Comprehensive Annual Financial Report and Independent Auditors' Report

Atlanta Housing Authority

For the fiscal years ended June 30, 2017 and 2016

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, 2017 and 2016

Issued by the Finance Department of the Atlanta Housing Authority

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INTRODUCTORY SECTION

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November 30, 2017

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, 2017 and June 30, 2016. 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 15.

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).

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) located 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* ***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. The Consolidated Appropriations Act, 2016 further extended the MTW status of all MTW agencies until the end of their fiscal year 2028.

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 strategic plan, known as Vision 2022, 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 also provides 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 2017 MTW 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 a MTW Single Fund which may be used for MTW-eligible activities set forth in AHA's Annual Plan that best meet local low-income housing needs. The funding flexibility provided to 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 successful 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 developing 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 2017 AHA focused on the following priorities as articulated in Vision 2022.

Vision 2022

In the latter part of FY 2017, AHA introduced its new strategic goals, under the umbrella of the plan known as Vision 2022. Vision 2022 is a comprehensive and strategic plan that renews the Atlanta Housing Authority's focus of being the frontrunner of affordable housing in the City of Atlanta. AHA strongly believes in the potential of the individual. Therefore, Vision 2022 takes a people-centered, holistic approach that creates opportunities for those we serve to live, work and thrive in innovative, safe and healthy communities. These three thrusts are the building blocks of our strategy:

- **Live:** AHA will redefine its approach to affordable housing development to emphasize community development, alongside the creation of innovative live-work-thrive innovation spaces.
- **Work:** AHA will invest agency funding toward the agency's self-sufficiency programs, with a focus on family independence, student achievement, digital literacy/connectivity, health and volunteerism.
- **Thrive:** AHA will streamline its service delivery approach by updating financial policies and protocols, continuing to reduce operational overhead, and identifying areas to preserve and increase quality affordable housing in the City of Atlanta.

AHA believes that people are the heartbeat of a community, not buildings. Thus, as we strive to increase access to quality housing for all, we also consider the needs of those we serve and ways in which we can improve their lives and the surroundings. That is the core of Vision 2022. It is a strategy about people and community — people living well and working toward total self-reliance in communities that thrive.

Vision 2022 is fully described on AHA's website at:
https://www.atlantahousing.org/cms/uploads/file/Vision2022_3.23.17.pdf.

VISION 2022
LIVE. WORK. THRIVE.

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. 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 the 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.

In 2012, AHA used its MTW authority to design a reformulation demonstration by which HUD would replace public housing funding with Housing Choice Voucher (HCV) funding for selected communities in AHA's real estate portfolio. Chosen communities would secure private financing for revitalization and HUD would provide sufficient HCV funding to pay for operating expenses as well as covering debt service. AHA and HUD used the reformulation demonstration to convert Centennial Place I, II, III and IV to HCV funding in 2013.

At the same time, however, HUD created a program with similar aims known as the Rental Assistance Demonstration (RAD) and notified AHA that future conversions would use the RAD model. In 2017, Juniper & Tenth Highrise became AHA's first conversion to HCV funding under RAD. Its tenants were temporarily relocated and it is being remodeled with re-occupancy scheduled for January 2018. HUD subsequently approved two more AHA communities for RAD conversion and invited AHA to convert the rest of the AHA-owned and AHA-supported mixed-income, mixed-finance (MIXED) properties, which AHA plans to do in the coming years.

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 communities and administered approximately 4,500 certificates and vouchers. As of June 30, 2017, AHA's housing profile and operating activities have evolved into the following:

- Public-housing-assisted communities (10 senior high-rise buildings and two small-family developments) owned and operated through professional property management firms, with 1,783 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 rental communities owned and operated by related public/private Owner Entities;
- Tenant-based Housing Choice Voucher rental assistance for 10,467 units owned and operated by private property owners;
- HomeFlex (formerly known as Project-Based Rental Assistance or PBRA) for 1,775 units in six of the MIXED rental communities owned and operated by related public/private Owner Entities;
- Rental assistance for 3,364 HomeFlex units in other MIXED and Supportive Housing (HAVEN) communities owned and operated by unrelated private owners;

- Additional rental assistance to 199 participants in HAVEN communities under AHA's pilot rental assistance for homeless prevention through local programs;
- Mortgage assistance to 25 participants, who used their Tenant-based Housing Choice vouchers for homeownership; and
- Down payment assistance to 553 first-time homebuyers 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 Housing Choice Voucher funds in FY 2017. During FY 2017, approximately 89 percent of AHA's funds received from HUD were attributable to Housing Choice Voucher funds.

Moreover, as a result of the strategic Revitalization Program and other initiatives, and the shift from a primarily Public Housing operating fund platform to Housing Choice Voucher fund 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 receives non-federal 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 Financial Planning and Analytics staff. At the beginning 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. AHA then develops an annual budget to accomplish the goals and priorities of that plan.

On an annual basis, the Board approves the Authority's Comprehensive Operating and Capital Budget after the CEO has presented both the MTW Annual 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 Financial Planning and Analytics staff and the Authority's departments. Monthly actual-to-budget reviews are conducted at the management and executive levels, and budget revisions and actions to address variances against budget are taken, as needed, 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.

Financial and Operational Oversight: AHA began an organizational assessment to start-up an internal compliance division to ensure continued regulatory compliance, operational performance monitoring and productivity in real estate development, asset portfolio and Housing Choice Voucher management. In addition, three new standing Board committees will be formed and operational in FY 2018: Audit and Finance Committee; Operations Committee; and Real Estate Modernization and Investment Committee.

Economic Conditions and Financial Outlook

Our MD&A on page 19 provides a comprehensive analysis of national and local economic conditions and financial outlook, including the status and outlook of federal funding.

FY 2017 Accomplishments and Program Highlights

AHA comprehensively operates the entire agency pursuant to its MTW Agreement, which was successfully extended to 2028 during 2016, 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, inclusive of 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 2017 major accomplishments and milestones, which demonstrate AHA's continued strategic focus and commitment to its Vision and three primary statutory goals.

- 23,093 households served during FY 2017.
- 1,126 new households were housed from the 2015 Housing Choice waiting list, special program referrals and incoming ports.
- 83 eligible, first-time homebuyers received down payment assistance from AHA.
- Established a new HCVP waiting list of 30,000 registrants using a local residency and work preference.
- To increase the supply of quality, MIXED rental housing in the tight Atlanta rental market, initiated Herndon, Englewood and Westside redevelopments.
- Through procurement activity, brought the HomeFlex pipeline to 1,305 committed units, which will be available from FY 2018 through FY 2020.
- Committed through Memorandums of Understanding and collaborative partnerships with Invest Atlanta, Atlanta Beltline and Westside Future Funds for up to $105 million in co-investment development funds.
- Reconnected with 279 former residents and engaged in Vision planning for community redevelopment through the Choice Neighborhoods Implementation Grant that will revitalize the former University Homes, Ashview Heights and Vine City neighborhoods.
- AHA's Neighborhood Stabilization Demonstration developed 28 new housing units designed as lease-to-own housing opportunities built on AHA-owned land within the Mechanicsville community.
- Closed on the first HUD-approved RAD project that preserved 149 housing units at Juniper & Tenth Highrise.
- Housed 87 formerly homeless individuals and families that "graduated" from permanent supportive housing, and provided a voucher.
- Provided short-term housing assistance to stabilize 199 families at risk of homelessness.
- Provided human development and case management services to 1,434 Housing Choice participants.

- Established a new Partnerships and People Investments division engaged in strategic planning to enhance human development services.
- Awarded scholarships to 35 students valued at nearly $65,000 through AHA's Atlanta Community Scholars Award, Choice Neighborhoods and other scholarship programs.
- Completed 100 percent of Housing Choice and HomeFlex inspections, and 100 percent of scheduled audits of AHA-owned and MIXED communities.
- Recognized for our innovative corporate internal software development with the 2017 Southeastern Software Association (SSA) Impact Award from the Technology Association of Georgia.

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

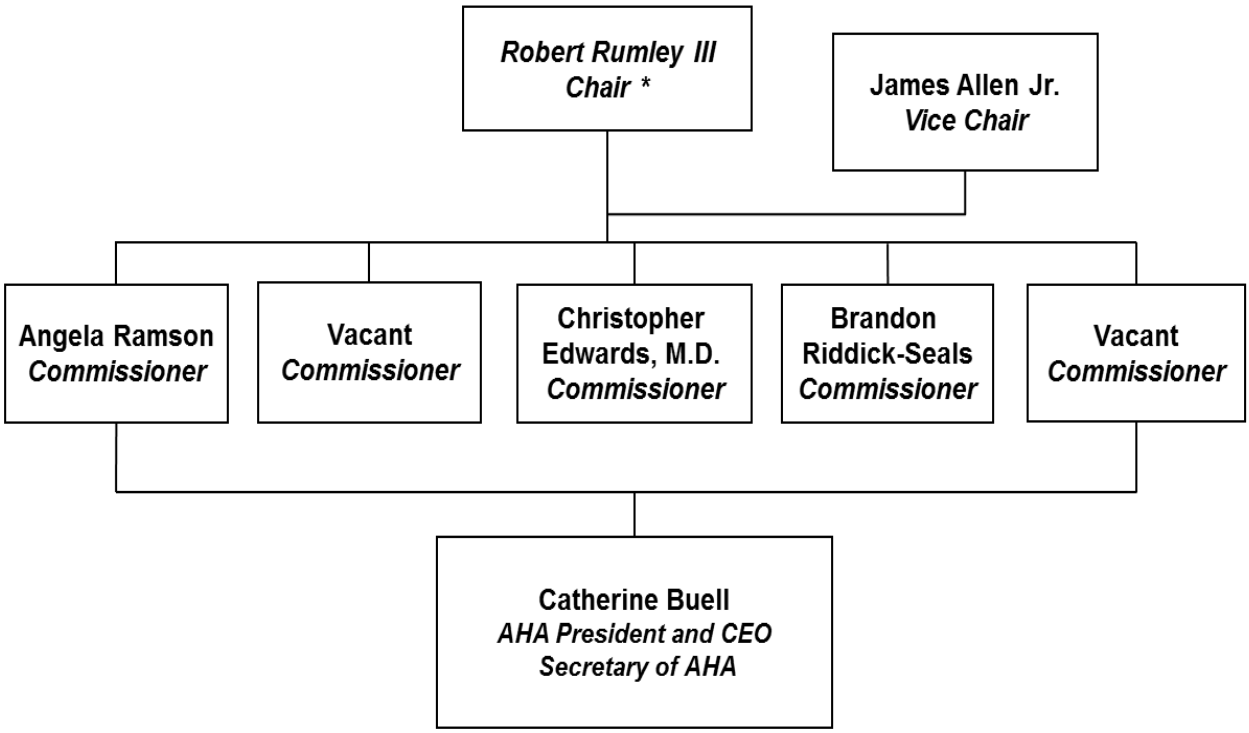
We would like to take this opportunity, on behalf of the staff and residents of the Atlanta Housing Authority, to acknowledge the members of the Board of Commissioners for their tireless support and guidance.

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

Catherine V. Buell
President and CEO

Myrianne Robillard
Senior Vice President of Finance

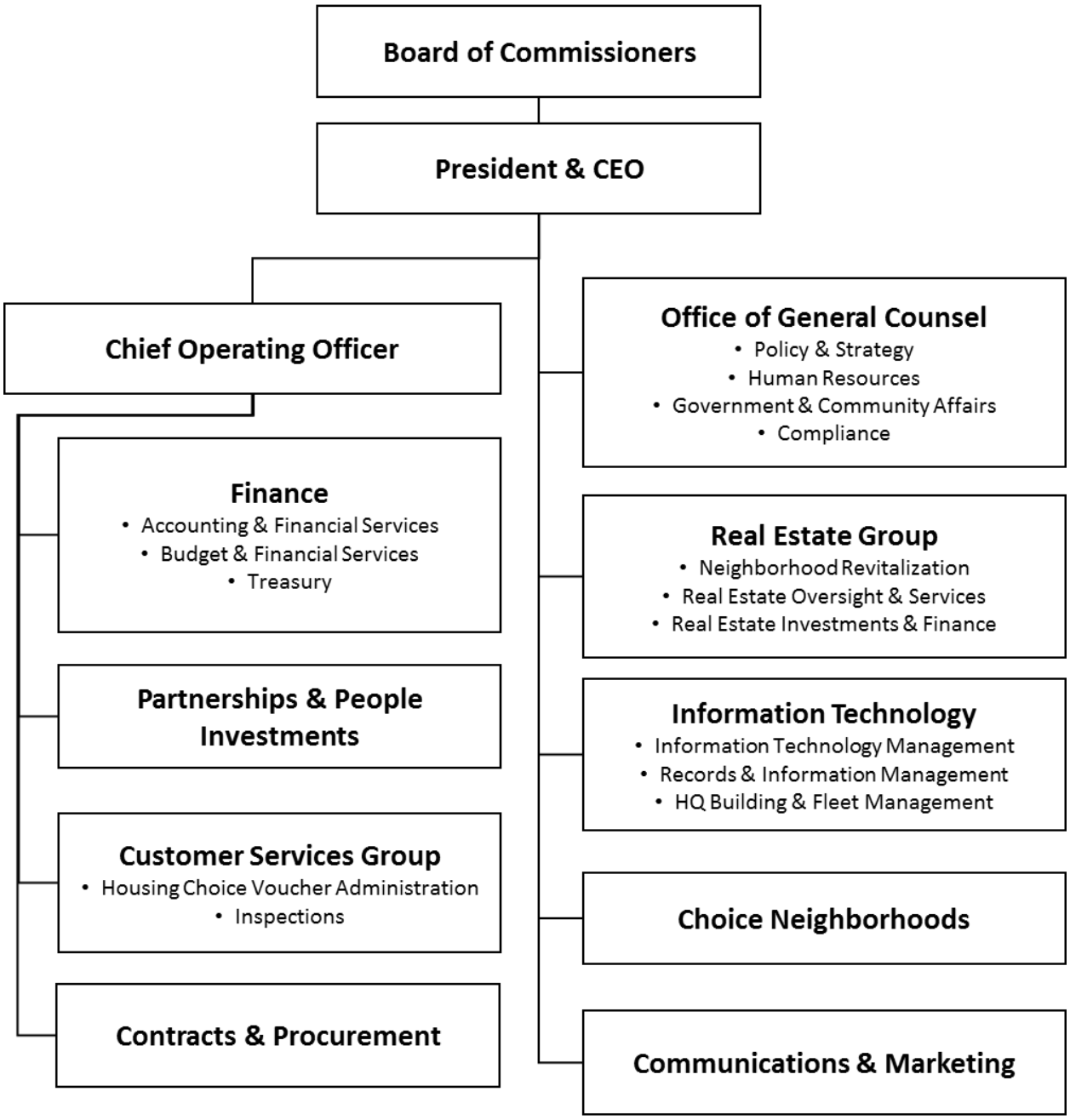
AHA's Board of Commissioners



* Daniel Halpern served as Board Chair until June 28, 2017

As of June 30, 2017

AHA's Organizational Structure



As of June 30, 2017

FINANCIAL SECTION

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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, 2017 and 2016, 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, 2017 and 2016, 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 19 to 45 and the Schedule of Changes in Net Pension Liability and Related Ratios and Schedule of Pension Plan Contributions on pages 85 and 86, 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 Development Loans, Schedules of Related-Party Other Loans and Fees Receivable, Schedules of Related-Party Transactions, Schedule of HUD-Funded Grants, Schedules of ROSS Program Completion Costs and Advances Program Certification, and statistical information 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 Development Loans, Schedules of Related-Party Other Loans and Fees Receivable, Schedules of Related-Party Transactions, Schedule of HUD-Funded Grants, and Schedules of ROSS 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 Development Loans, Schedules of Related-Party Other Loans and Fees Receivable, Schedules of Related-Party Transactions, Schedule of HUD-Funded Grants, and Schedule of ROSS 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 and statistical information have 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 them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2017, 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 solely 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 effectiveness of The Housing Authority of the City of Atlanta, Georgia's 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 30, 2017

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2017 (FY 2017) and June 30, 2016 (FY 2016). 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, 2017, and June 30, 2016, 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: 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. 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, development and other grants used for operating expenses as well as fees earned in conjunction with development activities under AHA's development and revitalization program. 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 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.13 of the **Financial Statements** for further information*.

FY 2017 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 10,467 households at the end of FY 2017 compared to 10,012 at the end of FY 2016, which includes 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 2017 accomplishments include:

- A total of **$91.9 million** provided in payments under this program.
- 1,126 new households were housed from the 2015 Housing Choice waiting list and for special programs.

HomeFlex Program

At the end of FY 2017, 5,139 households were supported under AHA's HomeFlex program, which included payments to related Owner Entities (private-sector owners) of AHA-Sponsored MIXED communities, unrelated private-sector owners of mixed-income developments and unrelated owners of HAVEN communities. Significant FY 2017 accomplishments include:

- A total of **$36.4 million** provided in payments under this program.
- Rental assistance provided to 3,364 households in unrelated MIXED communities compared to 3,271 at the end of FY 2016.
- Rental assistance provided to 1,775 households at six AHA-Sponsored MIXED communities essentially at same level than at the end of FY 2016.

Operating Subsidy Provided to Owner Entities of AHA-Sponsored MIXED Communities

AHA served 2,221 families in public-housing-assisted units in AHA-Sponsored MIXED rental communities by providing **$11.8 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 communities not covered by tenant rents.

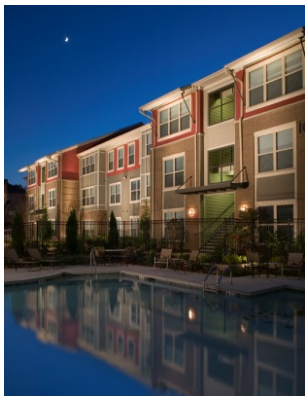
Operating Expenses and Capital Improvements at AHA-Owned Residential Communities

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 10 senior high-rises as follows:

- Funded **$8.0 million** in operating expenses, including human development services, which were not covered by tenant rents to support 1,783 households during FY 2017. Juniper & Tenth Highrise converted to Project-based Voucher funding during FY 2017 and was only funded as an AHA-owned residential community part of the fiscal year.

FY 2017 OPERATION HIGHLIGHTS — continued

- Invested **$1.1 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 **$3.7 million, net of reimbursements,** in predevelopment loans, developer loans, outside legal counsel and relocation payments for conversion of Juniper & Tenth Highrise under the 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 2017 OPERATION HIGHLIGHTS — continued

Real Estate Development and Revitalization Activities

AHA funded **$8.8 million** for revitalization activities, other than RAD, during FY 2017 as AHA and its private-sector development partners continued to advance the Master Plans for the MIXED communities.

FY 2017 revitalization activity highlights include:

Choice Neighborhoods Implementation Grant

On September 28, 2015, AHA and the City of Atlanta were awarded $30 million from HUD as part of a 2014 Choice Neighborhoods Implementation Grant (CNIG). These funds are being utilized to redevelop the former University Homes public housing site and to revitalize the three surrounding neighborhoods of Ashview Heights, Atlanta University Center Neighborhood and Vine City (collectively referred to as the University Choice Neighborhood or UCN).

AHA (Applicant and People Implementation Entity), the City of Atlanta (co-Applicant), MBS-Integral UCNI, LLC (Housing Implementation Entity), Invest Atlanta (Neighborhood Implementation Entity) and the United Way of Greater Atlanta (Principal Education Partner) are working in concert with the Atlanta University Center Consortium, Atlanta Public Schools, The Arthur M. Blank Family Foundation, community partners, former residents of University Homes and community residents to develop programs and partnerships to improve the health, education and economic outcomes of the former residents of University Homes, residents of the revitalized site and residents of UCN.

