

Comprehensive
Annual Financial
Report and
Independent
Auditors' Report



For the fiscal years ended
June 30, 2016 and 2015

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, 2016 and 2015

Issued by the Department of Finance, Atlanta Housing Authority

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INTRODUCTORY SECTION

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November 14, 2016

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, 2016 and June 30, 2015. This report was prepared by the Authority's Finance staff and the Authority's financial statements included in this CAFR were audited by the public accounting firm CohnReznick. The Independent Auditors' Report of CohnReznick is presented as the first component of the Financial Section on page 17.

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

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

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

Profile of the Authority

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

AHA has created affiliate entities to implement and execute a number of the Authority's program activities and initiatives. The financial statements of these affiliates are included in AHA's financial statements as blended component units. AHA has one affiliate that is not a component unit, but is considered a related entity; therefore, the financial activities for this entity have been excluded from the Authority's financial statements (*see Note A of 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 Business Plan, which was prepared leveraging the statutory and regulatory relief under its MTW Agreement and the guiding principles, the lessons learned and best practices from AHA's Revitalization Program. Under its MTW Agreement, AHA has the flexibility to develop policies and procedures that differ from those prescribed in regulations implementing Section 8 and 9 of the Housing Act of 1937. It provides also the flexibility to innovate and create new programs, and to create and implement local solutions to address local challenges in providing affordable housing opportunities to eligible low-income households in Atlanta. The success that AHA has achieved as an innovator, fulfilling the promise of the MTW program envisioned by Congress, is apparent in a review of AHA's many initiatives. For more details, see the MTW Innovations and Policies section of AHA's MTW 2016 Annual Report.

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

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

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

Our Vision: "Healthy Mixed-Income Communities; Healthy Self-Sufficient Families."

Our Mission: "Provide quality affordable housing in amenity-rich, mixed-income communities for the betterment of the community."

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

Quality Living Environments — Provide quality affordable housing in healthy mixed-income communities with access to excellent quality-of-life amenities.

Self-Sufficiency — (a) Facilitate opportunities for families and individuals to build economic capacity and stability that will reduce their dependency on subsidy and help them, ultimately, to become financially independent; (b) facilitate and support initiatives and strategies to support great educational outcomes for children; and (c) facilitate and support initiatives that enable the elderly and persons with disabilities to live independently with enhanced opportunities for aging well.

Economic Viability — Maximize AHA's financial soundness and viability to ensure sustainability.

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

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

3. Create mixed-income communities with the goal of 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 2016 AHA focused on the following three priorities as articulated in its FY 2016 MTW Annual Plan:

1. **Housing Opportunities & Real Estate Development:** Expand and preserve housing opportunities while facilitating development of new mixed-income communities;
2. **Human Development Services and Self-Sufficiency:** Increase the number of Housing Choice households that are compliant with AHA's Work/Program Requirement through enhanced services coordination, contract service providers and expanded partnerships; and
3. **Administration:** Optimize systems investments and identify efficiencies and cost savings throughout the agency.

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% public housing model through implementation of a comprehensive and strategic revitalization program (Revitalization Program). Under AHA's Revitalization Program, public-housing-assisted households were relocated to housing of their choice, primarily to private housing (using tenant-based Housing Choice vouchers). After relocation, distressed and obsolete housing projects were demolished, and the sites remediated and prepared for development. Through partnerships with excellent private-sector developers, market-rate-quality, mixed-use, mixed-income communities continue to be developed using public and private resources. AHA's Revitalization Program is designed to intentionally de-concentrate poverty and create communities of choice, where Atlanta's families from every socio-economic status can live, learn, work and play as they pursue their version of the American dream.

As of June 30, 2010, AHA successfully completed the relocation of all affected public-housing-assisted households and, by December 31, 2010, AHA had completed the demolition of 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.

As a result of the above-described strategic initiatives and leveraging more than \$300 million in HOPE VI, other public housing development funds and MTW funds, which resulted in a total financial investment and economic impact of more than \$2 billion, AHA's portfolio of housing opportunities has changed dramatically since 1995. In 1994, AHA owned and operated 14,300 public-housing-assisted units in 43 conventional public housing projects and administered approximately 4,500 certificates and vouchers. As of June 30, 2016, AHA's housing profile and operating activities have evolved into the following:

- Public-housing-assisted communities (11 senior high-rise buildings and two small-family developments) owned and operated through professional property management firms, with 1,942 housing units, all of which are well-located in economically integrated neighborhoods (referred to as AHA-Owned Residential Communities). As part of its real estate strategy, AHA has started converting its public housing properties from Section 8 to Section 9 under HUD Rental Assistance Demonstration (RAD) program, as those properties become in need of rehabilitation and upgrades.
- Operating subsidy for 2,221 Annual Contribution Contract (ACC) (HUD-subsidized) units in 16 AHA-Sponsored mixed-income, mixed-finance (MIMF) rental communities owned and operated by related public/private owner entities;
- Tenant-based Housing Choice rental assistance for 10,012 units owned and operated by private property owners;
- Project Based Rental Assistance (PBRA) for 1,780 units in six of the MIMF rental communities owned and operated by related public/private owner entities;
- Rental assistance for 3,271 PBRA-assisted units in other mixed-income and Supportive Housing communities owned and operated by unrelated private owners;
- Mortgage assistance to 30 participants, who used their Section 8 tenant-based Housing Choice vouchers for homeownership; and
- Down payment assistance to a total of 467 first-time home buyers since inception of the program.

The implementation of these initiatives has also changed the mix of AHA's revenue from HUD from being primarily comprised of Section 9 Public Housing operating funds and capital funds in 1995 to being primarily comprised of Section 8 Housing Choice Voucher funds in FY 2016. During FY 2016, approximately 88% of AHA's revenue from HUD was attributable to Section 8 Housing Choice Voucher funds.

Moreover, as a result of the strategic Revitalization Program and other initiatives, and the shift from a primarily Section 9 Public Housing operating funds platform to a Section 8 Housing Choice Voucher funds platform, AHA's operations are more stable and its financial position is stronger. As mentioned above, public housing properties in need of rehabilitation and upgrades are being converted from Section 8 to Section 9 under HUD Rental Assistance Demonstration (RAD) program.

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 unrestricted contributions from NHC activities in Illinois and Georgia which are included in AHA's financial statements as operating revenue.

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

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

Economic Conditions and Financial Outlook

Like every other major metropolitan area in the United States, metropolitan-Atlanta was adversely impacted by the global economic recession. Many local and national economists have stated that metropolitan-Atlanta and Georgia remain attractive places to live, work and invest because the fundamentals are quite strong. Metropolitan-Atlanta enjoys the benefits of moderate weather, an educated workforce, a concentration of excellent colleges and universities, and the Hartsfield-Jackson Atlanta International Airport. These strengths have helped Atlanta's recovery and unemployment has continued to decline with the city reporting 4.8% unemployment in July 2016, which is 0.1% below the national average and 0.2% less than the Georgia rate.

During FY 2016, the multi-family rental market continued its recovery nationally and in the City of Atlanta, with rents rising due to increased demand. There has also been steady improvement in the sales prices of single-family homes with the sustained reduction in excess inventory.

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

- AHA-Sponsored development activities, in partnership with private-sector developers, rely on private investment and the conditions in the real estate and financial markets. During FY 2016, the local real estate market continued to strengthen, especially in the multi-family rental market. AHA expects that our development activities will continue to pick up as those markets improve and investors continue to return to the market.
- The impact of the recession in the Atlanta real estate market has created both opportunities and challenges. In this environment, real estate owners throughout the City of Atlanta were willing to participate in AHA's PBRA program, thereby guaranteeing a stream of income for a percentage of their units in a soft market and opening new markets in Atlanta for this program. While households using tenant-based Housing Choice vouchers have had a broader array of choices for their voucher use, this has now been tempered by the higher rents and competition with market-rate tenants. With the recent recovery in the multi-family rental market, AHA will need to continue to be creative in developing new incentives and approaches in order to facilitate access to Class A and B properties for tenant-based voucher holders.
- AHA-assisted households were severely affected by the downturn in the employment market. Higher unemployment and under-employment amongst AHA-assisted households resulted in higher aggregate subsidy payments from AHA. As the employment market continues to recover, AHA has seen this trend slowly reversing and the average housing assistance payment now going down.

Federal Funding — Status and Outlook

The Authority relied on federal funding for about 94% of its overall revenue during FY 2016. Consequently, federal budget decisions play a significant role in AHA's ongoing economic condition.

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

Funding for AHA's Fiscal Year 2017 (FY 2017) 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 2017 (FFY 2017) appropriations which have not yet been finalized by Congress. On December 18, 2015, the President signed into law H.R. 2029, the Consolidated Appropriations Act, 2016, which provides fiscal year 2016 appropriations for projects and activities of the federal government through September 30, 2016 and, in turn, HUD funding for public housing authorities through December 31, 2016.

Both the House and Senate Appropriations Committees have passed FFY 2017 funding bills for HUD, but the bills have not yet been approved by either house. Congress passed and the President signed a Continuing Appropriations Resolution intended to keep the federal government operating at current (FFY 2016) funding levels from October 1 through December 9, 2016. Therefore, Congress must pass and the President must sign an appropriation bill or continuing resolution(s) which will fund the federal government from December 10, 2016, through September 30, 2017. Because 2016 is a Presidential election year, it is uncertain when such action will occur.

During 2016, HUD implemented a new cash management strategy for Housing Choice and is transitioning AHA's locally held cash balance which was derived from Housing Choice HAP funding to a HUD-held cash balance. This HUD-held balance provides a sufficient cash resource, which is available upon request by AHA, to maintain current operations during a good portion of FY 2017 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 reduction in funding were to take place, AHA would reevaluate its FY 2017 budget and make any required adjustments.

