIAL ANALYSIS — continued

Non-Operating Revenues (Expenses)

FY 2015 vs. FY 2014 Restated

Total non-operating revenues (expenses) decreased by **$2.9 million** year-over-year, primarily due to the following offsetting changes:

- ***Interest and investment income*** increased by **$0.4 million** year-over-year, primarily due to interest income recognized during FY 2015 upon Centennial Park I's financial closing on the reformulation. Interest payments on loans are based on cash flow and are, therefore, recognized only when earned.
- ***Gain on sale of assets*** decreased by **$3.1 million** year-over-year, primarily due to the sale in FY 2014 of Roosevelt property which resulted in a gain of $2.7 million and the sale of a parcel of land to Fulton County for a regional library translating into a gain of $0.2 million, as well as various asset sales. There were no such sales in FY 2015.
- ***Valuation allowance*** increased by **$0.3 million** year-over-year, primarily due to higher down payment assistance, which is fully reserved as payments are made to participants, as well as adjustments to various reserves based on management's evaluation of the collectability of outstanding loans and receivables.
- ***Interest expense*** remained fairly constant year-over-year, as it is limited to interest expense on the EPC capital lease.

FY 2014 Restated vs. FY 2013

Total non-operating revenues (expenses) increased by **$1.8 million** year-over-year, primarily due to the following offsetting changes:

- ***Interest and investment income*** decreased by **$0.2 million** year-over-year, primarily due to higher interest income received from related-party construction/development loans during FY 2014 compared to the prior year. Interest payments on loans are based on cash flow and are therefore unpredictable.
- ***Gain on sale of assets*** increased by **$3.1 million** year-over-year, primarily due to the sale of Roosevelt property which resulted in a gain of $2.7 million and the sale of a parcel of land to Fulton County for a regional library translating into a gain of $0.2 million, as well as various asset sales.
- ***Valuation allowance*** increased by **$0.9 million** year-over-year, primarily due to higher down payment assistance, which is fully reserved as payments are made to participants, as well as adjustments to various reserves based on management's evaluation of the collectability of outstanding loans and receivables.
- ***Interest expense*** increased by **$0.2 million** year-over-year, primarily due to an increase in interest expense on the EPC capital lease as interest stopped being capitalized in capital assets mid-FY 2013.

FINANCIAL ANALYSIS — continued

Capital Contributions

Capital contributions typically consist of reimbursements of capital expenditures under capital grants, primarily Capital Fund Program (CFP) and Replacement Housing Factor (RHF) funds, for modernization, development and revitalization activities. They also include other MTW funds used for capitalized expenditures, including loans associated with development and revitalization activities.

FY 2015 vs. FY 2014 Restated

Capital contributions overall increased by **$3.5 million** year-over-year, primarily due to the following:

- ***MTW Single Fund used for modernization of AHA-Owned properties and development capital expenditures and loans*** increased by **$1.4 million** as property manager/developers implemented capital improvement plans developed in FY 2014.
- ***Development grants used for development capital expenditures and loans*** increased by **$2.1 million** year-over-year, primarily due to increased revitalization activity at Oasis at Scholars Landing using development grants during FY 2015 as compared to the prior year.

FY 2014 Restated vs. FY 2013

Capital contributions overall decreased by **$11.8 million** year-over-year, primarily due to the following:

- ***MTW Single Fund used for modernization of AHA-Owned properties and development capital expenditures and loans*** decreased by **$7.6 million** year-over-year, primarily due to lower capital expenditures at AHA-Owned Residential Communities during the transition of newly appointed property managers as they assessed capital needs as well as lower capital expenditures at AHA headquarters from continued spending containment initiatives.
- ***Development grants used for development capital expenditures and loans*** decreased by **$4.2 million** year-over-year, primarily due to decreased revitalization activity during FY 2014 as compared to the prior year.

FINANCIAL ANALYSIS — continued

CONDENSED STATEMENTS OF NET POSITION*

As of June 30,

(in millions)

	2015	Restated** 2014	2013	2015 vs. 2014 Increase/ (Decrease)	2014 vs. 2013 Increase/ (Decrease)
ASSETS AND DEFERRED OUTFLOWS					
Current assets	$ 125.9	$ 130.3	$ 102.5	$ (4.4)	$ 27.8
Related-party development loans, receivables and investments in partnerships, net of allowance	176.1	173.6	174.9	2.4	(1.3)
Capital assets, net of accumulated depreciation	145.3	151.0	158.4	(5.7)	(7.4)
Other non-current assets and deferred outflows	20.0	15.4	34.8	4.6	(19.4)
Total non-current assets and deferred outflows	341.4	340.0	368.1	1.3	(28.1)
TOTAL ASSETS AND DEFERRED OUTFLOWS	$ 467.3	$ 470.3	$ 470.6	$ (3.0)	$ (0.3)
LIABILITIES AND DEFERRED INFLOWS					
Current liabilities	$ 19.0	$ 18.9	$ 20.1	$ 0.1	$ (1.2)
Long-term debt, net of current portion	8.6	8.8	9.0	(0.2)	(0.2)
Other non-current liabilities and deferred inflows	5.1	5.3	1.5	(0.2)	3.8
Total liabilities and deferred inflows	32.7	32.9	30.5	(0.3)	2.4
NET POSITION					
Invested in capital assets, net of related debt	136.5	142.0	149.0	(5.5)	(7.0)
Restricted-expendable	228.4	224.6	215.8	3.8	8.8
Unrestricted	69.7	70.7	75.3	(0.9)	(4.6)
Total net position	434.6	437.4	440.1	(2.7)	(2.7)
LIABILITIES, DEFERRED INFLOWS AND NET POSITION	$ 467.3	$ 470.3	$ 470.6	$ (3.0)	$ (0.3)

** As a result of rounding, the sum of individual line items may deviate slightly from the actual total.*
*** Refer to Note B.1 on page 56.*

FINANCIAL ANALYSIS — continued

Total Assets and Deferred Outflows

June 30, 2015 vs. June 30, 2014 Restated

Total assets and deferred outflows decreased by **$3.0 million** year-over-year, primarily due to the following:

- ***Current assets*** decreased by **$4.4 million** year-over-year, primarily due to a decrease in cash of $5.0 million resulting from development activities including $2.3 million in public improvements which will be reimbursed by a future Perry Bolton Tax Allocation District (TAD) bond issue. See **Statements of Cash Flows** for additional items impacting cash. This decrease was partially offset by an increase in various receivables totaling $0.6 million, among others, expenditures incurred but yet to be drawn from RHF grants.

- ***Total non-current assets and deferred outflows*** increased by **$1.3 million** year-over-year, primarily due to the following items:
  - An increase in ***Related-party development and other loans*** of **$2.4 million** which was primarily associated with additional loans totaling $1.7 million issued for construction activity on Oasis at Scholars Landing completed during FY 2015. In addition, the Centennial Park I loan increased by $0.5 million following the financial closing on the reformulation during FY 2015;
  - A decrease in ***Capital assets, net of accumulated depreciation*** of **$5.7 million**, resulting from capital expenditures of $6.2 million primarily associated with various renovation projects at AHA-Owned communities and AHA headquarters totaling $4.0 million, site improvements and related revitalization activity at Scholars Landing totaling $1.7 million and acquisition of land totaling $0.5 million. These additions to capital assets were more than offset by an increase of accumulated depreciation of $11.9 million from current year depreciation expense (see Note H on page 66); and
  - An increase in ***Other non-current assets and deferred outflows*** of **$4.6 million** primarily due to a $3.6 million increase in public improvement receivable from the City of Atlanta and other related entities which are expected to be funded by a future Perry Bolton TAD bond issue; a $0.7 million increase in deferred outflows from additional experience loss resulting from the pension plan fiduciary net position valuation, net of current year amortization; and a $0.4 million increase in investments, restricted, due to the addition of Ashley Auburn Pointe II contribution to authority reserves required to be maintained for public housing units in AHA-Sponsored MIMF rental communities.

FINANCIAL ANALYSIS, Total Assets and Deferred Outflows — continued

June 30, 2014 Restated vs. June 30, 2013

Total assets and deferred outflows remained relatively consistent year-over-year, reflecting balances of **$470.3** and **$470.6 million** at June 30, 2014 and June 30, 2013, respectively. Changes by category are as follows:

- ***Current assets*** increased by **$27.8 million** year-over-year, primarily due to an increase in cash of $28.6 million resulting primarily from the collection of $21.4 million of prior year public improvement receivables (see total non-current assets and deferred outflows section below) and the proceeds from sale of land and property totaling $3.7 million. See **Statements of Cash Flows** for additional items impacting cash. These increases were offset by a decrease in various receivables totaling $0.9 million primarily due to timing in collection of grants receivable from HUD.
- ***Total non-current assets and deferred outflows*** decreased by **$28.1 million** year-over-year, primarily due to the following:
  - A decrease in ***Related-party development and other loans*** of **$1.3 million** which was primarily associated with repayments of loans and receivables totaling $3.2 million, including $1.8 million satisfied by the receipt of a title of property, offset by additional loans issued for construction activity at Ashley Auburn Pointe II and Oasis at Scholars Landing, master-planned, mixed-income communities, during FY 2014;
  - A decrease in ***Capital assets, net of accumulated depreciation*** of **$7.4 million**, resulting from capital expenditures of $7.0 million primarily associated with acquisition of land totaling $4.5 million, including a transaction in which AHA received a title of property in satisfaction of an outstanding promissory money note as referenced in the Related-party development and other loans section above; various renovation construction projects at AHA-Owned communities, including expenditures to complete the EPC project; and site improvements and related revitalization activity at Veranda at Scholars Landing. All these increases were partially offset by $0.8 million in land and other asset dispositions during FY 2014. Capital expenditures net of dispositions were further increased by recognition of $1.1 million of unrealized gain previously eliminated at the consolidation level. These net increases in capital assets were more than offset by accelerated depreciation resulting from a comprehensive analysis performed on AHA's capital assets during FY 2013, which translated into additional reduction of capital assets of $24.9 million and associated accumulated depreciation of $19.0 million, for a net reduction of $5.9 million in FY 2014. Additionally, accumulated depreciation increased by $8.9 million from current year depreciation expense (see Note H on page 66); and

FINANCIAL ANALYSIS, Total Assets and Deferred Outflows — continued

- A decrease in ***Other non-current assets and deferred outflows*** of **$19.4 million** primarily due to the collection of $21.4 million of prior year public improvement receivables reimbursed from the City of Atlanta and other related entities following the Perry Bolton TAD bond issue during FY 2014 which was offset by a $1.8 million increase in receivables due to additional public improvement advances incurred during the current year. In addition, following the adoption of the new pension plan accounting standard during FY 2015, financial information previously reported for FY 2014 was restated as if the new standard had been adopted on July 1, 2013, thereby requiring the inclusion of $0.2 million deferred outflows in the FY 2014 statement of net position. FY 2013 financial information was not restated and, as a result, no deferred outflows were recorded for that fiscal year.

Total Liabilities and Deferred Inflows

June 30, 2015 vs. June 30, 2014 Restated

Total liabilities and deferred inflows decreased by **$0.3 million** year-over-year, primarily due to the following:

- ***Current liabilities*** remained basically at the same level year-over-year as the $1.1 million decrease in wages and benefits accrual, corresponding to a lower number of payroll days accrued, was more than offset by an increase in accrued expenses due to timing in recording of invoices.
- ***Long-term debt, net of current portion*** decreased by **$0.2 million**, corresponding essentially to the principal portion of the EPC capital lease payment made during FY 2015 (See Note L on page 68).
- ***Other non-current liabilities and deferred inflows*** decreased by **$0.2 million** primarily due to a $0.6 million decrease in the pension liability, which was partially offset by a $0.4 million increase in deferred inflows, corresponding to additional experience gain resulting from the pension plan liability valuation at the end of FY 2015 compared to the prior year.

June 30, 2014 Restated vs. June 30, 2013

Total liabilities and deferred inflows increased by **$2.4 million** year-over-year due to the following:

- ***Current liabilities*** decreased by **$1.2 million** year-over-year, primarily due to a $0.7 million decrease in wages and benefits accrual corresponding to a lower number of payroll days accrued as well as a $0.4 million decrease in contract retention liability due to lower contract activity following the completion of the EPC project.
- ***Long-term debt, net of current portion*** decreased by **$0.2 million**, corresponding essentially to the principal portion of the EPC capital lease payment made during FY 2014 (See Note L on page 68).

FINANCIAL ANALYSIS, Total Liabilities and Deferred Inflows — continued

- ***Other non-current liabilities and deferred inflows*** increased by **$3.8 million** year-over-year, primarily due to the inclusion of the pension liability and deferred inflows totaling $2.8 million in FY 2014 following the adoption of the new pension plan accounting standard during FY 2015, while FY 2013 was not restated. It also includes an increase of $1.0 million in deferred gain on land sale.

Total Net Position

June 30, 2015 vs. June 30, 2014 Restated

Total net position (formerly referred to as *Net Assets*) amounting to **$434.6 million** at June 30, 2015 represented a **$2.7 million** decrease over the prior year as a result of the following:

- ***Invested in capital assets, net of related debt*** includes land, buildings, improvements and equipment less the related debt. The majority of these assets have restricted-use covenants tied to AHA's ownership and cannot be used to liquidate liabilities. AHA generally uses these assets to provide affordable housing to qualified income-eligible families. The **$5.5 million** decrease year-over-year reflects a net decrease of $5.7 million in capital assets net of depreciation, partially offset by a decrease of $0.2 million in related debt. See additional information under **Total assets and deferred outflows** year-over-year analysis on page 36.
- ***Restricted–expendable*** net position, subject to both internal and external constraints, is calculated at the carrying value of restricted assets less related liabilities. This net position is restricted by time and/or purpose. Restricted–expendable net position includes cash subject to restrictions for HUD-funded programs, related-party development and other loans, and operating reserves required in conjunction with the AHA-Sponsored MIMF rental development transactions. These assets cannot be used, pledged or mortgaged to a third party or seized, foreclosed upon or sold in the case of a default, ahead of any HUD lien or interest without HUD approval. This net position increased by **$3.8 million** year-over-year, primarily due to a $2.4 million increase in related-party development loans and a $1.4 million increase in restricted cash and investments.
- ***Unrestricted*** net position, although referred to as unrestricted, remains subject to varying degrees of limitations. HUD approval is required, with some limited exceptions, to use or deploy these assets outside of the ordinary course of AHA's business. AHA's eligible business activities are set forth in its HUD-approved MTW Business Plan, as amended from time to time, by its MTW Annual Implementation Plans. In all cases, AHA's assets are subject to the limitations of AHA's charter and the Housing Authorities Laws of the State of Georgia. Unrestricted net position decreased by **$0.9 million** year-over-year.

FINANCIAL ANALYSIS, Total Net Position — continued

June 30, 2014 Restated vs. June 30, 2013

Total net position amounting to **$437.4 million** at June 30, 2014 represented a $2.7 million decrease year-over-year. Changes by category are as follows:

- ***Invested in capital assets, net of related debt*** decreased by **$7.0 million** year-over-year, reflecting a net decrease of $7.4 million in capital assets net of depreciation, partially offset by a decrease of $0.4 million in related debt. See additional information under **Total assets and deferred outflows** year-over-year analysis on page 37.
- ***Restricted–expendable*** net position increased by **$8.8 million** year-over-year, primarily as the result of a $10.3 million increase in restricted cash partially offset by a $1.3 million decrease in related-party development loan advances net of principal payments.
- ***Unrestricted*** net position decreased by **$4.6 million** year-over-year, primarily from the adoption of the new pension plan accounting standard during FY 2015, which was given effect at July 1, 2013 or beginning of FY 2014, whereas FY 2013 was not restated (see Note B.1 on page 56).

ECONOMIC FACTORS

Future HUD Funding — Subsidies and Multi-year Grant Awards

Funding for AHA's Fiscal Year 2016 (FY 2016) is uncertain as subsidies and other resources from HUD for the last six months of the fiscal year will be funded by HUD Federal Fiscal Year 2016 (FFY 2016) appropriations which have not yet been finalized by Congress. On October 17, 2014, the President signed into law H.R. 2775, the Continuing Appropriations Act, 2015, which provides fiscal year 2015 appropriations for projects and activities of the federal government at FFY 2014 sequestration spending levels through Wednesday, January 15, 2015.

Congress must still pass and the President must sign an appropriations bill or continuing resolution(s) which will fund the federal government through September 30, 2016. Based on the contentiousness which surrounded the passage of H.R. 2775, it is uncertain when such action will occur and whether Congress will continue funding at sequestration levels.