Activities completed under the CNIG during FY 2017 are available in the MTW 2017 Annual Report, which can be accessed at AHA's website.

Auburn Pointe (Grady Homes Revitalization)

- In June 2016, AHA transferred ownership of 1.77 acres to the City of Atlanta for the construction and operation of a natatorium to provide a recreational amenity for the revitalized site. Construction is underway with completion expected in November 2018.

Castleberry Hill

- AHA is working with its development partners on negotiations and plans for completing RAD conversions and renovation projects for Phases I & II of the Villages of Castleberry Hill.
- Villages of Castleberry Hill I has been awarded a 9% LIHTC allocation. AHA submitted a RAD application for the Villages of Castleberry Hill II with the RAD Portfolio Application in October 2017.

FY 2017 OPERATION HIGHLIGHTS — continued

Centennial Place (Techwood/Clark Howell Homes Revitalization)

Historic Cupola Building at Centennial Place

- AHA staff continued to assess the viability of the Cupola Building as a small-developer opportunity and potentially a 100% affordable condominium project. AHA plans to issue a request for proposals for professionals to conduct a development feasibility study during FY 2018.
- A total refresh of Centennial Place is underway, and the project has received allocations of Low-Income Housing Tax Credits (LIHTC) for all phases. Rehabilitation of Phase I and Phase II are complete and Phase III is under construction. Phase IV is expected to close before the end of FY 2018.
- Public improvement work on a road to serve the final phase of the Centennial development, Centennial Park North II and GA Tech using public improvement funds from the City is in assessment and planned for FY 2018.

CollegeTown at West End (Harris Homes Revitalization)

- AHA received Board approval in June 2017 for the sale of 3.1278 acres of undevelopable land on the footprint of the former Harris Homes, now known as CollegeTown, to Truly Living Well Center for Natural Urban Agriculture (TLW). TLW is a non-profit enterprise that offers education and training on urban farming techniques and guidance on healthy living in a neighborhood considered a "food desert." The transaction is expected to close in FY 2018, once disposition approval is received from HUD.

Villages of East Lake

- AHA is working with its development partner to complete a RAD application for renovating Phases I & II of the Villages of East Lake. The RAD application was submitted with the AHA RAD Portfolio Application in October 2017.

Villages at Carver

- In conjunction with the renewal of the HomeFlex agreement for the Veranda at Carver, a Senior Community, AHA continued negotiations with Integral to reduce the contract rents at the property from market rate rents to 60% of Area Median Income (AMI) in lieu of reducing the number of HomeFlex units at the property.

FY 2017 OPERATION HIGHLIGHTS — continued

Mechanicsville (McDaniel Glenn Revitalization)

- In December 2014, HUD approved the disposition of 3.17 acres of the McDaniel Glenn site for the development of 28 lease-to-own homes for families at or below 60% of AMI. The Neighborhood Stabilization Program was a partnership between AHA, its development partner, the City of Atlanta and the Department of Community Affairs. In FY 2017, 28 homes were completed and occupied.
- In addition, the developer acquired land or existing structures throughout the Mechanicsville neighborhood and completed the rehab or new construction of an additional 46 homes in FY 2017.

Piedmont Road Highrise

- Having received HUD approval for RAD conversion, AHA and its partners are working toward the RAD financial closing on the property in FY 2018.
- Rehabilitation will take place immediately following the conversion.

Magnolia Park

- Parties executed a Settlement Agreement on February 16, 2017, on Phase II of Magnolia Park, that prohibits the Owner from filing bankruptcy for two years. The Court entered an order confirming the bankruptcy case on March 19, 2017.
- AHA will submit a RAD application for the two Phases of Magnolia Park upon finalization of a rehabilitation plan with the Owner.

Scholars Landing (University Homes Revitalization)

- Ashley I at Scholars Landing, the first multi-family phase at Scholars Landing, is under commitment and expected to close in the fall of 2017 and come on line in early 2019. The community will include 54 AHA-assisted HomeFlex units, 54 Workforce units (80–120% AMI) and 27 market-rate units.

West Highlands at Heman Perry Boulevard (Perry Homes Revitalization)

- Disposition approval for land to Atlanta Public Schools for the development and operation of a K–8 charter school (West Atlanta Charter School) on the West Highlands site was received in January 2017. The closing date has yet to be determined.
- Public improvements are underway on the final phase of the for-sale development.
- Brock Built Homes reported good sales activity with improved market conditions. As of June 30, 2017, 284 homes were sold (82 affordable to families at 80% or less AMI), with 72 lots in development and 22 homes under contract. Vertical construction continued on developed lots with pre-sale homes.

FY 2017 OPERATION HIGHLIGHTS — continued

Herndon Homes

- A development agreement between Hunt/Oakwood and AHA was signed on February 15, 2017. Hunt/Oakwood applied for 9% LIHTCs in May 2017 for a senior phase (105 affordable units with HomeFlex subsidy) to include a Health and Wellness Center. Following the rejection of the 9% LIHTCs in FY 2018, the developers are pursuing a 4% bond deal.
- The site was rezoned from RG-3 (Capital Residential) to Planned Development Mixed-Use (PDMU) in June 2017 to accommodate higher density mixed-use development.

Englewood Manor

- In the Chosewood Park Neighborhood, located across the street from Atlanta BeltLine's Boulevard Crossing site, AHA will develop more than 400 multi-family units in a dynamic mixed-use, mixed-income environment on 25.98 acres, with additional development to occur on land acquired from the City of Atlanta.
- AHA issued an RFQ for development of Englewood during FY 2017 with an RFP to be issued to shortlisted developers in early FY 2018 for the development of the first 16.7 acres of the site.
- In December 2016, AHA completed a land swap with the City of Atlanta for the exchange of 10.25 acres known as Bankhead Courts North for 11.83 acres located near the Englewood Manor former public housing site, planned for future redevelopment.
- AHA is pursuing another land swap with the City of Atlanta for 13.8 acres formerly known as the Jonesboro South public housing community in exchange for two parcels of land totaling 8.62 acres located in the Englewood District, which would close during FY 2018 if the parties meet all the conditions.

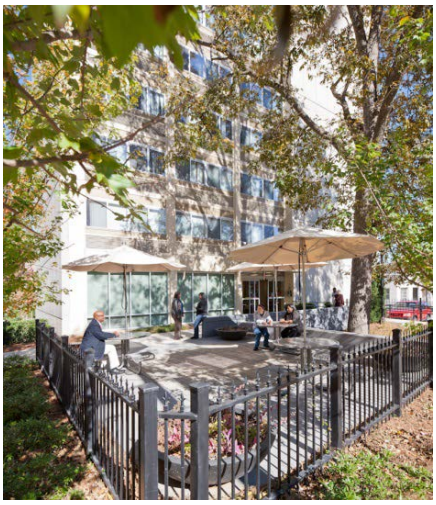
Longer-term real estate strategy and other development activities

- Working with a real estate consultant who performed market analyses, land use assessments and financial modeling, a real estate strategy was advanced for the development of the vacant land of 11 former public housing sites. AHA determined the optimum number of units to be constructed on the sites including the number of affordable units, the cost associated with the development and the timeline for development. These factors were incorporated into a comprehensive real estate strategy that included recommendations for the rehabilitation of AHA-owned and AHA-sponsored MIXED communities.

FY 2017 OPERATION HIGHLIGHTS — continued

Homeownership Down Payment Assistance

- Using its MTW flexibility, AHA partnered with local lenders to provide $1.5 million in down payment assistance to 81 low-income, first-time homebuyers purchasing homes throughout the City of Atlanta. Homebuyers qualify for this program by earning 80 percent or less of the Area Median Income, or $54,000 for a family of four.





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

FY 2017 FINANCIAL HIGHLIGHTS

AHA's financial position remained strong with a net position of **$396.2 million** at June 30, 2017.

- Total assets and deferred outflows exceeded total liabilities and deferred inflows at June 30, 2017, by $396.2 million (net position), representing a $37.0 million or 8.5% reduction from prior year. Unrestricted net position of $36.3 million at the end of FY 2017 consisted primarily of unrestricted cash and investments available for MTW-authorized activities as well as a working capital reserve to support liquidity for AHA public housing operations. In addition to its $36.3 million unrestricted net position, at June 30, 2017, AHA had $135.6 million in funds held at HUD from undrawn Housing Choice Voucher subsidy which is available to AHA for future uses, and for which AHA has commitments in place with affordable housing-related projects.
- The $37.0 million decrease in net position year-over-year resulted primarily from a net operating loss of $27.4 million driven primarily from reduced operating funding from HUD due to HUD's requirement that AHA use all Housing Choice HAP-derived cash balances held at AHA and $8.7 million for depreciation and amortization expense. Also contributing to the net position decrease was a $16.7 million valuation allowance adjustment, included in non-operating expenses, resulting primarily from a $14.2 million valuation allowance recorded on public improvement advances at Perry Homes, which are not expected to be reimbursed by the City of Atlanta. Offsetting these decreases was $6.9 million of capital contributions for which expenditures were capitalized.
- AHA's current ratio that measures AHA's liquidity decreased from 7.0 to 5.7 (ratio of current assets over current liabilities) during FY 2017, but still remains very strong. The primary reasons for the lower ratio are the reduction in cash following HUD's funding reduction and the investment of $12.0 million of surplus program income and non-federal funds into long-term U.S. government agency securities. It should be noted that the current ratio does not include HUD-held funds discussed above.
- Capital assets, net of accumulated depreciation, decreased by $11.3 million from $136.3 million to $125.0 million during FY 2017 primarily due to depreciation and disposals exceeding capital asset acquisitions.
- AHA managed to reduce its non-current liabilities by $9.3 million as a result of a $2.4 million pay down of its EPC loan as part of RAD conversion; a $3.9 million reduction in its net pension plan liability; and the recognition of $3.0 million of deferred gain primarily from the repayment of a promissory note issued by AHA following a land conveyance for Centennial Park North II development.

FINANCIAL ANALYSIS

CONDENSED STATEMENTS OF NET POSITION*

As of June 30,

(in millions)

	2017	2016	2015	2017 vs. 2016 Increase/ (Decrease)	2016 vs. 2015 Increase/ (Decrease)
ASSETS AND DEFERRED OUTFLOWS					
Current assets	$ 92.2	$ 125.2	$ 125.9	$ (33.0)	$ (0.7)
Related-party development loans, receivables and investments in partnerships, net of allowance	176.3	177.9	176.1	(1.6)	1.8
Capital assets, net of accumulated depreciation	125.0	136.3	145.3	(11.3)	(9.0)
Other non-current assets and deferred outflows	26.2	28.3	20.0	(2.1)	8.3
Total non-current assets and deferred outflows	327.5	342.5	341.4	(15.0)	1.1
TOTAL ASSETS AND DEFERRED OUTFLOWS	$ 419.7	$ 467.7	$ 467.3	$ (48.0)	$ 0.4
LIABILITIES AND DEFERRED INFLOWS					
Current liabilities	$ 16.2	$ 17.9	$ 19.0	$ (1.7)	$ (1.1)
Long-term debt, net of current portion	5.9	8.3	8.6	(2.4)	(0.3)
Net pension plan liability	0.5	4.4	1.7	(3.9)	2.7
Other non-current liabilities and deferred inflows	0.9	3.9	3.4	(3.0)	0.5
Total liabilities and deferred inflows	23.5	34.5	32.7	(11.0)	1.8
NET POSITION					
Net investment in capital assets	118.9	127.7	136.5	(8.8)	(8.8)
Restricted–expendable	241.0	232.9	228.4	8.1	4.5
Unrestricted	36.3	72.6	69.7	(36.3)	2.9
Total net position	396.2	433.2	434.6	(37.0)	(1.4)
LIABILITIES, DEFERRED INFLOWS AND NET POSITION	$ 419.7	$ 467.7	$ 467.3	$ (48.0)	$ 0.4

** As a result of rounding, the sum of individual line items may deviate slightly from the actual total.*

FINANCIAL ANALYSIS — continued

Total Assets and Deferred Outflows

June 30, 2017 vs. June 30, 2016

Total assets and deferred outflows decreased by **$48.0 million** year-over-year primarily due to the following:

- ***Current assets*** decreased by **$33.0 million** year-over-year primarily due to a net decrease in cash and investments of $32.2 million resulting from reduced subsidy payments as HUD required AHA to deplete all locally held Housing Choice HAP-derived cash balances as well as the investment of surplus program income and non-federal cash in long-term U.S. government agency securities. Additionally, AHA paid down the EPC loan related to Juniper & Tenth and Piedmont Road high-rises, and reduced the net pension liability.
- ***Total non-current assets and deferred outflows*** decreased by **$15.0 million** year-over-year primarily due to the following items:
  - A decrease in ***Related-party development and other loans*** of **$1.6 million** primarily associated with repayments of the Centennial Park North II land conveyance note and various development cash flow loans as well as an increase in the valuation allowance. Offsetting these loan reductions was a $3.7 million development loan issued within the Juniper & Tenth Highrise RAD conversion.
  - A decrease in ***Capital assets, net of accumulated depreciation*** of **$11.3 million** primarily due to the disposal of Juniper & Tenth Highrise under the RAD conversion ($3.6 million), current year depreciation ($8.7 million) and a land sale as part of the Choice Neighborhoods project ($0.6 million). These reductions in capital assets were partially offset by capital spending at AHA-owned properties totaling $1.4 million and a $0.2 million net cash outlay made in a land swap with the City of Atlanta during FY 2017 (*see Note H on page 66*).
  - A decrease in ***Other non-current assets and deferred outflows*** of **$2.1 million** primarily due to the $14.2 million valuation allowance established for the public improvement advances to the City of Atlanta, which is no longer expected to be funded by a future Perry Bolton TAD bond issue. This reduction was offset by a $12.0 million increase in non-current investments.

June 30, 2016 vs. June 30, 2015

Total assets and deferred outflows increased by **$0.4 million**, year-over-year primarily due to the following:

- ***Current assets*** decreased by **$0.7 million** year-over-year primarily due to a decrease in various receivables totaling $0.5 million and a decrease in cash of $0.3 million primarily caused by a decrease of Perry Bolton TAD program income cash which was used for development; partially offset by an increase of $0.1 million in prepaid expense, primarily lower prepaid insurance.

FINANCIAL ANALYSIS, Total Assets and Deferred Outflows — continued

- ***Total non-current assets and deferred outflows*** increased by **$1.1 million** year-over-year primarily due to the following items:
  - An increase in ***Related-party development and other loans*** of **$1.8 million** which was primarily associated with a $0.5 million increase in Centennial Park II loan as a result of the financial closing under the reformulation, predevelopment loans issued totaling $0.9 million primarily for the conversion of certain AHA-owned rental properties under the HUD RAD program, loans issued for sale of land within AHA's homeownership program of $0.8 million and developer and other fees of $0.7 million earned but unpaid at June 30, 2016. These increases were partially offset by loan and fee payments of $1.1 million received during FY 2016.
  - A decrease in ***Capital assets, net of accumulated depreciation*** of **$9.0 million**, due to current year depreciation of $9.6 million and $0.9 million cost of asset disposals, mainly land. These reductions in capital assets were partially offset by capital spending at AHA-owned residential properties totaling $1.5 million during FY 2016 (*see Note H on page 66*).
  - An increase in ***Other non-current assets and deferred outflows*** of **$8.3 million** primarily due to a $4.8 million increase in public improvement advances to the City of Atlanta and other related entities which are expected to be funded by a future Perry Bolton TAD bond issue and a $4.3 million increase in deferred outflows from actuarial losses resulting primarily from the change in mortality rate assumption used in the evaluation of the pension liability. Partially offsetting these increases was a $0.8 million decrease in restricted investments from the reduction of authority reserves for each of Centennial Place I and II following their conversions under the reformulation from Section 9 to Housing Choice Voucher funding.

FINANCIAL ANALYSIS — continued

Total Liabilities and Deferred Inflows

June 30, 2017 vs. June 30, 2016

Total liabilities and deferred inflows decreased by **$11.0 million** year-over-year primarily due to the following:

- ***Current liabilities*** decreased by **$1.7 million** year-over-year primarily due to a $1.1 million reduction in accrued liabilities due to the timing of invoicing and payments.
- ***Long-term debt, net of current portion*** decreased by **$2.4 million**, corresponding to the principal portion of the EPC capital lease payments made during FY 2017, inclusive of required payments for the RAD conversion of Juniper & Tenth and imminent conversion of Piedmont Road, which is expected to close in the second quarter of FY 2018 (*see Note L on page 69*).
- ***Net pension plan liability*** decreased by **$3.9 million** primarily due to a $7.5 million cash contribution to the plan during the fiscal year partially offset by an increase in the pension liability following a change in the discount rate assumption from 4.9% to 3.9%.
- ***Other non-current liabilities and deferred inflows*** decreased by **$3.0 million** due to the recognition of the deferred gain following the full repayment of the Centennial Park North II land conveyance note.

June 30, 2016 vs. June 30, 2015

Total liabilities and deferred inflows increased by **$1.8 million** year-over-year primarily due to the following:

- ***Current liabilities*** decreased by **$1.1 million** year-over-year primarily due to a $0.6 million reduction in accounts payable and accrued liabilities due to timing as well as a $0.5 million decrease in public improvement advances from the City of Atlanta and related entities.
- ***Long-term debt, net of current portion*** decreased by **$0.3 million**, corresponding essentially to the principal portion of the EPC capital lease payment made during FY 2016 (*see Note L on page 69*).
- ***Net pension plan liability*** increased by **$2.7 million** primarily due to a change in the mortality rate assumption and the lower than projected earnings on plan assets totaling $4.7 million, which was partially offset by a $2 million cash contribution from AHA to the plan during the fiscal year.
- ***Other non-current liabilities and deferred inflows*** increased by **$0.5 million** primarily due to an increase in deferred gain on land sale as the transactions involved non-cash consideration (loan) in exchange for land.

FINANCIAL ANALYSIS — continued

Total Net Position

June 30, 2017 vs. June 30, 2016

Total net position amounting to **$396.2 million** at June 30, 2017, represented a **$37.0 million** decrease over the prior year as a result of the following:

- ***Net investment in capital assets*** 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 **$8.8 million** decrease year-over-year primarily reflects a decrease of $11.3 million in capital assets net of depreciation, partially offset by a decrease of $2.5 million in related EPC debt. See additional information under *Total assets and deferred outflows* year-over-year analysis on page 29.
- ***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 MIXED communities. 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 **$8.1 million** year-over-year primarily due to $5.1 million of income from development-related activities such as interest on development loans, developer and other fees as well as profit participation in homeownership programs on sale of land and other operating income. Also contributing to the higher restricted net position was the recognition of the $3.0 million deferred gain as discussed above.
- ***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. The unrestricted net position decreased by **$36.3 million** year-over-year primarily due to HUD-reduced disbursements during FY 2017 requiring AHA to use Housing Choice HAP-derived local cash balance and other operating cash uses ($18.2 million), the increase in the valuation allowance ($16.7 million) and losses on sale of assets ($1.4 million).

FINANCIAL ANALYSIS, Total Net Position — continued

June 30, 2016 vs. June 30, 2015

Total net position amounting to **$433.2 million** at June 30, 2016 represents a **$1.4 million** decrease over the prior year as a result of the following:

- ***Net investment in capital assets*** 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 **$8.8 million** decrease year-over-year primarily reflects a decrease of $9.0 million in capital assets net of depreciation, partially offset by a decrease of $0.3 million in related EPC debt. See additional information under *Total assets and deferred outflows* year-over-year analysis on page 29.
- ***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 MIXED 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 **$4.5 million** year-over-year primarily due to a $1.0 million increase in related-party development loans, net of deferred gain on sale of land, and a $3.5 million increase in restricted cash resulting from development-related activities such as interest on development loans, developer and other fees as well as profit participation in homeownership programs on sale of land and homes.
- ***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. The unrestricted net position increased by **$2.9 million** year-over-year to $72.6 million at June 30, 2016.