AHA believes that it is well-positioned to face possible Congressional funding cuts because of:

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

AHA's strategic decisions have allowed it to sustain its strong financial position while providing eligible low-income households with housing opportunities in amenity-rich communities and neighborhoods that offer a substantially better quality of life.

FY 2016 Accomplishments and Program Highlights

AHA comprehensively operates the entire agency pursuant to its MTW Agreement, which was successfully extended to 2028 during the fiscal year, and utilizes fungibility of its MTW Single Fund in operating and administering its programs. In cases where there are statutory requirements or grant provisions, AHA complies with these terms as required. Each AHA program is designed to economically and efficiently leverage all AHA's resources where possible — finances and funding flexibility, knowledge and experience, grant funds, rental subsidies, partner relationships and land. Through its various housing solutions and programs, all supported by human development services, AHA is able to meet a broad spectrum of housing needs for low-income families in the City of Atlanta.

Below are some of AHA's FY 2016 major accomplishments and milestones which demonstrate AHA's continued strategic focus and commitment to its vision and three primary statutory goals.

- 22,334 households served during FY 2016.
- 1,152 new households were housed from the January 2015 Housing Choice waiting list.
- 30 additional vouchers awarded by HUD increased the number of veterans already housed through the HUD-Veterans Affairs Supportive Housing (VASH) program to 240.
- 83 eligible, first-time home buyers received down payment assistance from AHA.
- Awarded a \$30 million Choice Neighborhoods Implementation Grant to revitalize the former University Homes, Ashview Heights and Vine City neighborhoods.
- Designated a Promise Zone by HUD and the U.S. Department of Education in the same area as the Choice Neighborhoods Implementation Grant.
- Received HUD approval for Rental Assistance Demonstration (RAD) and Low-Income Housing Tax Credits for Juniper and Tenth Highrise, a 149-unit AHA-Owned Residential Community, and recently received approval for Piedmont Road Highrise, a 208-unit AHA-Owned Residential Community.
- Housed 81 formerly homeless individuals and families who “graduated” from permanent Supportive Housing to receive a voucher.
- Provided short-term housing assistance to stabilize 212 families at risk of homelessness.
- 43 students were awarded scholarships valued at nearly \$160,000 through AHA's Atlanta Community Scholars Award, Choice Neighborhoods and other scholarship programs.
- Provided human development and case management services to 1,352 Housing Choice participants.
- 100% of Housing Choice and PBRA inspections and 100% of audits of AHA-Owned and AHA-Sponsored Communities completed.
- Implemented SciQuest sourcing solution which automates procurement, vendor management, solicitations and contract management.

Please refer to AHA's FY 2016 MTW Annual Report for comprehensive insight into AHA's successes as well as AHA's FY 2017 MTW Annual Plan for activities contemplated beyond FY 2016.

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

Acknowledgments

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

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



Joy W. Fitzgerald
President and CEO, Emeritus

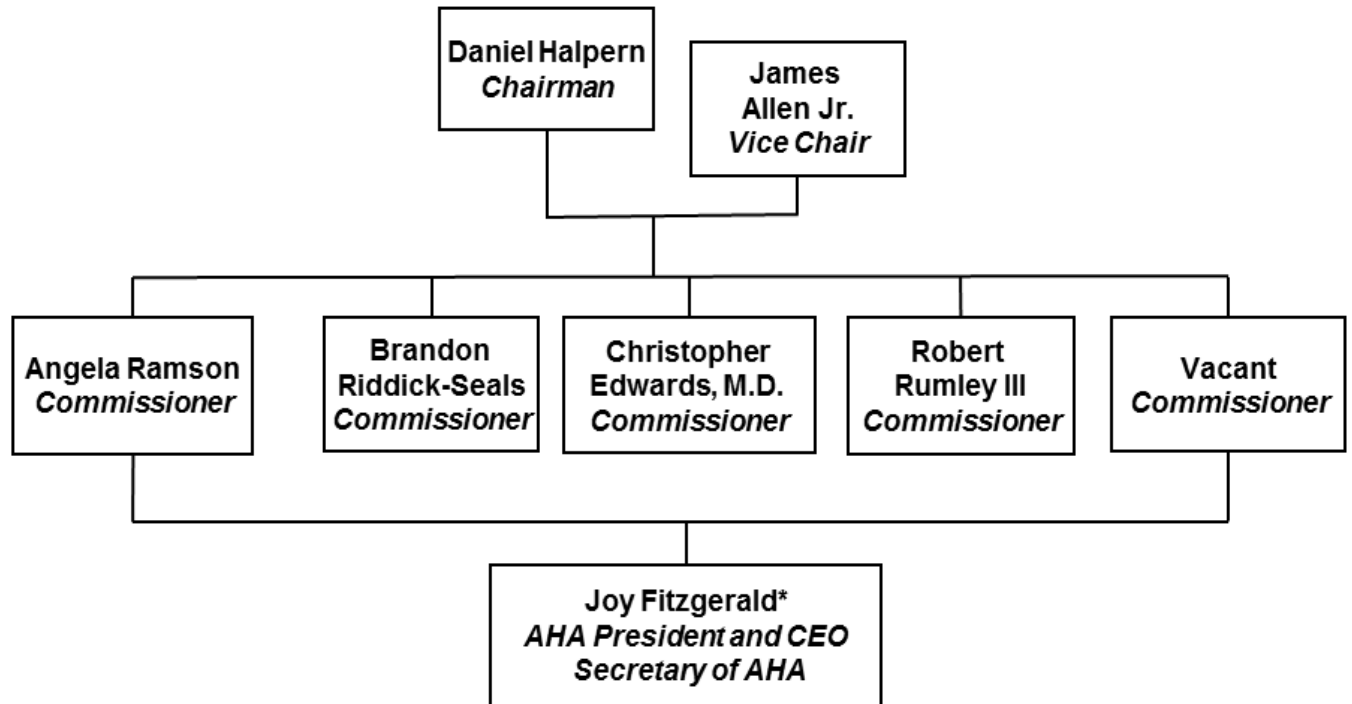


Catherine V. Buell
President and CEO



Myrianne Robillard
Senior Vice President of Finance

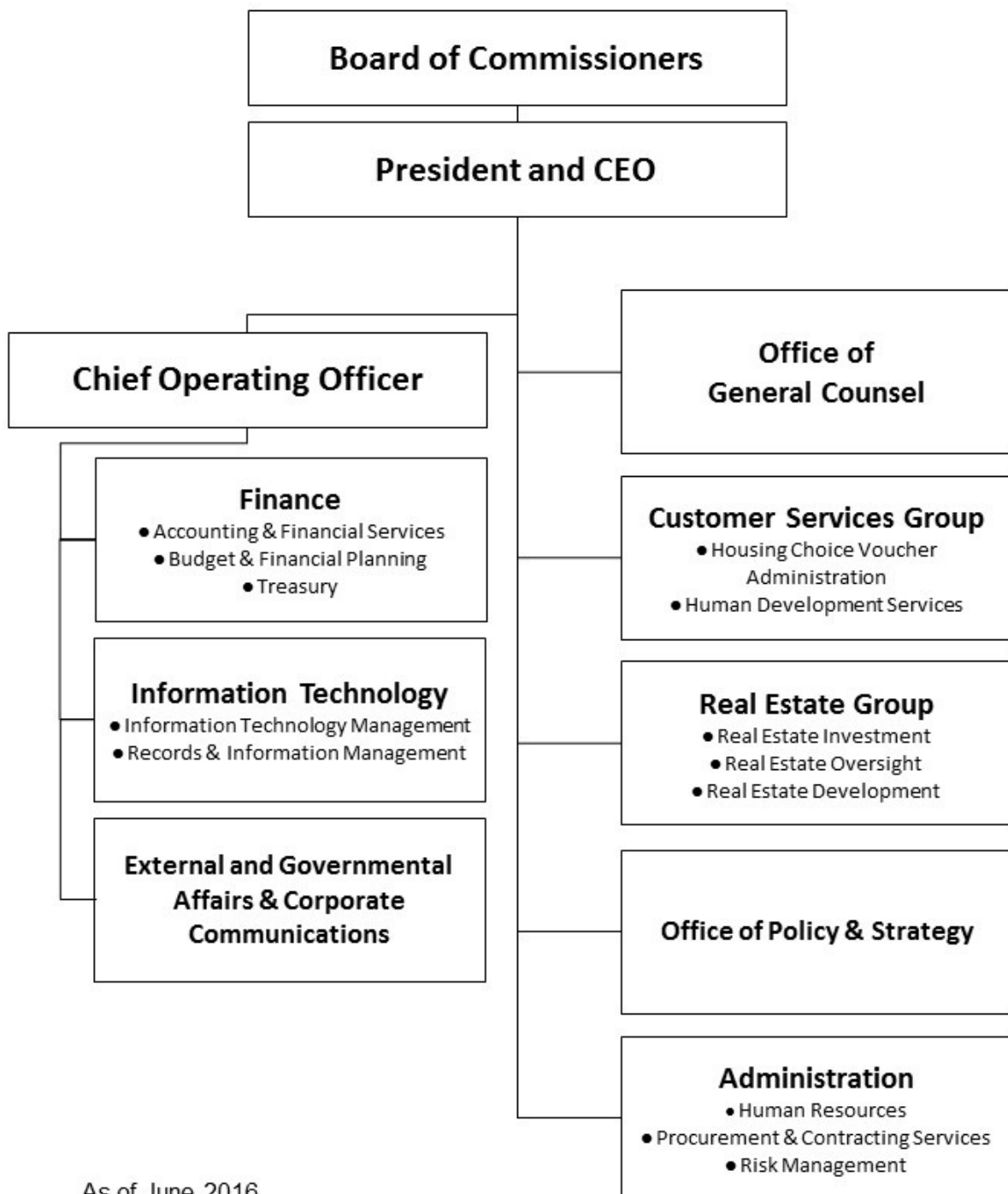
AHA's Board of Commissioners



*On September 29, 2016, Ms. Fitzgerald announced her retirement and Ms. Catherine Buell, Chief Operating Officer, was appointed as President and CEO.