AHA has sufficient cash balances and reserves to maintain current operations during FY 2016 in the event Congress applies sequestration to FFY 2016 funding, but would have to adjust its plans for future years if funding reductions continue and no new sources of funding are identified.

The overall foreclosure rate in the metropolitan-Atlanta area, currently slightly lower than the national average, continues to trend downward. Notwithstanding these improving conditions, there is still a large inventory of bank-owned properties, including a number of owner-occupied properties with mortgages that are underwater with respect to debt and value. The foreclosure or short sale of these properties continues to have an adverse impact on AHA's Housing Choice Voucher Program. In response to these challenges, AHA has strengthened its due diligence process. Such process improvements, coupled with new regulations (e.g., the Protecting Tenants at Foreclosure Act of 2009), have helped to mitigate the adverse impact such foreclosures have had on Housing Choice participants. Nonetheless, foreclosures, whenever they occur, still disrupt the lives of participants and result in higher AHA program expenditures.

AHA-Sponsored development activities, in partnership with private-sector developers, rely on private investment and the conditions in the real estate and the financial markets. During FY 2015, the metropolitan-Atlanta real estate market continued to strengthen, especially in the multi-family rental market. AHA expects that our real estate development activities will continue to pick up as those markets improve and investors continue to return to the market. During FY 2015, there has also been steady improvement in the sales prices of single-family homes with the sustained reduction in excess inventory.

Despite AHA's financial preservation strategy, however, there have been strong indications from HUD in recent months that it is seeking to change the terms applicable to the funding and expenditure authority of the MTW agencies. Should HUD successfully impose such changes, AHA's financial position may be impacted.

RECENT ACCOUNTING PRONOUNCEMENTS

The Governmental Accounting Standards Board (GASB) has issued new pronouncements which will be implemented by the Authority starting in fiscal year 2016, where applicable: GASB 73, "*Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68";* GASB 74, "*Financial Reporting for Postemployment Benefits Other Than Pension Plans (OPEB)";* GASB 75, "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*"; GASB 76, "*The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*"; and GASB 77, "*Tax Abatement Disclosures.*"

CONTACTING AHA'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of AHA's financial position and to demonstrate AHA's accountability for the assets it manages to interested persons, including citizens of our local jurisdiction, creditors and other interested parties. If you have questions about this report or wish to request additional financial information, contact the Senior Vice President of Finance at The Housing Authority of the City of Atlanta, Georgia, 230 John Wesley Dobbs Avenue, N.E., Atlanta, Georgia 30303, telephone number (404) 817-7398.

This Page Left Blank Intentionally

FINANCIAL STATEMENTS

The Housing Authority of the City of Atlanta, Georgia

STATEMENTS OF NET POSITION

As of June 30, 2015 and 2014

	2015	Restated* 2014	Note
CURRENT ASSETS			
Cash			
Unrestricted	$ 69,111,311	$ 75,430,713	C
Restricted	53,120,481	51,739,171	C
Total cash	122,231,792	127,169,884	
Receivables, net of allowance	2,613,931	2,025,560	D
Prepaid expense	1,065,152	1,072,733	
Total current assets	125,910,875	130,268,177	
NON-CURRENT ASSETS			
Investments, restricted	9,694,557	9,328,012	E
Related-party development and other loans, development receivables and investments in partnerships, net of allowances of $34,668,486 in 2015 and 2014	176,075,137	173,640,209	F
Capital assets, net of accumulated depreciation of $110,724,252 and $98,819,124 in 2015 and 2014, respectively	145,264,440	151,038,298	H
Other non-current assets, net of allowance of $6,833,315 and $5,285,679 in 2015 and 2014, respectively	9,444,402	5,838,576	I
Total non-current assets	340,478,536	339,845,095	
TOTAL ASSETS	466,389,411	470,113,272	
DEFERRED OUTFLOWS	901,516	193,549	P
TOTAL ASSETS AND DEFERRED OUTFLOWS	$ 467,290,927	$ 470,306,821	

* *Refer to Note B.1 on page 56.*

The accompanying notes are an integral part of these statements.

	2015	Restated* 2014	Note
CURRENT LIABILITIES			
Accounts payable	$ 398,835	$ 684,617	
Accrued liabilities	10,079,969	9,923,312	J
Other current liabilities	8,281,552	8,058,007	K
Current portion of long-term debt	223,177	198,878	L
Total current liabilities	18,983,533	18,864,814	
NON-CURRENT LIABILITIES			
Long-term debt, net of current portion	8,566,548	8,789,725	L
Other non-current liabilities	2,438,836	2,506,290	M
Net pension plan liability	1,672,594	2,237,859	P
Total non-current liabilities	12,677,978	13,533,874	
TOTAL LIABILITIES	31,661,511	32,398,688	
DEFERRED INFLOWS	1,006,989	550,153	P
NET POSITION			T
Invested in capital assets, net of related debt	136,474,715	142,049,695	
Restricted–expendable	228,405,882	224,622,010	
Unrestricted	69,741,830	70,686,275	
Total net position	434,622,427	437,357,980	
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	$ 467,290,927	$ 470,306,821	

The accompanying notes are an integral part of these statements.

The Housing Authority of the City of Atlanta, Georgia

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Years ended June 30, 2015 and 2014

	2015	Restated* 2014
OPERATING REVENUES		
MTW Single Fund used for operating expenses	$ 181,428,600	$ 198,835,971
Tenant dwelling revenue	5,876,474	5,794,940
Development grants used for operating expenses	1,709,290	1,360,826
Fees earned from National Housing Compliance	630,872	845,317
Other operating revenues	1,558,848	3,486,292
Total operating revenues	191,204,084	210,323,346
OPERATING EXPENSES		
Housing assistance and operating subsidy payments	135,920,454	139,600,411
Administration, including direct operating divisions	35,469,507	42,153,856
Utilities, maintenance and protective services	12,495,604	12,855,476
Resident and participant services	3,214,506	2,888,452
Revitalization, demolition and remediation	1,788,284	1,741,887
General expenses	1,896,019	2,460,498
Depreciation and amortization	11,905,128	14,769,400
Total operating expenses	202,689,502	216,469,980
NET OPERATING INCOME (LOSS)	(11,485,418)	(6,146,635)
NON-OPERATING REVENUES (EXPENSES)		
Interest and investment income	910,272	516,285
Gain/(loss) on sale of assets	7,702	3,073,744
Valuation allowance	(1,610,978)	(1,310,053)
Interest expense	(444,322)	(461,699)
Total non-operating revenues (expenses)	(1,137,326)	1,818,277
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	(12,622,744)	(4,328,358)
CAPITAL CONTRIBUTIONS		
MTW Single Fund used for modernization and development capital expenditures and loans	5,935,592	4,537,078
Development grants used for development capital expenditures and loans	3,951,599	1,838,783
Total capital contributions	9,887,191	6,375,861
INCREASE (DECREASE) IN NET POSITION	(2,735,553)	2,047,503
NET POSITION — beginning of year	437,357,980	440,037,168
Change in accounting policy*	-	(4,726,691)
NET POSITION — end of year	$ 434,622,427	$ 437,357,980

** Refer to Note B.1 on page 56.*

The accompanying notes are an integral part of these statements.

The Housing Authority of the City of Atlanta, Georgia

STATEMENTS OF CASH FLOWS

Years ended June 30, 2015 and 2014

	2015	Restated* 2014
Increase (decrease) in cash		
Cash flows from operating activities		
MTW and grant funds used for operating expenses	$ 183,145,086	$ 200,196,798
Receipts from residents	5,865,628	5,758,962
Payments to landlords, tenants and partners	(135,898,503)	(139,561,869)
Payments to suppliers	(25,797,520)	(35,513,325)
Payments for employees	(29,328,039)	(29,560,377)
Other receipts	1,524,663	3,588,159
Net cash provided by (used in) operating activities	(488,685)	4,908,348
Cash flows from non-capital financing activities		
Repayments of local government public improvements	-	21,358,764
Advances related to public improvements spending	(2,302,225)	(1,782,466)
Net cash provided by (used in) non-capital financing activities	(2,302,225)	19,576,298
Cash flows from capital and related financing activities		
Capital contributions from MTW and grant funds	6,075,233	6,567,672
Development and revitalization — capitalized expenditures	(2,780,174)	(3,371,698)
Acquisition and modernization — AHA-owned properties	(3,485,289)	(2,450,810)
Proceeeds from sale of capital assets	7,702	3,679,556
Payments on EPC capital lease, including interest	(646,510)	(932,378)
Net cash provided by (used in) capital and related financing activities	(829,038)	3,492,342
Cash flows from investing activities		
Capital contributions from MTW and grant funds	1,947,303	1,248,532
Related-party development and other loans, net of reimbursements	(3,809,174)	(1,218,863)
Increase in investments, restricted	(365,618)	-
Interest income on loans and fees receivable	909,345	582,410
Interest income on investments, restricted	-	30,937
Net cash provided by (used in) investing activities	(1,318,144)	643,016
Net increase (decrease) in cash	(4,938,092)	28,620,004
Cash — beginning of the year	127,169,884	98,549,880
Cash — end of the year	$ 122,231,792	$ 127,169,884

**Refer to Note B.1 on page 56.*

The accompanying notes are an integral part of these statements.

The Housing Authority of the City of Atlanta, Georgia

STATEMENTS OF CASH FLOWS — continued

Years ended June 30, 2015 and 2014

	2015	Restated* 2014
Reconciliation of net operating income (loss) to net cash provided by (used in) operating activities		
Net operating income (loss)	$ (11,485,418)	$ (6,146,634)
Adjustments to reconcile net operating income (loss) to net cash provided by (used in) operating activities		
Depreciation and amortization	11,905,128	14,769,400
Changes in assets and deferred outflows and liabilities and deferred inflows related to operating activities:		
Decrease (increase) in receivables	(232,082)	(867,587)
Decrease (increase) in prepaid expenses	7,581	(84,684)
Decrease (increase) in deferred outflows	(707,967)	(163,621)
Increase (decrease) in accounts payable and accrued liabilities	120,184	(951,216)
Increase (decrease) in other current liabilities	79,773	388,753
Increase (decrease) in unearned revenue	(67,455)	(67,455)
Increase (decrease) in net pension plan liability and deferred inflows	(108,429)	(1,968,608)
Total changes in assets and deferred outflows and liabilities and deferred inflows relating to operating activities	(908,395)	(3,714,418)
Total adjustments	10,996,733	11,054,982
Net cash provided by (used in) operating activities	$ (488,685)	$ 4,908,348

Refer to Note B.1 on page 56.

The accompanying notes are an integral part of these statements.

NOTES TO THE FINANCIAL STATEMENTS

This Page Left Blank Intentionally

NOTE A — ORGANIZATION AND NATURE OF OPERATIONS

1. *Organization*

The Housing Authority of the City of Atlanta, Georgia (AHA or the Authority) is a public body corporate and politic created under the Housing Authorities Laws of the State of Georgia, and is a diversified real estate company with a public mission and purpose. The primary purpose of AHA is to facilitate affordable housing opportunities for low-income, elderly and disabled persons in the City of Atlanta (City). AHA has broad corporate powers including, but not limited to, the power to acquire, manage, own, operate, develop and renovate housing; invest and lend money; create for-profit and not-for-profit entities; administer Housing Choice vouchers; issue bonds for affordable housing purposes; and acquire, own and develop commercial land, retail and market-rate properties that benefit affordable housing.

The governing body of AHA is its Board of Commissioners (the Board) which is comprised of seven members appointed by the Mayor of the City of Atlanta and includes two resident commissioners. The resident commissioners serve one-year terms and the five remaining members serve five-year staggered terms. The Board appoints the President and Chief Executive Officer to operate the business of AHA. The Board provides strategic guidance and oversight of AHA's operations; AHA is not considered a component unit of the City and is not included in the City's financial statements.

2. *Moving To Work (MTW) Agreement and MTW Single Fund*

AHA is an MTW agency under HUD's MTW Demonstration Program which provides certain "high-performing" agencies with substantial statutory and regulatory relief under the U.S. Housing Act of 1937, as amended (1937 Act), as reflected in an agreement between the selected agency and HUD. AHA negotiated and entered into its MTW Agreement with HUD on September 25, 2003 which was effective from July 1, 2003 through June 30, 2010. In response to HUD's decision to introduce a standard form of agreement and expand the MTW Demonstration Program, AHA successfully negotiated and executed an Amended and Restated MTW Agreement on November 13, 2008. On January 16, 2009, AHA and HUD executed a further amendment to the Amended and Restated MTW Agreement. AHA's MTW Agreement, as amended and restated, is referred to as the MTW Agreement.

AHA's MTW Agreement incorporates its legacy authorizations from its initial MTW Agreement and clarifies AHA's ability to use MTW-eligible funds outside of Section 8 and Section 9 of the 1937 Act. AHA's MTW Agreement was extended until June 30, 2018, and may be automatically extended for additional 10-year periods, subject to HUD approval and AHA meeting certain agreed-upon conditions. AHA developed its base Business Plan in FY 2004, which lays out AHA's strategic goals and objectives during the term of its MTW Agreement. AHA's Business Plan and its subsequent annual MTW Implementation Plans, on a cumulative basis, outline AHA's priority projects, activities and initiatives to be implemented during each fiscal year.

As authorized under its MTW Agreement, AHA has combined its Housing Choice Voucher funds, Public Housing Operating Subsidy and Capital Fund Program grants into an MTW Single Fund which may be used for MTW-eligible activities that best meet local low-income housing needs. Although the programmatic restrictions for the use of each of these funding sources have been waived under AHA's MTW Agreement, the various funds that make up AHA's MTW Single

NOTE A — ORGANIZATION AND NATURE OF OPERATIONS — continued

Fund continue to have different expiration dates, obligations, expenditure deadlines and drawdown conditions. AHA has elected not to include Replacement Housing Factor (RHF) grants in its MTW Single Fund.

HUD disburses Housing Choice Voucher funds based on a Public Housing Authority (PHA)'s historical housing assistance payment spend rate and projected need, rather than in 12 equal installments of the full annual authorization. PHAs may request additional disbursements up to their annual authorization, but must expend all funds drawn or face further disbursement reductions in the future. With approximately 85% of AHA's FY 2015 HUD funding coming from Housing Choice Voucher funds, HUD's disbursement approach has major implications to AHA's financial position and operations. In response to all of these factors, AHA adopted a cash management strategy designed to meet such funding requirements while preventing the forfeiture of funds as a result of expenditure deadlines. This strategy requires AHA to more carefully manage its draws from the three components of AHA's MTW Single Fund.

3. *Blended Component Units and Affiliate Entities*

To manage its business and financial affairs more effectively, AHA has created affiliate entities to support its various ventures. While AHA, the parent entity, manages federal programs, the affiliate entities support the various functions necessary to meet AHA's mission of providing quality affordable housing and related services and amenities.

Certain of these affiliate entities are considered blended component units in accordance with generally accepted accounting principles. Because of the nature and significance of their operational or financial relationships with AHA and, the fact that they provide services entirely, or almost entirely, to AHA or for the benefit of AHA, these component units are included in AHA's financial statements. Financial statements of each of the following blended component units are presented in Note B in **Other Supplementary Information**, except for one inactive unit as mentioned below.

- 230 John Wesley Dobbs Boulevard Ventures, Inc. (JWD) is a Georgia 501(c)(3) not-for-profit corporation created at the direction of the AHA Board in order to lessen the burdens of government by acquiring and holding title to real property and improvements, and by providing such real property and improvements to government agencies and tax-exempt organizations at cost.
- Atlanta Affordable Housing for the Future, Inc. (AAHFI) is a Georgia 501(c)(3) not-for-profit corporation created at the direction of the AHA Board in order to facilitate the revitalization of AHA-Owned distressed public housing projects. AAHFI participates in the revitalization of AHA-Sponsored communities by holding limited partnership interests in either the related development project partnership (Owner Entity) or an interest in the general partner of the related development project partnership of the various public/private partnerships that own the MIMF rental communities.
- Special Housing and Homeownership, Inc. (SHHI) is a Georgia 501(c)(3) not-for-profit corporation created at the direction of the AHA Board in order to develop, maintain and implement programs to assist income-eligible individuals in achieving the goal of homeownership.