FINANCIAL ANALYSIS — continued

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

Years ended June 30,

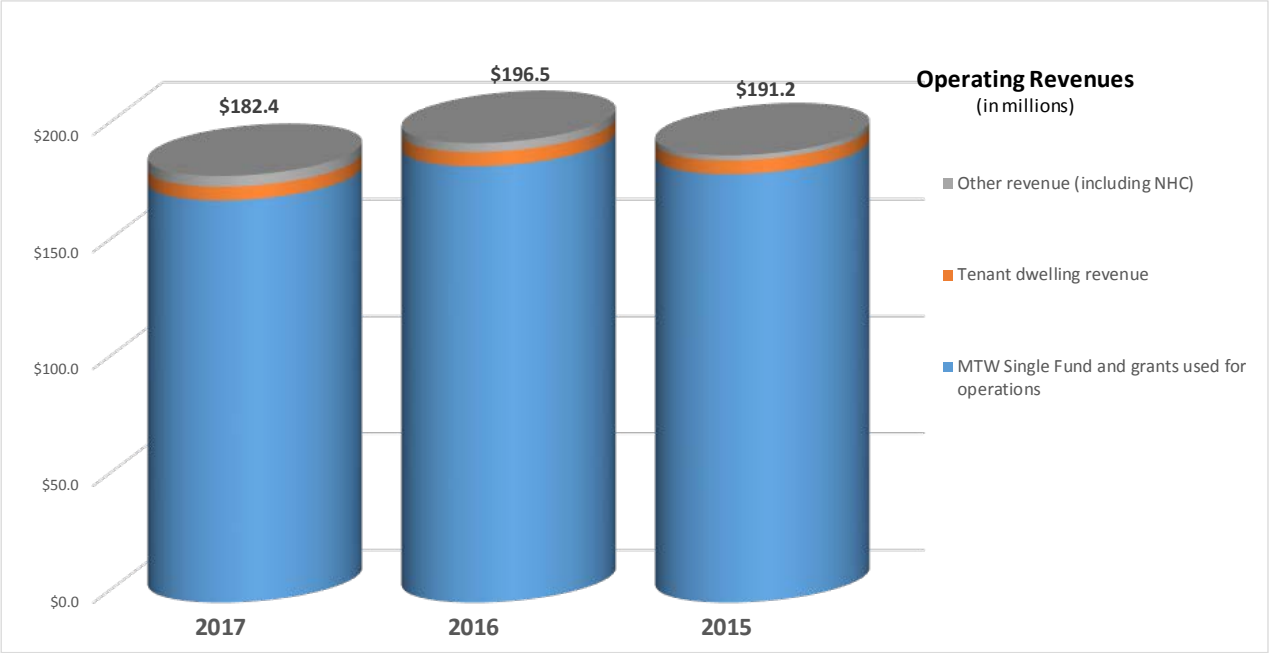
(in millions)

	2017	2016	2015	2017 vs. 2016 Increase/ (Decrease)	2016 vs. 2015 Increase/ (Decrease)
OPERATING REVENUES					
MTW Single Fund and grants used for operating expenses	$ 171.9	$ 186.5	$ 183.1	$ (14.6)	$ 3.4
Tenant dwelling revenues	5.8	6.1	5.9	(0.3)	0.2
Other operating revenues	4.6	3.8	2.2	0.8	1.7
Total operating revenues	182.4	196.5	191.2	(14.1)	5.3
OPERATING EXPENSES					
Housing assistance and operating subsidy payments	140.1	136.3	135.9	3.8	0.4
Administration and general, including direct operating divisions	43.1	38.2	37.4	4.9	0.8
Utilities, maintenance and protective services	10.5	11.0	12.5	(0.5)	(1.5)
Resident and participant services	3.5	3.2	3.2	0.3	–
Revitalization, demolition and remediation	3.9	3.5	1.8	0.4	1.7
Depreciation and amortization	8.7	9.6	11.9	(0.9)	(2.3)
Total operating expenses	209.8	201.7	202.7	8.1	(1.0)
NET OPERATING INCOME (LOSS)	(27.4)	(5.3)	(11.5)	(22.1)	6.1
NON-OPERATING REVENUES (EXPENSES)					
Interest and investment income	1.6	1.3	0.9	0.3	0.4
Gain (loss) on sale of assets	(1.0)	0.5	–	(1.5)	0.5
Valuation allowance	(16.7)	(1.7)	(1.6)	(15.0)	(0.1)
Interest expense	(0.4)	(0.4)	(0.4)	–	0.0
Total non-operating revenues (expenses)	(16.5)	(0.3)	(1.1)	(16.2)	0.8
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	(43.9)	(5.6)	(12.6)	(38.3)	6.9
CAPITAL CONTRIBUTIONS					
MTW Single Fund used for modernization and development capital expenditures and loans	3.1	3.6	5.9	(0.5)	(2.3)
Development grants used for development capital expenditures and loans	3.8	0.6	4.0	3.2	(3.4)
Total capital contributions	6.9	4.2	9.9	2.7	(5.7)
INCREASE (DECREASE) IN NET POSITION	(37.0)	(1.4)	(2.7)	(35.6)	1.3
NET POSITION — beginning of year	433.2	434.6	437.4	(1.4)	(2.7)
NET POSITION — end of year	$ 396.2	$ 433.2	$ 434.6	$ (37.0)	$ (1.4)

** As a result of rounding, the sum of individual line items may deviate slightly from the actual total.*

FINANCIAL ANALYSIS — continued

Operating Revenues



FY 2017 vs. FY 2016

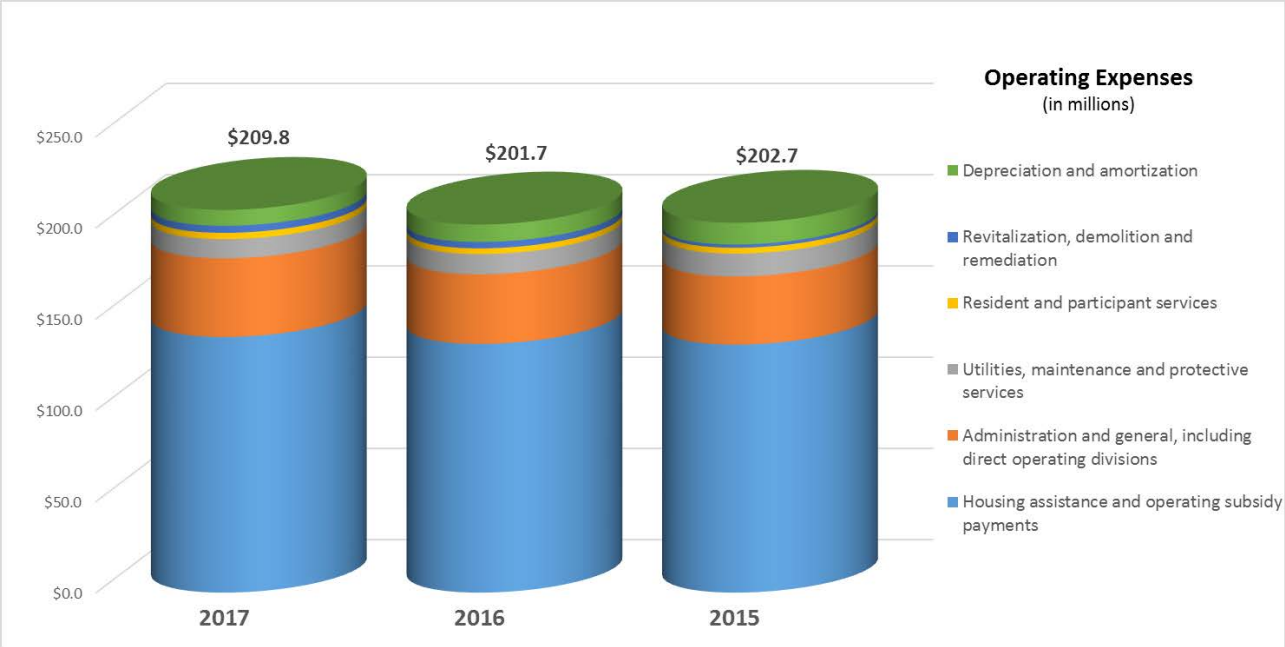
Total operating revenues decreased by **$14.1 million** year-over-year primarily due to a $14.5 million net decrease in the draws from HUD of ***MTW Single Fund and grants used for operating expenses*** which is comprised of Housing Choice Voucher (HCV) distributions where AHA was required to exhaust its HCV-derived MTW Single Fund cash balance in order to meet U.S Treasury cash management regulations. In addition, AHA drew $4.1 million less in public housing subsidy due to higher draws in FY 2016 because of timing. Tenant dwelling revenues were also $0.3 million lower due to Juniper & Tenth RAD conversion in November 2016. These reductions were partially offset by a $0.8 million increase in other operating revenues, which included $0.7 million higher homeownership profit participation and $0.1 million higher National Housing Compliance contributions.

FY 2016 vs. FY 2015

Total operating revenues increased by **$5.3 million** year-over-year primarily due to a $3.4 million increase in the 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 as well as new Choice Neighborhoods Implementation Grant and increased funds from the Family Self-Sufficiency program. In addition, other operating revenues were up $1.7 million due to increased development-related activities such as profit participation in home sales as well as one-time contributions from National Housing Inc. (NHC). Tenant dwelling revenues were also up by $0.2 million.

FINANCIAL ANALYSIS — continued

Operating Expenses



FY 2017 vs. FY 2016

Total operating expenses increased by **$8.1 million** year-over-year, with significant changes addressed below:

- ***Housing Assistance and Operating Subsidy Payments*** consists of payments to landlords, tenants and partners under the Tenant-based HCVP, rental assistance paid to unrelated private-sector owners and related Owner Entities under the HomeFlex program, and operating subsidy paid to related Owner Entities of MIXED rental communities. In aggregate, those payments increased by a net of **$3.8 million** year-over-year as presented below:

Housing Assistance and Operating Subsidy Payments	2017	2016	2015	2017 vs. 2016 Increase/ (Decrease)	2016 vs. 2015 Increase/ (Decrease)
	(in millions)				
Tenant-based Housing Choice Vouchers	$ 91.9	$ 88.2	$ 88.3	$ 3.6	$ (0.1)
HomeFlex	36.4	36.3	35.4	0.2	0.9
MIXED Operating Subsidy	11.8	11.8	12.2	–	(0.4)
Total	$ 140.1	$ 136.3	$ 135.9	$ 3.8	$ 0.4

FINANCIAL ANALYSIS, Operating Expenses — continued

- ***Tenant-based Housing Choice Voucher*** housing assistance payments to landlords and tenants increased by $3.6 million year-over-year reflecting increased lease up of vouchers from the 2015 waiting list and VASH referrals.
- ***HomeFlex*** paid to Owner Entities of AHA-sponsored MIXED communities, private-sector owners of mixed-income developments and owners of HAVEN communities increased by $0.2 million year-over-year primarily due to full year payments for units that came on line in FY 2016 and adjustments in assistance due to changes in the supported tenant mix.
- ***MIXED Operating Subsidy*** for public-housing-assisted units in AHA-Sponsored MIXED communities remained relatively constant year-over-year.

- ***Administration and general, including direct operating divisions*** increased by **$4.9 million** year-over-year primarily due to a $3.1 million higher pension expense under GASB No. 68, $0.6 million increase in staffing costs, $0.6 million increase in outside legal counsel, and $0.6 increase in consulting and professional services to support AHA's various projects including the re-opening of the Housing Choice waiting list in March 2017.
- ***Utilities, maintenance and protective services*** decreased by **$0.5 million** year-over-year primarily due to Juniper & Tenth RAD conversion in November 2016.
- ***Resident and participant services*** increased by **$0.3 million** year-over-year primarily due to the conversion of Human Development Services Department into the Partnerships and People Investments Department with expanded responsibilities and staffing.
- ***Revitalization, demolition and remediation*** expenses increased by **$0.4 million** year-over-year primarily due to increased public improvements at the former Perry Homes site in FY 2017.
- ***Depreciation and amortization*** decreased by **$0.9 million** year-over-year primarily due to the disposal of Juniper & Tenth Highrise under the RAD program where no depreciation was taken in FY 2017.

FY 2016 vs. FY 2015

Total operating expenses decreased by **$1.0 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 HomeFlex program, and operating subsidy paid to related Owner Entities of the MIXED rental communities. In aggregate, those payments increased by a net of **$0.4 million** year-over-year as follows:
  - ***Tenant-based Housing Choice Voucher*** housing assistance payments to landlords and tenants decreased by $0.1 million year-over-year despite increased lease up of vouchers from the waiting list and VASH referrals, as the average HAP payment was down from FY 2015 due to improved tenant earnings.

FINANCIAL ANALYSIS, Operating Expenses— continued

- ***HomeFlex*** paid to Owner Entities of AHA-Sponsored master-planned communities, private-sector owners of mixed-income developments and owners of HAVEN communities increased by $0.9 million year-over-year primarily due to full year payments for units that came on line in FY 2015.
- ***MIXED Operating Subsidy*** for public-housing-assisted units in AHA-Sponsored mixed-income, mixed-finance rental communities decreased by $0.4 million year-over-year. This decrease was primarily due to net changes in subsidy related to occupancy and tenant income as well as adjustments associated with prior year operating subsidies.

- ***Administration and general, including direct operating divisions*** increased by **$0.8 million** year-over-year primarily due to a $1.2 million donation of land (at fair market value) to the City of Atlanta for a natatorium, partially offset by a reduction in payments in lieu of taxes. Due to continued cost containment efforts, administration expenses remained basically at the same level as the prior year.
- ***Utilities, maintenance and protective services*** decreased by **$1.5 million** year-over-year primarily due to reductions in extraordinary maintenance expenses as properties prepare to convert under RAD.
- ***Resident and participant services*** remained basically constant year-over-year at **$3.2 million**.
- ***Revitalization, demolition and remediation*** expenses increased by **$1.7 million** year-over-year primarily due to increased public improvements in the Choice Neighborhoods area in FY 2016.
- ***Depreciation and amortization*** decreased by **$2.3 million** year-over-year primarily due to accelerated depreciation taken in FY 2015 on certain capital assets.

Non-Operating Revenues (Expenses)

FY 2017 vs. FY 2016

Total non-operating revenues (expenses) increased by **$16.2 million** year-over-year primarily due to the following offsetting changes:

- ***Interest and investment income*** increased by **$0.3 million** year-over-year primarily due to interest income realized during FY 2017 for the Centennial Park II financial closing under reformulation. Interest payments on loans are based on cash flow and are, therefore, recognized only when received.
- ***Gain (loss) on sale of assets*** decreased by **$1.5 million** year-over-year, from a gain of $0.5 million in FY 2016 to a loss of $1.0 million in FY 2017 primarily comprised of a loss on disposal of Juniper & Tenth assets ($3.6 million) partially offset by the recognition of the deferred gain on a previous land sale to Centennial Park North II ($2.1 million) as well as gains realized on the sale of lots as part of West Highlands homeownership project and recognition of miscellaneous deferred revenue.

FINANCIAL ANALYSIS, Non-Operating Revenues (Expenses) — continued

- ***Valuation allowance*** increased by **$15.0 million** year-over-year primarily explained by a $14.2 million allowance established for public improvement advances at Perry Homes, which are not expected to be reimbursed by the City of Atlanta.
- ***Interest expense*** remained constant year-over-year at **$0.4 million**, as it is limited to interest expense on the EPC capital lease.

FY 2016 vs. FY 2015

Total non-operating revenues (expenses) increased by **$0.8 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 realized during FY 2016 upon Centennial Park II financial closing under reformulation. Interest payments on loans are based on cash flow and are, therefore, recognized only when received.
- ***Gain (loss) on sale of assets*** increased by **$0.5 million** year-over-year primarily due to gains realized from multiple sales of lots as part of West Highlands homeownership project where AHA participates in the profit, and the donation of land (at market value) located on a portion of the Auburn Pointe property to the City of Atlanta for the development of a natatorium recreational center.
- ***Valuation allowance*** increased by **$0.1 million** year-over-year primarily due to slightly higher down payment assistance, which is fully reserved as payments are made to participants.
- ***Interest expense*** remained constant year-over-year at **$0.4 million** as it is limited to interest expense on the EPC capital lease.

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 may also include MTW funds used for capitalized expenditures, including loans associated with development and revitalization activities.

FY 2017 vs. FY 2016

Capital contributions overall increased by **$2.7 million** year-over-year primarily due to the following:

- ***MTW Single Fund used for modernization and development capital expenditures and loans*** decreased by **$0.5 million** as property manager/developers of AHA-owned residential properties prepared for RAD conversion and, therefore, limited capital improvements. Development activities primarily utilized RHF grants as source of funds in FY 2017.
- ***Development grants used for development capital expenditures and loans*** increased by **$3.2 million** year-over-year primarily due to the Juniper & Tenth RAD conversion where a $3.6 million development loan was provided and funded with RHF funds.

FINANCIAL ANALYSIS, Capital Contributions — continued

FY 2016 vs. FY 2015

Capital contributions overall decreased by **$5.7 million** year-over-year primarily due to the following:

- ***MTW Single Fund used for modernization and development capital expenditures and loans*** decreased by **$2.3 million** as property manager/developers of AHA-Owned residential properties prepared to convert under RAD and, therefore, limited capital improvements.
- ***Development grants used for development capital expenditures and loans*** decreased by **$3.4 million** year-over-year primarily due to the timing of these expenditures and the combination of funds used in each deal.

ECONOMIC FACTORS

Economic Conditions and Financial Outlook

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. These strengths have helped Atlanta's recovery from the recession and unemployment has continued to decline with the city reporting 4.4% unemployment in July 2017. This is equal to the national average, and U.S. Bureau of Labor Statistics Regional Commissioner Janet S. Rankin noted that among the 12 largest metropolitan areas in the country, Atlanta ranked first in the rate of job growth and third in the number of jobs added. Key economic indicators for Metro Atlanta can be found in the *Statistical Information Section*.

During FY 2017, 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.

Because 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 the financial markets. During FY 2017, the metropolitan-Atlanta real estate market continued to strengthen, especially in the multi-family rental market. AHA expects real estate development activities to continue to pick up as those markets improve and investors continue to return to the market.
- Current low interest rates, however, make Low Income Housing Tax Credits less attractive for investors, encouraging AHA to examine new funding strategies.
- The impact of the recession in the Atlanta real estate market created both opportunities and challenges. In that environment, real estate owners throughout the City of Atlanta were willing to participate in AHA's HomeFlex program, thereby guaranteeing a stream of income for a portion of their units in a soft market and opening new markets in Atlanta for this program. Now that the City has substantially recovered, it is becoming more challenging to attract new property owners in addition to current owners seeking rent increases.
- While households using tenant-based Housing Choice vouchers had a broader array of choices for their voucher use, this has now been tempered by the higher rents and competition with market-rate tenants. Consequently, AHA continues to work with its Landlord Advisory Group to identify and develop innovative strategies and implement aggressive marketing efforts to increase the engagement and support of private property owners.
- The vast majority of new multi-family developments in the City are focused on middle and upper income households, with little attention to affordable housing. There is a particular shortage of affordable one-bedroom housing.