As of June 2016

AHA's Organizational Structure



As of June 2016

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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

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, 2016 and 2015, 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, 2016 and 2015, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 21 to 44 and the Schedule of Changes in Net Pension Liability and Related Ratios and Schedule of Pension Plan Contributions on pages 83 and 84, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming an opinion on the basic financial statements as a whole. The introductory section, HUD Financial Data Schedule and notes thereto, Schedules of Related-Party Development Loans, Schedules of Related-Party Other Loans and Fees Receivable, Schedules of Related-Party Transactions, Schedule of HUD-Funded Grants, and Schedules of CFP, RHF, and ROSS Program Completion Costs and Advances Program Certification are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The HUD Financial Data Schedule, Schedules of Related-Party Development Loans, Schedules of Related-Party Other Loans and Fees Receivable, Schedules of Related-Party Transactions, Schedule of HUD-Funded Grants, and Schedules of CFP, RHF, and 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 Schedules of CFP, RHF, and 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 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2016, on our consideration of The Housing Authority of the City of Atlanta, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The Housing Authority of the City of Atlanta, Georgia's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "CohnReznick LLP".

Charlotte, North Carolina
November 14, 2016

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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, 2016 (FY 2016) and June 30, 2015 (FY 2015). 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, 2016 and June 30, 2015, 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, except as described in *Note B*. Under this basis of accounting, revenue is recognized in the period in which it is earned, and expense, including depreciation and amortization, is recognized in the period in which it is incurred. All assets and deferred outflows and liabilities and deferred inflows associated with the operations of the Authority are included in the statement of net position.

AHA's results of operations are presented in the statement 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.12 for further information.*

During FY 2015, AHA adopted GASB Standard 68 "Accounting and Financial Reporting for Pensions" and accordingly changed its accounting policy for its defined benefit pension plan, which was previously accounted for on a cash basis. Under GASB 68, AHA was required to include in its financial statements the net pension liability and any related unrecognized experience gains and losses as deferred inflows and deferred outflows, respectively. Although the new pension accounting standard was adopted during FY 2015, amounts previously reported in AHA's FY 2014 financial statements were restated as if the standard had been adopted on July 1, 2013.

The Housing Authority of the City of Atlanta, Georgia
MANAGEMENT'S DISCUSSION AND ANALYSIS

FY 2016 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 10,012 households 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 2016 accomplishments include:

- A total of **\$88.2 million** provided in payments under this program.
- 1,152 new households housed from the January 2015 Housing Choice waiting list.
- 30 additional vouchers awarded by HUD to increase the number of veterans already housed through the HUD-Veterans Affairs Supportive Housing (VASH) program to 240.

Project Based Rental Assistance (PBRA) Program

At the end of FY 2016, 5,051 households were supported under AHA's PBRA program, which included payments to related Owner Entities (private-sector owners) of AHA-Sponsored master-planned communities, unrelated private-sector owners of mixed-income developments and unrelated owners of Supportive Housing. Significant FY 2016 accomplishments include:

- A total of **\$36.3 million** provided in payments under this program.
- Rental assistance provided to 3,271 households in PBRA mixed-income developments under PBRA agreements with private property owners compared to 3,244 at the end of FY 2015.
- 1,780 PBRA units provided for households at six AHA-Sponsored mixed-income, master-planned communities under PBRA agreements with Owner Entities, compared to 1,748 at the end of FY 2015.

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

AHA served 2,221 families in public-housing-assisted units in AHA-Sponsored MIMF rental communities by providing **\$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-income 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 11 senior high-rises as follows:

- Funded **\$8.7 million** in operating expenses not covered by tenant rents, including human development services, to support 1,942 households.

The Housing Authority of the City of Atlanta, Georgia
MANAGEMENT'S DISCUSSION AND ANALYSIS

FY 2016 OPERATION HIGHLIGHTS — continued

- Invested **\$1.3 million** for modernization and renovation construction projects designed to maintain AHA's property and continue to improve the quality of life at senior high-rises.
- Invested **\$0.5 million** in predevelopment loans to prepare Juniper & Tenth, Piedmont Road and Hightower Manor high-rises for conversion under the Rental Assistance Demonstration (RAD) program.
- Continued to realize substantial benefits from the energy and efficiency improvements completed during FY 2014 and funded under the Energy Performance Contract (EPC) capital lease secured during FY 2012.



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



The Housing Authority of the City of Atlanta, Georgia
MANAGEMENT'S DISCUSSION AND ANALYSIS

FY 2016 OPERATION HIGHLIGHTS — continued

Real Estate Development and Revitalization Activities

AHA funded **\$12.4 million** for revitalization activities during FY 2016 as AHA and its private-sector development partners continued to advance the Master Plans for the mixed-use, mixed-income communities.

FY 2016 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) and leveraged \$395 million in in-kind and cash commitments. Together these funds will be 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, 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 2016 are available in the MTW 2016 Annual Report which can be accessed at AHA's website.

Auburn Pointe (Grady Homes Revitalization)

- In FY 2015, AHA determined it would not demolish the structure located at 20 Hilliard Street due to its historic significance. The remediation of the soils is complete. AHA is working with the community to identify a financially feasible adaptive re-use for the structure.
- Disposition approval was received in July 2015 from HUD's Special Application Center (SAC) to donate 1.77 acres of land to the City of Atlanta for the development and operation of a natatorium recreational center on the former Antoine Graves Annex site that was included in the Auburn Pointe development. The transaction closed in June 2016.

Capitol Gateway (Capitol Homes Revitalization)

- An update to the master plan is underway with plans for completion in FY 2017. If required, the Revitalization Plan will also be revised.

The Housing Authority of the City of Atlanta, Georgia
MANAGEMENT'S DISCUSSION AND ANALYSIS

FY 2016 OPERATION HIGHLIGHTS — continued

Centennial Place (Techwood/Clark Howell Homes Revitalization)

- The Cupola Building is a historic structure. In advance of seeking disposition approval from HUD in order to redevelop the Cupola Building as 13 affordable for-sale homes, AHA is working with the State Historic Preservation Office to develop an acceptable development plan and to amend the Memorandum of Agreement between the Georgia State Historic Preservation Office, Advisory Council on Historic Preservation and HUD.
- An update to the master plan is underway and will be completed in FY 2017. If required, the Revitalization Plan will be revised.
- Reformulation: A total refresh of the property is underway, and the project has received allocations of Low-Income Housing Tax Credits (LIHTC) for Phases I, II and III. An LIHTC application was submitted in June 2016 for Phase IV. Phase I and Phase II are under construction. Phase III will close in early FY 2017.
- Centennial Place Elementary School, previously a K–5 public school, was converted into a K–8 public charter school now known as Centennial Academy.



Historic Cupola Building at Centennial Place

CollegeTown at West End (Harris Homes Revitalization)

- Located in the Ashview Heights neighborhood, CollegeTown at West End is part of the Choice Neighborhoods area. The update to the master plan was delayed pending implementation of the Choice Neighborhoods Implementation Grant (CNIG) received in FY 2016. The master plan is scheduled to be updated in FY 2017.
- In December 2015, AHA entered into a License Agreement with Truly Living Well (TLW) to utilize 3 acres of land that could not be developed as housing. TLW is a non-profit organization with a mission to engage the community in developing local food systems through education, food production and job training. TLW is utilizing the site to provide nutritious, fresh produce for residents of the surrounding communities and will develop specialized healthy living programs to support the CNIG.

Mechanicsville (McDaniel Glenn Revitalization)

- In the scattered site development — a lease-to-own program promoting neighborhood stabilization — affordable rentals will be developed through the LIHTC Program for a 15-year period. Twenty-six of these units will be on the former McDaniel Glenn property under the terms of a ground lease with a purchase option at the end of the 15-year compliance period. Construction is underway on 16 of the 26 homes planned for the former McDaniel Glenn property. Off-site in the neighborhood, seven of eight planned home renovations are complete and occupied by qualified families earning 60% of area median income (AMI). Nine of 15 planned new homes located off-site in the neighborhood are under development.

FY 2016 OPERATION HIGHLIGHTS — continued

Scholars Landing (University Homes Revitalization)

- AHA is working with its development partner MBS-Integral UCNI, LLC on the design for the adaptive re-use of the historic Roosevelt Administration building. The building will house the Choice Neighborhoods community office, community meeting space on the second floor and ground-floor retail. Construction is anticipated to be completed in FY 2017.
- A Low-Income Housing Tax Credit application was submitted in FY 2016 for the development of Ashley I at Scholars Landing, the first phase of multi-family development, and is pending award. This phase will include 175 rental units, of which 86 will be PBRA replacement units under the Choice Neighborhoods Implementation Grant program.

Villages at Carver (Carver Homes Revitalization)

- In FY 2014, AHA disposed of 3.9 acres to Fulton County for the development of a new 15,000-square-foot regional public library. Utilizing state-of-the-art technology, the Southeast Atlanta Branch library is designed to serve as a gathering place for residents and businesses, and to create a safe place for young people to read, explore and expand their education. The Leadership in Energy and Environmental Design (LEED) Silver facility opened in June 2016 and will provide a much-needed amenity to families in the revitalized community and surrounding neighborhood.