NOTE A — ORGANIZATION AND NATURE OF OPERATIONS — continued

- Renaissance Affordable Housing, Inc. (RAH) is a Georgia 501(c)(3) not-for-profit corporation created at the direction of the AHA Board in order for AHA to participate in the acquisition and development of certain properties to support the overall revitalization program at or near AHA communities or other appropriate locations in metropolitan-Atlanta.
- Strategic Resource Development Corporation, Inc. (SRDC) is a Georgia not-for-profit corporation created at the direction of the AHA Board to solicit and accept charitable donations to fund AHA initiatives.
- Westside Affordable Housing, Inc. (WAH) is a Georgia 501(c)(3) not-for-profit corporation created at the direction of the AHA Board in order for AHA to participate in the acquisition and development of certain properties to support the overall revitalization program at or near AHA communities or other appropriate locations in metropolitan-Atlanta.
- Atlanta Housing Investment Company, Inc. (AHICI) is a for-profit corporation created at the direction of the AHA Board in order to assist AHA in its revitalization efforts at or near AHA communities or other appropriate locations in metropolitan-Atlanta. AHICI participates in the revitalization of AHA-Sponsored communities by holding partnership and financial interests in various transactions.
- Atlanta Housing Development Corporation (AHDC) is a Georgia not-for-profit organization, organized solely to serve as an “instrumentality” of AHA for the purpose of issuing tax-exempt bonds for construction, acquisition and rehabilitation of low-income housing pursuant to Section 11(b) of the Housing Act of 1937, as amended (42 U.S.C. Section 1437i). This entity had no activity in recent years.

AHA has one affiliate, Atlanta Housing Opportunity, Inc. (AHOI) that is not a component unit. It is, however, considered a related entity. AHOI is a Georgia not-for-profit corporation created at the direction of the AHA Board in order to facilitate the Housing Opportunity Bond Program established by the City of Atlanta. The activities of AHOI are limited to participation in the Housing Opportunity Bond Program. Since the City of Atlanta is financially accountable and responsible for the debt of AHOI, the financial activity of AHOI is not included in AHA’s Financial Statements but is included in the City’s Financial Statements (see also Note S).

NOTE B — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in the accompanying financial statements except for the change in accounting policy as explained below.

1. *Change in Accounting Policy*

During FY 2015, AHA adopted the accounting standard under Governmental Accounting Standards Board (GASB) No. 68 *"Accounting and Financial Reporting for Pensions"* and, accordingly, changed its accounting policy for its defined benefit pension plan, which was previously accounted for on a cash basis. Under GASB No. 68, AHA is required to include in its financial statements the net pension liability and any related unrecognized experience gain and loss as deferred inflows and deferred outflows, respectively (see also Note B.13 and Note P).

Although the new pension accounting standard was adopted during FY 2015, amounts previously reported in FY 2014 financial statements were restated as if the standard had been adopted on July 1, 2013.

The following table summarizes the adjustments made to the statement of net position at June 30, 2014 following the implementation of the new accounting policy:

	Balances at June 30, 2014, as previously reported	Restated balances at June 30, 2014
Deferred outflows	$ –	$ 193,549
Net pension plan liability	–	2,237,859
Deferred inflows	–	550,153
Net position — unrestricted	73,280,738	70,686,275
Total net position	439,952,443	437,357,980

The effects on the statement of revenues, expenses and changes in net position for the year ended June 30, 2014 were as follows:

Decrease in administration, including direct operating divisions	$ 2,132,229
Decrease in net operating loss	2,132,229
Decrease in net position — beginning of year	4,726,691

The change in pension accounting policy had no net impact on the statement of cash flows for the year ended June 30, 2014.

2. *Basis of Preparation and Accounting*

The financial statements represent the combined net position and results of AHA and its blended component units, and have been prepared in accordance with generally accepted accounting principles (GAAP) of the United States of America as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. AHA and its blended component units maintain their accounts substantially in accordance with the chart of accounts prescribed by HUD and are organized utilizing the fund accounting model. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts.

NOTE B — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — continued

AHA accounts for its operations in a single enterprise fund. Enterprise funds account for those operations financed and operated in a manner similar to a private business or where AHA has decided that determination of revenue earned, costs incurred and net revenue over expense is necessary for management accountability.

Enterprise funds are proprietary funds used to account for business activities of special purpose governments for which a housing authority qualifies under GASB No. 34, *"Basic Financial Statements — and Management's Discussion and Analysis — for State and Local Governments*." Proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting, whereby all revenues are recognized in the period in which they are earned and expenses are recognized in the period in which the liability is incurred regardless of the timing of the related cash flows. All assets and deferred outflows and liabilities and deferred inflows associated with the operation of the Authority are included in the statements of net position. The statements of revenues, expenses and changes in net position present increases (revenues and capital contributions) and decreases (expenses) in total net position.

During FY 2015 and 2014, AHA adopted the following GASB Standards:

- GASB No. 68 *"Accounting and Financial Reporting for Pensions."* Under the new standard, the financial statements contain a liability which is the amount of the unfunded pension liability, referred to in the new standard as the net pension liability (NPL). The NPL is the total pension liability (TPL) less the plan's fiduciary net position (PFNP). The PFNP represents the fair value of plan assets which are available to pay the pension benefits. The NPL is measured as of a date no earlier than the end of the employer's prior fiscal year (measurement date).
- GASB No. 71 *"Pension Transition for Contributions Made Subsequent to the Measurement Date — an amendment of GASB Statement No. 68."* The new standard improves the accounting and financial reporting by addressing an issue with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. This standard did not apply to the Authority.

3. *Inter-company and Inter-program Receivables and Payables*

Inter-company and inter-program receivables and payables are the result of the use of a central fund as the common paymaster for shared costs of AHA. All inter-company and inter-program balances net to zero when combined and, hence, are eliminated for financial statement presentation. All programs aggregate into one single enterprise fund.

4. *Cash and Cash Equivalents*

Cash is stated at cost, which approximates fair value, and consists primarily of cash in checking accounts. All funds on deposits are FDIC-insured up to $250,000 per institution or are fully collateralized in accordance with guidance recommended by HUD. HUD requires Housing Authorities to invest excess HUD funds in obligations of the United States, certificates of deposit or any other federally insured investments.

NOTE B — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — continued

5. *Fair Value of Financial Instruments*

The carrying amount of AHA's financial instruments at June 30, 2015 and 2014, which include cash, investments, accounts receivable, accounts payable and other current liabilities, approximates fair value due to the relatively short maturity of these instruments.

6. *Inventories*

AHA maintains no inventory. All supplies are expensed when purchased. Supplies on hand are nominal.

7. *Prepaid Expense*

Payments made to vendors for goods or services that will benefit periods beyond the fiscal year end are recorded as prepaid expense. Prepaid expense at June 30, 2015 and 2014 consisted primarily of prepaid insurance premiums, software licenses and service contracts.

8. *Restricted Assets*

Certain assets may be classified as restricted assets on the statements of net position because their use is restricted by time or specific purpose. AHA's practice is to expend restricted assets prior to utilizing unrestricted assets if allowable for the intended purpose.

9. *Valuation and Other Allowances*

Management regularly evaluates the loans and certain other receivables for collectability and records a valuation allowance for loans and other receivables it determines may not be fully collectible. AHA adjusts the valuation allowance when appropriate.

Under AHA's Down Payment Assistance (DPA) program, homeownership down payment loans are made to first-time homebuyers. These loans are fully reserved at closing. The homeowner is subject to AHA's recapture policy as part of the terms and conditions of the DPA program. The term of the subsidy loan is for ten years and can be forgiven based on the following: 100 percent recapture is in effect during the first five years of the loan; and the loan amount begins to burn off at 20 percent increments yearly, starting in year six through year ten.

AHA establishes an allowance for all unpaid balances from tenants for accounts receivable aged past 60 days.

10. *Capital Assets and Depreciation*

Capital assets include land, land improvements, buildings, equipment and modernization in process for improvements to land and buildings. Capital assets are defined by AHA as assets with an initial cost of more than $5,000 and an estimated useful life of greater than one year.

Such assets are recorded at cost or fair value at the time of purchase or donation, respectively. Improvements and other capital activities are recorded as modernization in process until they are completed and placed in service.

NOTE B — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — continued

The costs of normal and extraordinary maintenance and repairs that do not add value to the asset or extend the useful life of the asset are expensed as incurred. Generally, demolition costs, land preparation, soil remediation and other site improvement costs that do not add value are expensed as operating items.

Depreciation is calculated using the straight-line method assuming the following useful lives:

Buildings	20–40 years
Building improvements	10–30 years
Building equipment	10–15 years
Land improvements	15 years
Equipment	3–10 years

Long-lived assets are reviewed annually for impairment under the provisions and in accordance with GASB No. 42, *"Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries."*

AHA owns several paintings of historical significance which are being preserved for future educational and exhibition purposes. These works of art, commissioned in the 1940s at minimal cost, have an appraised value in excess of $800,000, but have not been recorded on AHA's books pursuant to the guidance of GASB No. 34.

11. Income and Property Taxes

Income received or generated by AHA is not generally subject to federal income tax, pursuant to Section 115 of the Internal Revenue Code (IRC). Although exempt from state and local property taxes, AHA makes payments in lieu of taxes (PILOT), pursuant to agreements with the City of Atlanta and DeKalb and Fulton counties.

12. Accrued Compensated Absences

A liability for compensated absences (vacation) is accrued as employees earn the right to receive the benefit. The accrued liability is classified under current liabilities, as vacation is expected to be taken in the ensuing year.

13. Pension Plan

As a result of a change in accounting policy, as described in Note B.1, AHA accounts for its defined benefit pension plan in accordance with GASB 68, which requires the liability of employers (net pension liability) to be recorded and included in the employers' financial statements. The net pension liability is measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service (total pension liability), less the amount of the pension plan's fiduciary net position (plan assets). AHA's net pension liability was measured as of the end of its fiscal year (the measurement date) consistently applied from period to period.

The pension expense recognized during a fiscal year primarily results from changes in the components of the net pension liability; that is, changes in the total pension liability and in the pension plan's fiduciary net position.

NOTE B — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — continued

Most changes in the net pension liability are required to be included in pension expense in the period of the change. Changes in the total pension liability resulting from current-period service cost, interest on the total pension liability and changes of benefit terms are required to be included in pension expense immediately. Projected earnings on the pension plan's investments are also required to be included in the determination of pension expense immediately.

The effects of certain other changes in the net pension liability are required to be included in pension expense over the current and future periods. The effects on the total pension liability of (1) changes of economic and demographic assumptions or of other inputs, and (2) differences between expected and actual experience are required to be included in pension expense in a systematic and rational manner over a closed period equal to the average of the expected remaining service lives of all employees who are provided with benefits through the pension plan (active and inactive employees), beginning with the current period. The effect on the net pension liability of differences between the projected earnings on pension plan investments and actual experience with regard to those earnings is required to be included in pension expense in a systematic and rational manner over a closed period of five years, beginning with the current period. Changes in the net pension liability not included in pension expense are required to be reported as deferred outflows or deferred inflows related to pensions.

14. Fee and Interest Income Recognition on Related-Party Development and Other Loans

In connection with its Revitalization Program, AHA earns developer and other fees in its role as sponsor and co-developer. Developer and other fees are recorded as earned. Collection of developer fees are generally tied to equity payments from the tax credit investors.

Interest on the related-party development loans is subordinated and contingent on cash flows from the property. Recognition of interest income does not occur until payments are received or are reasonably expected to be received.

15. Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services or producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating revenues include mainly income derived from operating funds received from HUD, namely Section 8 and Section 9 subsidies, tenant dwelling revenue, Section 8 portability revenue and fees earned in conjunction with development activities under its revitalization program. When grant funds are used for operating expenses, AHA recognizes operating revenues at the time such costs are incurred, pursuant to a drawdown process on a reimbursement basis.

Operating expenses for proprietary funds include the cost of housing assistance to low-income families, operating housing units and providing tenant services, revitalization, demolition and remediation, administrative expenses and depreciation on capital assets.

Non-operating revenues and expenses include interest and investment income, gain and loss from the sale of assets, adjustments to valuation allowances and interest expense.

Capital contributions include MTW Single Fund and development grants used for capitalized expenditures, including loans, in connection with modernization and revitalization and development activities.

NOTE B — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — continued

When AHA completes capital improvements to be paid with grants, AHA's right to be reimbursed by HUD is perfected, and AHA records the asset and corresponding capital grant revenue as the work progresses. The unexpended portions of the grants held by HUD for AHA's account remain available for AHA's use, subject to the terms of the grant agreements and other agreements with HUD. The unexpended portions of the grants held by HUD are not reflected in AHA's financial statements.

16. Unearned Revenue

Unearned revenue consists primarily of payments received from non-HUD sources that have not been earned in the current period. Unearned revenue also arises when resources are received by the Authority before it has a legal claim to them, as and when grant monies are received prior to meeting all eligibility requirements and/or the occurrence of qualifying expenditures.

17. Self-insurance and Litigation Losses

AHA recognizes estimated losses related to self-insured workers' compensation claims and litigation claims in the period in which the event giving rise to the loss occurred when the loss is probable and reasonably estimable (see further disclosure in Note N).

18. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that may affect the reported amounts of assets and deferred outflows and liabilities and deferred inflows, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates. Material estimates relate to the valuation of related-party development and other loans.

19. Risk Management

AHA is exposed to various risks of loss related to: torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. AHA carries commercial insurance and certain reserves deemed sufficient to cover potential uninsured losses.

20. Budgets

On an annual basis, AHA submits its Comprehensive Operating and Capital Budget to the Board for approval. Throughout the fiscal year, the Budget is used as a management tool to plan, control and evaluate spending for major activities and programs. Budgets are not required for financial statement presentation.

21. Change in Presentation

Certain reclassifications within operating expenses have been made to the prior year's financial statements to conform to the current year's presentation. These reclassifications had no effect on total net position.

NOTE C — CASH AND CASH EQUIVALENTS

Cash consists primarily of cash in checking accounts. Cash is classified as "Unrestricted" and "Restricted" for financial presentation purposes based on HUD guidance:

- *Cash — Unrestricted* includes cash available for program purposes including current operations working capital and reserves. Because the funds are not tied to a certain program or property, they are classified as unrestricted. They remain subject, however, to varying degrees of restrictions. For example, HUD approval is required, with some limited exceptions, to use or deploy these funds strategically outside of the ordinary course of AHA's business under the MTW Agreement. In all cases, AHA's assets are subject to the limitations of AHA's charter and the Housing Authorities Laws of the State of Georgia.
- *Cash — Restricted* includes cash to be expended for specific purposes based on the source of the money. AHA's restricted cash generally includes: proceeds from the sale of property acquired with grant or development funds; program income from specific grants; income generated from development activities; resident security deposits; and public improvement funds.

Cash at June 30, 2015 and 2014 consisted of the following:

	2015	2014
Unrestricted cash		
MTW cash	$ 34,398,960	$ 40,155,419
MTW program income	3,459,895	2,984,803
Perry Bolton TAD program income	20,834,502	21,358,764
National Housing Compliance	7,911,560	8,308,144
Component units	2,500,571	2,623,583
Other	5,823	–
	69,111,311	75,430,713
Restricted cash		
Development-related program income	32,294,370	31,426,273
Public improvement funds	6,747,952	6,752,447
Proceeds from disposition activity	10,832,375	10,505,955
Perry program income	1,245,211	1,254,602
Harris program income	1,156,193	1,196,193
Resident security deposits	339,288	337,996
Other	505,092	265,705
	53,120,481	51,739,171
	$ 122,231,792	$ 127,169,884

All funds on deposits are FDIC-insured up to $250,000 per institution or are fully collateralized in accordance with guidance recommended by HUD. At June 30, 2015 and 2014, the market value of collateral held by a third party on behalf of AHA to cover deposits exceeding the FDIC-insured funds amounted to $119,851,925 and $125,296,143, respectively.

NOTE D — RECEIVABLES

Current receivables at June 30, 2015 and 2014 consisted of the following:

	2015	2014
HUD grants receivable	$ 1,168,375	$ 527,955
Other receivables (net of allowance of $322,044 and $217,792 in 2015 and 2014, respectively)	1,436,797	1,382,776
Development and other fees receivable — current portion	4,500	52,804
Tenant dwelling rents (net of allowance of nil and $2,515 in 2015 and 2014, respectively)	4,259	14,625
Public improvement advances	–	47,400
	$ 2,613,931	$ 2,025,560

HUD grants receivable consists primarily of expenditures associated with Replacement Housing Factor (RHF) grants that have been expended by AHA but not yet reimbursed by HUD.

Other receivables consist primarily of operating subsidy overpayments due by Owner Entities of MIMF rental communities as a result of true-ups, receivables from other housing authorities for Section 8 portability payments and administration fees earned but yet to be received from National Housing Compliance, Inc.

NOTE E — INVESTMENTS, RESTRICTED

Investments, restricted include operating reserves that are held by escrow agents at various bank institutions for the benefit of investors and Owner Entities of the MIMF rental communities. These reserves are restricted in accordance with agreements entered into in conjunction with the development of these properties. These reserves cannot be readily liquidated due to such restrictions.