ECONOMIC FACTORS — continued

- High rents for new properties and rising rents for existing properties are leading many AHA voucher participants to port out (exit) AHA's jurisdiction for more affordable housing in surrounding suburbs.
- Because the employment market continues to grow, AHA has seen an increase in working households and increases in wages, which has mitigated increased rents and helped in keeping the average housing assistance payment down.

In summary, while the strengthening of the Atlanta real estate market supports AHA's development efforts, it will continue to challenge new and existing Housing Choice voucher holders looking for affordable housing in their preferred communities. It may also lead to demands from Housing Choice property owners and other AHA partners for increased rents to align with rising market rents, and will eventually drive up the costs of the majority of AHA's housing programs.

Federal Funding — Status and Outlook

Funding for AHA's FY 2018 is uncertain, as subsidies and other resources from HUD for the last six months of the fiscal year will be funded by Federal Fiscal Year 2018 (FFY 2018) appropriations, which have not yet been finalized by Congress. The President's 2018 Budget called for significant cuts to the HUD 2018 Budget, but the appropriations committees of both houses reported out appropriation bills to their respective chambers that substantially continue funding at 2017 levels. Neither the House nor the Senate have acted on the bills.

On December 18, 2015, the President at the time signed into law H.R. 601, Continuing Appropriations Act, 2018 and Supplemental Appropriations for Disaster Relief Requirements Act, 2017 ("the Act"), which provides FFY 2018 appropriations for projects and activities of the federal government through December 8, 2017. Because HUD funds Public Housing Agencies on a calendar year basis, these funds would effectively be available to HUD to fund the first 69 days of HUD 2018 subsidies to PHAs. The Act included an across the board rescission of 0.6791 percent, which if made law for the full fiscal year would reduce AHA funding by approximately $1.5 million from the 2017 level.

Congress must pass and the President must sign an appropriation bill or continuing resolution(s), which will fund the federal government from December 10, 2017 through September 30, 2018. At this time, there is no indication of the ultimate outcome.

During 2017, HUD transitioned AHA's locally held cash balance, which was derived from Housing Choice HAP funding, to a HUD-held cash balance. As of June 30, 2017, AHA's HUD-held cash balance stood at $135.6 million and is available to AHA upon request. This amount provides a sufficient cash resource to maintain AHA's current operations for a good portion of FY 2018 in the event Congress fails to pass an appropriations bill or continuing resolution(s) with sufficient funding to meet AHA's budgeted MTW expenditures. If a significant reduction in funding were to take place, AHA would re-evaluate its FY 2018 budget and make necessary adjustments.

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 offer a substantially better quality of life.

RECENT ACCOUNTING PRONOUNCEMENTS

The Governmental Accounting Standards Board (GASB) has issued new pronouncements, which will be implemented by the Authority starting in fiscal year 2017, where applicable: GASB No. 83, *"Certain Asset Retirement Obligations"*; GASB No. 84, *"Fiduciary Activities";* GASB No. 85, *"Omnibus 2017";* GASB No. 86, *"Certain Debt Extinguishment Issues";* and GASB No. 87, *"Leases."*

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.

FINANCIAL STATEMENTS

The Housing Authority of the City of Atlanta, Georgia

STATEMENTS OF NET POSITION

As of June 30, 2017 and 2016

	2017	2016	Note
CURRENT ASSETS			
Cash	$ 70,686,412	$ 121,875,886	C
Receivables, net of allowance	1,532,293	2,139,916	D
Investments current	18,999,225	–	E
Prepaid expense	992,051	1,166,983	
Total current assets	92,209,981	125,182,785	
NON-CURRENT ASSETS			
Investments non-current	20,814,071	8,824,307	E
Related-party development and other loans, development receivables and investments in partnerships, net of allowances of $35,930,267 and $34,668,488 in 2017 and 2016, respectively	176,307,994	177,946,199	F
Capital assets, net of accumulated depreciation of $123,999,010 and $120,102,556 in 2017 and 2016, respectively	124,966,922	136,284,103	H
Other non-current assets, net of allowance of $24,050,471 and $8,518,048 in 2017 and 2016, respectively	–	14,248,743	I
Total non-current assets	322,088,987	337,303,352	
TOTAL ASSETS	414,298,968	462,486,137	
DEFERRED OUTFLOWS	5,398,551	5,267,381	P
TOTAL ASSETS AND DEFERRED OUTFLOWS	$ 419,697,519	$ 467,753,518	

The accompanying notes are an integral part of these statements.

The Housing Authority of the City of Atlanta, Georgia

STATEMENTS OF NET POSITION

As of June 30, 2017 and 2016

	2017	2016	Note
CURRENT LIABILITIES			
Accounts payable	$ 354,209	$ 597,901	
Accrued liabilities	8,194,323	9,281,521	J
Other current liabilities	7,460,174	7,743,869	K
Current portion of long-term debt	238,685	254,268	L
Total current liabilities	16,247,391	17,877,559	
NON-CURRENT LIABILITIES			
Long-term debt, net of current portion	5,861,163	8,312,280	L
Other non-current liabilities	22,486	2,983,741	M
Net pension plan liability	486,051	4,418,902	P
Total non-current liabilities	6,369,700	15,714,923	
TOTAL LIABILITIES	22,617,091	33,592,482	
DEFERRED INFLOWS	855,229	923,653	P
NET POSITION			T
Net investment in capital assets	118,867,074	127,717,556	
Restricted–expendable	241,011,264	232,858,440	
Unrestricted	36,346,861	72,661,387	
Total net position	396,225,199	433,237,383	
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	$ 419,697,519	$ 467,753,518	

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, 2017 and 2016

	2017	2016
OPERATING REVENUES		
MTW Single Fund used for operating expenses	$ 170,343,418	$ 183,182,507
Tenant dwelling revenues	5,834,563	6,065,683
Development and other grants used for operating expenses	1,603,084	3,364,537
Contributions from National Housing Compliance	1,135,749	1,018,345
Other operating revenues	3,465,853	2,824,867
Total operating revenues	182,382,667	196,455,939
OPERATING EXPENSES		
Housing assistance and operating subsidy payments	140,105,876	136,313,227
Administration, including direct operating divisions	40,840,372	35,245,986
Utilities, maintenance and protective services	10,462,840	11,034,296
Resident and participant services	3,443,628	3,161,177
Revitalization, demolition and remediation	3,885,063	3,474,924
General expenses	2,298,988	2,922,669
Depreciation and amortization	8,706,718	9,579,660
Total operating expenses	209,743,485	201,731,939
NET OPERATING INCOME (LOSS)	(27,360,818)	(5,276,000)
NON-OPERATING REVENUES (EXPENSES)		
Interest income on development and other loans	1,577,873	1,332,490
Interest income on investments	42,390	–
Gain/(loss) on sale of assets	(1,021,986)	555,253
Valuation allowance increase	(16,748,120)	(1,728,240)
Interest expense on EPC capital lease	(428,455)	(434,013)
Total non-operating revenues (expenses)	(16,578,298)	(274,510)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	(43,939,116)	(5,550,510)
CAPITAL CONTRIBUTIONS		
MTW Single Fund used for modernization and development capital expenditures and loans	3,096,412	3,579,449
Development grants used for development capital expenditures and loans	3,830,520	586,017
Total capital contributions	6,926,932	4,165,466
INCREASE (DECREASE) IN NET POSITION	(37,012,184)	(1,385,044)
NET POSITION — beginning of year	433,237,383	434,622,427
NET POSITION — end of year	$ 396,225,199	$ 433,237,383

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, 2017 and 2016

	2017	2016
Increase (decrease) in cash		
Cash flows from operating activities		
MTW and grant funds used for operating expenses	$ 171,996,533	$ 186,313,688
Receipts from residents	5,988,798	6,049,013
Payments to landlords, tenants and partners	(139,885,351)	(136,384,081)
Payments to suppliers	(30,604,645)	(30,124,024)
Payments for employees	(35,982,291)	(27,190,169)
Other receipts	6,233,075	3,251,530
Net cash provided by (used in) operating activities	(22,253,881)	1,915,957
Cash flows from non-capital financing activities		
Advances related to public improvements spending	(58,585)	(4,278,421)
Net cash provided by (used in) non-capital financing activities	(58,585)	(4,278,421)
Cash flows from capital and related financing activities		
Capital contributions from MTW and grant funds	1,819,103	1,495,693
Development and revitalization — capitalized expenditures	–	(101,383)
Acquisition and modernization — AHA-Owned properties	(1,480,929)	(1,475,009)
Proceeds from sale of capital assets	175,604	47,993
Payments on EPC capital lease, including interest	(2,895,156)	(660,905)
Net cash provided by (used in) capital and related financing activities	(2,381,378)	(693,611)
Cash flows from investing activities		
Capital contributions from MTW and grant funds	5,224,228	2,726,705
Development and other loans, net of reimbursements	(2,351,133)	(2,229,275)
Sale (purchase) of investments	(30,988,988)	871,491
Interest income on investments	42,390	–
Interest income on development and other loans	1,577,873	1,331,250
Net cash provided by (used in) investing activities	(26,495,630)	2,700,171
Net increase (decrease) in cash	(51,189,474)	(355,906)
Cash — beginning of year	121,875,886	122,231,792
Cash — end of year	$ 70,686,412	$ 121,875,886

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, 2017 and 2016

	2017	2016
Reconciliation of net operating income (loss) to net cash provided by (used in) operating activities		
Net operating income (loss)	$ (27,360,818)	$ (5,276,000)
Adjustments to reconcile net operating income (loss) to net cash provided by (used in) operating activities		
Depreciation and amortization	8,706,718	9,579,660
Donation of land	–	1,250,000
Changes in assets and deferred outflows and liabilities and deferred inflows relating to operating activities:		
Decrease (increase) in receivables	1,841,005	(819,847)
Decrease (increase) in prepaid expenses	174,933	(101,831)
Decrease (increase) in deferred outflows	(131,170)	(4,365,865)
Increase (decrease) in accounts payable and accrued liabilities	(1,016,136)	(1,007,212)
Increase (decrease) in other current liabilities	(406,630)	61,535
Increase (decrease) in unearned revenue	(60,509)	(67,455)
Increase (decrease) in net pension plan liability and deferred inflows	(4,001,274)	2,662,972
Total changes in assets and deferred outflows and liabilities and deferred inflows relating to operating activities	(3,599,781)	(3,637,703)
Total adjustments	5,106,937	7,191,957
Net cash provided by (used in) operating activities	$ (22,253,881)	$ 1,915,957

The accompanying notes are an integral part of these statements.

NOTES TO THE FINANCIAL STATEMENTS

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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 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, pursuant to state laws, should be 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 of Atlanta 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.

In December 2015, AHA's MTW Agreement was extended until June 30, 2028 under the same terms and conditions, as confirmed by HUD in a letter dated April 14, 2016. 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.

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 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.

NOTE A — ORGANIZATION AND NATURE OF OPERATIONS — continued

Since 2012, HUD disburses HCV funds based on a 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 89% of AHA's FY 2017 HUD funding coming from HCV 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 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 U*, except for one inactive entity 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 may participate 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 MIXED (formerly known as 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.
- 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.

NOTE A — ORGANIZATION AND NATURE OF OPERATIONS — continued

- 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 MIXED 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.

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.

1. *Basis of Preparation and Accounting*

The financial statements represent the combined net position and results of operations 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 as well as 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 2017 and FY 2016, AHA adopted the following GASB Standards, where applicable:

- GASB No. 82 *"Pension Issues — an amendment of GASB No. 67, No. 68 and No. 73."* The new standard addresses specific pension issues identified during the implementation of the new pension standards, specifically: (1) presentation of payroll-related measures in required supplementary information; (2) selection of assumptions and treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes; and (3) classification of payments made by employers to satisfy employee (plan member) contribution requirements.

2. *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.

3. *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.

4. *Investments*

Investments are stated at fair value and consist of unrestricted and restricted excess program income funds invested in U.S. Government agency bonds as well as operating reserves in escrow accounts primarily invested in money market accounts. Due to the nature of those investments, they are fully collateralized in accordance with guidance recommended by HUD.

NOTE B — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — continued

5. *Fair Value Measurements*

All of AHA's investments are valued at fair value using Level 1 of the fair value hierarchy established by generally accepted accounting principles. Fair values determined using Level 1 are based on unadjusted quoted prices for identical assets or liabilities in active markets.

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 exceeding $5,000 that will benefit periods beyond the fiscal year end are recorded as prepaid expense. Prepaid expense at June 30, 2017 and 2016 consisted primarily of prepaid insurance premiums, software licenses and service maintenance contracts.

8. *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 collectable. 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 usually for ten years and can be forgiven based on the following: 100% 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.

9. *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.

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.

NOTE B — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — continued

Depreciation is calculated using the straight-line method assuming the following useful lives, based on a full year of depreciation in the year of acquisition, and no depreciation in the year of disposal:

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.

10. 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.

11. Pension Plan

AHA accounts for its defined benefit pension plan in accordance with GASB No. 68 and related amendments, 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.

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 immediately included in the determination of pension expense.

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

NOTE B — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — continued

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 upcoming year. 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 upcoming year. Changes in the net pension liability not included in pension expense are required to be reported as deferred outflows (losses) or deferred inflows (gains) related to pensions.

12. Restricted Assets

Certain assets may be classified as restricted assets on the statements of net position or accompanying notes 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.

13. 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 revenues, development and other grants used for operating expenses and various fees earned in conjunction with real estate development and oversight activities. When grant funds are used for operating expenses, AHA recognizes operating revenues at the time such costs are incurred, pursuant to a drawdown process as expenses occur.

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 earned, primarily on a cash flow availability basis, on development and other loans and income earned on investments, 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.

As AHA completes capital improvements eligible for grants, AHA's right to be paid 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 as well as unused HCV subsidy held by HUD are not reflected in AHA's financial statements.

NOTE B — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — continued

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 tax credit investors.

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

15. 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.

16. 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.

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 also Note O*).

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. Custodial Risk

Custodial risk for investments is the risk that in the event of failure of the counterparty to a transaction, AHA will not be able to recover the value of the investments. As of June 30, 2017 and 2016, all of AHA's investments were collateralized and registered in its name.

NOTE B — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — continued

21. Concentration of Credit Risk, Credit Risk and Interest Rate Risk

Concentration of credit risk is the risk of loss that may occur to the amount of cash or investments in a single issuer. As of June 30, 2017 and 2016, this is not a risk, as all AHA's cash and investments were guaranteed and/or issued by the U.S. Government or its agencies.

Credit risk of investments is the risk that the issuer or other counterparty will not meet its obligations. The credit risk is measured by the credit quality rating of investments in securities, as described in a national statistical organization such as Standard & Poor's. AHA's policy provides that investments in corporate bonds and other fixed-income securities must have a rating of AA+ or better.

Interest rate risk is the risk that changes in interest rate will adversely affect the fair value of an investment. As of June 30, 2017 and 2016, this is not a risk, as all of AHA's investments are primarily in money market and U.S. Government securities, and treasuries are usually held until maturity.

22. 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.

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. It also includes National Housing Compliance cash, which is non-federal.
- *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 received from the City.

NOTE C — CASH AND CASH EQUIVALENTS — continued

Cash at June 30, 2017 and 2016 consisted of the following:

	2017	2016
Unrestricted:		
MTW cash	$ 11,992,036	$ 34,091,992
MTW program income	4,002,635	3,834,579
Perry Bolton TAD program income	4,569,738	16,806,176
National Housing Compliance (non-federal)	2,649,351	8,097,050
Component units	3,967,294	2,390,868
	27,181,054	65,220,665
Restricted:		
Development-related program income	29,155,802	35,210,338
Public improvement funds	6,250,197	6,298,241
Proceeds from disposition activity	4,976,504	11,867,882
Perry program income	1,245,211	1,245,211
Harris program income	1,156,193	1,156,193
Resident security deposits	315,779	340,074
Other	405,672	537,282
	43,505,358	56,655,221
	$ 70,686,412	$ 121,875,886

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, 2017 and 2016, the market value of collateral held by a third party on behalf of AHA to cover deposits exceeding the FDIC-insured funds amounted to $59,195,823 and $117,977,221, respectively.

NOTE D — RECEIVABLES

Current receivables at June 30, 2017 and 2016, consisted of the following:

	2017	2016
HUD grants receivable	$ 457,450	$ 721,556
Other receivables (net of allowance of $521,651 and $437,202 in 2017 and 2016, respectively)	1,067,672	1,409,797
Tenant dwelling rents (net of allowance of $568 and $1,370 in 2017 and 2016, respectively)	7,171	8,563
	$ 1,532,293	$ 2,139,916

HUD grants receivable consists primarily of expenditures associated with Choice Neighborhoods Implementation Grant and RHF grants that have been expended by AHA but not yet reimbursed by HUD.

NOTE D — RECEIVABLES — continued

Other receivables consist primarily of operating subsidy overpayments due by Owner Entities of MIXED rental communities because of subsidy true-ups, receivables from other housing authorities under HCV portability payments and contributions earned but yet to be received from National Housing Compliance, Inc.

NOTE E — INVESTMENTS, CURRENT AND NON-CURRENT

Investments consist of surplus cash invested in accordance with AHA's Surplus Cash Investment Policy as well as operating reserves deposited with escrow agents, which is further described below. In the case of investments made from surplus cash, the fund characterization of the cash invested dictates the investment classification as to unrestricted or restricted, which is further described in *Note C.*

Current investments are those for which the term will expire before the end of the upcoming year while non-current investments will expire beyond the end of the upcoming year.

Investments non-current restricted include operating reserves that are held by escrow agents at various bank institutions for the benefit of investors and Owner Entities of the MIXED 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 are 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.

Investments at June 30, 2017 and 2016 consisted of the following:

Investments Current:

	2017	2016
Unrestricted:		
National Housing Compliance (non-federal)	$ 4,002,444	$ –
Perry Bolton TAD program income	4,996,217	–
	8,998,661	–
Restricted:		
Proceeds from disposition activity	2,448,504	–
Development-related program income	7,552,060	–
	10,000,564	–
	$ 18,999,225	$ –

NOTE E — INVESTMENTS, CURRENT AND NON-CURRENT — continued

Investments Non-Current:

	2017	2016
Unrestricted:		
National Housing Compliance (non-federal)	$ 2,000,938	$ –
Restricted:		
Operating reserve in escrow	8,813,133	8,824,307
Development-related program income	10,000,000	–
	18,813,133	8,824,307
	$ 20,814,071	$ 8,824,307

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, 2017 and 2016 consisted of the following:

	2017	2016
Development loans (net of allowance of $31,492,292 and $30,877,049 in 2017 and 2016, respectively)	$ 167,211,656	$ 164,421,107
Other loans (net of allowance of $2,819,802 and $3,254,473 in 2017 and 2016, respectively)	7,083,039	9,724,267
Developer and other fees receivable (net of allowance of $1,203,679 and $122,472 in 2017 and 2016)	1,361,454	2,851,415
Predevelopment loans	651,845	949,410
Investments in partnerships (net of allowance of $414,494 in 2017 and 2016)	–	–
	$ 176,307,994	$ 177,946,199

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 MIXED rental communities. These subordinated loans are fully obligated by the Owner Entities at the financial closing and represent AHA's share of the development budget for AHA-assisted Annual Contribution Contract (ACC) units. 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.

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

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 generally up to 75 years. At the end of the ground-lease, the land and improvements revert to AHA. Revenues derived from these leases are usually nominal.

Other loans and predevelopment loans

Other loans that support AHA's mission are comprised of various financing arrangements and include: (i) loans to the Owner Entities of MIXED 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 MIXED communities; (iii) a financing arrangement with a related Owner Entity of a MIXED rental community related to a land sale; (iv) loans to the Owner Entities of MIXED rental communities in order to meet federal statutory requirements (these loans are fully reserved); and (v) gap financing to facilitate the construction of properties with up to a 20-year renewable HomeFlex agreement with private owners.