West Highlands at Heman Perry Boulevard (Perry Homes Revitalization)

- As of June 30, 2016, public improvements work on Phase II was 67% complete.
- In FY 2016, five for-sale affordable homes and 21 market-rate homes were completed. For continued progress on the remaining 386 for-sale homes to be developed, 73 lots were transferred to the developer to build for-sale homes. Twelve homes are currently under construction.
- In February 2016, AHA's Board approved an amendment to the FY 2016 Moving to Work Annual Plan to include the disposition of land via a donation of approximately seven acres of the former Perry Homes land to the Atlanta Public Schools in support of the development of a K–8 charter school at West Highlands. The amendment was approved by HUD on June 2, 2016, and AHA subsequently submitted a request to HUD's Special Applications Center (SAC) to dispose of 7.6 acres of land for the development of the school (June 23, 2016).

Advance 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 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 redevelopment of AHA-Owned and AHA-Sponsored mixed-income communities.

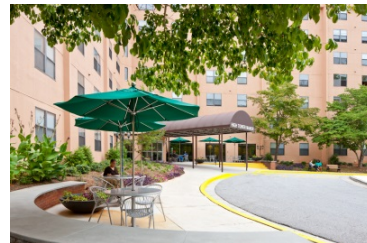
The Housing Authority of the City of Atlanta, Georgia
MANAGEMENT'S DISCUSSION AND ANALYSIS

FY 2016 OPERATION HIGHLIGHTS — continued

- In FY 2016, AHA evaluated developers that responded to an RFQ for the redevelopment of 12 acres on the site of the former Herndon Homes. In June 2016, the Board of Commissioners approved the recommended development team of Hunt Development Group and Oakwood Development Group. Planning and negotiations are underway.
- In support of neighborhood activities in the Choice Neighborhoods area, AHA applied for two Community Development Block Grants (CDBG) and one HOME grant.
- In June 2016, a disposition application was submitted to SAC regarding a land swap and disposition of the northerly portion of the site of the former Bankhead Courts (approximately 10 acres) to the City of Atlanta in exchange for land suitable for mixed-use or residential development located near an existing AHA landholding which would serve to enhance the development opportunities and long-term community desirability and sustainability for the existing landholding. Disposition approval from SAC was received on August 29, 2016.

Homeownership Down Payment Assistance

- Using its MTW flexibility, AHA partnered with local lenders to provide down payment assistance to 83 low-income, first-time home buyers purchasing homes throughout the city of Atlanta. Home buyers 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.*

The Housing Authority of the City of Atlanta, Georgia
MANAGEMENT'S DISCUSSION AND ANALYSIS

FY 2016 FINANCIAL HIGHLIGHTS

AHA's financial position remained strong with a net position of **\$433.2 million** at June 30, 2016.

- Total assets and deferred outflows exceeded total liabilities and deferred inflows at June 30, 2016, by \$433.2 million (net position), representing a \$1.4 million or 0.3% reduction from the prior year. Unrestricted net position of \$72.6 million at the end of FY 2016 consisted primarily of unrestricted cash available for MTW-authorized activities as well as a working capital reserve to support liquidity for AHA operations. In addition to its \$72.6 million unrestricted net position, AHA had \$93.7 million of cash held at HUD from undrawn Housing Choice Voucher subsidy which AHA plans to use for future affordable housing-related projects.
- The \$1.4 million decrease in net position year-over-year resulted from a net operating loss of \$5.3 million, which was primarily driven by a \$9.6 million depreciation and amortization expense. Increased other operating revenues, primarily from higher development-related revenues, helped mitigate the net operating loss. The \$5.3 million net operating loss was reduced by \$4.2 million of capital contributions from the MTW fund and grants used to cover capitalized expenditures, including loans.
- AHA's current ratio that measures AHA's liquidity increased from 6.6 to 7.0 during FY 2016 and remains very strong. This ratio, as well as AHA's unrestricted cash position, however, will be negatively impacted in FY 2017 as HUD implements its new cash management strategy for Housing Choice and transitions AHA's locally held cash balance, derived from Housing Choice Voucher (HCV) HAP funding, to a HUD-held cash balance. At June 30, 2016, AHA had HCV-originated cash of \$22.9 million in its MTW cash balance, which, as a result of HUD's new cash management strategy, will be transferred to HUD and added to AHA's \$93.7 million of cash held at HUD at June 30, 2016.
- Capital assets decreased \$9.0 million from \$145.3 million to \$136.3 million during FY 2016, primarily due to depreciation and disposals, which exceeded capital asset acquisitions.
- Other non-current assets and deferred outflows, mainly comprised of development and other loans, increased from \$196.1 million to \$206.2 million or \$10.1 million, primarily due to a \$4.8 million increase in public improvement receivable from the City of Atlanta and other related entities, and a \$4.4 million net increase in deferred outflows from actuarial losses resulting from a change in mortality rate assumption used for the pension liability evaluation.

The Housing Authority of the City of Atlanta, Georgia
MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL ANALYSIS

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

Years ended June 30,

(in millions)

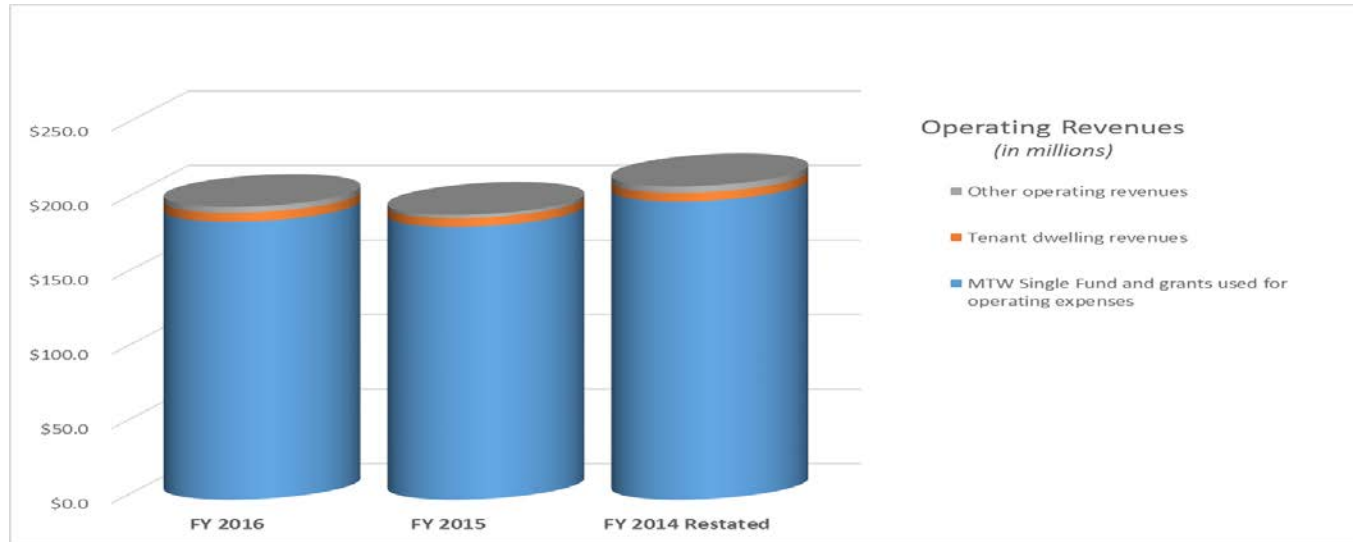
	2016	2015	Restated 2014	2016 vs. 2015 Increase/ (Decrease)	2015 vs. 2014 Increase/ (Decrease)
OPERATING REVENUES					
MTW Single Fund and grants used for operating expenses	\$ 186.5	\$ 183.1	\$ 200.2	\$ 3.4	\$ (17.0)
Tenant dwelling revenues	6.1	5.9	5.8	0.2	0.1
Other operating revenues	3.8	2.2	4.3	1.7	(2.1)
Total operating revenues	196.5	191.2	210.3	5.3	(19.1)
OPERATING EXPENSES					
Housing assistance and operating subsidy payments	136.3	135.9	139.6	0.4	(3.7)
Administration and general, including direct operating divisions	38.2	37.4	44.6	0.8	(7.2)
Utilities, maintenance and protective services	11.0	12.5	12.9	(1.5)	(0.4)
Resident and participant services	3.2	3.2	2.9	—	0.3
Revitalization, demolition and remediation	3.5	1.8	1.7	1.7	0.1
Depreciation and amortization	9.6	11.9	14.8	(2.3)	(2.9)
Total operating expenses	201.7	202.7	216.5	(1.0)	(13.8)
NET OPERATING INCOME (LOSS)	(5.3)	(11.5)	(6.1)	6.1	(5.3)
NON-OPERATING REVENUES (EXPENSES)					
Interest and investment income	1.3	0.9	0.5	0.4	0.4
Gain (loss) on sale of assets	0.5	—	3.1	0.5	(3.1)
Valuation allowance	(1.7)	(1.6)	(1.3)	(0.1)	(0.3)
Interest expense	(0.4)	(0.4)	(0.5)	0.0	0.1
Total non-operating revenues (expenses)	(0.3)	(1.1)	1.8	0.8	(2.9)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	(5.6)	(12.6)	(4.3)	6.9	(8.2)
CAPITAL CONTRIBUTIONS					
MTW Single Fund used for modernization and development capital expenditures and loans	3.6	5.9	4.5	(2.3)	1.4
Development grants used for development capital expenditures and loans	0.6	4.0	1.8	(3.4)	2.1
Total capital contributions	4.2	9.9	6.3	(5.7)	3.5
INCREASE (DECREASE) IN NET POSITION	(1.4)	(2.7)	2.0	1.3	(4.7)
NET POSITION — beginning of year	434.6	437.4	440.1	(2.7)	(2.7)
Change in accounting for Pension Plan	—	—	(4.7)	—	4.7
NET POSITION — end of year	\$ 433.2	\$ 434.6	\$ 437.4	\$ (1.4)	\$ (2.7)

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

The Housing Authority of the City of Atlanta, Georgia
MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL ANALYSIS — continued

Operating Revenues



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.