As the restrictions on these investments is not dictated by the source of funds, they are presented as Other Assets on the Financial Data Schedule of Combining Program Net Position provided in **Other Supplementary Information**. These investments consisted primarily of deposits in money market funds and amounted to $9,694,557 and $9,328,012 at June 30, 2015 and 2014, respectively.

NOTE F — RELATED-PARTY DEVELOPMENT AND OTHER LOANS, DEVELOPMENT RECEIVABLES AND INVESTMENTS IN PARTNERSHIPS

GAAP defines “related parties” as those parties that can significantly influence the management or operating policies of the transacting parties or that have an ownership interest in one of the transacting parties. Related-party development and other loans, development receivables and investments in partnerships at June 30, 2015 and 2014 consisted of the following:

NOTE F — RELATED-PARTY DEVELOPMENT AND OTHER LOANS, DEVELOPMENT RECEIVABLES AND INVESTMENTS IN PARTNERSHIPS — continued

	2015	2014
Development loans (net of allowance of $30,760,489 in 2015 and 2014)	$ 164,239,267	$ 162,205,779
Other loans (net of allowance of $3,371,032 in 2015 and 2014)	9,589,963	9,425,255
Development and other fees receivable (net of allowance of $122,472 in 2015 and 2014)	2,187,907	2,009,175
Investments in partnerships (net of allowance of $414,493 in 2015 and 2014)	–	–
Other	58,000	–
	$ 176,075,137	$ 173,640,209

Development loans

AHA makes subordinated development loans (construction and permanent) to the Owner Entities (private-sector owners) in conjunction with financing arrangements related to the development of AHA-Sponsored MIMF rental communities. These subordinated loans are fully obligated to the Owner Entities at the financial closing and represent AHA's share of the development budget for AHA-assisted Annual Contribution Contract (ACC) units. During FY 2015, loan advances were funded from Replacement Housing Factor (RHF) funds and MTW funds. Prior to FY 2015, the loan advances were funded using MTW funds, HOPE VI grants, public-housing-development funds and/or RHF funds. The loans are amortized over periods generally up to 55 years and bear interest at various rates, as agreed to by AHA and individual Owner Entities, and approved by HUD. The respective loan agreements provide that these loans will be repaid by the Owner Entity to AHA from net cash flow, net project proceeds and/or condemnation proceeds for such phases to the extent such amounts are available.

For most of these development projects, AHA owns the land and enters into a long-term ground-lease agreement with the Owner Entity for periods up to 55 years. At the end of the ground-lease, the land and improvements revert to AHA. Revenues derived from these leases are nominal.

Other loans

Other loans that support AHA's mission are comprised of various financing arrangements and include: (i) loans to the Owner Entities of MIMF rental communities for acquisitions and site improvements; (ii) loans to private sector development partners, representing the value of the lots supporting the financing and construction of single-family homes as a component of the AHA-Sponsored master-planned communities; (iii) a financing arrangement with a related Owner Entity of a MIMF rental community related to a land sale; (iv) loans to the Owner Entities of MIMF rental communities in order to meet federal statutory requirements (these loans are fully reserved); (v) predevelopment loans to development partners (typically an affiliate of the Owner Entity) prior to the financial closing to facilitate development of the site; and (vi) gap financing to facilitate the construction of properties with up to a 15-year renewable PBRA agreement with private owners.

NOTE F — RELATED-PARTY DEVELOPMENT AND OTHER LOANS, DEVELOPMENT RECEIVABLES AND INVESTMENTS IN PARTNERSHIPS — continued

Development and other fees receivable

AHA earns development and other fees associated with the construction and revitalization activities at the MIMF rental communities and from certain properties with Project Based Rental Assistance (PBRA) agreements. As a component of the AHA-Sponsored Master-planned communities, AHA may also earn homeownership participation profit from private sector development partners in the financing and construction of single-family homes.

Related-party development income and expense

Related-party development income and expense for the years ended June 30, 2015 and 2014 consisted of the following:

	2015	2014
Type of income (expense)		
Interest income	$ 1,074,384	$ 563,150
Development related income	969,790	1,337,407
Housing assistance payments to Owner Entities of the MIMF rental communities where AHA has a Regulatory and Operating Agreement for public housing units	(11,914,067)	(15,035,892)
Housing assistance payments to private owners/Owner Entities where AHA has a PBRA Agreement	(15,398,240)	(13,222,068)

Other Related-Party Information

Owner Entity financial statements are audited by independent accounting firms hired by the managing general partner of each respective Owner Entity. See Note B.14 and **Other Supplementary Information** for further related-party information.

NOTE G — OTHER RELATED-PARTY TRANSACTIONS

National Housing Compliance, Inc.

National Housing Compliance, Inc. (NHC) was formed in August 1999 as a 501(c)(4) not-for-profit corporation pursuant to the laws of the State of Georgia for the purpose of administering Housing Assistance Payments Contracts between HUD and private owners of multi-family housing with project-based rental assistance. NHC, headquartered in Atlanta, Georgia, is comprised of 11 member organizations, including AHA (Members). NHC earns fees for contract administration services as HUD's Performance Based Contract Administrator (PBCA) for the states of Illinois and Georgia. NHC makes periodic contributions to Members based on NHC's earned PBCA revenue in excess of NHC's operating expenses. As a Member, AHA received unrestricted contributions (operating revenue) of $630,872 and $845,317 for the years ended June 30, 2015 and 2014, respectively, from NHC activities in Illinois and Georgia.

NOTE H — CAPITAL ASSETS

A summary of changes in capital assets of the Authority for the years ended June 30, 2015 and June 30, 2014, respectively, is presented below:

	Balance at June 30, 2014	Additions and reclasses	Disposals and reclasses	Balance at June 30, 2015
Capital assets, not being depreciated:				
Land	$ 67,385,129	$ 600,767	$ (273,250)	$ 67,712,646
Modernization in process	777,689	2,494,118	(426,513)	2,845,294
Total capital assets, not being depreciated	68,162,818	3,094,885	(699,763)	70,557,940
Depreciable capital assets:				
Land improvements	24,511,572	154,666	314,668	24,980,906
Buildings and improvements	121,346,068	717,120	10,872	122,074,060
Equipment	35,836,964	2,591,112	(52,290)	38,375,786
Total depreciable capital assets	181,694,604	3,462,898	273,250	185,430,752
Less accumulated depreciation				
Land improvements	(12,745,865)	(1,931,608)	76,104	(14,601,369)
Buildings and improvements	(67,670,836)	(5,413,554)	(109,571)	(73,193,961)
Equipment	(18,402,423)	(4,559,966)	33,467	(22,928,922)
Total accumulated depreciation	(98,819,124)	(11,905,128)	–	(110,724,252)
Total depreciable capital assets, net	82,875,480	(8,442,230)	273,250	74,706,500
Total capital assets, net	$ 151,038,298	$ (5,347,345)	$ (426,513)	$ 145,264,440

	Balance at June 30, 2013	Additions and reclasses	Disposals and reclasses	Balance at June 30, 2014
Capital assets, not being depreciated:				
Land	$ 62,264,559	$ 5,830,750	$ (710,180)	$ 67,385,129
Modernization in process	2,388,919	2,265,558	(3,876,788)	777,689
Total capital assets, not being depreciated	64,653,478	8,096,308	(4,586,968)	68,162,818
Depreciable capital assets:				
Land improvements	24,505,186	8,577	(2,191)	24,511,572
Buildings and improvements	146,225,547	40,477	(24,949,956)	121,346,068
Equipment	32,116,732	3,815,676	(95,444)	35,836,964
Total depreciable capital assets	202,877,465	3,864,730	(25,047,591)	181,694,604
Less accumulated depreciation				
Land improvements	(11,012,831)	(1,733,034)	–	(12,745,865)
Buildings and improvements	(82,382,766)	(10,238,026)	24,949,956	(67,670,836)
Equipment	(15,699,527)	(2,798,340)	95,444	(18,402,423)
Total accumulated depreciation	(109,095,124)	(14,759,400)	25,045,400	(98,819,124)
Total depreciable capital assets, net	93,782,341	(10,904,670)	(2,191)	82,875,480
Total capital assets, net	$ 158,435,819	$ (2,808,362)	$ (4,589,159)	$ 151,038,298

The cost and accumulated depreciation of AHA assets financed under an Energy Performance Contract (EPC) capital lease at June 30, 2015 and 2014 were as follows:

	2015	2014
Building Improvements	$ 5,488,996	$ 5,488,996
Equipment	6,440,908	6,440,908
	11,929,904	11,929,904
Accumulated Depreciation	(2,623,204)	(1,645,806)
	$ 9,306,700	$ 10,284,098

NOTE H — CAPITAL ASSETS — continued

No interest was capitalized during FY 2015 or 2014 since the project was substantially complete in FY 2013.

NOTE I — OTHER NON-CURRENT ASSETS

Other non-current assets at June 30, 2015 and 2014 consisted of the following:

	2015	2014
Public improvement advances due from the City of Atlanta and related entities	$ 9,444,402	$ 5,838,576
Homeownership down payment assistance loans (net of allowance of $6,833,315 and $5,285,679 in 2015 and 2014, respectively)	–	–
	$ 9,444,402	$ 5,838,576

During the fiscal year ended June 30, 2014, AHA received a cash amount of $21,358,764 in repayment of prior year public improvements from the Perry Bolton Tax Allocation District (TAD) bond issuance.

Under its Down Payment Assistance (DPA) program, AHA issued payments of $1,627,636 and $717,000 during the years ended June 30, 2015 and 2014, respectively. As described in Note B.9 — *Valuation and Other Allowances*, these loans are fully reserved at closings.

NOTE J — ACCRUED LIABILITIES

Accrued liabilities at June 30, 2015 and 2014 consisted of the following:

	2015	2014
Accrued expense	$ 7,591,807	$ 6,320,755
Wages and benefits	597,932	1,653,106
Compensated absences	1,044,072	883,025
Contract retention	369,849	469,306
Insurance, claims and litigation (Note N)	330,000	447,500
Interest payable	146,309	149,620
	$ 10,079,969	$ 9,923,312

Compensated absences at June 30, 2015 consisted of the following:

	Balance at June 30, 2014	Additions	Reductions	Balance at June 30, 2015
Compensated absences	$ 883,025	262,710	(101,663)	$ 1,044,072

NOTE J — ACCRUED LIABILITIES — continued

Compensated absences at June 30, 2014 consisted of the following:

	Balance at June 30, 2013	Additions	Reductions	Balance at June 30, 2014
Compensated absences	$ 1,022,971	88,723	(228,669)	$ 883,025

The accrued liability for compensated absences is presented as a current liability as the compensated absences are expected to be taken within the next 12 months.

NOTE K — OTHER CURRENT LIABILITIES

Other current liabilities at June 30, 2015 and 2014 consisted of the following:

	2015	2014
Public improvement advances received from the City of Atlanta and related entities	$ 6,747,952	$ 6,750,722
Resident security deposits	339,288	337,996
Other	1,194,312	969,289
	$ 8,281,552	$ 8,058,007

NOTE L — LONG-TERM DEBT

Long-term debt at June 30, 2015 consisted of the following:

	Balance at June 30, 2014	Additions	Reductions	Balance at June 30, 2015	Non-current	Current
EPC Capital Lease	$ 8,988,603	–	(198,878)	$ 8,789,725	$ 8,566,548	$223,177

Long-term debt at June 30, 2014 consisted of the following:

	Balance at June 30, 2013	Additions	Reductions	Balance at June 30, 2014	Non-current	Current
EPC Capital Lease	$ 9,451,999	–	(463,396)	$ 8,988,603	$ 8,789,725	$198,878

Interest expense incurred in connection with the EPC capital lease amounted to $444,322 and $461,699 for the years ended June 30, 2015 and 2014, respectively.

NOTE L — LONG-TERM DEBT — continued

EPC Capital Lease

An Energy Performance Contract (EPC) is part of a HUD-sponsored program designed to incent local housing authorities to undertake energy-saving improvements at their properties. HUD allows such agencies to freeze the consumption base used to determine their utility funding at an agreed pre-constructed level for up to 20 years, so that the savings from such improvements can be used to finance the cost of water and energy conservation improvements. The EPC structure facilitates financing for the improvements to be repaid through future energy savings resulting from the improvements.

During FY 2012, AHA consummated an EPC which combined an EPC capital lease of $9,104,935 with MTW funds to fund capital improvements for energy conservation and efficiency solutions at the AHA-Owned Residential Communities.

This project was completed at a total cost of $11,929,904, including capitalized interest. MTW funds of $2,249,034 were used to supplement the proceeds from the EPC capital lease.

Long-term debt service payments

Long-term debt service payments under the EPC capital lease scheduled for the next five fiscal years and thereafter are as follows:

	Principal	Interest	Total
2016	$ 223,177	$ 437,728	$ 660,905
2017	254,268	426,614	680,882
2018	287,507	413,952	701,459
2019	323,019	399,634	722,653
2020	360,934	383,547	744,481
Thereafter	7,340,820	2,592,990	9,933,810
	$ 8,789,725	$ 4,654,465	$ 13,444,190

NOTE M — OTHER NON-CURRENT LIABILITIES

Other non-current liabilities at June 30, 2015 and 2014 consisted of the following:

	2015	2014
Deferred gain on land sale	$ 2,281,440	$ 2,281,440
Unearned rooftop satellite lease revenue	157,396	224,850
	$ 2,438,836	$ 2,506,290

In accordance with GAAP requirements for non-monetary transactions, the gain on the sale of land was deferred due to the non-cash consideration received in exchange, thereby not meeting the revenue recognition criteria.

NOTE N — INSURANCE, CLAIMS AND LITIGATION

AHA is exposed to various risks of loss related to: torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. AHA carries commercial insurance and certain reserves deemed sufficient to cover potential uninsured losses.

Self-insurance plan — workers' compensation

AHA is self-insured for workers' compensation claims and has purchased excess insurance for its workers' compensation self-insurance plan, which limits its liability to $400,000 per accident. AHA has a system in place to identify incidents which might give rise to workers' compensation claims. It uses this information to compute an estimate of loss due to claims asserted and incidents that have been incurred but not reported. Settled claims have not exceeded the self-insured retention in any part of the past five years. AHA has recorded an estimated liability of $30,000 and $60,000 as of June 30, 2015 and 2014, respectively.

Litigation and claims

AHA is party to legal actions arising in the ordinary course of business. Certain actions are in various stages of the litigation process and their ultimate outcome cannot be determined currently. Accordingly, potential liabilities in excess of insurance coverage may not be reflected in the accompanying financial statements. The financial statements include estimated liabilities in the amount of $300,000 and $387,500 as of June 30, 2015 and 2014, respectively.

NOTE O — CONTINGENCIES AND UNCERTAINTIES

Easements, liens and other contractual obligations

Generally, real property owned by AHA under the public housing program or purchased using public housing development funds is subject to a HUD declaration of trust and most have various customary easements (e.g., utility rights-of-way). From time to time, mechanics' liens or other such liens may be recorded against AHA-Owned property. Notwithstanding any such liens, under Georgia law, all real property owned by AHA is exempt from levy and sale by virtue of execution, other judicial process or judgment. Additionally, real property owned by AHA affiliate entities and leasehold interests in AHA real property (ground-leased to Owner Entities in connection with mixed-income rental communities) may be subject to mortgage liens and other contractual obligations.

Valuation of related-party development loans

The multi-family rental housing market is affected by a number of factors such as overall economic conditions, unemployment rates, mortgage interest rates, supply and demand, changes in neighborhood demographics and growth of the metropolitan-Atlanta area. Because related-party development loans to Owner Entities of the MIMF multi-family rental communities are subordinated and payable from net cash flows, local market conditions could impact the value of those receivables as reflected on AHA's books. AHA's strategy is to monitor the performance of the properties and local market conditions.

NOTE P — DEFINED BENEFIT PENSION PLAN

Plan description

AHA's Pension Plan (the Plan) is a single-employer, non-contributory defined benefit pension plan under a group annuity contract with Massachusetts Mutual Life Insurance Company, an insurance carrier, which maintains custody of Plan assets, administers the Plan and invests all funds through a General Investment account and a separate Money Market account. AHA is not required to provide a separate audited GAAP-basis pension plan report. Assets of the Plan represent less than one percent of the insurance carrier's total assets. None of the Plan's investments is the property of AHA.

The AHA Board froze the Plan as of December 31, 2007. No employees hired or rehired on or after January 1, 2008, may be added to or accrue additional benefits under the Plan. The Board also froze benefit accruals under the Plan for all current participants, except certain vested employees whose age plus years of service equaled 60 at December 31, 2007 and who elected to continue accruals under the Plan (grandfathered employees) and who elected to take the lump-sum cash payments. As a result, on and after January 1, 2008, service is credited for active and accruing participants only.