Predevelopment loans are loans to development partners (typically an affiliate of the Owner Entity) prior to the financial closing to facilitate development of the site.

Developer and other fees receivable

AHA earns developer and other fees associated with the construction and revitalization and oversight activities at the MIXED rental communities and from certain properties with HomeFlex agreements.

Related-party development income and expense

Related-party development income and expense for the years ended June 30, 2017 and 2016 consisted of the following:

	2017	2016
Type of income (expense)		
Interest income	$ 1,489,992	$ 1,328,984
Development related income	2,936,366	2,241,120
Housing assistance payments to Owner Entities of the MIXED rental communities where AHA has a Regulatory and Operating Agreement for public housing units	(11,815,391)	(11,769,779)
Housing assistance payments to private owners/Owner Entities where AHA has a HomeFlex Agreement	(15,487,925)	(15,345,132)

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 non-federal contributions of $1,135,749 and $1,018,345 for the years ended June 30, 2017 and 2016, respectively, from NHC activities in Illinois and Georgia. As NHC's contributions are primarily used to fund unallowable federal expenses, they are included in operating revenues.

NOTE H — CAPITAL ASSETS

A summary of changes in capital assets of the Authority for the years ended June 30, 2017, and June 30, 2016, respectively, is presented below:

	Balance at June 30, 2016	Additions and reclasses	Disposals and reclasses	Balance at June 30, 2017
Capital assets, not being depreciated:				
Land	$ 66,802,266	$ 699,720	$ (958,376)	$ 66,543,610
Modernization in process	–	153,061	–	153,061
Total capital assets, not being depreciated	66,802,266	852,781	(958,376)	66,696,671
Depreciable capital assets:				
Land improvements	27,472,051	73,225	(144,634)	27,400,642
Buildings and improvements	122,715,562	507,381	(6,615,614)	116,607,329
Equipment	39,396,780	560,042	(1,695,532)	38,261,290
Total depreciable capital assets	189,584,393	1,140,648	(8,455,780)	182,269,261
Less accumulated depreciation				
Land improvements	(16,639,005)	(1,859,452)	52,524	(18,445,933)
Buildings and improvements	(77,516,265)	(4,132,394)	3,608,320	(78,040,339)
Equipment	(25,947,286)	(2,714,872)	1,149,420	(27,512,738)
Total accumulated depreciation	(120,102,556)	(8,706,718)	4,810,264	(123,999,010)
Total depreciable capital assets, net	69,481,837	(7,566,070)	(3,645,516)	58,270,251
Total capital assets, net	$ 136,284,103	$ (6,713,289)	$ (4,603,892)	$ 124,966,922

NOTE H — CAPITAL ASSETS — continued

	Balance at June 30, 2015	Additions and reclasses	Disposals and reclasses	Balance at June 30, 2016
Capital assets, not being depreciated:				
Land	$ 67,712,646	$ –	$ (910,380)	$ 66,802,266
Modernization in process	2,845,294	392,300	(3,237,594)	–
Total capital assets, not being depreciated	70,557,940	392,300	(4,147,974)	66,802,266
Depreciable capital assets:				
Land improvements	24,980,906	2,491,145	–	27,472,051
Buildings and improvements	122,074,060	641,502	–	122,715,562
Equipment	38,375,786	1,222,351	(201,357)	39,396,780
Total depreciable capital assets	185,430,752	4,354,998	(201,357)	189,584,393
Less accumulated depreciation				
Land improvements	(14,601,369)	(2,037,636)	–	(16,639,005)
Buildings and improvements	(73,193,961)	(4,322,304)	–	(77,516,265)
Equipment	(22,928,922)	(3,219,721)	201,357	(25,947,286)
Total accumulated depreciation	(110,724,252)	(9,579,661)	201,357	(120,102,556)
Total depreciable capital assets, net	74,706,500	(5,224,663)	–	69,481,839
Total capital assets, net	$ 145,264,440	$ (4,832,363)	$ (4,147,974)	$ 136,284,103

On December 7, 2016, AHA completed a land swap with the City of Atlanta whereby AHA transferred and conveyed 10.25 acres of land known as Bankhead Courts North valued at $512,500 in exchange for 11.83 acres located near the Englewood Manor former public housing site, planned for future redevelopment, valued at $699,720. The land swap also included a cash consideration of $187,220 from AHA. The transaction resulted in a gain on disposal of $118,798.

On August 22, 2016, Westside Affordable Housing, Inc., a blended component unit of AHA, transferred and conveyed parcels of land aggregating 1.228 acres, located near the former University Homes public housing community, as AHA's contribution to the "Cop on the Block" program, which is part of the HUD-approved University Choice Neighborhood public safety plan. The "Cop on the Block" land was transferred and conveyed for a cash consideration of $135,000, including certain restrictions and other requirements as to the use of the property. The transaction resulted in a loss on disposal of $429,674.

The cost and accumulated depreciation of AHA capital assets financed under an Energy Performance Contract (EPC) capital lease at June 30, 2017 and 2016 were as follows:

	2017	2016
Building improvements	$ 5,124,478	$ 5,488,996
Equipment	6,199,761	6,440,908
	11,324,239	11,929,904
Accumulated depreciation	(4,368,949)	(3,600,207)
	$ 6,955,290	$ 8,329,697

NOTE I — OTHER NON-CURRENT ASSETS

Other non-current assets at June 30, 2017 and 2016 consisted of the following:

	2017	2016
Public improvement advances due from the City of Atlanta and related entities (net of allowance of $14,248,743 in 2017; $ — in 2016)	$ –	$ 14,248,743
Homeownership down payment assistance loans (net of allowance of $9,801,728 and $8,518,048 in 2017 and 2016, respectively)	–	–
	$ –	$ 14,248,743

Under its Down Payment Assistance (DPA) program for first-time homebuyers earning 80% or less of AMI, AHA issued payments of $1,473,680 and $1,784,733 during the years ended June 30, 2017 and 2016, respectively. As described in *Note B.8 — Valuation and Other Allowances*, these loans are fully reserved at closings.

NOTE J — ACCRUED LIABILITIES

Accrued liabilities at June 30, 2017 and 2016 consisted of the following:

	2017	2016
Accrued expense	$ 5,512,365	$ 6,466,253
Wages and benefits	706,767	561,182
Compensated absences	1,031,354	1,051,179
Contract retention	492,280	691,044
Insurance, claims and litigation *(Note N)*	340,826	369,269
Interest payable	110,731	142,594
	$ 8,194,323	$ 9,281,521

Compensated absences at June 30, 2017 consisted of the following:

	Balance at June 30, 2016	Additions	Reductions	Balance at June 30, 2017
Compensated absences	$ 1,051,179	124,202	(144,027)	$ 1,031,354

Compensated absences at June 30, 2016 consisted of the following:

	Balance at June 30, 2015	Additions	Reductions	Balance at June 30, 2016
Compensated absences	$ 1,044,072	61,524	(54,417)	$ 1,051,179

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, 2017 and 2016 consisted of the following:

	2017	2016
Public improvement advances received from the City of Atlanta and related entities	$ 6,185,436	$ 6,239,089
Resident security deposits	315,779	340,074
Other	958,959	1,164,706
	$ 7,460,174	$ 7,743,869

NOTE L — LONG-TERM DEBT

Long-term debt at June 30, 2017 consisted of the following:

	Balance at June 30, 2016	Additions	Reductions	Balance at June 30, 2017	Non-current	Current
EPC Capital Lease	$ 8,566,548	–	(2,466,700)	$ 6,099,848	$ 5,861,163	$ 238,685

Long-term debt at June 30, 2016 consisted of the following:

	Balance at June 30, 2015	Additions	Reductions	Balance at June 30, 2016	Non-current	Current
EPC Capital Lease	$ 8,789,725	–	(223,177)	$ 8,566,548	$ 8,312,280	$ 254,268

Interest expense incurred in connection with the EPC capital lease amounted to $383,358 and $434,013 for the years ended June 30, 2017 and 2016, respectively.

During FY 2017, AHA repaid the portion of the EPC capital lease associated with Juniper & Tenth Highrise as part of the RAD conversion. The EPC capital lease related to Piedmont Road Highrise was also repaid during FY 2017 in preparation of the RAD conversion to take place during FY 2018.

EPC Capital Lease

An Energy Performance Contract (EPC) is part of a HUD-sponsored program designed to incentivize 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.

NOTE L — LONG-TERM DEBT — continued

The EPC capital lease bears interest at 4.98% and has a term of 20 years. Payments under the EPC capital lease scheduled for the next five years and thereafter are as follows:

	Principal	Interest	Total
2018	$ 238,685	$ 315,423	$ 554,108
2019	244,371	287,563	531,934
2020	273,023	275,427	548,450
2021	303,597	261,066	564,663
2022	336,202	245,405	581,607
2023 to 2027	2,110,466	946,498	3,056,964
2028 to 2032	2,593,504	306,384	2,899,888
	$ 6,099,848	$ 2,637,766	$ 8,737,614

NOTE M — OTHER NON-CURRENT LIABILITIES

Other non-current liabilities at June 30, 2017 and 2016 consisted of the following:

	2017	2016
Deferred gain on land sale	$ –	$ 2,893,800
Unearned rooftop satellite lease revenue	22,486	89,941
	$ 22,486	$ 2,983,741

In accordance with GAAP requirements for non-monetary transactions, AHA defers gains on the sale of land when a non-cash consideration is received in exchange, thereby not meeting the revenue recognition criteria, which requires a cash consideration of at least 20%. During the year ended June 30, 2017, AHA recognized the entire amount of deferred gain following the full repayment of the Centennial Park North II note and additional repayments on two other notes where the revenue recognition criteria was met.

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

NOTE N — INSURANCE, CLAIMS AND LITIGATION — continued

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 $32,000 as of June 30, 2017 and 2016.

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 $308,826 and $337,269 as of June 30, 2017 and 2016, respectively. AHA carries general and automobile liability insurance coverage with self-insured limit of $100,000. AHA also carries other liability coverage such as fiduciary and directors' and officers' liability with self-insured limits varying from $25,000 to $75,000.

Property damage losses

AHA carries property damage insurance, which limits its losses to $50,000 in case of damages to its assets and properties.

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 MIXED rental communities are subordinated and payable from net cash flows, local market conditions could affect the value of those loans as reflected on AHA's books. AHA's strategy is to monitor the performance of the properties and local market conditions in order to monitor those risks.

NOTE P — DEFINED BENEFIT PENSION PLAN

Plan description

AHA's Defined Benefit 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 1% 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, 2017 and 2016, the Plan included the following participants:

	2017	2016
Inactive participants or beneficiaries currently receiving benefits	518	524
Inactive participants entitled to but not yet receiving benefits	229	236
Active participants	8	10
	755	770

NOTE P — DEFINED BENEFIT PENSION PLAN — continued

Net pension liability

AHA's net pension liability was measured at June 30, 2017 and 2016, 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, 2017 and 2016 actuarial valuation was determined using the entry age actuarial cost method and the following actuarial assumptions applied to all periods included in the measurement, except as specifically noted:

	2017	2016
Inflation	2.0%	2.0%
Salary increases	4.0%	4.0%
Investment rate of return	3.9%	4.9%

Mortality: RP-2016 Mortality Tables for Annuitants and Non Annuitants, fully generational with Scale MP-2016.

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, 2017 and June 30, 2016 is presented below:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at June 30, 2016	$ 44,607,618	$ 40,188,716	$ 4,418,902
Changes during the year			
Service cost	141,274		141,274
Interest	2,072,456		2,072,456
Difference between expected and actual experience	3,174,248		3,174,248
Contribution — employer		7,500,000	(7,500,000)
Projected earnings on plan fiduciary net position		1,897,836	(1,897,836)
Difference between projected and actual earnings on plan fiduciary net position		(77,007)	77,007
Benefit payments	(2,914,748)	(2,914,748)	–
Net changes	2,473,230	6,406,081	(3,932,851)
Balances at June 30, 2017	$ 47,080,848	$ 46,594,797	$ 486,051

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, 2015	$ 41,782,377	$ 40,109,783	$ 1,672,594
Changes during the year			
Service cost	154,807		154,807
Interest	1,980,774		1,980,774
Difference between expected and actual experience	3,595,608		3,595,608
Contribution — employer		2,000,000	(2,000,000)
Projected earnings on plan fiduciary net position		1,943,183	(1,943,183)
Difference between projected and actual earnings on plan fiduciary net position		(958,302)	958,302
Benefit payments	(2,905,948)	(2,905,948)	–
Net changes	2,825,241	78,933	2,746,308
Balances at June 30, 2016	$ 44,607,618	$ 40,188,716	$ 4,418,902

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% 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 (2.9%) or 1 percentage point higher (4.9%) than the current rate:

	1% Decrease (2.9%)	Current Discount (3.9%)	1% Increase (4.9%)
Net pension liability (asset)	$ 4,510,902	$ 486,051	$ (3,538,902)

Pension Expense

For the years ended June 30, 2017 and 2016, AHA recorded pension expense in the amount of $3,367,555 and $297,107, respectively, which are comprised of the following components:

	2017	**2016**
Service cost	$ 141,274	$ 154,807
Interest	2,072,456	1,980,774
Amortization of deferred inflows	(923,653)	(83,336)
Projected earnings on plan fiduciary net position	(1,897,836)	(1,943,183)
Amortization of deferred outflows	3,975,314	188,045
Total pension expense	$ 3,367,555	$ 297,107

NOTE P — DEFINED BENEFIT PENSION PLAN — continued

Deferred Outflows and Deferred Inflows related to the Plan

At June 30, 2017 and 2016, unamortized deferred outflows and deferred inflows related to the AHA pension plan resulted from the following sources:

	At June 30, 2017	
	Deferred Outflows	**Deferred Inflows**
Difference between projected and actual earnings on pension plan investments	$ 1,369,075	$ –
Assumption changes	4,029,476	–
Difference between expected and actual experience on projected liability	–	855,229
Total	$ 5,398,551	$ 855,229

	At June 30, 2016	
	Deferred Outflows	**Deferred Inflows**
Difference between projected and actual earnings on pension plan investments	$ 1,671,773	$ –
Assumption changes	3,085,168	–
Plan amendments	415,884	–
Difference between expected and actual experience on projected liability	94,556	923,653
Total	$ 5,267,381	$ 923,653

The difference between projected and actual earnings is amortized over a five-year period. Changes in assumption and the difference between expected and actual experience on projected liability are amortized over the average of the expected remaining service lives of all active and inactive employees provided benefits through the pension plan, which approximates a period of one year. Experience gains or losses resulting from plan amendments are amortized over one year.

Amounts reported as deferred outflows and deferred inflows at June 30, 2017 will be amortized and, in aggregate, added to future pension expenses as follows:

Years ending June 30,	
2018	$ 3,569,355
2019	395,107
2020	356,397
2021	207,062
2022	15,401

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, 2017 and 2016. Beginning June 1996, AHA's contributions were determined under the Projected Unit Credit Actuarial Cost method (pay-related benefit formula). For the fiscal years ended June 30, 2017 and 2016, AHA funded pension payments of $7,500,000 and $2,000,000, 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 2 percent. Employees may change their deferral rate at any time. Employee contributions of $1,294,631 and $1,158,412 were made to the plan for the fiscal years ended June 30, 2017 and 2016, respectively.

In conjunction with changes made to the Defined Benefit Pension Plan, effective February 1, 2008, AHA's Board also approved the creation of a 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 2 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 $804,017 and $805,641 for the fiscal years ended June 30, 2017 and 2016, 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 in the plans' assets. 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 MIXED 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, 2017 and 2016, were as follows:

	2017	2016
Land	$ 23,902,927	$ 23,203,206
Modernization in process	11,259	–
Total capital assets, not being depreciated	23,914,186	23,203,206
Land improvements	24,111,724	24,183,132
Building and improvements	99,914,578	106,022,812
Equipment	26,532,735	27,639,675
Total depreciable capital assets	150,559,037	157,845,619
Less accumulated depreciation	(103,132,823)	(100,570,128)
Total depreciable capital assets, net	47,426,214	57,275,491
Total capital assets, net	$ 71,340,400	$ 80,478,697

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
2018	$ 192,051
2019	33,657
Total	$ 225,708

The lease expense, including service, incurred in connection with these operating leases amounted to $264,374 and $285,017 for the years ended June 30, 2017 and 2016, respectively, and is reported in administration, including operating division expenses.

In December 2016, AHA entered into a land swap agreement with the City of Atlanta. The City currently has an operation on a portion of the property that cannot move until a new facility is available. Consequently, AHA, as lessor, and the City, as lessee, have entered into a lease agreement for a period not to exceed 30 months for an annual rent of $69,815.

NOTE S — CONDUIT DEBT

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

Multi-family housing revenue bonds

In order to provide a portion of the funds for the construction of East Lake Phase II, an AHA-Sponsored MIXED rental community, multi-family housing revenue bonds were issued by AHA, as the conduit issuer, on July 1, 1999. AHA has no responsibility for this conduit debt beyond any resources provided by the related loan.

NOTE T — NET POSITION

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

1. Net investment in capital assets represents the net book value of capital assets less the total outstanding debt used to acquire or lease those capital assets.
2. 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 MIXED 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. 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***).
3. 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 — 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 GASB Nos. 14 and 34, these blended component units are presented within the reporting entity of AHA and are grouped under 6.2 Component Unit — Blended within the Financial Data Schedules presented in *Other Supplementary Information*. See also *Note A.3* for additional information on AHA's component units. Balances at June 2017 and activity for the year then ended were as follows:

Combining Statement of Net Position
As of June 30, 2017

	JWD	AAHFI	SHHI	RAH	SRDC	WAH	AHICI	Total Component Units
ASSETS								
Current and non-current assets	$ 627,267	$ 233,501	$ 1,358,973	$ -	$ -	$ 1,704,682	$ 273,932	$ 4,198,355
Capital assets, net	9,030,937	-	-	-	-	36,919,851	-	45,950,788
TOTAL ASSETS	$ 9,658,204	$ 233,501	$ 1,358,973	$ -	$ -	$ 38,624,533	$ 273,932	$ 50,149,143
LIABILITIES AND NET POSITION								
Current and non-current liabilities	$ 63,047	$ -	$ 5,501	$ -	$ -	$ 5,893	$ -	$ 74,441
Total liabilities	63,047	-	5,501	-	-	5,893	-	74,441
Net Investment in capital assets	9,030,937	-	-	-	-	36,919,850	-	45,950,787
Restricted-expendable	-	-	-	-	-	135,100	-	135,100
Unrestricted	564,220	233,501	1,353,472	-	-	1,563,690	273,932	3,988,815
Total net position	9,595,157	233,501	1,353,472	-	-	38,618,640	273,932	50,074,702
TOTAL LIABILITIES AND NET POSITION	$ 9,658,204	$ 233,501	$ 1,358,973	$ -	$ -	$ 38,624,533	$ 273,932	$ 50,149,143

Combining Statement of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2017

	JWD	AAHFI	SHHI	RAH	SRDC	WAH	AHICI	Total Component Units
REVENUES								
Operating revenues	$ 1,211,673	$ 2,610	$ 258,486	$ -	$ -	$ 373,006	$ 36,125	$ 1,881,900
Non-operating revenues	-	-	-	-	-	1,082,326	-	1,082,326
TOTAL REVENUES	1,211,673	2,610	258,486	-	-	1,455,332	36,125	2,964,226
EXPENSES								
Operating and other expenses	(1,967,973)	(25)	(24,436)	(25)	(25)	(134,039)	(28,644)	(2,155,167)
Operating transfers in (out)	1,760	-	151	165	55	180	(5,000)	(2,689)
TOTAL EXPENSES	(1,966,213)	(25)	(24,285)	140	30	(133,859)	(33,644)	(2,157,856)
CHANGE IN NET POSITION	(754,540)	2,585	234,201	140	30	1,321,473	2,481	806,370
NET POSITION - beginning of year	10,349,697	230,916	1,119,271	(140)	(30)	35,539,593	271,451	47,510,758
Prior period adjustment*	-	-	-	-	-	1,757,574	-	1,757,574
NET POSITION - end of year	$ 9,595,157	$ 233,501	$ 1,353,472	$ -	$ -	$ 38,618,640	$ 273,932	$ 50,074,702

** Adjustment required to move 940 Cunningham Place property acquired in 2013 by Westside Affordable Housing, Inc. but recorded in Business Activities.*

NOTE V — RECENT ACCOUNTING PRONOUNCEMENTS

The Governmental Accounting Standards Board (GASB) has issued new pronouncements, which will be implemented by the Authority starting in fiscal year 2018, where applicable: GASB No. 83, *"Certain Asset Retirement Obligations"*; GASB No. 84, *"Fiduciary Activities";* GASB No. 85, *"Omnibus 2017"; and* GASB No. 86, *"Certain Debt Extinguishment Issues"; and* GASB No. 87, *"Leases."*

GASB No. 83 addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital asset should recognize a liability based on the guidance in this statement. This statement is effective for reporting periods beginning after June 15, 2018.