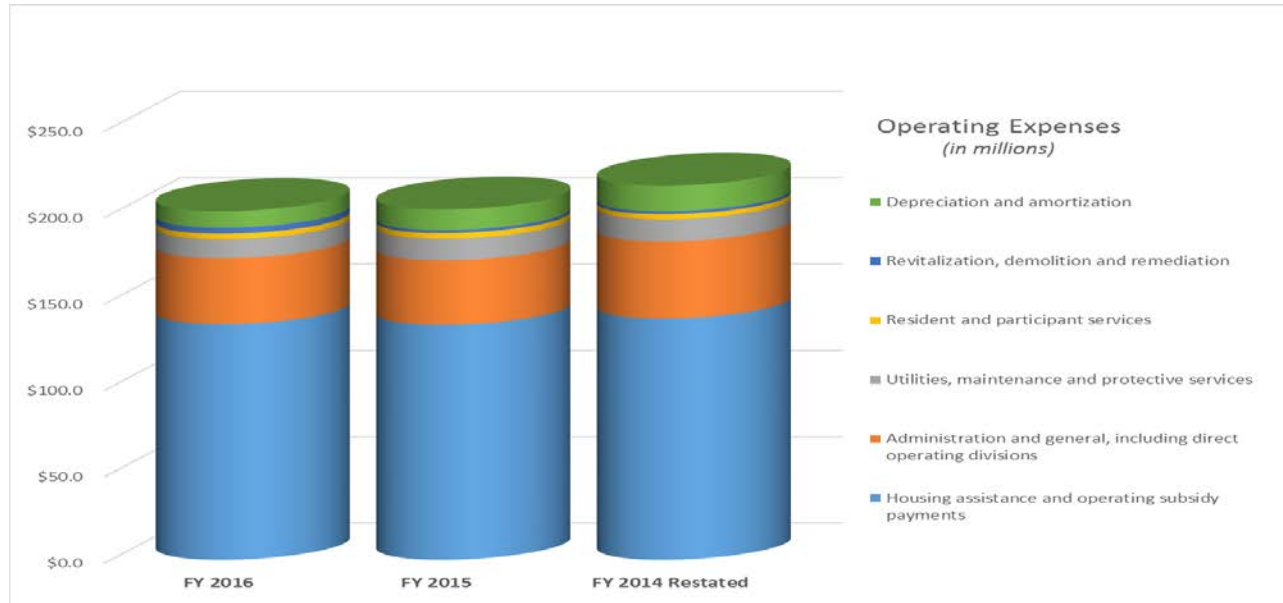
FY 2015 vs. FY 2014 Restated

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

The Housing Authority of the City of Atlanta, Georgia
MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL ANALYSIS — continued

Operating Expenses



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 PBRA program, and operating subsidy paid to related Owner Entities of the mixed-income, mixed-finance (MIMF) rental communities. In aggregate, those payments increased by a net of \$0.4 million year-over-year as presented below:

	(in millions)			2016 vs. 2015	2015 vs. 2014
Housing Assistance and Operating Subsidy Payments	2016	2015	2014	Increase/ (Decrease)	Increase/ (Decrease)
Tenant-based Housing Choice Vouchers	\$ 88.2	\$ 88.3	\$ 91.2	\$ (0.1)	\$ (2.9)
Project Based Rental Assistance (PBRA)	36.3	35.4	33.4	0.9	2.0
MIMF Operating Subsidy	11.8	12.2	15.0	(0.4)	(2.8)
Total	\$ 136.3	\$ 135.9	\$ 139.6	\$ 0.4	\$ (3.7)

MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL ANALYSIS, Operating Expenses — continued

- ***Tenant-based Housing Choice Voucher (HAP)*** 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 tenant earnings continuing to improve.
- ***Project Based Rental Assistance (PBRA)*** paid to Owner Entities of AHA-Sponsored master-planned communities, private-sector owners of mixed-income developments and owners of Supportive Housing increased by \$0.9 million year-over-year primarily due to full-year payments for units that came on line in FY 2015.
- ***Mixed-Income, Mixed-Finance (MIMF) 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 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.

FY 2015 vs. FY 2014 Restated

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

- ***Housing Assistance and Operating Subsidy Payments*** decreased by a net of **\$3.7 million** year-over-year as presented below:
 - ***Tenant-based Housing Choice Voucher (HAP)*** payments to landlords and tenants decreased by \$2.9 million year-over-year primarily due to a slower than anticipated lease up of vouchers from the waiting list, and from VASH referrals, the absorption of AHA vouchers by administering public housing authorities and a reduction in the average HAP payment as tenant financial positions improved.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL ANALYSIS, Operating Expenses — continued

- ***Project Based Rental Assistance (PBRA)*** paid to Owner Entities of AHA-Sponsored master-planned communities, private-sector owners of mixed-income developments and owners of Supportive Housing increased by \$2.0 million year-over-year primarily due to the conversion of Centennial Place Phase I, II, III and IV public housing units receiving operating subsidies to PBRA.
- ***Mixed-Income, Mixed-Finance (MIMF) Operating Subsidy*** for public-housing-assisted units in AHA-Sponsored mixed-income, mixed-finance rental communities decreased by \$2.8 million year-over-year. This decrease was primarily due to the conversion of Centennial Place Phases I, II, III and IV public housing units to PBRA, as well as net changes in subsidy for other properties due to tenant income and occupancy changes.
- ***Administration and general, including direct operating divisions*** decreased by **\$7.2 million** year-over-year primarily due to a \$6.0 million reduction in consulting and professional services as AHA continued to use internal resources as opposed to external resources where possible, and the conversion of outsourced resources involved in property management oversight into permanent employees as well as a \$1.2 million decrease resulting from the elimination of Pay for Performance bonuses in FY 2015.
- ***Utilities, maintenance and protective services*** decreased by **\$0.4 million** year-over-year primarily due to reductions in extraordinary maintenance and protective services expenses.
- ***Resident and participant services*** increased by **\$0.3 million** year-over-year primarily as a result of the initiation of case management services during FY 2015.
- ***Revitalization, demolition and remediation*** expenses remained basically constant year-over-year at **\$1.8 million** and **\$1.7 million** for FY 2015 and FY 2014, respectively.
- ***Depreciation and amortization*** decreased by **\$2.9 million** year-over-year primarily due to accelerated depreciation taken in FY 2014 on certain capital assets following the comprehensive capital asset review initiated in FY 2013.

The Housing Authority of the City of Atlanta, Georgia
MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL ANALYSIS — continued

Non-Operating Revenues (Expenses)

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's financial closing under a HUD-approved MTW Reformulation Program. 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 the donation of land (at market value) at the former Antoine Graves Annex public housing site to the City of Atlanta for the development of a natatorium recreational center as well as the sale of lots as part of the West Highlands homeownership project.
- **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 fairly constant year-over-year as it is limited to interest expense on the EPC capital lease.

FY 2015 vs. FY 2014 Restated

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL ANALYSIS — continued

Capital Contributions

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

FY 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 managers/developers of AHA-Owned residential properties prepared to convert under RAD and, therefore, limited capital improvements were made in anticipation of the renovations of the properties.
- *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.

FY 2015 vs. FY 2014

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

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

The Housing Authority of the City of Atlanta, Georgia
MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL ANALYSIS — continued

CONDENSED STATEMENTS OF NET POSITION*

As of June 30,

(in millions)

	2016	2015	Restated 2014	2016 vs. 2015 Increase/ (Decrease)	2015 vs. 2014 Increase/ (Decrease)
ASSETS AND DEFERRED OUTFLOWS					
Current assets	\$ 125.2	\$ 125.9	\$ 130.3	\$ (0.7)	\$ (4.4)
Related-party development loans, receivables and investments in partnerships, net of allowance	177.9	176.1	173.6	1.8	2.4
Capital assets, net of accumulated depreciation	136.3	145.3	151.0	(9.0)	(5.7)
Other non-current assets and deferred outflows	28.3	20.0	15.4	8.3	4.6
Total non-current assets and deferred outflows	342.5	341.4	340.0	1.1	1.3
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 467.7</u>	<u>\$ 467.3</u>	<u>\$ 470.3</u>	<u>\$ 0.4</u>	<u>\$ (3.0)</u>
LIABILITIES AND DEFERRED INFLOWS					
Current liabilities	\$ 17.9	\$ 19.0	\$ 18.9	\$ (1.1)	\$ 0.1
Long-term debt, net of current portion	8.3	8.6	8.8	(0.3)	(0.2)
Net pension plan liability	4.4	1.7	2.2	2.7	(0.5)
Other non-current liabilities and deferred inflows	3.9	3.4	3.0	0.5	0.4
Total liabilities and deferred inflows	34.5	32.7	32.9	1.8	(0.2)
NET POSITION					
Net investment in capital assets	127.7	136.5	142.0	(8.8)	(5.5)
Restricted—expendable	232.9	228.4	224.6	4.5	3.8
Unrestricted	72.6	69.7	70.7	2.9	(1.0)
Total net position	433.2	434.6	437.4	(1.4)	(2.8)
LIABILITIES, DEFERRED INFLOWS AND NET POSITION	<u>\$ 467.7</u>	<u>\$ 467.3</u>	<u>\$ 470.3</u>	<u>\$ 0.4</u>	<u>\$ (3.0)</u>

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

The Housing Authority of the City of Atlanta, Georgia
MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL ANALYSIS — continued

Total Assets and Deferred Outflows

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. *See Statements of Cash Flows for additional items impacting cash.*
- *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 the Centennial Park II loan as a result of the financial closing under the Reformulation Program, 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 receivable from the City of Atlanta and other related entities, 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 investments, restricted, from the reduction of authority reserves for each of Centennial Place I and II following their conversions under the Reformulation Program from Section 9 to Section 8.