In FY 2009, AHA offered and made lump sum cash payments to those plan participants who were no longer employed with AHA, had vested in a retirement benefit but who had not retired nor been certificated by the Plan administrator. AHA is no longer liable to fund future retirement benefits for those 304 participants who elected to take their retirement benefit under the lump sum option. The Plan document received a favorable determination letter from the IRS on June 3, 2011.

The Plan provides retirement, disability and death benefits to the eligible participants and their beneficiaries. A participant is vested in her or his accrued benefits after five years of service. Monthly normal retirement benefits are calculated as 1.9% of one-twelfth of the participant's career earnings paid by AHA as an active participant of the Plan plus one-twelfth of the benefit in Appendix A of the Plan document for service before January 1, 1971. Participants may retire at the later of age 65 and fifth anniversary of the effective date of participation. Any participant who has attained the age of 55 and has completed five years of service may elect for early retirement with reduced benefits. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately unless a disabled participant covered by AHA's long-term disability plan elects for the deferred option. Vested participants are entitled to a death benefit payable at 50% of the amount that would have been payable to the participant under the 50% Joint and Survivor Option provided in the plan document.

The Plan's benefit terms does not provide for cost-of-living adjustment on post-retirement benefits.

At June 30, 2015 and 2014, the Plan included the following participants:

	2015	2014
Inactive participants or beneficiaries currently receiving benefits	534	551
Inactive participants entitled to but not yet receiving benefits	245	256
Active participants	10	11
	789	818

NOTE P — DEFINED BENEFIT PENSION PLAN — continued

Net pension liability

AHA's net pension liability was measured at June 30, 2015 and 2014, corresponding to the dates where the total pension liability used to calculate the net pension liability was determined by an actuarial valuation.

Actuarial assumptions

The total pension liability in the June 30, 2015 and 2014 actuarial valuation was determined using the entry age actuarial cost method and the following actuarial assumptions applied to all periods included in the measurement:

	2015	2014
Inflation	2.0%	2.0%
Salary increases	4.0%	4.0%
Investment rate of return	level equivalent rate of 4.9%	level equivalent rate of 4.9%

Mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

Changes in net pension liability

The net pension liability is comprised of the total pension liability less the plan fiduciary net position (plan net assets). A summary of changes in each of these components of the net pension liability for the years ended June 30, 2015 and June 30, 2014, respectively, is presented below:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at June 30, 2014	$ 42,993,210	$ 40,755,351	$ 2,237,859
Changes during the year			
Service cost	130,078		130,078
Interest	2,009,842		2,009,842
Difference between expected and actual experience	(500,189)		(500,189)
Contribution - employer		1,000,000	(1,000,000)
Projected earnings on plan fiduciary net position		1,951,673	(1,951,673)
Difference between projected and actual earnings on plan fiduciary net position		(746,677)	746,677
Benefit payments	(2,850,564)	(2,850,564)	-
Net changes	(1,210,833)	(645,568)	(565,265)
Balances at June 30, 2015	$ 41,782,377	$ 40,109,783	$ 1,672,594

NOTE P — DEFINED BENEFIT PENSION PLAN — continued

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at June 30, 2013	$ 44,157,073	$ 39,400,453	$ 4,756,620
Changes during the year			
Service cost	166,019		166,019
Interest	2,093,307		2,093,307
Difference between expected and actual experience	(550,153)		(550,153)
Contribution - employer		2,500,000	(2,500,000)
Projected earnings on plan fiduciary net position		1,921,483	(1,921,483)
Difference between projected and actual earnings on plan fiduciary net position		(193,549)	193,549
Benefit payments	(2,873,036)	(2,873,036)	-
Net changes	(1,163,863)	1,354,898	(2,518,761)
Balances at June 30, 2014	$ 42,993,210	$ 40,755,351	$ 2,237,859

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability of AHA calculated using a level equivalent rate of 4.9 percent, as well as what AHA's net pension liability would be if the total pension liability were calculated using a discount rate that is 1-percentage-point lower (3.9 %) or 1-percentage-point higher (5.9 %) than the current rate:

	1% Decrease (3.9%)	Current Discount (4.9%)	1% Increase (5.9%)
Net pension liability (asset)	$ 5,696,594	$ 1,672,594	$ (3,123,406)

Pension Expense

For the year ended June 30, 2015 and 2014, AHA recorded pension expense in the amount of $183,604 and $367,771, respectively. Components of the pension expense are as follows:

	2015	2014
Service cost	$ 130,078	$ 166,019
Interest	2,009,842	2,093,307
Amortization of deferred inflows	(43,353)	–
Projected earnings on plan fiduciary net position	(1,951,673)	(1,921,483)
Amortization of deferred outflows	38,710	29,928
Total pension expense	$ 183,604	$ 367,771

NOTE P — DEFINED BENEFIT PENSION PLAN — continued

Deferred Outflows and Deferred Inflows related to the Plan

At June 30, 2015 and 2014, AHA recorded deferred outflows and deferred inflows related to its pension plan from the following sources:

	At June 30, 2015	
	Deferred Outflows	Deferred Inflows
Difference between projected and actual earnings on pension plan investments, unamortized portion	$ 901,516	$ -
Difference between expected and actual experience on projected liability, unamortized portion	-	1,006,989
Total	$ 901,516	$ 1,006,989

	At June 30, 2014	
	Deferred Outflows	Deferred Inflows
Difference between projected and actual earnings on pension plan investments, unamortized portion	$ 193,549	$ -
Difference between expected and actual experience on projected liability, unamortized portion	-	550,153
Total	$ 193,549	$ 550,153

The difference between projected and actual earnings reported as deferred outflows is amortized over a 5-year period. The difference between expected and actual experience on projected liability is amortized over a period of 12.5 and 12.7 years, respectively for FY 2015 and FY 2014, corresponding to the average of the expected remaining service lives of all active and inactive employees provided benefits through the pension plan. Amounts reported as deferred outflows and deferred inflows at June 30, 2015 will be amortized and, in aggregate, added to (deducted from) future pension expenses as follows:

Years ending June 30,	
2016	$ 104,709
2017	104,709
2018	104,709
2019	104,709
2020	65,998
Thereafter	(590,307)

NOTE P — DEFINED BENEFIT PENSION PLAN — continued

Funding policy

AHA's funding policy is to contribute an amount equal to or greater than the minimum required contribution. The Actuarial Standard of Practice recommends the use of best-estimate range for each assumption, based on past experience, future expectations and application of professional judgment. The recommended contributions were computed as part of the actuarial valuations performed as of January 1, 2015 and 2014, respectively. Beginning June 1996, AHA's contributions were determined under the Projected Unit Credit Actuarial Cost method (pay-related benefit formula). For the fiscal year ended June 30, 2015 and 2014, AHA funded pension payments of $1,000,000 and $2,500,000, respectively. Such payments were greater than AHA's minimum annual required contributions under Georgia State Code 47-20-10 in each of those years. Refer to **Required Supplementary Information** section for additional information.

NOTE Q — DEFERRED COMPENSATION AND DEFINED CONTRIBUTION PLANS

AHA offers its employees a deferred compensation plan created in accordance with IRC Section 457 (the 457 Plan). The 457 Plan is available to all full-time eligible employees and permits participants to defer a portion of their salary until future years. Effective February 1, 2008, all eligible employees had the option to participate in the 457 Plan with a deferral rate of two percent. Employees may change their deferral rates at any time. Employee contributions of $1,029,047 and $914,044 were made to the plan in FY 2015 and FY 2014, respectively.

In conjunction with changes made to the Defined Benefit Plan, effective February 1, 2008, AHA's Board also approved the creation of the new Defined Contribution Plan under IRC Section 401(a) (the 401(a) Plan), for all eligible employees. The 401(a) Plan provides an employer-matching contribution on amounts that employees defer into the 457 Plan, equal to 100 percent of the first two percent deferred by the participant. Additional matching contributions are made based on the participant's years of service with AHA as well as position level. In addition, further contributions can be made at the discretion of management. The employer contribution to the 401(a) Plan amounted to $696,209 and $604,570 during FY 2015 and FY 2014, respectively. Subject to a three-year vesting period, amounts from these plans are available to participants at the time of termination, retirement, and death or emergency. As required by federal regulations, the funds are held in trust for the exclusive benefit of participants and their beneficiaries.

Both of the plans are administered by Wells Fargo. AHA has no ownership of the plans. Accordingly, the plans' assets are not reported in AHA's financial statements. Upon receipt of appropriate approval, AHA may amend, modify or terminate the plans.

NOTE R — LEASES

AHA-Owned capital assets under leases

AHA is party to lease agreements as lessor whereby it receives revenue for tenant dwellings leased in AHA-Owned public-housing-assisted residential properties. These leases are for a one-year period (which may or may not be renewed depending upon tenant eligibility and desire) and are considered operating leases for accounting purposes.

AHA is the ground-lessor to Owner Entities of most of the MIMF rental communities, as discussed further in Note F. Revenue derived from these leases is nominal.

The cost and accumulated depreciation of AHA-Owned capital assets used in leasing activities as of June 30, 2015 and 2014 were as follows:

	2015	2014
Land	$ 25,796,906	$ 25,796,906
Modernization in process	335,926	633,071
Total capital assets, not being depreciated	26,132,832	26,429,977
Land improvements	24,852,428	24,671,344
Building and improvements	104,715,042	104,695,097
Equipment	24,864,048	24,786,896
Total depreciable capital assets	154,431,518	154,153,337
Less accumulated depreciation	(92,450,331)	(82,254,325)
Total depreciable capital assets, net	61,969,567	71,899,012
Total capital assets, net	$ 88,114,019	$ 98,328,989

Operating leases

AHA is party to operating lease agreements as a lessee for office equipment used in the normal course of business. Lease payments over the remaining terms of these lease agreements are as follows:

Years ending June 30,	Amount
2016	$ 150,893
2017	143,231
2018	143,231
2019	11,896
Total	$ 449,291

The lease expense, including service, incurred in connection with these operating leases amounted to $282,461 and $240,158 for the years ended June 30, 2015 and 2014, respectively, and are reported in administration, including operating division expenses.

NOTE S — CONDUIT DEBT

The following bonds, issued by AHA as conduit issuer, do not represent a debt or pledge of the full faith and credit of AHA and, accordingly, have not been reported in the accompanying financial statements. AHA has no responsibility for this conduit debt beyond any resources provided by the related loans.

Taxable mortgage revenue refunding bonds

Taxable mortgage revenue refunding bonds were issued by AHA, as the conduit issuer, on September 25, 1995, and are related to various properties.

Taxable revenue bonds (Housing Opportunity Bond Program)

Atlanta Housing Opportunity, Inc. (AHOI) is a Georgia not-for-profit corporation created at the direction of the AHA Board for the sole purpose of facilitating the Housing Opportunity Bond Program for the City of Atlanta. AHOI has no other programs or purpose (see further disclosure in Note A.3).

The Urban Residential Finance Authority of the City of Atlanta, Georgia (URFA) is authorized to issue Housing Opportunity Bonds (conduit debt) and loan the proceeds to AHOI, up to a maximum principal amount not to exceed $75 million. URFA issued the first bond series of $35 million Series 2007 A bonds and loaned the proceeds to AHOI in FY 2007. The City of Atlanta has the absolute and unconditional obligation to make the debt payments. In addition to the debt payments, the City of Atlanta pays the administrative and corporate governance costs of AHOI. URFA serves as the program administrator for the Housing Opportunity Bond Program. The City of Atlanta's program oversight role includes establishing the program, directing the activities, and establishing or revising the budget for the Housing Opportunity Bond Program. As such, AHOI is considered a component unit of the City of Atlanta.

Multi-family housing revenue bonds

In order to provide a portion of the funds for the construction of three AHA-Sponsored MIMF rental communities, multi-family housing revenue bonds were issued by AHA, as the conduit issuer, on May 1, 1999, July 1, 1999, and December 7, 2006, respectively. AHA has no responsibility for this conduit debt beyond any resources provided by the related loans.

NOTE T — NET POSITION

Net position is comprised of three components: 1) capital assets, net of related debt; 2) restricted–expendable; and 3) unrestricted.

Capital assets, net of related debt, represents the net book value of capital assets less the total outstanding debt used to acquire or lease those capital assets.

Restricted–expendable net position, subject to both internal and external constraints, is calculated at the carrying value of restricted assets less related liabilities. This net position is restricted by time and/or purpose. Restricted–expendable net position includes cash subject to restrictions for HUD-funded programs, related-party development and other loans, and investments associated with operating reserves required in conjunction with the AHA-Sponsored MIMF rental development transactions.

NOTE T — NET POSITION — continued

These assets cannot be used, pledged or mortgaged to a third party or seized, foreclosed upon or sold in the case of a default, ahead of any HUD lien or interest without HUD approval. In addition, the related-party development and other loans are not available to satisfy AHA's obligations due to the long-term, contingent nature of the underlying notes (see also Note F, Note O and **Other Supplementary Information**).

Unrestricted net position, although referred to as unrestricted, remains subject to varying degrees of limitations. HUD approval is required, with some limited exceptions, to use or deploy these assets strategically outside of the ordinary course of AHA's business. AHA's eligible business activities are set forth in its HUD-approved MTW Business Plan, as amended from time to time, by its MTW Annual Implementation Plans. In all cases, AHA's assets are subject to the limitations of AHA's charter and the Housing Authorities Laws of the State of Georgia.

NOTE U — RECENT ACCOUNTING PRONOUNCEMENTS

The Governmental Accounting Standards Board (GASB) has issued new pronouncements which will be implemented by the Authority starting in fiscal year 2016, where applicable: GASB 73, "*Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68";* GASB 74, "*Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)";* GASB 75, "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*"; GASB 76, "*The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*"; and GASB 77, "*Tax Abatement Disclosures.*"

GASB 73 establishes requirements for defined benefit and defined contribution pensions that are not within the scope of Statement No. 68, as well as for the assets accumulated for purposes of providing those pensions. In addition, it amends certain provisions of Statement No. 67 and Statement No. 68 for pension plans and pensions that are within their respective scopes. This Statement is effective for reporting periods beginning after June 15, 2016.

GASB 74 addresses financial reporting by plans that administer OPEB benefits on behalf of governments. It includes OPEB plans with (i) contributions from employers and non-employer contributing entities, and earnings on those contributions are irrevocable; (ii) OPEB plan assets that are dedicated to providing the OPEB to plan members in accordance with the benefit terms; and (iii) OPEB plan assets that are legally protected from the creditors of employers, non-employer contributing entities and the OPEB plan administrator. This Statement is effective for reporting periods beginning after June 15, 2016.

GASB 75 establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB, as well as for certain non-employer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities. This Statement is effective for reporting periods beginning after June 15, 2017.

NOTE U — RECENT ACCOUNTING PRONOUNCEMENTS — continued

GASB 76 reduces the GAAP hierarchy to two categories of authoritative GAAP from the four categories under GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Government*s. The first category of authoritative GAAP consists of GASB Statements of Governmental Accounting Standards. The second category comprises GASB Technical Bulletins and Implementation Guides, as well as guidance from the American Institute of Certified Public Accountants cleared by the GASB.

GASB 77 requires state and local governments to disclose information about tax abatement agreements. The standard addresses tax abatements that result from agreements entered into by the reporting government, and those initiated by other governments that reduce the reporting government's tax revenues. This Statement is effective for reporting periods beginning after December 15, 2015.

NOTE V — SUBSEQUENT EVENTS

Events that occur after the date of the statement of net position but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the date of the statement of net position are recognized in the accompanying financial statements. Subsequent events, which provide evidence about conditions that existed after the date of the statement of net position, require disclosure in the accompanying notes.

Management has evaluated subsequent events through November 16, 2015, the date on which the financial statements were available to be issued. During this period, no material subsequent events have occurred which would require recognition or disclosure in AHA's financial statements, except for the following event:

On July 7, 2015, AHA received the approval from HUD's Special Application Center (SAC) to proceed with the donation of 1.77 acres of vacant land located in a portion of Auburn Pointe property (the former Grady homes) to the City of Atlanta to construct a natatorium recreational center, which will provide commensurate public benefits to the community. Subject to the terms and covenants of the final donation agreement, this transaction is expected to translate into a donation expense of $894,900 (carrying book value of the land), which has not been reflected in AHA's financial statements at and for the year ended June 30, 2015.