GASB No. 84 establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This statement is effective for reporting periods beginning after December 15, 2018.

GASB No. 85 addresses practice issues that have been identified during implementation and application of certain GASB Statements. This statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). This statement is effective for reporting periods beginning after June 15, 2017.

GASB No. 86 improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only resources — resources other than the proceeds of refunding the debt — are placed in an irrevocable trust for the sole purpose of extinguishing debt. This statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. This statement is effective for reporting periods beginning after June 15, 2017.

GASB No. 87 improves accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. This statement is effective for reporting periods beginning after December 15, 2019.

NOTE W — 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 30, 2017, 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 events:

On November 21, 2017, AHA acquired the Boisfeuillet Jones Atlanta Civic Center site (the "Site") from the City of Atlanta for a cash consideration of $32,186,710, representing the market value inclusive of acquisition costs, for the purposes of redeveloping the Site, among others, as a mixed-use, mixed-income development with an affordable housing component. HUD's approval to proceed with the acquisition of the 20-acre Site was received on November 1, 2017, subject to the execution and recording of a Declaration of Trust, which was completed and submitted to HUD at the financial closing.

In order to facilitate the rehabilitation of its Piedmont Road Highrise, a 209-unit senior community, on November 29, 2017, AHA entered into multiple agreements, among others, including: (1) sale of the community building and improvements to a new owner in consideration for a $12.3 million Purchase Money Promissory Note (established market value); (2) financing of a portion of the rehabilitation by providing a $2,153,000 fully amortizing Capital Loan; (3) a 75-year ground lease agreement at a nominal rent; and (4) an initial 20-year Project-Based Voucher Housing Assistance Payment Contract to be funded through the conversion by AHA of its current subsidy Section 9-based public housing platform to Section 8-based HCV funding, also known as HUD's RAD program. The project was further financed by a 4% LIHTC and a $500,000 Affordable Housing Program loan from the Federal Home Loan Bank. The sale of the building and improvements translated in a gain of $7,756,090, which was deferred and will be recognized based on AHA accounting policy.

Subsequent to June 30, 2017, AHA filed a legal action against Integral Development, LLC, Capitol Gateway, LLC, Carver Redevelopment, LLC, Harris Redevelopment, LLC and Grady Redevelopment, LLC ("Integral et al"). AHA claims that the Option to Purchase Real Property Agreements and certain provisions of the Amended Revitalization Agreements are unenforceable and legally not binding. Integral et al filed a response and counterclaim. Given the complexity of the option purchase price formula and other factors, the ultimate financial outcome cannot be determined at this point in time.

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REQUIRED SUPPLEMENTARY INFORMATION

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SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

For years ended June 30, *

	2017	2016	2015	2014
Total Pension Liability				
Service cost	$ 141,274	$ 154,807	$ 130,078	$ 166,019
Interest	2,072,456	1,980,774	2,009,842	2,093,307
Difference between expected and actual experience	3,174,248	3,595,608	(500,189)	(550,153)
Benefit payments	(2,914,748)	(2,905,948)	(2,850,564)	(2,873,036)
Net change in total pension liability	2,473,230	2,825,241	(1,210,833)	(1,163,863)
Total pension liability — beginning	44,607,618	41,782,377	42,993,210	44,157,073
Total pension liability — ending (a)	$ 47,080,848	$ 44,607,618	$ 41,782,377	$ 42,993,210
Plan Fiduciary Net Position				
Contribution — employer	$ 7,500,000	$ 2,000,000	$ 1,000,000	$ 2,500,500
Projected earnings on plan fiduciary net position	1,897,836	1,943,183	1,951,673	1,921,483
Difference between projected and actual earnings on plan fiduciary net position	(77,007)	(958,302)	(746,677)	(194,549)
Benefit payments	(2,914,748)	(2,905,948)	(2,850,564)	(2,873,036)
Net change in plan fiduciary net position	6,406,081	78,933	(645,568)	1,354,898
Plan fiduciary net position — beginning	40,188,716	40,109,783	40,755,351	39,400,453
Plan fiduciary net position — ending (b)	$ 46,594,797	$ 40,188,716	$ 40,109,783	$ 40,755,351
Net pension liability — ending (a) - (b)	$ 486,051	$ 4,418,902	$ 1,672,594	$ 2,237,859
Plan fiduciary net position as a percentage of the total pension liability	99.0%	90.1%	96.0%	94.8%
Covered payroll	$ 6,850,751	$ 6,853,955	$ 7,676,909	$ 7,826,041
Net pension liability as a percentage of covered payroll	7.1%	64.5%	21.8%	28.6%

* AHA adopted the new pension accounting and reporting standard starting in FY 2014, therefore the information for a full 10-year disclosure is unavailable.

SCHEDULE OF PENSION PLAN CONTRIBUTIONS

For years ended June 30,*

	2017	2016	2015	2014
Actuarially determined employer contributions	$ 784,941	$ 654,176	$ 387,153	$ 546,432
Cash contributions from AHA	7,500,000	2,000,000	1,000,000	2,500,000
Contribution excess	$ 6,715,059	$ 1,345,824	$ 612,847	$ 1,953,568
Covered payroll	$ 6,850,751	$ 6,853,955	$ 7,676,909	$ 7,826,041
Cash contribution as a percentage of covered payroll	109.5%	29.2%	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	10 to 30 years
Asset valuation method	Market
Inflation	2.0%
Salary increases	4.0% including inflation
Investment rate of return	3.9% net of pension plan investment expense
Retirement age	65
Mortality	RP-2016 Mortality Tables for Annuitants and Non Annuitants, fully generational with Scale MP-2016.

* AHA adopted the new pension accounting and reporting standard starting in FY 2014, therefore the information for a full 10-year disclosure is unavailable.

OTHER SUPPLEMENTARY INFORMATION

The Housing Authority of the City of Atlanta, Georgia

Financial Data Schedule of Combining Program Net Position

As of June 30, 2017

	Project Total	14.871 Housing Choice Vouchers	14.879 Mainstream Vouchers	6.2 Component Unit - Blended	14.881 Moving to Work Demonstration Program	2 State/Local	1 Business Activities
111 Cash - Unrestricted	$ 11,892,794	$ 776	$ 24,479	$ 4,029,847	$ 22,831	$ -	$ 11,221,723
112 Cash - Restricted - Modernization and Development	33,056	-	-	-	-	-	4,955,050
113 Cash - Other Restricted	-	-	-	135,100	-	6,250,197	31,557,206
114 Cash - Tenant Security Deposits	315,779	-	-	-	-	-	-
115 Cash - Restricted for Payment of Current Liabilities	215,369	-	-	-	-	-	-
100 Total Cash	12,456,998	776	24,479	4,164,947	22,831	6,250,197	47,733,979
122 Accounts Receivable - HUD Other Projects	7,012	-	-	-	-	-	-
125 Accounts Receivable - Miscellaneous	835,188	41,070	767	4,030	335,986	-	150,725
126 Accounts Receivable - Tenants	7,739	-	-	-	-	-	-
126.1 Allowance for Doubtful Accounts -Tenants	(568)	-	-	-	-	-	-
126.2 Allowance for Doubtful Accounts - Other	(194,277)	(37,585)	(767)	-	(289,022)	-	-
120 Total Receivables, Net of Allowances for Doubtful Accounts	655,094	3,485	-	4,030	46,964	-	150,725
131 Investments - Unrestricted	-	-		-	-	-	8,998,661
132 Investments - Restricted	-	-	-	-	-	-	10,000,564
142 Prepaid Expenses and Other Assets	61,453	-	-	3,314	482	-	53,000
144 Inter Program Due From	-	801,889	-	26,063	3,140	900	3,008,232
150 Total Current Assets	13,173,545	806,150	24,479	4,198,354	73,417	6,251,097	69,945,161
161 Land	27,756,780	-	-	38,786,829	-	-	-
162 Buildings	127,271,561	-	-	15,801,881	854,651	-	-
163 Furniture, Equipment & Machinery - Dwellings	26,254,858	-	-	2,978,101	38,495	-	-
164 Furniture, Equipment & Machinery - Administration	277,875	-	-	-	1,683,828	-	-
166 Accumulated Depreciation	(103,727,466)	-	-	(11,616,023)	(1,984,289)	-	-
167 Construction in Progress	153,061	-	-	-	-	-	-
160 Total Capital Assets, Net of Accumulated Depreciation	77,986,669	-	-	45,950,788	592,685	-	-
171 Notes, Loans and Mortgages Receivable - Non-Current	643,377	-	-	-	8,468	-	174,294,695
174 Other Assets	-	-	-	-	-	-	22,175,524
180 Total Non-Current Assets	78,630,046	-	-	45,950,788	601,153	-	196,470,219
200 Deferred Outflow of Resources	-	-	-	-	-	-	-
290 Total Assets and Deferred Outflow of Resources	$ 91,803,591	$ 806,150	$ 24,479	$ 50,149,142	$ 674,570	$ 6,251,097	$ 266,415,380
312 Accounts Payable <= 90 Days	$ 272,129	$ 770	$ -	$ 15,757	$ 15,956	$ -	$ -
321 Accrued Wage/Payroll Taxes Payable	-	-	-	9,058	-	-	-
322 Accrued Compensated Absences - Current Portion	-	-	-	-	34,133	-	-
324 Accrued Contingency Liability	-	-	-	-	59,518	-	-
325 Accrued Interest Payable	110,730	-	-	-	-	-	-
331 Accounts Payable - HUD PHA Programs	33,056	-	25,246	-	-	-	-
341 Tenant Security Deposits	315,779	-	-	-	-	-	-
342 Unearned Revenue	72,050	-	-	-	-	-	35,240
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	238,686	-	-	-	-	-	-
345 Other Current Liabilities	90,459	6	-	-	42,580	6,244,588	1,174,584
346 Accrued Liabilities - Other	3,392,160	-	-	49,623	503,237	-	605,050
347 Inter Program - Due To	-	-	-	-	3,837,084	-	-
310 Total Current Liabilities	4,525,049	776	25,246	74,438	4,492,508	6,244,588	1,814,874
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	5,861,164	-	-	-	-	-	-
353 Non-current Liabilities - Other	22,486	-	-	-	-	-	-
357 Accrued Pension and OPEB Liabilities	-	-	-	-	-	-	-
350 Total Non-Current Liabilities	5,883,650	-	-	-	-	-	-
300 Total Liabilities	10,408,699	776	25,246	74,438	4,492,508	6,244,588	1,814,874
400 Deferred Inflow of Resources	-	-	-	-	-	-	-
508.4 Net Investment in Capital Assets	71,886,821	-	-	45,950,788	592,685	-	-
511.4 Restricted Net Position	624,680	-	-	135,100	8,467	5,609	240,209,279
512.4 Unrestricted Net Position	8,883,391	805,374	(767)	3,988,816	(4,419,090)	900	24,391,227
513 Total Equity - Net Assets / Position	81,394,892	805,374	(767)	50,074,704	(3,817,938)	6,509	264,600,506
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	$ 91,803,591	$ 806,150	$ 24,479	$ 50,149,142	$ 674,570	$ 6,251,097	$ 266,415,380

14.896 PIH Family Self-Sufficiency Program	14.866 Revitalization of Severely Distressed Public Housing	8 Other Federal Program 1	14.889 Choice Neighborhoods Implementation Grants	14.CFP MTW Demonstration Program for Capital Fund	14.HCV MTW Demonstration Program for HCV program	14.OPS MTW Demonstration Program for Low Rent	COCC	Subtotal	ELIM	Total
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 750	$ 27,193,200	$ -	$ 27,193,200
-	-	21,454	-	-	-	-	-	5,009,560	-	5,009,560
-	-	-	-	-	-	-	10,000	37,952,503	-	37,952,503
-	-	-	-	-	-	-	-	315,779	-	315,779
-	-	-	-	-	-	-	-	215,369	-	215,369
-	-	21,454	-	-	-	-	10,750	70,686,411	-	70,686,411
-	-	-	450,438	-	-	-	-	457,450	-	457,450
-		-	-	-	-	-	221,557	1,589,323	-	1,589,323
-	-	-	-	-	-	-	-	7,739	-	7,739
-	-	-	-	-	-	-	-	(568)	-	(568)
-	-	-	-	-	-	-	-	(521,651)	-	(521,651)
-	-	-	450,438	-	-	-	221,557	1,532,293	-	1,532,293
-	-	-	-	-	-	-	-	8,998,661	-	8,998,661
-	-	-	-	-	-	-	-	10,000,564	-	10,000,564
-	-	-	-	-	-	-	873,802	992,051	-	992,051
-		-	-	-	-	-	327,319	4,167,543	(4,167,544)	(1)
-	-	21,454	450,438	-	-	-	1,433,428	96,377,523	(4,167,544)	92,209,979
-	-	-	-	-	-	-	-	66,543,609	-	66,543,609
-	-	-	-	-	-	-	79,881	144,007,974	-	144,007,974
-	-	-	-	-	-	-	326,107	29,597,561	-	29,597,561
-	-	-	-	-	-	-	6,702,026	8,663,729	-	8,663,729
-	-	-	-	-	-	-	(6,671,233)	(123,999,011)	-	(123,999,011)
-	-	-	-	-	-	-	-	153,061	-	153,061
-	-	-	-	-	-	-	436,781	124,966,923	-	124,966,923
-		-	-	-	-	-	-	174,946,540	-	174,946,540
-		-	-	-	-	-	-	22,175,524	-	22,175,524
-	-	-	-	-	-	-	436,781	322,088,987	-	322,088,987
-	-	-	-	-	-	-	5,398,551	5,398,551	-	5,398,551
$ -	$ -	$ 21,454	$ 450,438	$ -	$ -	$ -	$ 7,268,760	$ 423,865,061	$ (4,167,544)	$ 419,697,517
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 49,597	$ 354,209	$ -	$ 354,209
-	-	-	-	-	-	-	484,144	493,202	-	493,202
-	-	-	-	-	-	-	997,221	1,031,354	-	1,031,354
-	-	-	-	-	-	-	249,308	308,826	-	308,826
-	-	-	-	-	-	-	-	110,730	-	110,730
-	-	-	-	-	-	-	-	58,302	-	58,302
-	-	-	-	-	-	-	-	315,779	-	315,779
-	-	-	-	-	-	-	-	107,290	-	107,290
-	-	-	-	-	-	-	-	238,686	-	238,686
-	-	-	-	-	-	-	142,023	7,694,240	-	7,694,240
-	-	-	119,978	-	-	-	864,726	5,534,774	-	5,534,774
-	-	-	330,460	-	-	-	-	4,167,544	(4,167,544)	-
-	-	-	450,438	-	-	-	2,787,019	20,414,936	(4,167,544)	16,247,392
-	-	-	-	-	-	-	-	5,861,164	-	5,861,164
-	-	-	-	-	-	-	-	22,486	-	22,486
-	-	-	-	-	-	-	486,051	486,051	-	486,051
-	-	-	-	-	-	-	486,051	6,369,701	-	6,369,701
-	-	-	450,438	-	-	-	3,273,070	26,784,637	(4,167,544)	22,617,093
-	-	-	-	-	-	-	855,230	855,230	-	855,230
-	-	-	-	-	-	-	436,781	118,867,075	-	118,867,075
-	-	21,454	-	-	-	-	6,675	241,011,264	-	241,011,264
-	-	-	-	-	-	-	2,697,004	36,346,855	-	36,346,855
-	-	21,454	-	-	-	-	3,140,460	396,225,194	-	396,225,194
$ -	$ -	$ 21,454	$ 450,438	$ -	$ -	$ -	$ 7,268,760	$ 423,865,061	$ (4,167,544)	$ 419,697,517

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 30,2017

	Project Total	14.871 Housing Choice Vouchers	14.879 Mainstream Vouchers	6.2 Component Unit - Blended	14.881 Moving to Work Demonstration Program	2 State/Local	1 Business Activities
70500 Total Tenant Revenue	$ 5,834,564	$ -	$ -	$ -	$ -	$ -	$ -
70600 HUD PHA Operating Grants	469,373	8,427,209	626,723	-	-	-	-
70610 Capital Grants	3,830,519	-	-	-	-	-	-
70710 Management Fee	-	-	-	-	-	-	-
70750 Other Fees	-	-	-	-	-	-	1,229,654
70700 Total Fee Revenue	-	-	-	-	-	-	1,229,564
71100 Investment Income - Unrestricted	-	-	-	-	-	-	34,825
71400 Fraud Recovery	3,935	-	-	-	408	-	-
71500 Other Revenue	395,457	-	-	1,881,901	11,275	6,509	3,863,646
71600 Gain or Loss on Sale of Capital Assets	(3,514,479)	-	-	1,082,326	-	-	1,381,800
70000 Total Revenue	7,019,369	8,427,209	626,723	2,964,227	11,683	6,509	6,509,925
91000 Total Operating - Administrative	3,474,347	551,363	38,650	191,435	1,533,128	-	788,670
92500 Total Tenant Services	1,277,743	-	-	-	285,374	-	-
93000 Total Utilities	2,842,085	-	-	210,966	25,737	-	-
94000 Total Maintenance	4,286,376	-	-	689,112	108,064	-	-
95000 Total Protective Services	1,514,076	-	-	198,709	45,082	-	-
96100 Total insurance Premiums	355,086	-	-	20,240	5,783	-	-
96000 Total Other General Expenses	14,811,824	19,608	1,224	23,633	4,049,256	-	9,864,336
96700 Total Interest Expense and Amortization Cost	428,458	-	-	-	-	-	-
96900 Total Operating Expenses	28,989,995	570,971	39,874	1,334,095	6,052,424	-	10,653,006
97000 Excess of Operating Revenue over Operating Expenses	(21,970,626)	7,856,238	586,849	1,630,132	(6,040,741)	6,509	(4,143,081)
97100 Extraordinary Maintenance	930,989	-	-	-	11,228	-	3,265,361
97300 Housing Assistance Payments	-	7,052,975	588,073	-	120,649,429	-	-
97400 Depreciation Expense	7,521,076	-	-	821,072	20,993	-	-
90000 Total Expenses	37,442,060	7,623,946	627,947	2,155,167	126,734,074	-	13,918,367
10010 Operating Transfer In	25,558,563	-	-	-	164,385,661	-	5,735,122
10020 Operating transfer Out	(4,225,175)	-	-	-	(66,177,872)	-	(266,438)
10040 Operating Transfers from/to Component Unit	(140)	-	-	(2,690)	(1,188,900)	-	(270)
10091 Inter Project Excess Cash Transfer In	1,663,317	-	-	-	-	-	-
10092 Inter Project Excess Cash Transfer Out	(1,663,317)	-	-	-	-	-	-
10093 Transfers between Program and Project - In	800,674	-	-	-	-	-	135,925
10094 Transfers between Project and Program - Out	(938,543)	-	-	-	-	-	-
10100 Total Other financing Sources (Uses)	21,195,379	-	-	(2,690)	97,018,889	-	5,604,339
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	$ (9,227,312)	$ 803,263	$ (1,224)	$ 806,370	$ (29,703,502)	$ 6,509	$ (1,804,103)
11020 Required Annual Debt Principal Payments	$ 238,686	$ -	$ -	$ -	$ -	$ -	$ -
11030 Beginning Equity	$ 90,622,204	$ 2,111	$ 457	$ 47,510,758	$ 25,885,564	$ -	$ 268,162,185
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	$ -	$ -	$ -	$ 1,757,576	$ -	$ -	$ (1,757,576)
11170 Administrative Fee Equity		$ (5,842)					
11180 Housing Assistance Payments Equity		$ 811,216					
11190 Unit Months Available	50,088	10,848	600		228,828		
11210 Number of Unit Months Leased	47,406	7,978	578		169,760		
11270 Excess Cash	$ 7,364,256						
11610 Land Purchases	$ 699,720						
11620 Building Purchases	$ 733,667						
11630 Furniture & Equipment - Dwelling Purchases	$ 503,460						
13901 Replacement Housing Factor Funds	$ 4,299,892						