The Housing Authority of the City of Atlanta, Georgia
MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL ANALYSIS, Total Assets and Deferred Outflows — continued

June 30, 2015 vs. June 30, 2014 Restated

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

- *Current assets* decreased by **\$4.4 million** year-over-year, primarily due to a decrease in cash of \$5.0 million resulting from development activities including \$2.3 million in public improvements which will be reimbursed by a future Perry Bolton Tax Allocation District (TAD) bond issue. *See Statements of Cash Flows for additional items impacting cash.* This decrease was partially offset by an increase in various receivables totaling \$0.6 million, among others, including expenditures incurred but yet to be drawn from RHF grants.
- *Total non-current assets and deferred outflows* increased by **\$1.3 million** year-over-year, primarily due to the following items:
 - An increase in *Related-party development and other loans* of **\$2.4 million** which was primarily associated with additional loans totaling \$1.7 million issued for construction activity on Oasis at Scholars Landing completed during FY 2015. In addition, the Centennial Park I loan increased by \$0.5 million following the financial closing under the Reformulation Program during FY 2015;
 - A decrease in *Capital assets, net of accumulated depreciation* of **\$5.7 million**, resulting from capital expenditures of \$6.2 million primarily associated with various renovation projects at AHA-Owned communities and AHA headquarters totaling \$4.0 million, site improvements and related revitalization activity at Scholars Landing totaling \$1.7 million, and acquisition of land totaling \$0.5 million. These additions to capital assets were more than offset by an increase of accumulated depreciation of \$11.9 million from current year depreciation expense (*see Note H on page 66*); and
 - An increase in *Other non-current assets and deferred outflows* of **\$4.6 million** primarily due to a \$3.6 million increase in public improvement receivable from the City of Atlanta and other related entities, a \$0.7 million increase in deferred outflows from additional experience loss resulting from the pension plan fiduciary net position valuation, net of current year amortization, and a \$0.4 million increase in investments, restricted, due to the addition of the Ashley Auburn Pointe II contribution to authority reserves required to be maintained for public housing units in AHA-Sponsored MIMF rental communities.

The Housing Authority of the City of Atlanta, Georgia
MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL ANALYSIS — continued

Total Liabilities and Deferred Inflows

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 lower than projected earnings on plan assets totaling \$4.7 million, which was partially offset by a \$2.0 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.

June 30, 2015 vs. June 30, 2014 Restated

Total liabilities and deferred inflows decreased by **\$0.2 million** year-over-year, primarily due to the following:

- *Current liabilities* remained basically at the same level year-over-year as the \$1.1 million decrease in wages and benefits accrual, corresponding to a lower number of payroll days accrued, was more than offset by an increase in accrued expenses due to timing in recording of invoices.
- *Long-term debt, net of current portion* decreased by **\$0.2 million**, corresponding essentially to the principal portion of the EPC capital lease payment made during FY 2015 (*see Note L on page 69*).
- *Net pension plan liability* decreased by **\$0.5 million** year-over-year, primarily due to a \$1 million cash contribution from AHA, partially offset by a \$0.5 million net experience gain resulting from a more favorable actual than projected pension liability.
- *Other non-current liabilities and deferred inflows* increased by **\$0.4 million** primarily due to a \$0.4 million increase in deferred inflows, corresponding to additional deferred experience gain resulting from more favorable actual than projected pension liability, net of amortization.

The Housing Authority of the City of Atlanta, Georgia
MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL ANALYSIS — continued

Total Net Position

June 30, 2016 vs. June 30, 2015

Total net position amounting to **\$433.2 million** at June 30, 2016 represented 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 37.
- **Restricted-expendable** net position, subject to both internal and external constraints, is calculated at the carrying value of restricted assets less related liabilities. This net position is restricted by time and/or purpose. Restricted-expendable net position includes cash subject to restrictions for HUD-funded programs, related-party development and other loans, and operating reserves required in conjunction with the AHA-Sponsored MIMF rental development transactions. These assets cannot be used, pledged or mortgaged to a third party or seized, foreclosed upon or sold in the case of a default, ahead of any HUD lien or interest without HUD approval. This net position increased by **\$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.

The Housing Authority of the City of Atlanta, Georgia
MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL ANALYSIS, Total Net Position — continued

June 30, 2015 vs. June 30, 2014 Restated

Total net position amounting to **\$434.6 million** at June 30, 2015 represented a **\$2.8 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 **\$5.5 million** decrease year-over-year reflects a decrease of \$5.7 million in capital assets net of depreciation, partially offset by a decrease of \$0.2 million in related debt. See additional information under **Total assets and deferred outflows** year-over-year analysis on page 38.
- **Restricted-expendable** net position, subject to both internal and external constraints, is calculated at the carrying value of restricted assets less related liabilities. This net position is restricted by time and/or purpose. Restricted-expendable net position includes cash subject to restrictions for HUD-funded programs, related-party development and other loans, and operating reserves required in conjunction with the AHA-Sponsored MIMF rental development transactions. These assets cannot be used, pledged or mortgaged to a third party or seized, foreclosed upon or sold in the case of a default, ahead of any HUD lien or interest without HUD approval. This net position increased by **\$3.8 million** year-over-year, primarily due to a \$2.4 million increase in related-party development loans and a \$1.4 million increase in restricted cash and investments.
- **Unrestricted** net position, although referred to as unrestricted, remains subject to varying degrees of limitations. HUD approval is required, with some limited exceptions, to use or deploy these assets outside of the ordinary course of AHA's business. AHA's eligible business activities are set forth in its HUD-approved MTW Business Plan, as amended from time to time, by its MTW Annual Implementation Plans. In all cases, AHA's assets are subject to the limitations of AHA's charter and the Housing Authorities Laws of the State of Georgia. The unrestricted net position decreased by **\$1.0 million** year-over-year to \$69.7 million at June 30, 2016.

ECONOMIC FACTORS

Future HUD Funding — Subsidies and Multi-year Grant Awards

Funding for AHA's Fiscal Year 2017 (FY 2017) 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 2017 (FFY 2017) appropriations which have not yet been finalized by Congress. On December 18, 2015, the President signed into law H.R. 2029, the Consolidated Appropriations Act, 2016, which provides fiscal year 2016 appropriations for projects and activities of the federal government through September 30, 2016 and, in turn, HUD funding for public housing authorities through December 31, 2016.

Both the House and Senate Appropriations Committees have passed FFY 2017 funding bills for HUD, but the bills have not yet been approved by either house. Congress passed and the President signed a Continuing Appropriations Resolution intended to keep the federal government operating at current (FFY 2016) funding levels from October 1 through December 9, 2016. Therefore, Congress must pass and the President must sign an appropriation bill or continuing resolution(s) which will fund the federal government from December 10, 2016, through September 30, 2017. Because 2016 is a Presidential election year, it is uncertain when such action will occur.

During 2016, HUD implemented a new cash management strategy for Housing Choice and is transitioning AHA's locally held cash balance which was derived from Housing Choice HAP funding to a HUD-held cash balance. The \$93.7 million HUD-held cash balance, which is available upon request by AHA, provides a sufficient cash resource to maintain AHA's current operations for a good portion of FY 2017 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 reevaluate its FY 2017 budget and make the necessary adjustments.

Local Market Conditions

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 2016, the metropolitan-Atlanta real estate market continued to strengthen, especially in the multi-family rental market. AHA expects that our real estate development activities will continue to pick up as those markets improve and investors continue to return to the market. During FY 2016, there was also a steady improvement in the sales prices of single-family homes with the sustained reduction in excess inventory.

AHA also relies on the support of private sector property owners and landlords to provide affordable rental single and multi-family housing opportunities to Housing Choice voucher holders. With the strengthening of the Atlanta Real Estate market, 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 landlords and property owners.

While the strengthening of the Atlanta Real Estate market supports AHA's development efforts, it will continue to be challenging for new and existing Housing Choice voucher holders looking for affordable housing in their preferred communities. It may also lead to a demand for increased rents in alignment with market rents which will eventually drive up the costs of the majority of AHA's housing programs.

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. 78, *"Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans"*; GASB No. 79, *"Certain External Investment Pools and Pool Participants"*; GASB No. 80, *"Blending Requirements for Certain Component Units — an amendment of GASB Statement No. 14"*; GASB No. 81, *"Irrevocable Split-Interest Agreements"*; and GASB No. 82, *"Pension Issues — an amendment of GASB Statements No. 67, No. 68 and No. 73."*

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, 2016 and 2015

	<u>2016</u>	<u>2015</u>	<u>Note</u>
CURRENT ASSETS			
Cash			
Unrestricted	\$ 65,220,665	\$ 69,105,488	C
Restricted	56,655,221	53,126,304	C
Total cash	<u>121,875,886</u>	<u>122,231,792</u>	
Receivables, net of allowance	2,139,916	2,613,931	D
Prepaid expense	1,166,983	1,065,152	
Total current assets	<u>125,182,785</u>	<u>125,910,875</u>	
NON-CURRENT ASSETS			
Investments, restricted	8,824,307	9,694,557	E
Related-party development and other loans, development receivables and investments in partnerships, net of allowances of \$34,668,488 in 2016 and 2015	177,946,199	176,075,137	F
Capital assets, net of accumulated depreciation of \$120,102,556 and \$110,724,252 in 2016 and 2015, respectively	136,284,103	145,264,440	H
Other non-current assets, net of allowance of \$8,518,048 and \$6,833,315 in 2016 and 2015, respectively	<u>14,248,743</u>	<u>9,444,402</u>	I
Total non-current assets	<u>337,303,352</u>	<u>340,478,536</u>	
TOTAL ASSETS	462,486,137	466,389,411	
DEFERRED OUTFLOWS	<u>5,267,381</u>	<u>901,516</u>	P
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 467,753,518</u>	<u>\$ 467,290,927</u>	

The accompanying notes are an integral part of these statements.