This Page Left Blank Intentionally

REQUIRED SUPPLEMENTARY INFORMATION

This Page Left Blank Intentionally

The Housing Authority of the City of Atlanta, Georgia

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

For years ended June 30, 2015 and 2014*

	2015	2014
Total Pension Liability		
Service cost	$ 130,078	$ 166,019
Interest	2,009,842	2,093,307
Difference between expected and actual experience	(500,189)	(550,153)
Benefit payments	(2,850,564)	(2,873,036)
Net change in total pension liability	(1,210,833)	(1,163,863)
Total pension liability - beginning	42,993,210	44,157,073
Total pension liability - ending (a)	$ 41,782,377	$ 42,993,210
Plan Fiduciary Net Position		
Contribution - employer	$ 1,000,000	$ 2,500,000
Projected earnings on plan fiduciary net position	1,951,673	1,921,483
Difference between projected and actual earnings on plan fiduciary net position	(746,677)	(193,549)
Benefit payments	(2,850,564)	(2,873,036)
Net change in plan fiduciary net position	(645,568)	1,354,898
Plan fiduciary net position - beginning	40,755,351	39,400,453
Plan fiduciary net position - ending (b)	$ 40,109,783	$ 40,755,351
AHA's net pension liability - ending (a) - (b)	$ 1,672,594	$ 2,237,859
Plan fiduciary net position as a percentage of the total pension liability	96.0%	94.8%
Covered-employee payroll	$ 7,676,909	$ 7,826,041
AHA's net pension liability as a percentage of covered-employee payroll	21.8%	28.6%

* As AHA adopted the new pension accounting and reporting standard in FY 2015, and therefore, the information for a full 10-year disclosure is unavailable.

SCHEDULE OF PENSION PLAN CONTRIBUTIONS

For years ended June 30, 2015 and 2014*

	2015	2014
Actuarially determined employer contributions	$ 387,153	$ 546,432
Cash contributions from AHA	1,000,000	2,500,000
Contribution excess	$ 612,847	$ 1,953,568
Covered-employee payroll	$ 7,676,909	$ 7,826,041
Contribution as a percentage of covered-employee payroll	13.0%	31.9%

Notes to Schedule of Pension Plan Contributions:

The actuarially determined employer contributions are calculated as of January 1st of each calendar year and correspond to the minimum required contribution as determined under the Georgia State Code in effect as of the date of the valuation.

Methods and assumptions used to determine contributions are as follows:

Actuarial cost method	Projected unit credit
Amortization method	Plan asset related - 5 years Projected liability related - 15 to 30 years
Remaining amortization period	13 to 30 years
Asset valuation method	Market
Inflation	2.0%
Salary increases	4.0%, including inflation
Investment rate of return	Level equivalent rate of 4.9%, net of pension plan investment expense
Retirement age	65
Mortality	IRC Sec 430 Static Annuitant and Non-Annuitant Tables

OTHER SUPPLEMENTARY INFORMATION

The Housing Authority of the City of Atlanta, Georgia

Financial Data Schedule of Combining Program Net Position

As of June 30, 2015

	Project Total	14.896 PIH Family Self-Sufficiency Program	14.OPS MTW Demonstration Program for Low Rent	14.CFP MTW Demonstration Program for Capital Fund	14.HCV MTW Demonstration Program for HCV program	14.871 Housing Choice Vouchers	14.879 Mainstream Vouchers
111 Cash - Unrestricted	$ 96,855	$ -	$ -	$ -	$ -	$ -	$ -
112 Cash - Restricted - Modernization and Development							
113 Cash - Other Restricted							
114 Cash - Tenant Security Deposits	339,288						
115 Cash - Restricted for Payment of Current Liabilities	220,302						
100 Total Cash	656,445	-	-	-	-	-	-
122 Accounts Receivable - HUD Other Projects	1,157,168	11,206					
125 Accounts Receivable - Miscellaneous	1,277,606					21,115	2,847
126 Accounts Receivable - Tenants	4,259						
126.2 Allowance for Doubtful Accounts - Other	(194,277)	-				(19,726)	(2,390)
120 Total Receivables, Net of Allowances for Doubtful Accounts	2,244,756	11,206	-	-	-	1,389	457
142 Prepaid Expenses and Other Assets	51,279						
144 Inter Program Due From							
150 Total Current Assets	2,952,480	11,206	-	-	-	1,389	457
161 Land	28,357,142						
162 Buildings	131,173,208						
163 Furniture, Equipment & Machinery - Dwellings	26,369,942						
164 Furniture, Equipment & Machinery - Administration	412,917						
166 Accumulated Depreciation	(92,994,022)						
167 Construction in Progress	2,830,044						
160 Total Capital Assets, Net of Accumulated Depreciation	96,149,231	-	-	-	-	-	-
171 Notes, Loans and Mortgages Receivable - Non-Current	116,229						
173 Grants Receivable - Non Current	2,151,503						
174 Other Assets	-						
180 Total Non-Current Assets	98,416,963	-	-	-	-	-	-
200 Deferred Outflow of Resources							
290 Total Assets and Deferred Outflow of Resources	$ 101,369,443	$ 11,206	$ -	$ -	$ -	$ 1,389	$ 457
312 Accounts Payable <= 90 Days	$ 311,853	$ -	$ -	$ -	$ -	$ 2,887	$ -
321 Accrued Wage/Payroll Taxes Payable	125,469						
322 Accrued Compensated Absences - Current Portion							
324 Accrued Contingency Liability	62,000						
325 Accrued Interest Payable	146,309						
331 Accounts Payable - HUD PHA Programs							7,624
341 Tenant Security Deposits	339,288						
342 Unearned Revenue	70,240						
343 Current Portion of Long-term Debt - Capital Projects/Mortgage	223,177						
345 Other Current Liabilities	183,889	48				7	
346 Accrued Liabilities - Other	5,065,462						
347 Inter Program - Due To	111,882						
310 Total Current Liabilities	6,639,569	48	-	-	-	2,894	7,624
351 Long-term Debt, Net of Current - Capital Projects	8,566,548						
353 Non-current Liabilities - Other	157,393						
355 Loan Liability - Non Current							
357 Accrued Pension and OPEB Liabilities							
350 Total Non-Current Liabilities	8,723,941	-	-	-	-	-	-
300 Total Liabilities	15,363,510	48	-	-	-	2,894	7,624
400 Deferred Inflow of Resources	-						
508.4 Net Investment in Capital Assets	87,359,508						
511.4 Restricted Net Position	336,531						
512.4 Unrestricted Net Position	(1,690,106)	11,158	-	-	-	(1,505)	(7,167)
513 Total Equity - Net Assets / Position	86,005,933	11,158	-	-	-	(1,505)	(7,167)
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	$ 101,369,443	$ 11,206	$ -	$ -	$ -	$ 1,389	$ 457

14.866 Revitalization of Severely Distressed Public Housing	14.881 Moving to Work Demonstration Program	8 Other Federal Program 1	2 State/Local	1 Business Activities	6.2 Component Unit - Blended	Subtotal	Elimination	Total
$ -	$ 34,253,606	$ -	$ -	$ 32,203,634	$ 2,557,215	$ 69,111,310	$ -	$ 69,111,310
		21,454		10,810,921		10,832,375		10,832,375
	284,790		6,747,952	34,695,774		41,728,516		41,728,516
						339,288		339,288
						220,302		220,302
-	34,538,396	21,454	6,747,952	77,710,329	2,557,215	122,231,791	-	122,231,791
						1,168,374		1,168,374
	232,724			184,365	44,684	1,763,341		1,763,341
						4,259		4,259
	(105,651)			-	-	(322,044)		(322,044)
-	127,073	-	-	184,365	44,684	2,613,930	-	2,613,930
	1,011,239				2,633	1,065,151		1,065,151
	111,882				160	112,042	(112,042)	-
-	35,788,590	21,454	6,747,952	77,894,694	2,604,692	126,022,914	(112,042)	125,910,872
				1,757,576	37,597,927	67,712,645		67,712,645
	79,881				15,801,881	147,054,970		147,054,970
	336,565				2,978,101	29,684,608		29,684,608
	8,278,259					8,691,176		8,691,176
	(7,767,015)				(9,963,214)	(110,724,251)		(110,724,251)
					15,250	2,845,294		2,845,294
-	927,690	-	-	1,757,576	46,429,945	145,264,442	-	145,264,442
	299,678			172,324,322	2,352,000	175,092,229	(1,263,000)	173,829,229
2,451,489	2,362,269		25,000	2,454,142		9,444,403		9,444,403
	40,000			11,900,465		11,940,465		11,940,465
2,451,489	3,629,637	-	25,000	188,436,505	48,781,945	341,741,539	(1,263,000)	340,478,539
	901,516					901,516		901,516
$ 2,451,489	$ 40,319,743	$ 21,454	$ 6,772,952	$ 266,331,199	$ 51,386,637	$ 468,665,969	$ (1,375,042)	$ 467,290,927
$ -	$ 83,616	$ -	$ -	$ -	$ 478	$ 398,834	$ -	$ 398,834
	343,775					469,244		469,244
	1,044,072					1,044,072		1,044,072
	238,000					300,000		300,000
						146,309		146,309
						7,624		7,624
						339,288		339,288
				40,265		110,505		110,505
						223,177		223,177
	640,844		6,747,952	807,558		8,380,298		8,380,298
	1,434,445	17		960,489	103,768	7,564,181		7,564,181
	160					112,042	(112,042)	-
-	3,784,912	17	6,747,952	1,808,312	104,246	19,095,574	(112,042)	18,983,532
					-	8,566,548		8,566,548
				769,440	1,512,000	2,438,833		2,438,833
					1,263,000	1,263,000	(1,263,000)	-
	1,672,594					1,672,594		1,672,594
-	1,672,594	-	-	769,440	2,775,000	13,940,975	(1,263,000)	12,677,975
-	5,457,506	17	6,747,952	2,577,752	2,879,246	33,036,549	(1,375,042)	31,661,507
	1,006,989					1,006,989		1,006,989
	927,690			1,757,576	46,429,945	136,474,719		136,474,719
	339,678	21,454		226,868,219	840,000	228,405,882		228,405,882
2,451,489	32,587,880	(17)	25,000	35,127,652	1,237,446	69,741,830		69,741,830
2,451,489	33,855,248	21,437	25,000	263,753,447	48,507,391	434,622,431	-	434,622,431
$ 2,451,489	$ 40,319,743	$ 21,454	$ 6,772,952	$ 266,331,199	$ 51,386,637	$ 468,665,969	$ (1,375,042)	$ 467,290,927

The Housing Authority of the City of Atlanta, Georgia

Financial Data Schedule of Combining Program Revenues, Expenses and Changes in Net Position

Year ended June 30, 2015

	Project Total	14.896 PIH Family Self-Sufficiency Program	14.OPS MTW Demonstration Program for Low Rent	14.CFP MTW Demonstration Program for Capital Fund	14.HCV MTW Demonstration Program for HCV program	14.871 Housing Choice Vouchers	14.879 Mainstream Vouchers
70500 Total Tenant Revenue	$ 5,876,472	$ -	$ -	$ -	$ -	$ -	$ -
70600 HUD PHA Operating Grants	1,709,289	70,363	16,004,537	9,426,542	154,359,945	6,868,351	634,454
70610 Capital Grants	3,501,600						
70750 Other Fees							
70700 Total Fee Revenue							
71400 Fraud Recovery	1,112						
71500 Other Revenue	249,515						
71600 Gain or Loss on Sale of Capital Assets	-						
70000 Total Revenue	11,337,988	70,363	16,004,537	9,426,542	154,359,945	6,868,351	634,454
91000 Total Operating - Administrative	4,091,285	-	-	-	-	406,951	33,730
92500 Total Tenant Services	1,470,407	70,007	-	-	-	-	-
93000 Total Utilities	3,218,227	-	-	-	-	-	-
94000 Total Maintenance	5,254,204	-	-	-	-	-	-
95000 Total Protective Services	1,984,805	-	-	-	-	-	-
96100 Total insurance Premiums	421,425	-	-	-	-	-	-
96000 Total Other General Expenses	13,091,133	-	-	-	-	17,494	2,390
96700 Total Interest Expense and Amortization Cost	444,322	-	-	-	-	-	-
96900 Total Operating Expenses	29,975,808	70,007	-	-	-	424,445	36,120
97000 Excess of Operating Revenue over Operating Expenses	(18,637,820)	356	16,004,537	9,426,542	154,359,945	6,443,906	598,334
97100 Extraordinary Maintenance	1,940,502						
97300 Housing Assistance Payments	-					7,867,725	634,454
97400 Depreciation Expense	10,512,339					-	
90000 Total Expenses	42,428,649	70,007	-	-	-	8,292,170	670,574
10010 Operating Transfer In	28,502,353	10,802				8,296,263	671,254
10020 Operating transfer Out	(181,862)		(16,004,537)	(9,426,542)	(154,359,945)	(6,876,581)	(668,754)
10040 Operating Transfers from/to Component Unit	(10,178)						
10093 Transfers between Program and Project - In	2,129,944						
10094 Transfers between Project and Program - Out	(1,917,786)						
10100 Total Other financing Sources (Uses)	28,522,471	10,802	(16,004,537)	(9,426,542)	(154,359,945)	1,419,682	2,500
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	$ (2,568,190)	$ 11,158	$ -	$ -	$ -	$ (4,137)	$ (33,620)
11020 Required Annual Debt Principal Payments	$ 198,878	$ -	$ -	$ -	$ -	$ -	$ -
11030 Beginning Equity	$ 88,574,124	$ -	$ -	$ -	$ -	$ 2,632	$ 26,453
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	$ (1)						
11180 Housing Assistance Payments Equity						(1,505)	
11190 Unit Months Available	51,810	-				8,220	600
11210 Number of Unit Months Leased	50,712	-				7,491	582
11270 Excess Cash	$ (6,178,557)						
11610 Land Purchases	$ 471,399						
11620 Building Purchases	$ 3,014,171						
11630 Furniture & Equipment - Dwelling Purchases	$ 2,121,807						
13901 Replacement Housing Factor Funds	$ 5,210,889						

14.866 Revitalization of Severely Distressed Public Housing	14.881 Moving to Work Demonstration Program	8 Other Federal Program 1	2 State/Local	1 Business Activities	6 Component Unit (Old)	6.2 Component Unit - Blended (New)	Subtotal	Elimination	Total
$ -	$ -	$ -	$ -	$ -		$ -	$ 5,876,472	$ -	$ 5,876,472
							189,073,481		189,073,481
							3,501,600		3,501,600
				754,328			754,328		754,328
							-	-	-
							1,112		1,112
	925,631		308	1,922,862		2,022,874	5,121,190	(2,326,636)	2,794,554
	7,702						7,702		7,702
-	933,333	-	308	2,677,190		2,022,874	204,335,885	(2,326,636)	202,009,249
-	30,895,297	1,187	-	1,099,604		305,189	36,833,243	(2,326,636)	34,506,607
-	1,674,502	-	-	-		-	3,214,916	-	3,214,916
-	-	-	-	-		222,998	3,441,225	-	3,441,225
-	210,371	-	-	-		583,894	6,048,469	-	6,048,469
-	-	-	-	-		163,863	2,148,668	-	2,148,668
-	372,620	-	-	-		22,771	816,816	-	816,816
-	1,032,094	-	-	1,555,136		43,739	15,741,986	-	15,741,986
-	-	-	-	-		-	444,322	-	444,322
-	34,184,884	1,187	-	2,654,740		1,342,454	68,689,645	(2,326,636)	66,363,009
-	(33,251,551)	(1,187)	308	22,450		680,420	135,646,240	-	135,646,240
	639,147	3,500				137,131	2,720,280		2,720,280
	115,254,208						123,756,387		123,756,387
	555,214					837,572	11,905,125		11,905,125
-	150,633,453	4,687	-	2,654,740		2,317,157	207,071,437	(2,326,636)	204,744,801
	195,526,981		5,015	237,188			233,249,856		233,249,856
	(45,577,615)		(27,723)	(126,297)			(233,249,856)		(233,249,856)
	(125,055)			(1,942,588)		2,077,821	-		-
191	184,263			2,859,263			5,173,661		5,173,661
(58,875)	(3,187,262)	(191)		(9,547)			(5,173,661)		(5,173,661)
(58,684)	146,821,312	(191)	(22,708)	1,018,019		2,077,821	-	-	-
$ (58,684)	$ (2,878,808)	$ (4,878)	$ (22,400)	$ 1,040,469		$ 1,783,538	$ (2,735,552)	$ -	$ (2,735,552)
$ -	$ -	$ -	$ -	$ -		$ -	$ 198,878		$ 198,878
$ 2,510,173	$ 39,328,519	$ 26,315	$ 49,703	$ 260,060,674	$ 49,373,853	$ -	$ 439,952,446		$ 439,952,446
$ -	$ (2,594,463)		$ (2,303)	$ 2,652,304	$ (49,373,853)	$ 46,723,853	$ (2,594,463)		$ (2,594,463)
							(1,505)		(1,505)
-	228,828					-	289,458		289,458
-	156,941					-	215,726		215,726
							$ (6,178,557)		$ (6,178,557)
							$ 471,399		$ 471,399
							$ 3,014,171		$ 3,014,171
							$ 2,121,807		$ 2,121,807
							$ 5,210,889		$ 5,210,889

NOTE A — BASIS OF PRESENTATION

The accompanying Financial Data Schedules of Combining Program Net Position and Combining Program Revenues, Expenses and Changes in Net Position have been prepared using the basis of accounting required by HUD's Real Estate Assessment Center (REAC), as modified in accordance with the provisions, policies and requirements contained in the MTW Agreement.