14.896 PIH Family Self-Sufficiency Program	14.866 Revitalization of Severely Distressed Public Housing	8 Other Federal Program 1	14.889 Choice Neighborhoods Implementation Grants	14.CFP MTW Demonstration Program for Capital Fund	14.HCV MTW Demonstration Program for HCV program	14.OPS MTW Demonstration Program for Low Rent	COCC	Subtotal	ELIM	Total
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 5,834,564	$ -	$ 5,834,564
239,059	-	-	894,652	500,000	149,574,098	14,311,563	-	175,042,677	-	175,042,677
-	-	-	-	-	-	-	-	3,830,519	-	3,830,519
-	-	-	-	-	-	-	170,633	170,633	(170,633)	-
-	-	-	-	-	-	-	-	1,229,654	-	1,229,654
-	-	-	-	-	-	-	170,633	1,400,197	(170,633)	1,229,654
-	-	-	-	-	-	-	-	34,825	-	34,825
-	-	-	-	-	-	-	-	4,343	-	4,343
-	-	-	-	-	-	-	596,024	6,754,812	(1,801,525)	4,953,287
-	-	-	-	-	-	-	28,367	(1,021,986)	-	(1,021,986)
239,059	-	-	894,652	500,000	149,574,098	14,311,563	795,024	191,880,041	(1,972,158)	189,907,883
-	-	-	804,719	-	-	-	34,181,620	41,563,932	(1,972,158)	39,591,774
239,059	-	-	89,933	-	-	-	1,693,844	3,585,953	-	3,585,953
-	-	-	-	-	-	-	-	3,078,788	-	3,078,788
-	-	-	-	-	-	-	154,690	5,238,242	-	5,238,242
-	-	-	-	-	-	-	292	1,758,159	-	1,758,159
-	-	-	-	-	-	-	323,611	704,720	-	704,720
-	2,451,489	-	-	-	-	-	107,832	31,329,202	-	31,329,202
-	-	-	-	-	-	-	-	428,458	-	428,458
239,059	2,451,489	-	894,652	-	-	-	36,461,889	87,687,454	(1,972,158)	85,715,296
-	(2,451,489)	-	-	500,000	149,574,098	14,311,563	(35,666,865)	104,192,587	-	104,192,587
-	-	-	-	-	-	-	-	4,207,578	-	4,207,578
-	-	-	-	-	-	-	-	128,290,477	-	128,290,477
-	-	-	-	-	-	-	343,578	8,706,719	-	8,706,719
239,059	2,451,489	-	894,652	-	-	-	36,805,467	228,892,228	(1,972,158)	226,920,070
-	-	-	-	-	-	-	40,170,076	235,849,422	-	235,849,422
-	-	-	-	(500,000)	(149,574,098)	(14,311,563)	(794,276)	(235,849,422)	-	(235,849,422)
-	-	-	-	-	-	-	1,192,000	-	-	-
-	-	-	-	-	-	-	-	1,663,317	-	1,663,317
-	-	-	-	-	-	-	-	(1,663,317)	-	(1,663,317)
-	-	-	-	-	-	-	1,944	938,543	-	938,543
-	-	-	-	-	-	-	-	(938,543)	-	(938,543)
-	-	-	-	(500,000)	(149,574,098)	(14,311,563)	40,569,744	-	-	-
$ -	$ (2,451,489)	$ -	$ -	$ -	$ -	$ -	$ 4,559,301	$ (37,012,187)	$ -	$ (37,012,187)
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 238,686	$ -	$ 238,686
$ -	$ 2,451,489	$ 21,454	$ -	$ -	$ -	$ -	$ (1,418,841)	$ 433,237,381	$ -	$ 433,237,381
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
								$ (5,842)		$ (5,842)
								$ 811,216		$ 811,216
								290,364		290,364
								225,722		225,722
								$ 7,364,256		$ 7,364,256
								$ 699,720		$ 699,720
								$ 733,667		$ 733,667
								$ 503,460		$ 503,460
								$ 4,299,892		$ 4,299,892

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 AHA's 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. In addition, REAC does not provide for presenting items on the Financial Data 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.

Project Total

Primarily represents, in aggregate, 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 MIXED (formerly known as 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 the EPC capital lease.

14.881 Moving to Work Demonstration Program (MTW Single Fund)

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 described above.

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

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

NOTE A — BASIS OF PRESENTATION — continued

14.871 Housing Choice Vouchers

Includes the subsidy received, housing assistance payments and an administrative fee allocated from the COCC program 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, housing assistance payments and an administrative fee allocated from the COCC program in connection with the Mainstream 5-year vouchers. These vouchers are not part of the MTW Single Fund.

2 State/Local

Primarily includes 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 and expected to be reimbursed at a later date by the City of Atlanta and related agencies, where applicable.

1 Business Activities

Primarily includes development and revitalization activities resulting from AHA's role as sponsor and co-developer of MIXED rental communities. Those activities primarily include predevelopment and development loans to Owner Entities of the MIXED 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 64.

This program also includes unrestricted and restricted cash and investments 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 (non-federal) cash and investments. It also includes expenses (not allowable under HUD regulations) paid with NHC or non-federal funds. For further information, refer to *Note G of the* ***Financial Statements*** on page 66.

COCC

Comprised of operating and administrative expenses incurred by the operating and administrative departments overseeing and/or supporting AHA's various projects and programs, net of fees allocated.

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. See *Note U of the* ***Notes to the Financial Statements*** on page 79 for balances and activity for 2017.

The Housing Authority of the City of Atlanta, Georgia

SCHEDULE OF RELATED-PARTY DEVELOPMENT LOANS

Owner Entity:	Effective Date	Interest Rate	Maturity Date	Outstanding Balance as of June 30, 2017	Outstanding Balance as of June 30, 2016
Construction/Permanent Financing Loans:					
Capitol Gateway Partnership I, L.P.	9/15/2008	1.00%	12/31/2072	$ 10,084,861	$ 10,084,861
Capitol Gateway Partnership II, L.P.	11/29/2006	4.89%	11/1/2058	1,358,488	1,430,980
Capitol Gateway Partnership II, L.P.	11/29/2006	1.00%	11/1/2072	2,405,708	2,405,708
Carver Redevelopment Partnership I, L.P.	9/1/2006	1.00%	7/20/2060	7,700,000	7,700,000
Carver Redevelopment Partnership I, L.P.	7/21/2000	0.50%	1/1/2059	500,000	500,000
Carver Redevelopment Partnership I, L.P.	9/1/2006	5.21%	12/31/2055	874,250	874,250
Carver Redevelopment Partnership II, L.P.	12/2/2002	6.25%	7/20/2060	740,000	740,000
Carver Redevelopment Partnership III, L.P.	3/31/2006	1.00%	7/20/2060	8,430,000	8,430,000
Carver Redevelopment Partnership V, L.P.	8/15/2009	0.50%	7/20/2060	6,240,000	6,240,000
CCH John Eagan I Homes, L.P.	8/12/1998	1.00%	8/12/2055	5,896,000	5,896,000
CCH John Eagan II Homes, L.P.	11/17/2000	1.00%	11/30/2057	4,536,000	4,536,000
Centennial Place Partnership I, LP	6/11/2015	0.50%	6/11/2070	4,044,270	4,044,270
Centennial Place Partnership II, LP	12/4/2015	0.50%	12/4/2070	4,150,000	4,150,000
Centennial Place Partnership III, LP	12/29/2016	0.50%	12/28/2071	4,266,771	-
Columbia at Mechanicsville Apartments, L.P.	12/19/2006	0.00%	12/31/2063	5,115,000	5,115,000
Columbia Commons, L.P.	3/30/2007	5.01%	12/30/2059	2,800,000	2,800,000
Columbia Commons, L.P.	3/30/2007	5.01%	10/30/2059	625,221	625,221
Columbia Creste, L.P.	8/7/2007	5.21%	10/30/2059	4,900,000	4,900,000
Columbia Creste, L.P.	8/7/2007	5.21%	10/30/2059	346,290	346,290
Columbia Estates, L.P.	3/30/2007	5.01%	10/30/2059	3,750,000	3,750,000
Columbia Estates, L.P.	3/30/2007	5.01%	10/30/2059	816,413	816,413
Columbia Grove, L.P.	7/23/2008	4.60%	7/31/2055	4,303,896	4,303,896
Columbia Grove, L.P.	7/23/2008	4.60%	7/31/2055	162,773	162,773
Columbia Park Citi Residences, L.P.	10/5/2006	5.21%	10/30/2059	4,575,000	4,575,000
Columbia Park Citi Residences, L.P.	10/5/2006	5.21%	10/30/2059	253,164	253,164
Columbia Senior Residences at Mechanicsville, L.P.	12/20/2006	4.90%	12/31/2063	4,273,628	4,273,628
Columbia Village, L.P.	8/14/1998	6.50%	6/12/2040	2,250,000	2,250,000
East Lake Redevelopment II, L.P.	7/29/1999	0.00%	7/29/2039	11,903,505	11,903,505
East Lake Redevelopment, L.P.	12/13/1996	0.00%	12/12/2036	5,824,000	5,824,000
Grady Multifamily I, LP	12/18/2009	0.50%	12/1/2067	7,106,814	7,309,162
Grady Multifamily II, L.P.	12/18/2012	3.48%	12/17/2067	5,500,000	5,500,000
Grady Redevelopment Partnership I, L.P.	9/20/2007	4.57%	9/1/2067	2,680,265	2,723,514
Grady Senior Partnership II, LP	3/12/2010	0.50%	12/1/2067	2,423,892	2,644,485
Harris Redevelopment Partnership I, L.P.	1/1/2006	4.87%	10/31/2063	7,925,000	7,925,000
Harris Redevelopment Partnership V, LP	12/18/2009	0.50%	10/1/2063	8,871,046	9,081,843
John Hope Community Partnership I, L.P.	5/28/1998	1.00%	5/27/2053	4,620,000	4,620,000
John Hope Community Partnership II, L.P.	5/12/1999	1.00%	5/11/2054	7,980,000	7,980,000
Juniper and Tenth, LP	11/22/2016	0.50%	11/21/2066	3,662,500	-
Kimberly Associates I, L.P.	12/30/1999	6.47%	12/30/2054	2,605,000	2,605,000
Kimberly Associates II, L.P.	8/29/2001	5.72%	12/30/2054	1,507,000	1,507,000
Kimberly Associates III, L.P.	11/15/2002	4.60%	12/30/2054	1,305,000	1,305,000
Legacy Partnership III, L.P.	4/1/1998	5.98%	2/28/2051	-	3,774,000
Legacy Partnership IV, L.P.	2/24/1999	5.24%	2/23/2054	3,920,000	3,920,000
Mechanicsville Apartments Phase 3, L.P.	12/14/2007	4.72%	12/31/2059	5,965,395	5,965,395
Mechanicsville Apartments Phase 4, L.P.	12/21/2007	0.00%	12/31/2059	5,494,000	5,494,000
Mechanicsville Apartments Phase 6, L.P.	1/14/2011	2.50%	12/31/2063	5,164,398	5,164,398
Mercy Housing Georgia VI, L.P.	7/20/2007	2.50%	10/1/2063	5,600,000	5,600,000
UH Senior Partnership II, LP	12/24/2013	1.00%	12/17/2066	1,500,000	1,500,000
UH Senior Partnership II, LP	2/27/2015	0.00%	2/27/2065	450,000	450,000
West End Phase III Redevelopment Partnership, L.P.	5/19/2000	6.20%	5/31/2034	1,298,400	1,298,400
				198,703,948	195,298,156
Valuation Allowance				(31,492,292)	(30,877,049)
				$ 167,211,656	**$ 164,421,107**

The Housing Authority of the City of Atlanta, Georgia

SCHEDULE OF RELATED-PARTY OTHER LOANS AND FEES RECEIVABLE

As of June 30, 2017

Owner Entity:	Other Loans	Developer and Other Fees Long Term	Predevelopment Loans Long Term	Investment In Partnership
Adamsville Green, L.P.	$ 1,837,378	$ 3,500	$ -	$ -
Brock Built Homes, LLC	402,000	-	-	-
Campbell Stone, L.P.	1,500,000	-	-	-
Capitol Gateway Partnership I, L.P.	181,236	30,451	-	-
Capitol Gateway Partnership II, L.P.	-	17,353	-	-
Carver Redevelopment Partnership I, L.P.	225,792	22,780	-	-
Carver Redevelopment Partnership II, L.P.	-	60,262	-	-
Carver Redevelopment Partnership III, L.P.	111,500	22,379	-	-
Carver Redevelopment Partnership V, L.P.	-	151,408	-	-
Carver Senior Building, L.P.	-	9,653	-	-
CCH John Eagan I Homes, L.P.	46,565	-	-	-
Centennial Place Partnership I, L.P.	-	170,877	-	-
Centennial Place Partnership II, L.P.	-	130,640	-	-
Centennial Place Partnership III, L.P.	-	260,585	-	-
Columbia at Mechanicsville Apartments, L.P.	-	57,592	-	-
Columbia Colony Senior	-	40,000	-	-
Columbia Commons, L.P.	-	-	-	82,580
Columbia Creste, L.P.	148,009	121,414	-	-
Columbia Estates, L.P.	168,791	71,163	-	-
Columbia Grove, L.P.	227,999	64,855	-	-
Columbia Heritage Senior Residences, L.P.	-	83,407	-	-
Columbia Park Citi Residences, L.P.	117,687	85,135	-	-
Columbia Senior Residences at Edgewood, L.P.	954,753	-	-	-
Columbia Senior Residences at Mechanicsville, L.P.	-	8,034	-	-
Columbia Village, L.P.	-	-	-	111,914
Cosby Spear, L.P.	-	8,250	-	-
East Lake Redevelopment II, L.P.	318,728	-	-	-
East Lake Redevelopment, L.P.	197,702	-	-	-
Gates Park Crossing HFOP Apartments, L.P.	1,203,535	250,054	-	-
Gates Park Crossing HFS Apartments, L.P.	1,074,078	257,375	-	-
Grady Multifamily I, L.P.	-	18,089	-	-
Grady Multifamily II, L.P.	-	20,121	-	-
Grady Redevelopment Partnership I, L.P.	-	11,952	-	-
Grady Senior Partnership II, L.P.	-	10,236	-	-
Grady Senior Partnership III, L.P.	-	10,171	-	-
Harris Redevelopment Partnership I, L.P.	351,060	56,229	-	-
Harris Redevelopment Partnership II, L.P.	97,544	9,390	-	-
Harris Redevelopment Partnership Phase V, L.P.	-	19,543	-	-
Harris Redevelopment Partnership VI, L.P.	-	20,659	-	220,000
Harris Redevelopment, LLC	-	-	8,468	-
Hightower Manor Redevelopment, L.P.	-	-	33,011	-
Kimberly Associates I, L.P.	152,484	-	-	-
Kimberly Associates II, L.P.	70,335	7,833	-	-
Kimberly Associates III, L.P.	22,080	91,241	-	-
Legacy Partnership IV, L.P.	284,483	-	-	-
Mechanicsville Apartments Phase 3, L.P.	-	18,965	-	-
Mechanicsville Apartments Phase 4, L.P.	-	88,667	-	-
Mechanicsville Apartments Phase 6, L.P.	-	99,608	-	-
Mercy Housing Georgia VI, L.P.	111,296	20,752	-	-
Peachtree Road Senior Tower, LLC	-	-	18,341	-
Piedmont Senior Tower, LLC	-	-	236,009	-
UH Scholars Partnership III, L.P.	-	-	356,016	-
UH Scholars Partnership IV, L.P.	-	10,000	-	-
UH Senior Partnership I, L.P.	-	8,856	-	-
UH Senior Partnership II, L.P.	-	115,655	-	-
West End Phase III Redevelopment Partnership, L.P.	97,805	-	-	-
	9,902,841	2,565,133	651,845	414,494
Valuation allowance	(2,819,802)	(1,203,679)	-	(414,494)
	$ 7,083,039	**$ 1,361,454**	**$ 651,845**	**$ -**