	<u>2016</u>	<u>2015</u>	<u>Note</u>
CURRENT LIABILITIES			
Accounts payable	\$ 597,901	\$ 398,835	
Accrued liabilities	9,281,521	10,079,969	J
Other current liabilities	7,743,869	8,281,552	K
Current portion of long-term debt	254,268	223,177	L
Total current liabilities	<u>17,877,559</u>	<u>18,983,533</u>	
NON-CURRENT LIABILITIES			
Long-term debt, net of current portion	8,312,280	8,566,548	L
Other non-current liabilities	2,983,741	2,438,836	M
Net pension plan liability	4,418,902	1,672,594	P
Total non-current liabilities	<u>15,714,923</u>	<u>12,677,978</u>	
TOTAL LIABILITIES	<u>33,592,482</u>	<u>31,661,511</u>	
DEFERRED INFLOWS	923,653	1,006,989	P
NET POSITION			T
Net investment in capital assets	127,717,556	136,474,715	
Restricted—expendable	232,858,440	228,405,882	
Unrestricted	72,661,387	69,741,830	
Total net position	<u>433,237,383</u>	<u>434,622,427</u>	
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	<u>\$ 467,753,518</u>	<u>\$ 467,290,927</u>	

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, 2016 and 2015

	2016	2015
OPERATING REVENUES		
MTW Single Fund used for operating expenses	\$ 183,182,507	\$ 181,358,237
Tenant dwelling revenues	6,065,683	5,876,474
Development and other grants used for operating expenses	3,364,537	1,779,653
Contributions from National Housing Compliance	1,018,345	630,872
Other operating revenues	2,824,867	1,558,848
Total operating revenues	196,455,939	191,204,084
OPERATING EXPENSES		
Housing assistance and operating subsidy payments	136,313,227	135,920,454
Administration, including direct operating divisions	35,245,986	35,469,507
Utilities, maintenance and protective services	11,034,296	12,495,604
Resident and participant services	3,161,177	3,214,506
Revitalization, demolition and remediation	3,474,924	1,788,284
General expenses	2,922,669	1,896,019
Depreciation and amortization	9,579,660	11,905,128
Total operating expenses	201,731,939	202,689,502
NET OPERATING INCOME (LOSS)	(5,276,000)	(11,485,418)
NON-OPERATING REVENUES (EXPENSES)		
Interest and investment income	1,332,490	910,272
Gain/(loss) on sale of assets	555,253	7,702
Valuation allowance	(1,728,240)	(1,610,978)
Interest expense	(434,013)	(444,322)
Total non-operating revenues (expenses)	(274,510)	(1,137,326)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	(5,550,510)	(12,622,744)
CAPITAL CONTRIBUTIONS		
MTW Single Fund used for modernization and development capital expenditures and loans	3,579,449	5,935,592
Development grants used for development capital expenditures and loans	586,017	3,951,599
Total capital contributions	4,165,466	9,887,191
INCREASE (DECREASE) IN NET POSITION	(1,385,044)	(2,735,553)
NET POSITION — beginning of year	434,622,427	437,357,980
NET POSITION — end of year	<u>\$ 433,237,383</u>	<u>\$ 434,622,427</u>

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, 2016 and 2015

	2016	2015
Increase (decrease) in cash		
Cash flows from operating activities		
MTW and grant funds used for operating expenses	\$ 186,313,688	\$ 183,145,086
Receipts from residents	6,049,013	5,865,628
Payments to landlords, tenants and partners	(136,384,081)	(135,898,503)
Payments to suppliers	(30,124,024)	(28,670,816)
Payments for employees	(27,190,169)	(26,454,743)
Other receipts	3,251,531	1,524,663
Net cash provided by (used in) operating activities	1,915,957	(488,685)
Cash flows from non-capital financing activities		
Advances related to public improvements spending	(4,278,421)	(2,302,225)
Net cash provided by (used in) non-capital financing activities	(4,278,421)	(2,302,225)
Cash flows from capital and related financing activities		
Capital contributions from MTW and grant funds	1,495,693	6,075,233
Development and revitalization — capitalized expenditures	(101,383)	(2,780,174)
Acquisition and modernization — AHA-Owned properties	(1,475,009)	(3,485,289)
Proceeds from sale of capital assets	47,993	7,702
Payments on EPC capital lease, including interest	(660,905)	(646,510)
Net cash provided by (used in) capital and related financing activities	(693,611)	(829,038)
Cash flows from investing activities		
Capital contributions from MTW and grant funds	2,726,705	1,947,303
Related-party development and other loans, net of reimbursements	(2,229,275)	(3,809,174)
Sale (purchase) of investments, restricted	871,491	(365,618)
Interest income on development and other loans	1,331,250	909,345
Net cash provided by (used in) investing activities	2,700,171	(1,318,144)
Net increase (decrease) in cash	(355,906)	(4,938,092)
Cash — beginning of year	122,231,792	127,169,884
Cash — end of year	\$ 121,875,886	\$ 122,231,792

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, 2016 and 2015

	2016	2015
Reconciliation of net operating income (loss) to net cash provided by (used in) operating activities		
Net operating income (loss)	\$ (5,276,000)	\$ (11,485,418)
Adjustments to reconcile net operating income (loss) to net cash provided by (used in) operating activities		
Depreciation and amortization	9,579,660	11,905,128
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	(578,313)	(232,082)
Decrease (increase) in prepaid expenses	(101,831)	7,581
Decrease (increase) in deferred outflows	(4,365,865)	(707,967)
Increase (decrease) in accounts payable and accrued liabilities	(1,007,212)	120,184
Increase (decrease) in other current liabilities	61,535	79,773
Increase (decrease) in unearned revenue	(67,455)	(67,455)
Increase (decrease) in net pension plan liability and deferred inflows	2,662,972	(108,429)
Total changes in assets and deferred outflows and liabilities and deferred inflows relating to operating activities	(3,637,703)	(908,395)
Total adjustments	7,191,957	10,996,733
Net cash provided by (used in) operating activities	\$ 1,915,957	\$ (488,685)

The accompanying notes are an integral part of these statements.

NOTES TO THE FINANCIAL STATEMENTS

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NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016 and 2015

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 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, which was 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. AHA developed its base Business Plan in FY 2004, which lays out AHA's strategic goals and objectives during the term of its MTW Agreement. AHA's Business Plan and its subsequent annual MTW Implementation Plans, on a cumulative basis, outline AHA's priority projects, activities and initiatives to be implemented during each fiscal year.

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

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016 and 2015

NOTE A — ORGANIZATION AND NATURE OF OPERATIONS — continued

conditions. AHA has elected not to include Replacement Housing Factor (RHF) grants in its MTW Single Fund.

HUD disburses Housing Choice Voucher funds based on a Public Housing Authority (PHA)'s historical housing assistance payment spend rate and projected need, rather than in 12 equal installments of the full annual authorization. PHAs may request additional disbursements up to their annual authorization, but must expend all funds drawn or face further disbursement reductions in the future. With approximately 88% of AHA's FY 2016 HUD funding coming from Housing Choice Voucher funds, HUD's disbursement approach has major implications to AHA's financial position and operations. In response to all of these factors, AHA adopted a cash management strategy designed to meet such funding requirements while preventing the forfeiture of funds as a result of expenditure deadlines. This strategy requires AHA to more carefully manage its draws from the three components of AHA's MTW Single Fund.

3. *Blended Component Units and Affiliate Entities*

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

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

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016 and 2015

NOTE A — ORGANIZATION AND NATURE OF OPERATIONS — continued

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

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

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016 and 2015

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.

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

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

During FY 2016 and 2015 AHA adopted the following GASB Standards, where applicable:

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

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016 and 2015

NOTE B — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — continued

- 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. *Fair Value of Financial Instruments*

The carrying amount of AHA’s financial instruments at June 30, 2016 and 2015, which include cash, investments, accounts receivable, accounts payable and other current liabilities, approximates fair value due to the relatively short maturity of these instruments.

5. *Inventories*

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

6. *Prepaid Expense*

Payments made to vendors for goods or services that will benefit periods beyond the fiscal year end are recorded as prepaid expense. Prepaid expense at June 30, 2016 and 2015 consisted primarily of prepaid insurance premiums, software licenses and service contracts.

7. *Valuation and Other Allowances*

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

Under AHA’s Down Payment Assistance (DPA) program, homeownership down payment loans are made to first-time homebuyers. These loans are fully reserved at closing. The homeowner is subject to AHA’s recapture policy as part of the terms and conditions of the DPA program. The

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016 and 2015

NOTE B — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — continued

term of the subsidy loan is 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.

8. *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.

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

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

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

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

9. *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.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016 and 2015

NOTE B — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — continued

10. Pension Plan

AHA accounts for its defined benefit pension plan in accordance with GASB 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 included in the determination of pension expense immediately.

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

11. Restricted Assets

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

12. 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 fees earned in conjunction with development activities under its revitalization program. When grant

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016 and 2015

NOTE B — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — continued

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 and investment income, gain and loss from the sale of assets, adjustments to valuation allowances and interest expense.

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

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 held by HUD are not reflected in AHA's financial statements.

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

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

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

14. 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.

15. 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.

16. 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 N*).