REAC requires certain items on the Schedule of Combining Net Position to be classified entirely as short- or long-term. These items, however, are allocated between short- and long-term in the financial statements prepared in accordance with GAAP. Also, REAC does not provide for presenting items on the Schedule of Combining Program Revenues, Expenses and Changes in Net Position as operating or non-operating. Therefore, there are differences in classifications and presentation between these schedules and the financial statements. Total assets and deferred outflows, total liabilities and deferred inflows and net position and changes in net position reported in these schedules, however, agree with the financial statements prepared in accordance with GAAP, except for rounding differences.

The financial data schedules are presented by program in accordance with HUD requirements. Below are definitions of the main programs under which AHA conducts its operations.

<u>Project Total</u>

Primarily represents operating and modernization expenditures and tenant rental revenues, where applicable, associated with the properties and communities, either directly owned by AHA or in partnership with Owner Entities of MIMF rental communities, including all related assets and liabilities thereof. This program also includes funds drawn from the Replacement Housing Factor (RHF) grant primarily for reimbursement of development and revitalization expenditures. It also includes liabilities and interest expense associated with an EPC capital lease in connection with an energy performance project.

<u>14.881 Moving to Work Demonstration Program (MTW Single Fund)</u>

As defined under Note A.2 of the **Financial Statements** on page 53, this program essentially includes MTW-eligible activity other than those reported under Project Total, which is above-described.

Additionally, the programs below were created for MTW Agencies to report grant and subsidy received from HUD. The grant and subsidy revenues are then transferred to the MTW Single Fund. Therefore, those programs are exclusively used as pass-through programs and allow a separate reporting of each of HUD program funds included in the MTW Single Fund.

a. <u>14. OPS MTW Demonstration Program for Low Rent</u> includes all funds received/drawn under the Section 9 Public Housing Operating fund.
b. <u>14. CFP MTW Demonstration Program for Capital Fund</u> includes funds drawn under the Capital Fund Program (CFP).
c. <u>14. HCV MTW Demonstration Program for HCV Program</u> includes funds received/drawn under Section 8 Housing Choice Voucher (HCV) Program.

NOTE A — BASIS OF PRESENTATION — continued

14.871 Housing Choice Vouchers

Includes the subsidy received and housing assistance payments in connection with the Veteran Affairs Supportive Housing (VASH) program, Family Unification Program (FUP) and Non-elderly Disabled including Mainstream 1-year vouchers. These vouchers are not part of the MTW Single Fund.

14.879 Mainstream Vouchers

Includes the subsidy received and housing assistance payments in connection with the Mainstream 5-year vouchers. These vouchers are not part of the MTW Single Fund.

2 State/Local

Includes primarily funds received from the City of Atlanta and related agencies in connection with public improvement work to be carried out on development projects, as well as public improvement expenditures incurred by AHA to be reimbursed at a later date by the City of Atlanta and related agencies.

1 Business Activities

Includes primarily development and revitalization activities resulting from AHA's role as sponsor and co-developer of mixed-income rental communities. Those activities include primarily predevelopment and development loans to Owner Entities of the mixed-income rental communities, developer and other fees earned from the deals as well as interest revenue on the loans. For further information, refer to Note F of the **Financial Statements** on page 63.

This program also includes unrestricted and restricted cash associated with program income received over the years from repayments of loans and other receivables.

Furthermore, as a member of National Housing Compliance, Inc. (NHC), AHA receives contributions, which are included in this program as unrestricted cash. It also includes expenses paid with NHC funds. For further information, refer to Note G of the **Financial Statements** on page 65.

6.2 Component Unit — Blended

Includes all activities of AHA's blended component units as described in Note A.3 of the **Financial Statements** on page 54.

NOTE B — COMBINING SCHEDULES OF BLENDED COMPONENT UNITS

AHA's blended component units are created at the direction of the AHA Board to assist the Authority with development and other acquisition activities in support of affordable housing. Under GASBs Nos. 14 and 34, these blended component units are presented within the reporting entity of AHA and are identified within the Financial Data Schedules. During the year, AHA changed the reporting of component units in the financial data schedules, which are now reported under 6.2 Component Units rather than 6 Component Units. As a result, the net position at the beginning of FY 2015 was reclassified accordingly. See Note A.3 of the financial statements for additional information on AHA's component units. Balances and activity for FY 2015 were as follows:

Combining Schedule of Net Position

As of June 30, 2015

	JWD	AAHFI	SHHI	RAH	SRDC	WAH	AHICI	Total Component Units
ASSETS								
Current and non-current assets	$ 629,645	$ 199,996	$ 1,120,529	$ -	$ 160	$ 2,778,559	$ 227,804	$ 4,956,693
Capital assets, net	10,649,104	-	-	-	-	35,780,840	-	46,429,945
TOTAL ASSETS	$ 11,278,750	$ 199,996	$ 1,120,529	$ -	$ 160	$ 38,559,399	$ 227,804	$ 51,386,637
LIABILITIES AND NET POSITION								
Current and non-current liabilities	$ 91,129	$ -	$ -	$ 15	$ 15	$ 1,525,087	$ -	$ 1,616,247
Long-term notes payable	-	-	-	-	-	1,263,000	-	1,263,000
Total liabilities	91,129	-	-	15	15	2,788,087	-	2,879,247
Invested in capital assets, net of debt	10,649,104	-	-	-	-	35,780,840	-	46,429,945
Restricted	-	-	-	-	-	933,131	-	933,131
Unrestricted	538,516	199,996	1,120,529	(15)	145	(942,659)	227,804	1,144,316
Total net position	11,187,621	199,996	1,120,529	(15)	145	35,771,312	227,804	48,507,391
TOTAL LIABILITIES AND NET POSITION	$ 11,278,750	$ 199,996	$ 1,120,529	$ -	$ 160	$ 38,559,399	$ 227,804	$ 51,386,637

Combining Schedule of Revenues, Expenses and Changes in Net Position

Year ended June 30, 2015

	JWD	AAHFI	SHHI	RAH	SRDC	WAH	AHICI	Total Component Units
REVENUES								
Operating revenue	$ 1,412,985	$ 15,204	$ 1,010	$ 59	$ 450,160	$ 39,330	$ 104,126	$ 2,022,874
EXPENSES								
Operating expense	(2,136,224)	(4,535)	(2,250)	(1,050)	(870)	(155,665)	(16,563)	(2,317,157)
Operating transfers in (out)	(117,367)	-	-	(2,494,733)	449,145	85,134	-	(2,077,821)
	(2,018,857)	(4,535)	(2,250)	2,493,683	(450,015)	(240,799)	(16,563)	(239,336)
Change in net position	(605,873)	10,669	(1,240)	2,493,742	145	(201,469)	87,563	1,783,538
Net position - beginning of year	11,793,493	189,326	1,121,769	156,243	-	35,972,780	140,241	49,373,853
Prior Period Adjustments, and Equity Transfers*	-	-	-	(2,650,000)	-	-	-	(2,650,000)
Net position - end of year	$ 11,187,621	$ 199,996	$ 1,120,529	$ (15)	$ 145	$ 35,771,312	$ 227,804	$ 48,507,391

*Equity transfer/adjustment to program income (Business Activities)

The Housing Authority of the City of Atlanta, Georgia

SCHEDULE OF RELATED-PARTY LOANS AND FEES RECEIVABLE

As of June 30, 2015

Owner Entity:	Development Loans	Other Loans	Investment In Partnership	Developer and Other Fees Long Term	Developer and Other Fees Current
Construction/Permanent Financing Loans:					
Adamsville Green, L.P.	$ -	$ 1,907,578	$ -	$ -	$ -
Campbell Stone, L.P.	-	1,500,000	-	-	-
Capitol Gateway Partnership I, L.P.	10,084,861	181,236	-	11,736	-
Capitol Gateway Partnership II, L.P.	3,893,305	-	-	7,412	-
Carver Redevelopment Partnership I, L.P.	9,074,250	225,792	-	6,615	-
Carver Redevelopment Partnership II, L.P.	740,000	-	-	55,791	-
Carver Redevelopment Partnership III, L.P.	8,430,000	111,500	-	5,339	-
Carver Redevelopment Partnership V, L.P.	6,240,000	-	-	179,823	-
Carver Senior Building, L.P.	-	-	-	36,725	-
CCH John Eagan I Homes, L.P.	5,896,000	46,565	-	-	-
CCH John Eagan II Homes, L.P.	4,536,000	-	-	122,472	-
Centennial Park North II, LLC	-	2,352,000	-	-	-
Centennial Place Partnership II, L.P.	-	291,211	-	-	-
Columbia at Mechanicsville Apartments, L.P.	5,115,000	-	-	39,121	-
Columbia Commons, L.P.	3,425,221	-	82,580	-	-
Columbia Creste, L.P.	5,246,290	148,009	-	74,804	-
Columbia Estates, L.P.	4,566,413	168,791	-	60,552	-
Columbia Grove, L.P.	4,466,669	227,999	-	47,932	-
Columbia Park Citi Residences, L.P.	4,828,164	117,687	-	66,983	-
Columbia Senior Residences at Edgewood, L.P.	-	1,025,569	-	-	-
Columbia Senior Residences at Mechanicsville, L.P.	4,273,628	-	-	365	-
Columbia Village, L.P.	2,250,000	-	111,914	-	-
Cosby Spear, L.P.	-	-	-	8,250	-
East Lake Redevelopment II, L.P.	11,903,505	318,728	-	54,325	-
East Lake Redevelopment, L.P.	5,824,000	197,702	-	-	-
Gates Park Crossing HFOP Apartments, L.P.	-	1,203,535	-	220,054	-
Gates Park Crossing HFS Apartments, L.P.	-	1,074,078	-	227,375	-
Grady Multifamily I, L.P.	7,418,510	-	-	4,160	-
Grady Multifamily II, L.P.	5,500,000	-	-	38,806	-
Grady Redevelopment Partnership I, L.P.	2,748,432	-	-	5,412	-
Grady Senior Partnership II, L.P.	2,747,620	-	-	10,196	-
Grady Senior Partnership III, L.P.	-	-	-	10,708	-
Harris Redevelopment Partnership I, L.P.	7,925,000	351,060	-	97,203	-
Harris Redevelopment Partnership II, L.P.	-	97,544	-	9,556	-
Harris Redevelopment Partnership V, L.P.	9,194,426	-	-	4,403	-
Harris Redevelopment, LLC	-	8,468	-	-	-
John Hope Community Partnership I, L.P.	4,620,000	-	-	-	-
John Hope Community Partnership II, L.P.	7,980,000	-	-	-	-
Juniper and Tenth, L.P.	-	90,963	-	-	4,500
Kimberly Associates I, L.P.	2,605,000	152,484	-	-	-
Kimberly Associates II, L.P.	1,507,000	70,335	-	7,833	-
Kimberly Associates III, L.P.	1,305,000	22,080	-	91,241	-
Legacy Partnership I, L.P.	4,044,270	43,382	-	263,918	-
Legacy Partnership II, L.P.	3,445,000	116,560	-	-	-
Legacy Partnership III, L.P.	3,774,000	391,289	-	-	-
Legacy Partnership IV, L.P.	3,920,000	284,483	-	-	-
Mechanicsville Apartments Phase 3, L.P.	5,965,395	-	-	6,582	-
Mechanicsville Apartments Phase 4, L.P.	5,494,000	-	-	70,921	-
Mechanicsville Apartments Phase 6, L.P.	5,164,398	-	-	53,216	-
Mercy Housing Georgia VI, L.P.	5,600,000	111,296	-	-	-
Piedmont Senior Tower, LLC	-	25,266	-	-	-
UH Scholars Partnership III, L.P.	-	-	-	10,000	-
UH Scholars Partnership IV, L.P.	-	-	-	10,000	-
UH Senior Partnership I, L.P.	-	-	-	9,074	-
UH Senior Partnership II, L.P.	1,950,000	-	-	-	-
West End Phase III Redevelopment Partnership, L.P.	1,298,400	97,805	-	-	-
Other Loans:					
Columbia Colony Senior	-	-	-	40,000	-
Columbia Heritage Senior Residences, L.P.	-	-	-	319,763	-
Harris Redevelopment Partnership VI, L.P.	-	-	220,000	21,714	-
	194,999,756	12,960,996	414,494	2,310,379	4,500
Valuation allowance	(30,760,489)	(3,371,032)	(414,494)	(122,472)	-
	$ 164,239,267	**$ 9,589,963**	**$ -**	**$ 2,187,907**	**$ 4,500**

The Housing Authority of the City of Atlanta, Georgia

SCHEDULE OF RELATED-PARTY LOANS AND FEES RECEIVABLE

As of June 30, 2014

Owner Entity:	Development Loans	Other Loans	Investment In Partnership	Developer and Other Fees Long Term	Developer and Other Fees Current
Construction/Permanent Financing Loans:					
Adamsville Green, L.P.	$ -	$ 1,958,970	$ -	$ -	$ -
Campbell Stone, L.P.	-	1,500,000	-	-	-
Capitol Gateway Partnership I, L.P.	10,084,861	181,236	-	-	-
Capitol Gateway Partnership II, L.P.	3,907,350	-	-	-	-
Carver Redevelopment Partnership I, L.P.	9,074,250	225,792	-	-	-
Carver Redevelopment Partnership II, L.P.	740,000	-	-	52,448	-
Carver Redevelopment Partnership III, L.P.	8,430,000	111,500	-	-	-
Carver Redevelopment Partnership V, L.P.	6,240,000	-	-	185,836	-
Carver Senior Building, L.P.	-	-	-	78,813	-
CCH John Eagan I Homes, L.P.	5,896,000	46,565	-	-	-
CCH John Eagan II Homes, L.P.	4,536,000	-	-	122,472	-
Centennial Park North, LLC	-	2,460,000	-	-	-
Columbia at Mechanicsville Apartments, L.P.	5,115,000	-	-	22,690	-
Columbia Commons, L.P.	3,425,221	-	82,580	-	-
Columbia Creste, L.P.	5,246,290	148,009	-	61,496	-
Columbia Estates, L.P.	4,566,413	168,791	-	48,653	10,935
Columbia Grove, L.P.	4,466,669	227,999	-	37,978	10,233
Columbia Park Citi Residences, L.P.	4,828,164	117,687	-	53,286	12,073
Columbia Senior Residences at Edgewood, L.P.	-	1,084,908	-	-	-
Columbia Senior Residences at Mechanicsville, L.P.	4,273,628	-	-	-	5,874
Columbia Village, L.P.	2,250,000	-	111,914	-	-
East Lake Redevelopment II, L.P.	11,903,505	318,728	-	42,275	-
East Lake Redevelopment, L.P.	5,824,000	197,702	-	-	-
Gates Park Crossing HFOP Apartments, L.P.	-	1,203,535	-	220,054	-
Gates Park Crossing HFS Apartments, L.P.	-	1,074,078	-	227,375	-
Grady Multifamily I, L.P.	7,418,510	-	-	-	-
Grady Multifamily II, L.P.	5,500,000	-	-	262,500	-
Grady Redevelopment Partnership I, L.P.	2,803,668	-	-	-	-
Grady Senior Partnership II, L.P.	2,849,413	-	-	-	-
Harris Redevelopment Partnership I, L.P.	7,925,000	351,060	-	89,636	-
Harris Redevelopment Partnership II, L.P.	-	97,544	-	-	-
Harris Redevelopment Partnership V, L.P.	9,194,426	-	-	-	-
Harris Redevelopment, LLC	-	8,468	-	-	-
John Hope Community Partnership I, L.P.	4,620,000	-	-	-	-
John Hope Community Partnership II, L.P.	7,980,000	-	-	-	-
Kimberly Associates I, L.P.	2,605,000	152,484	-	-	-
Kimberly Associates II, L.P.	1,507,000	70,335	-	7,833	-
Kimberly Associates III, L.P.	1,305,000	22,080	-	91,241	-
Legacy Partnership I, L.P.	3,520,000	43,382	-	-	-
Legacy Partnership II, L.P.	3,445,000	116,560	-	-	-
Legacy Partnership III, L.P.	3,774,000	391,289	-	-	-
Legacy Partnership IV, L.P.	3,920,000	284,483	-	-	-
Mechanicsville Apartments Phase 3, L.P.	5,965,395	-	-	-	1,712
Mechanicsville Apartments Phase 4, L.P.	5,494,000	-	-	96,712	-
Mechanicsville Apartments Phase 6, L.P.	5,164,398	-	-	63,141	-
Mercy Housing Georgia VI, L.P.	5,600,000	111,296	-	-	-
UH Senior Partnership II, L.P.	269,707	-	-	-	-
West End Phase III Redevelopment Partnership, L.P.	1,298,400	97,805	-	-	-
Other Loans:					
Brock Built Homes, LLC	-	24,000	-	-	-
Columbia Colony Senior	-	-	-	40,000	-
Columbia Heritage Senior Residences, L.P.	-	-	-	307,898	11,977
Harris Redevelopment Partnership VI, L.P.	-	-	220,000	19,311	-
	192,966,268	12,796,287	414,494	2,131,647	52,804
Valuation allowance	(30,760,489)	(3,371,032)	(414,494)	(122,472)	-
	$ 162,205,779	**$ 9,425,255**	**$ -**	**$ 2,009,175**	**$ 52,804**