The Housing Authority of the City of Atlanta, Georgia

SCHEDULE OF RELATED-PARTY OTHER LOANS AND FEES RECEIVABLE

As of June 30, 2016

Owner Entity:	Other Loans	Developer and Other Fees Long Term	Predevelopment Loans Long Term	Investment In Partnership
Adamsville Green, L.P.	$ 1,837,378	$ 3,500	$ -	$ -
Brock Built Homes, LLC	642,000	-	-	-
Campbell Stone, L.P.	1,500,000	-	-	-
Capitol Gateway Partnership I, L.P.	181,236	38,452	-	-
Capitol Gateway Partnership II, L.P.	-	24,115	-	-
Carnegie Library, L.P.	-	11,628	-	-
Carver Redevelopment Partnership I, L.P.	225,792	25,157	-	-
Carver Redevelopment Partnership II, L.P.	-	63,488	-	-
Carver Redevelopment Partnership III, L.P.	111,500	23,346	-	-
Carver Redevelopment Partnership V, L.P.	-	155,551	-	-
Carver Senior Building, L.P.	-	19,583	-	-
CCH John Eagan I Homes, L.P.	46,565	-	-	-
CCH John Eagan II Homes, L.P.	-	122,472	-	-
Centennial Park North II, LLC	2,352,000	-	-	-
Centennial Place Partnership I, L.P.	43,382	263,918	-	-
Centennial Place Partnership II, L.P.	-	240,760	-	-
Columbia at Mechanicsville Apartments, L.P.	-	55,637	-	-
Columbia Colony Senior	-	40,000	-	-
Columbia Commons, L.P.	-	-	-	82,580
Columbia Creste, L.P.	148,009	103,369	-	-
Columbia Estates, L.P.	168,791	71,163	-	-
Columbia Grove, L.P.	227,999	63,811	-	-
Columbia Heritage Senior Residences, L.P.	-	389,068	-	-
Columbia Park Citi Residences, L.P.	117,687	81,477	-	-
Columbia Senior Residences at Edgewood, L.P.	995,513	-	-	-
Columbia Senior Residences at Mechanicsville, L.P.	-	6,240	-	-
Columbia Village, L.P.	-	-	-	111,914
Cosby Spear, L.P.	-	8,250	-	-
East Lake Redevelopment II, L.P.	318,728	-	-	-
East Lake Redevelopment, L.P.	197,702	-	-	-
Gates Park Crossing HFOP Apartments, L.P.	1,203,535	242,554	-	-
Gates Park Crossing HFS Apartments, L.P.	1,074,078	249,875	-	-
Grady Multifamily I, L.P.	-	19,931	-	-
Grady Multifamily II, L.P.	-	53,913	-	-
Grady Redevelopment Partnership I, L.P.	-	5,412	-	-
Grady Senior Partnership II, L.P.	-	20,448	-	-
Grady Senior Partnership III, L.P.	-	21,308	-	-
Harris Redevelopment Partnership I, L.P.	351,060	42,283	-	-
Harris Redevelopment Partnership II, L.P.	97,544	19,059	-	-
Harris Redevelopment Partnership Phase V, L.P.	-	21,284	-	-
Harris Redevelopment Partnership VI, L.P.	-	21,149	-	220,000
Harris Redevelopment, LLC	8,468	-	-	-
Hightower Manor Redevelopment, L.P.	-	-	16,013	-
Juniper & Tenth, L.P.	-	-	338,128	-
Kimberly Associates I, L.P.	152,484	-	-	-
Kimberly Associates II, L.P.	70,335	7,833	-	-
Kimberly Associates III, L.P.	22,080	91,241	-	-
Legacy Partnership III, L.P.	391,289	-	285,385	-
Legacy Partnership IV, L.P.	284,483	-	-	-
Mechanicsville Apartments Phase 3, L.P.	-	14,549	-	-
Mechanicsville Apartments Phase 4, L.P.	-	84,885	-	-
Mechanicsville Apartments Phase 6, L.P.	-	83,086	-	-
Mercy Housing Georgia VI, L.P.	111,296	-	-	-
Peachtree Road Senior Tower, LLC	-	-	4,125	-
Piedmont Senior Tower, LLC	-	-	212,742	-
UH Scholars Partnership III, L.P.	-	10,000	93,019	-
UH Scholars Partnership IV, L.P.	-	10,000	-	-
UH Senior Partnership I, L.P.	-	18,090	-	-
UH Senior Partnership II, L.P.	-	126,002	-	-
West End Phase III Redevelopment Partnership, L.P.	97,805	-	-	-
	12,978,739	2,973,887	949,410	414,494
Valuation allowance	(3,254,473)	(122,472)	-	(414,494)
	$ 9,724,267	**$ 2,851,415**	**$ 949,410**	**$ -**

The Housing Authority of the City of Atlanta, Georgia

SCHEDULE OF RELATED-PARTY TRANSACTIONS

Year Ended June 30, 2017

Owner Entity:	Interest Income received on Loans	Development Related Income	Housing Assistance Payments: MIXED Communities	Housing Assistance Payments: PBRA [1]
Adamsville Green, L.P.	$ 20,638	$ 3,500	$ -	$ 580,990
Atlanta Housing Opportunity Inc	-	15,000	-	-
Brock Built Homes, LLC	-	1,448,059	-	-
Campbell Stone, L.P.	-	-	-	1,451,447
Capitol Gateway Partnership I, L.P.	100,468	49,407	292,706	-
Capitol Gateway Partnership II, L.P.	95,077	25,148	145,199	150,059
Carnegie Library	-	13,628	-	-
Carver Redevelopment Partnership I, L.P.	12,714	32,667	539,445	-
Carver Redevelopment Partnership II, L.P.	-	11,127	61,352	-
Carver Redevelopment Partnership III, L.P.	13,204	31,866	492,297	-
Carver Redevelopment Partnership V, L.P.	-	23,850	290,261	-
Carver Senior Building, L.P.	-	108,379	-	716,458
CCH John Eagan I Homes, L.P.	-	-	326,232	-
CCH John Eagan II Homes, L.P.	-	-	409,746	-
Centennial Park North II, LLC	330,456	-	-	-
Centennial Place Partnership I, L.P.	9,043	-	-	299,590
Centennial Place Partnership II, L.P.	19,251	-	-	276,026
Centennial Place Partnership III, L.P.	10,726	392,168	-	322,757
Columbia at Mechanicsville Apartments, L.P.	11,450	1,955	344,227	283,065
Columbia Commons, L.P.	102,574	-	256,026	82,128
Columbia Creste, L.P.	-	18,045	401,021	-
Columbia Estates, L.P.	109,443	33,385	372,469	-
Columbia Grove, L.P.	12,970	13,135	243,943	-
Columbia Heritage Senior Residences, LP	-	-	-	1,044,345
Columbia Mechanicsville Scattered Sites, L.P.	-	38,349	-	-
Columbia Park Citi Residences, L.P.	-	17,366	385,742	-
Columbia Senior Residences at Edgewood, L.P.	19,951	35,858	-	1,251,699
Columbia Senior Residences at Mechanicsville, L.P.	40,925	14,146	281,695	602,174
Columbia Village, L.P.	91,548	2,250	128,698	-
East Lake Redevelopment II, L.P.	-	10,800	1,226,416	-
East Lake Redevelopment, L.P.	-	-	702,046	-
Gates Park Crossing HFOP Apartments, L.P.	-	7,500	-	981,767
Gates Park Crossing HFS Apartments, L.P.	-	7,500	-	817,249
Grady Multifamily I, L.P.	43,608	28,478	375,390	82,145
Grady Multifamily II, L.P.	229,930	24,137	237,556	-
Grady Redevelopment Partnership I, L.P.	32,492	17,432	159,693	650,692
Grady Senior Partnership II, L.P.	15,450	10,236	-	880,951
Grady Senior Partnership III, L.P.	-	88,002	-	879,067
Harris Redevelopment Partnership I, L.P.	15,631	31,152	245,563	-
Harris Redevelopment Partnership II, L.P.	-	67,916	-	686,422
Harris Redevelopment Partnership Phase V, LP	54,090	31,919	444,029	89,980
Harris Redevelopment Partnership VI, L.P.	-	2,523	185,075	-
Harris VII Homeownership Offsite	-	5,354	-	-
John Hope Community Partnership I, L.P.	-	-	399,917	-
John Hope Community Partnership II, L.P.	-	-	592,709	-
Juniper and Tenth, L.P.	6,034	55,000	-	-
Kimberly Associates I, L.P.	-	-	339,078	78,935
Kimberly Associates II, L.P.	-	-	190,019	105,528
Kimberly Associates III, L.P.	-	-	170,000	41,696
Legacy Partnership IV, L.P.	23,712	-	-	354,540
Mechanicsville Apartments Phase 3, L.P.	39,676	19,777	340,885	273,985
Mechanicsville Apartments Phase 4, L.P.	21,150	19,192	306,851	330,814
Mechanicsville Apartments Phase 6, L.P.	3,302	30,449	274,931	254,192
Mercy Housing Georgia VI, L.P.	-	104,772	546,035	948,886
UH Senior Partnership I, L.P.	-	44,940	-	779,030
UH Senior Partnership II, L.P.	-	-	-	191,308
West End Phase III Redevelopment Partnership, L.P.	4,478	-	108,141	-
	$ 1,489,992	**$ 2,936,366**	**$ 11,815,391**	**$ 15,487,925**

[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, 2016

Owner Entity:	Interest Income Received on Loans	Development Related Income	Housing Assistance Payments	
			MIXED Communities	PBRA [1]
Adamsville Green, L.P.	$ 49,756	$ 7,000	$ -	$ 584,896
Brock Built Homes, LLC	-	708,212	-	-
Campbell Stone, L.P.	-	-	-	1,447,999
Capitol Gateway Partnership I, L.P.	99,656	26,716	363,071	-
Capitol Gateway Partnership II, L.P.	59,763	16,703	202,222	170,069
Carnegie Library, L.P.	-	2,000	-	-
Carver Redevelopment Partnership I, L.P.	-	18,542	780,053	-
Carver Redevelopment Partnership II, L.P.	-	7,697	115,309	-
Carver Redevelopment Partnership III, L.P.	-	18,007	541,305	-
Carver Redevelopment Partnership V, L.P.	53,604	14,576	286,261	-
Carver Senior Building, L.P.	-	68,471	-	727,542
CCH John Eagan I Homes, L.P.	-	-	271,068	-
CCH John Eagan II Homes, L.P.	-	-	388,232	-
Centennial Place Partnership I, L.P.	20,221	11,000	35,625	302,555
Centennial Place Partnership II, L.P.	600,314	391,000	28,370	303,861
Columbia at Mechanicsville Apartments, L.P.	32,668	34,288	374,800	287,561
Columbia Commons, L.P.	43,938	-	257,595	96,266
Columbia Creste, L.P.	-	28,565	364,972	-
Columbia Estates, L.P.	41,848	24,180	352,420	-
Columbia Grove, L.P.	-	22,856	233,331	-
Columbia Heritage Senior Residences, LP	-	81,687	-	1,019,802
Columbia Mechanicsville Scattered Sites, L.P.	-	53,268	-	-
Columbia Park Citi Residences, L.P.	-	27,949	363,689	-
Columbia Senior Residences at Edgewood, L.P.	30,655	62,500	-	1,256,127
Columbia Senior Residences at Mechanicsville, L.P.	56,865	18,227	241,863	631,178
Columbia Village, L.P.	74,888	-	119,731	-
East Lake Redevelopment II, L.P.	-	11,675	1,089,040	-
East Lake Redevelopment, L.P.	-	-	677,552	-
Gates Park Crossing HFOP Apartments, L.P.	-	22,500	-	1,008,484
Gates Park Crossing HFS Apartments, L.P.	-	22,500	-	804,096
Grady Multifamily I, L.P.	49,148	15,771	286,644	82,387
Grady Multifamily II, L.P.	-	15,107	142,314	-
Grady Redevelopment Partnership I, L.P.	36,417	-	101,641	640,052
Grady Senior Partnership II, L.P.	18,203	10,252	-	881,897
Grady Senior Partnership III, L.P.	-	85,921	-	869,573
Harris Redevelopment Partnership I, L.P.	-	17,647	308,892	-
Harris Redevelopment Partnership II, L.P.	-	40,836	-	683,041
Harris Redevelopment Partnership Phase V, LP	61,041	16,881	411,640	86,350
Harris Redevelopment Partnership VI, L.P.	-	610	170,703	-
Hightower Manor Redevelopment, L.P.	-	4,125	-	-
John Hope Community Partnership I, L.P.	-	-	355,427	-
John Hope Community Partnership II, L.P.	-	-	562,316	-
Kimberly Associates I, L.P.	-	-	369,364	51,182
Kimberly Associates II, L.P.	-	-	207,534	83,455
Kimberly Associates III, L.P.	-	-	150,008	24,977
Legacy Partnership III, L.P.	-	10,000	18,328	310,162
Legacy Partnership IV, L.P.	-	-	15,942	341,034
Mechanicsville Apartments Phase 3, L.P.	-	23,327	348,896	296,060
Mechanicsville Apartments Phase 4, L.P.	-	34,232	324,140	337,168
Mechanicsville Apartments Phase 6, L.P.	-	29,870	303,615	293,240
Mercy Housing Georgia VI, L.P.	-	-	506,839	898,983
Peachtree Road Senior Tower, LLC	-	4,809	-	-
UH Scholars Partnership III, L.P.	-	10,000	-	-
UH Senior Partnership I, L.P.	-	33,113	-	747,710
UH Senior Partnership II, L.P.	-	188,502	-	77,425
West End Phase III Redevelopment Partnership, L.P.	-	-	99,027	-
	$ 1,328,984	**$ 2,241,120**	**$ 11,769,779**	**$ 15,345,132**

[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, 2017

Program	Original Grant Award	Grant Drawdown			Expenditures			HUD Receivable/ (Payable)	Remaining Grant Award
	Authorized Amount	Cumulative as of June 30, 2016	Year ended June 30, 2017	Cumulative as of June 30, 2017	Cumulative as of June 30, 2016	Year ended June 30, 2017	Cumulative as of June 30, 2017	Balance as of June 30, 2017	Unexpended Balance as of June 30, 2017
Capital Fund Program Grants:									
GA06P006501-12 Capital Fund Program 2012 *	$ 4,667,238	$ 4,667,238	$ -	$ 4,667,238	$ 4,667,238	$ -	$ 4,667,238	$ -	$ -
GA06P006501-13 Capital Fund Program 2013	3,885,905	500,000		500,000	500,000	-	500,000	-	3,385,905
GA06P006501-14 Capital Fund Program 2014	4,665,921	752,544		752,544	752,544	-	752,544	-	3,913,377
GA06P006501-15 Capital Fund Program 2015	5,427,060	-	500,000	500,000	-	500,000	500,000	-	4,927,060
GA06P006501-16 Capital Fund Program 2016	6,135,319	-	-	-	-	-	-	-	6,135,319
GA06P006501-17 Capital Fund Program 2017**	10,472,956	-	-	-	-	-	-	-	10,472,956
Total Capital Fund Program Grants	**35,254,399**	**5,919,782**	**500,000**	**6,419,782**	**5,919,782**	**500,000**	**6,419,782**	**-**	**28,834,617**
HOPE VI Grants:									
GA4A006CNG114 2014/2015 Choice Neighborhood Implementation	30,000,000	-	884,999	884,999	440,784	894,652	1,335,436	450,438	29,115,002
Total HOPE VI Grants	**30,000,000**	**-**	**884,999**	**884,999**	**440,784**	**894,652**	**1,335,436**	**450,438**	**29,115,001**
Replacement Housing Factor Grants:									
GA06R006501-12 RHF 2012-1 *	6,618,731	6,618,731	-	6,618,731	6,618,731	-	6,618,731	-	-
GA06R006502-12 RHF 2012-2 *	1,429,204	1,429,204	-	1,429,204	1,429,204	-	1,429,204	-	-
GA06R006501-13 RHF 2013-1	5,803,172	594,496	4,470,126	5,064,622	788,754	4,299,892	5,088,646	7,012	738,550
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
GA06R006501-16 RHF 2016-1	4,558,498	-	-	-	-	-	-	-	4,558,498
GA06R006502-16 RHF 2016-2	1,713,869	-	-	-	-	-	-	-	1,713,869
GA01R006501-17 RHF 2017-1**	335,503	-	-	-	-	-	-	-	335,503
GA01R006502-17 RHF 2017-2**	1,272,118	-	-	-	-	-	-	-	1,272,118
Total Replacement Housing Factor Grants	**39,343,221**	**8,642,431**	**4,470,126**	**13,112,557**	**8,836,689**	**4,299,892**	**13,136,581**	**7,012**	**24,623,043**
Resident Opportunity & Self Sufficiency Grants:									
GA006FSH172A014 ROSS 2014 *	118,999	118,999	-	118,999	70,007	48,992	118,999	-	-
GA006FSH237A015 ROSS 2015	189,000	71,359	117,641	189,000	88,516	100,484	189,000	-	-
GA006FSH152A016 ROSS 2016	249,000	-	138,598	138,598	-	138,598	138,598	-	110,402
Total Resident Opportunity & Self Sufficiency Grants	556,999	190,358	256,239	446,597	158,523	288,074	446,597	-	110,402
Total HUD-Funded Grants	**$ 105,154,619**	**$ 14,752,571**	**$ 6,111,363**	**$ 20,863,934**	**$ 15,355,778**	**$ 5,982,619**	**$ 21,338,397**	**$ 457,450**	**$ 82,683,063**

* Grants completed in year ended June 30, 2016

** Grants were approved August 16, 2017

The Housing Authority of the City of Atlanta, Georgia

SCHEDULE OF ROSS PROGRAM COMPLETION
COSTS AND ADVANCES PROGRAM CERTIFICATION

Contract completed during the year ended June 30, 2017

GRANT NAME	ROSS 2015
PROJECT NUMBER	GA006FSH237A015
GRANT AWARD EFFECTIVE DATE*	January 1, 2016
CONTRACT COMPLETION DATE	December 2, 2016
BUDGET	$ 189,000
ADVANCES	$ 189,000
COSTS	189,000
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.

STATISTICAL INFORMATION

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METRO ATLANTA CHAMBER

METRO ATLANTA
KEY ECONOMIC INDICATORS

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Population	4,931,848	5,066,356	5,170,099	5,240,828	5,286,728	5,373,558	5,452,145	5,517,230	5,605,765	5,699,050	5,789,700
Annual Net Population Gain	160,978	134,508	103,743	70,729	45,900	86,830	78,587	65,085	88,535	93,285	90,650
Annual Growth Rate	3.40%	2.70%	2.00%	1.40%	0.90%	1.60%	1.50%	1.20%	1.60%	1.70%	1.60%
Labor Force	2,662,151	2,740,478	2,777,683	2,722,616	2,720,044	2,760,194	2,791,482	2,791,868	2,809,202	2,836,322	2,938,612
Employment	2,538,141	2,618,825	2,606,822	2,452,057	2,440,037	2,486,895	2,546,478	2,574,339	2,619,867	2,677,863	2,788,476
Unemployment Rate	4.70%	4.40%	6.20%	9.90%	10.30%	9.90%	8.80%	7.80%	6.70%	5.60%	5.10%
Nonagricultural Employment	2,411,200	2,460,200	2,433,400	2,297,000	2,276,100	2,311,700	2,354,300	2,414,300	2,503,400	2,582,100	2,667,800
Annual Net Job Creation	66,100	49,000	-26,800	-136,400	-20,900	35,600	42,600	60,000	89,100	78,700	85,700
Annual Growth Rate	2.80%	2.00%	-1.10%	-5.60%	-0.90%	1.60%	1.80%	2.50%	3.70%	3.10%	3.30%
Total Establishments	142,249	144,554	148,923	146,302	145,017	148,235	151,687	155,246	159,840	164,253	tbd
Gross Domestic Product (billions)	$266.30	$280.30	$279.50	$271.10	$274.90	$282.70	$294.10	$305.30	$322.00	$339.20	tbd
Total Personal Income (billions)	$199.80	$208.20	$207.20	$202.70	$205.50	$221.00	$224.60	$228.20	$244.20	$257.50	tbd
Per Capita Personal Income	$40,318	$41,104	$40,080	$38,680	$38,739	$41,124	$41,164	$41,309	$43,493	$45,092	tbd
Bank Deposits (billions)	$109.60	$113.60	$117.50	$114.80	$110.80	$115.90	$121.20	$123.60	$132.60	$146.10	$156.20
Total Housing Units Authorized by Building Permits	68,240	44,686	19,034	6,509	7,627	8,692	14,356	24,297	26,431	30,011	36,121
Single Family	53,944	31,121	12,307	5,397	6,436	6,239	9,146	14,824	16,935	19,885	22,931
Multi-Family & Apartments	14,296	13,565	6,727	1,112	1,191	2,453	5,210	9,473	9,496	10,126	13,190
Hartsfield-Jackson Atlanta International Airport											
Total Operations (takeoffs & landings)	976,447	994,346	978,083	970,235	950,119	923,996	930,310	911,074	868,359	882,497	898,356
Total Passengers	84,846,639	89,379,287	90,039,280	88,001,381	89,331,662	92,389,023	95,513,828	94,431,224	96,178,899	101,491,106	104,171,938
International Passengers	8,073,855	8,897,291	9,180,491	8,832,195	9,139,022	9,856,954	9,854,343	10,258,133	10,784,219	11,233,303	11,475,615
Total Freight (metric tons)	738,180	715,359	648,704	554,888	643,502	663,162	654,013	616,365	601,270	626,201	648,595

Source: Metro Atlanta Chamber of Commerce, 3/29/17