The Housing Authority of the City of Atlanta, Georgia

SCHEDULE OF RELATED-PARTY TRANSACTIONS

Year Ended June 30, 2015

Owner Entity:	Interest Income received on Loans	Development Related Income	Housing Assistance Payments: Mixed-income Communities	Housing Assistance Payments: PBRA [1]
Construction/Permanent Financing Loans:				
Campbell Stone, L.P.	$ -	$ -	$ -	$ 1,414,922
Capitol Gateway Partnership I, L.P.	-	21,736	381,134	-
Capitol Gateway Partnership II, L.P.	-	7,412	194,238	180,752
Carver Redevelopment Partnership I, L.P.	-	16,615	509,549	-
Carver Redevelopment Partnership II, L.P.	-	3,343	109,161	-
Carver Redevelopment Partnership III, L.P.	-	15,339	300,968	-
Carver Redevelopment Partnership V, L.P.	-	23,649	203,181	-
Carver Senior Building, L.P.	-	9,755	-	736,761
CCH John Eagan I Homes, L.P.	-	-	464,142	-
CCH John Eagan II Homes, L.P.	-	-	447,250	-
Centennial Park North, LLC	22,808	-	-	-
Centennial Place Holdings LLC	25,000	-	-	-
Columbia at Mechanicsville Apartments, L.P.	-	16,430	524,748	338,416
Columbia Commons, L.P.	-	-	281,837	103,585
Columbia Creste, L.P.	-	13,308	367,020	-
Columbia Estates, L.P.	-	11,899	356,391	-
Columbia Grove, L.P.	-	10,003	308,004	-
Columbia Park Citi Residences, L.P.	57,760	13,944	397,609	-
Columbia Senior Residences at Edgewood, L.P.	62,083	103,962	-	1,262,783
Columbia Senior Residences at Mechanicsville, L.P.	172,582	18,053	302,781	616,155
Columbia Village, L.P.	-	5,250	145,208	-
Cosby Spear, L.P.	-	8,250	-	-
East Lake Redevelopment II, L.P.	-	12,050	1,549,076	-
East Lake Redevelopment, L.P.	-	-	790,482	-
Gates Park Crossing HFOP Apartments, L.P.	-	-	-	1,012,924
Gates Park Crossing HFS Apartments, L.P.	-	-	-	804,182
Grady Multifamily I, L.P.	-	4,160	247,933	82,130
Grady Multifamily II, L.P.	-	4,132	144,327	-
Grady Redevelopment Partnership I, L.P.	-	5,412	31,702	661,004
Grady Senior Partnership II, L.P.	-	10,196	-	887,011
Grady Senior Partnership III, L.P.	-	10,708	-	907,590
Harris Redevelopment Partnership I, L.P.	-	7,567	246,477	-
Harris Redevelopment Partnership II, L.P.	-	9,556	-	689,277
Harris Redevelopment Partnership V, L.P.	-	4,403	299,144	77,454
John Hope Community Partnership I, L.P.	-	-	387,290	-
John Hope Community Partnership II, L.P.	-	-	534,510	-
Juniper and Tenth, L.P.	-	4,500	-	-
Kimberly Associates I, L.P.	-	-	277,824	-
Kimberly Associates II, L.P.	-	-	177,818	15,415
Kimberly Associates III, L.P.	-	-	133,875	-
Legacy Partnership I, L.P.	525,337	388,943	-	346,211
Legacy Partnership II, L.P.	-	10,000	-	334,578
Legacy Partnership III, L.P.	-	-	-	362,603
Legacy Partnership IV, L.P.	-	-	-	307,868
Mechanicsville Apartments Phase 3, L.P.	140,250	24,316	390,716	290,859
Mechanicsville Apartments Phase 4, L.P.	-	15,834	390,035	351,440
Mechanicsville Apartments Phase 6, L.P.	-	-	301,633	308,453
Mercy Housing Georgia VI, L.P.	-	-	505,089	897,992
Piedmont Senior Tower, LLC	-	6,000	-	-
UH Scholars Partnership III, L.P.	-	10,000	-	-
UH Scholars Partnership IV, L.P.	-	10,000	-	-
UH Senior Partnership I, L.P.	-	9,074	-	782,087
West End Phase III Redevelopment Partnership, L.P.	-	-	40,734	-
Other Loans:				
Adamsville Green, L.P.	68,564	3,500	-	582,422
Brock Built Homes, LLC	-	106,003	-	-
Columbia Heritage Senior Residences, L.P.	-	12,085	-	1,043,366
Harris Redevelopment Partnership VI, L.P.	-	2,403	172,181	-
	$ 1,074,384	**$ 969,790**	**$ 11,914,067**	**$ 15,398,240**

[1] PBRA payments listed are related-party only and, as a result, are not all-inclusive

The Housing Authority of the City of Atlanta, Georgia

SCHEDULE OF RELATED-PARTY TRANSACTIONS

Year Ended June 30, 2014

Owner Entity:	Income Received on Loans	Development-Related Income	Housing Assistance Payments: Mixed-Income Communities	Housing Assistance Payments: PBRA [1]
Construction/Permanent Financing Loans:				
Campbell Stone, L.P.	$ -	$ -	$ -	$ 1,427,779
Capitol Gateway Partnership I, L.P.	-	49,577	426,025	17,233
Capitol Gateway Partnership II, L.P.	48,185	28,562	317,567	189,019
Carver Redevelopment Partnership I, L.P.	-	37,043	712,816	-
Carver Redevelopment Partnership II, L.P.	-	12,847	189,130	-
Carver Redevelopment Partnership III, L.P.	-	35,816	580,920	-
Carver Redevelopment Partnership V, L.P.	-	35,224	387,824	-
Carver Senior Building, L.P.	-	19,311	-	743,152
CCH John Eagan I Homes, L.P.	-	-	491,724	-
CCH John Eagan II Homes, L.P.	-	-	463,020	-
Columbia at Mechanicsville Apartments, L.P.	-	-	379,229	320,022
Columbia Commons, L.P.	-	-	329,517	98,532
Columbia Creste, L.P.	-	-	353,302	-
Columbia Estates, L.P.	-	-	349,385	-
Columbia Grove, L.P.	-	-	283,704	-
Columbia Park Citi Residences, L.P.	-	-	440,157	-
Columbia Senior Residences at Edgewood, L.P.	-	-	-	1,281,993
Columbia Senior Residences at Mechanicsville, L.P.	44,398	-	203,623	641,777
Columbia Village, L.P.	-	-	159,061	-
East Lake Redevelopment II, L.P.	-	12,550	1,373,648	-
East Lake Redevelopment, L.P.	-	-	899,269	-
Gates Park Crossing HFOP Apartments, L.P.	-	-	-	1,043,579
Gates Park Crossing HFS Apartments, L.P.	-	-	-	795,542
Grady Multifamily I, L.P.	37,152	29,977	295,309	-
Grady Multifamily II, L.P.	83,460	-	54,499	-
Grady Redevelopment Partnership I, L.P.	-	23,226	127,723	664,086
Grady Senior Partnership II, L.P.	112,479	21,414	-	896,841
Grady Senior Partnership III, L.P.	-	106,007	-	916,895
Harris Redevelopment Partnership I, L.P.	-	35,826	428,458	-
Harris Redevelopment Partnership II, L.P.	-	19,259	-	694,475
Harris Redevelopment Partnership V, L.P.	81,364	33,219	389,533	-
John Hope Community Partnership I, L.P.	-	-	366,717	-
John Hope Community Partnership II, L.P.	-	-	369,352	-
Kimberly Associates I, L.P.	-	-	404,515	12,086
Kimberly Associates II, L.P.	-	-	248,648	10,208
Kimberly Associates III, L.P.	-	10,000	182,660	4,275
Legacy Partnership I, L.P.	-	-	539,198	-
Legacy Partnership II, L.P.	23,519	-	476,150	-
Legacy Partnership III, L.P.	31,970	-	454,032	-
Legacy Partnership IV, L.P.	-	-	391,346	-
Mechanicsville Apartments Phase 3, L.P.	56,375	-	424,149	274,768
Mechanicsville Apartments Phase 4, L.P.	-	-	420,900	345,423
Mechanicsville Apartments Phase 6, L.P.	-	5,602	396,180	302,089
Mercy Housing Georgia VI, L.P.	-	-	414,801	926,350
UH Senior Partnership II, L.P.	-	102,926	-	-
West End Phase III Redevelopment Partnership, L.P.	-	-	126,859	-
Other Loans:				
Adamsville Green, L.P.	44,249	7,000	-	578,424
Brock Built Homes, LLC	-	605,697	-	-
Columbia Heritage Senior Residences, L.P.	-	-	-	1,037,520
Harris Redevelopment Partnership VI, L.P.	-	5,320	184,942	-
UH Senior Partnership I, L.P.	-	101,004	-	-
	$ 563,150	**$ 1,337,407**	**$ 15,035,892**	**$ 13,222,068**

[1] PBRA payments listed are related-party only and, as a result, are not all-inclusive.

The Housing Authority of the City of Atlanta, Georgia

SCHEDULE OF HUD-FUNDED GRANTS

As of and Year Ended June 30, 2015

	Original Grant Award	Grant Drawdown			Expenditures			HUD Receivable/ (Payable)	Remaining Grant Award
Program	Authorized Amount	Cumulative as of June 30, 2014	Year ended June 30, 2015	Cumulative as of June 30, 2015	Cumulative as of June 30, 2014	Year ended June 30, 2015	Cumulative as of June 30, 2015	Balance as of June 30, 2015	Unexpended Balance as of June 30, 2015
Capital Fund Program Grants:									
GA06P006501-09 Capital Fund Program 2009 *	$ 12,535,836	$ 12,535,836	$ -	$ 12,535,836	$ 12,535,836	$ -	$ 12,535,836	$ -	$ -
GA06P006501-10 Capital Fund Program 2010 *	11,998,337	11,998,337	-	11,998,337	11,998,337	-	11,998,337	-	-
GA06P006501-11 Capital Fund Program 2011	9,426,542	-	9,426,542	9,426,542	-	9,426,542	9,426,542	-	-
GA06P006501-12 Capital Fund Program 2012	4,667,238	745,349	-	745,349	745,349	-	745,349	-	3,921,889
GA06P006501-13 Capital Fund Program 2013	3,885,905	-	-	-	-	-	-	-	3,885,905
GA06P006501-14 Capital Fund Program 2014	4,665,921	-	-	-	-	-	-	-	4,665,921
GA06P006501-15 Capital Fund Program 2015	5,427,060	-	-	-	-	-	-	-	5,427,060
Total Capital Fund Program Grants	52,606,839	25,279,522	9,426,542	34,706,064	25,279,522	9,426,542	34,706,064	-	17,900,775
HOPE VI Grants:									
GA4APH006CN110 Choice Neighborhood Planning *	250,000	250,000	-	250,000	250,000	-	250,000	-	-
Total HOPE VI Grants	250,000	250,000	-	250,000	250,000	-	250,000	-	-
Replacement Housing Factor Grants:									
GA06R006502-10 RHF 2010-2 *	3,958,066	3,958,066	-	3,958,066	3,958,066	-	3,958,066	-	-
GA06R006501-11 RHF 2011-1*	2,534,662	2,534,662	-	2,534,662	2,534,662	-	2,534,662	-	-
GA06R006502-11 RHF 2011-2	2,136,846	1,875,439	261,407	2,136,846	2,136,846	-	2,136,846	-	-
GA06R006501-12 RHF 2012-1	6,618,731	-	4,295,542	4,295,542	253,205	5,208,357	5,461,562	1,157,169	1,157,169
GA06R006502-12 RHF 2012-2	1,429,204	-	-	-	-	2,532	2,532	-	1,426,672
GA06R006501-13 RHF 2013-1	5,803,172	-	-	-	-	-	-	-	5,803,172
GA06R006502-13 RHF 2013-2	2,672,813	-	-	-	-	-	-	-	2,672,813
GA06R006501-14 RHF 2014-1	5,536,616	-	-	-	-	-	-	-	5,536,616
GA06R006502-14 RHF 2014-2	2,629,657	-	-	-	-	-	-	-	2,629,657
GA06R006501-15 RHF 2015-1	5,121,340	-	-	-	-	-	-	-	5,121,340
GA06R006502-15 RHF 2015-2	1,651,700	-	-	-	-	-	-	-	1,651,700
Total Replacement Housing Factor Grants	40,092,807	8,368,167	4,556,949	12,925,116	8,882,779	5,210,889	14,093,668	1,157,169	25,999,139
Resident Opportunity & Self Sufficiency Grants:									
GA006FSH172A014 ROSS 2014	118,999	-	70,363	70,363	-	70,007	70,007	11,206	48,992
Total Resident Opportunity & Self Sufficiency Grants	118,999	-	70,363	70,363	-	70,007	70,007	11,206	48,992
Total HUD-Funded Grants	$ 93,068,645	$ 33,897,689	$ 14,053,854	$ 47,951,543	$ 34,412,301	$ 14,707,438	$ 49,119,739	$ 1,168,375	$ 43,948,906

* Grants completed in year ended June 30, 2014

The Housing Authority of the City of Atlanta, Georgia

SCHEDULE OF CFP PROGRAM COMPLETION COSTS AND ADVANCES PROGRAM CERTIFICATION

Contract completed during the year ended June 30, 2015

GRANT NAME	CFP Year 2011
PROJECT NUMBER	GA06P006501-11
GRANT AWARD EFFECTIVE DATE*	August 3, 2011
CONTRACT COMPLETION DATE	August 2, 2015
BUDGET	$ 9,426,542
ADVANCES	$ 9,426,542
COSTS	9,426,542
EXCESS/(DEFICIENCY) OF ADVANCES DUE TO/(FROM) HUD	$ -
AMOUNT TO BE RECAPTURED BY HUD	$ -

*Represents the LOCCS effective date.

The actual CFRG Cost Certificate is in agreement with AHA records.

All amounts due have been received and all liabilities have been paid and there are no undischarged liens (mechanics, laborers, contractors, or material-means) against the Project on file in any public office where the same should be filed in order to be valid. The time in which such liens could be filed has expired.

The Housing Authority of the City of Atlanta, Georgia

SCHEDULE OF RHF PROGRAM COMPLETION
COSTS AND ADVANCES PROGRAM CERTIFICATION

Contract completed during the year ended June 30, 2015

GRANT NAME		RHF 2011-2
PROJECT NUMBER		GA06R006502-11
GRANT AWARD EFFECTIVE DATE*		August 3, 2011
CONTRACT COMPLETION DATE		June 30, 2015
BUDGET	$	2,136,846
ADVANCES	$	2,136,846
COSTS		2,136,846
EXCESS/(DEFICIENCY) OF ADVANCES DUE TO/(FROM) HUD	$	-
AMOUNT TO BE RECAPTURED BY HUD	$	-

*Represents the LOCCS effective date.

The actual CFRG Cost Certificate is in agreement with AHA records.

All amounts due have been received and all liabilities have been paid and there are no undischarged liens (mechanics, laborers, contractors, or material-means) against the Project on file in any public office where the same should be filed in order to be valid. The time in which such liens could be filed has expired.

This Page Left Blank Intentionally