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016 and 2015

NOTE B — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — continued

17. 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.

18. 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.

19. 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, 2016, all AHA's investments were insured and registered in its name.

20. 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 investments in a single issuer. As of June 30, 2016, this is not a risk, as all AHA's investments were issued and guaranteed by U.S. government.

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 and 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, 2016, this is not a risk, as all AHA's investments are primarily in money market and U.S. treasuries.

21. 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.

22. Change in Presentation

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

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016 and 2015

NOTE C — CASH AND CASH EQUIVALENTS

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

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

Cash at June 30, 2016 and 2015 consisted of the following:

	<u>2016</u>	<u>2015</u>
Unrestricted cash		
MTW cash	\$ 34,091,992	\$ 34,398,960
MTW program income	3,834,579	3,459,895
Perry Bolton TAD program income	16,806,176	20,834,502
National Housing Compliance	8,097,050	7,911,560
Component units	2,390,868	2,500,571
	<u>65,220,665</u>	<u>69,105,488</u>
Restricted cash		
Development-related program income	35,210,338	32,294,370
Public improvement funds	6,298,241	6,747,952
Proceeds from disposition activity	11,867,882	10,832,375
Perry program income	1,245,211	1,245,211
Harris program income	1,156,193	1,156,193
Resident security deposits	340,074	339,288
Other	537,282	510,915
	<u>56,655,221</u>	<u>53,126,304</u>
	<u>\$ 121,875,886</u>	<u>\$ 122,231,792</u>

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, 2016 and 2015, the market value of collateral held by a third party on behalf of AHA to cover deposits exceeding the FDIC-insured funds amounted to \$117,977,221 and \$119,851,925, respectively.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016 and 2015

NOTE D — RECEIVABLES

Current receivables at June 30, 2016 and 2015 consisted of the following:

	2016	2015
HUD grants receivable	\$ 721,556	\$ 1,168,375
Other receivables (net of allowance of \$437,202 and \$322,044 in 2016 and 2015, respectively)	1,409,797	1,436,797
Developer and other fees receivable — current portion	—	4,500
Tenant dwelling rents (net of allowance of \$1,370 and nil in 2016 and 2015, respectively)	8,563	4,259
	<u>\$ 2,139,916</u>	<u>\$ 2,613,931</u>

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

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

NOTE E — INVESTMENTS, RESTRICTED

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

As the restrictions on these investments is not dictated by the source of funds, they are presented as Other Assets on the Financial Data Schedule of Combining Program Net Position provided in ***Other Supplementary Information***. These investments consisted primarily of deposits in money market funds and amounted to \$8,824,307 and \$9,694,557 at June 30, 2016 and 2015, respectively.

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

GAAP defines “related parties” as those parties that can significantly influence the management or operating policies of the transacting parties or that have an ownership interest in one of the transacting parties. Related-party development and other loans, development receivables and investments in partnerships at June 30, 2016 and 2015 consisted of the following:

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016 and 2015

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

	2016	2015
Development loans (net of allowance of \$30,877,049 and \$30,760,489 in 2016 and 2015, respectively)	\$ 164,421,107	\$ 164,239,267
Other loans (net of allowance of \$3,254,473 and \$3,371,032 in 2016 and 2015, respectively)	9,724,267	9,182,523
Developer and other fees receivable (net of allowance of \$122,472 in 2016 and 2015)	2,851,415	2,187,907
Predevelopment loans	949,410	407,440
Investments in partnerships (net of allowance of \$414,494 in 2016 and 2015)	—	—
	<u>\$ 177,946,199</u>	<u>\$ 176,075,137</u>

Development loans

AHA makes subordinated development loans (construction and permanent) to the Owner Entities (private-sector owners) in conjunction with financing arrangements related to the development of AHA-Sponsored MIMF rental communities. These subordinated loans are fully obligated to the Owner Entities at the financial closing and represent AHA's share of the development budget for AHA-assisted Annual Contribution Contract (ACC) units. 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. *See Other Supplementary Information for more details on the loans, including terms.*

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

Other loans 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 MIMF rental communities for acquisitions and site improvements; (ii) loans to private sector development partners, representing the value of the lots supporting the financing and construction of single-family homes as a component of the AHA-Sponsored master-planned communities; (iii) a financing arrangement with a related Owner Entity of a MIMF rental community related to a land sale; (iv) loans to the Owner Entities of MIMF rental communities in order to meet federal statutory requirements (these loans are fully reserved); and (v) gap financing to facilitate the construction of properties with up to a 15-year renewable PBRA 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.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016 and 2015

NOTE F — RELATED-PARTY DEVELOPMENT AND OTHER LOANS, DEVELOPMENT RECEIVABLES AND INVESTMENTS IN PARTNERSHIPS — continued**Developer and other fees receivable**

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

Related-party development income and expense

Related-party development income and expense for the years ended June 30, 2016 and 2015 consisted of the following:

	<u>2016</u>	<u>2015</u>
Type of income (expense)		
Interest income	\$ 1,328,984	\$ 1,074,384
Development related income	2,241,120	969,790
Housing assistance payments to Owner Entities of the MIMF rental communities where AHA has a Regulatory and Operating Agreement for public housing units	(11,769,779)	(11,914,067)
Housing assistance payments to private owners/Owner Entities where AHA has a PBRA Agreement	(15,345,132)	(15,398,240)

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.13 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

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016 and 2015

NOTE G — OTHER RELATED-PARTY TRANSACTIONS — continued

operating expenses. As a Member, AHA received unrestricted contributions of \$1,018,345 and \$630,872 for the years ended June 30, 2016 and 2015, 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, 2016 and June 30, 2015, respectively, is presented below:

	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	(3,237,595)	—
Total capital assets, not being depreciated	70,557,940	392,300	(4,147,975)	66,802,266
Depreciable capital assets:				
Land improvements	24,980,906	2,491,144	—	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	4,354,997	(201,357)	189,584,393
Less accumulated depreciation				
Land improvements	(14,601,369)	(2,037,637)	—	(16,639,005)
Buildings and improvements	(73,193,961)	(4,322,304)	—	(77,516,265)
Equipment	(22,928,922)	(3,219,719)	201,357	(25,947,286)
Total accumulated depreciation	(110,724,252)	(9,579,660)	201,357	(120,102,556)
Total depreciable capital assets, net	74,706,500	(5,224,663)	—	69,481,839
Total capital assets, net	<u>\$ 145,264,440</u>	<u>\$ (4,832,363)</u>	<u>\$ (4,147,975)</u>	<u>\$ 136,284,103</u>

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

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016 and 2015

NOTE H — CAPITAL ASSETS — continued

The cost and accumulated depreciation of AHA assets financed under an Energy Performance Contract (EPC) capital lease at June 30, 2016 and 2015 were as follows:

	2016	2015
Building improvements	\$ 5,488,996	\$ 5,488,996
Equipment	6,440,908	6,440,908
	<u>11,929,904</u>	<u>11,929,904</u>
Accumulated depreciation	(3,600,207)	(2,623,204)
	<u>\$ 8,329,697</u>	<u>\$ 9,306,700</u>

NOTE I — OTHER NON-CURRENT ASSETS

Other non-current assets at June 30, 2016 and 2015 consisted of the following:

	2016	2015
Public improvement advances due from the City of Atlanta and related entities	\$ 14,248,743	\$ 9,444,402
Homeownership down payment assistance loans (net of allowance of \$8,518,048 and \$6,833,315 in 2016 and 2015, respectively)	—	—
	<u>\$ 14,248,743</u>	<u>\$ 9,444,402</u>

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

Under its Down Payment Assistance (DPA) program for first-time homebuyers earning 80% or less of area median income, AHA issued payments of \$1,784,733 and \$1,627,636 during the years ended June 30, 2016 and 2015, respectively. As described in Note B.7 — *Valuation and Other Allowances*, these loans are fully reserved at closings.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016 and 2015

NOTE J — ACCRUED LIABILITIES

Accrued liabilities at June 30, 2016 and 2015 consisted of the following:

	2016	2015
Accrued expense	\$ 6,466,253	\$ 7,591,807
Wages and benefits	561,182	597,932
Compensated absences	1,051,179	1,044,072
Contract retention	691,044	369,849
Insurance, claims and litigation (Note N)	369,269	330,000
Interest payable	142,594	146,309
	<u>\$ 9,281,521</u>	<u>\$ 10,079,969</u>

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

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

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

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

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, 2016 and 2015 consisted of the following:

	2016	2015
Public improvement advances received from the City of Atlanta and related entities	\$ 6,239,089	\$ 6,747,952
Resident security deposits	340,074	339,288
Other	1,164,706	1,194,312
	<u>\$ 7,743,869</u>	<u>\$ 8,281,552</u>

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016 and 2015

NOTE L — LONG-TERM DEBT

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

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

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

Interest expense incurred in connection with the EPC capital lease amounted to \$434,013 and \$444,322 for the years ended June 30, 2016 and 2015, respectively.

EPC Capital Lease

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

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

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

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
2017	\$ 254,268	\$ 426,614	\$ 680,882
2018	287,507	413,952	701,459
2019	323,019	399,634	722,653
2020	360,935	383,547	744,482
2021	401,394	365,573	766,967
2022 to 2026	2,615,805	1,485,625	4,101,430
2027 to 2031	3,814,676	721,119	4,543,795
2032	508,944	12,673	521,617
	<u>\$ 8,566,548</u>	<u>\$ 4,216,737</u>	<u>\$ 12,783,285</u>

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016 and 2015

NOTE M — OTHER NON-CURRENT LIABILITIES

Other non-current liabilities at June 30, 2016 and 2015 consisted of the following:

	<u>2016</u>	<u>2015</u>
Deferred gain on land sale	\$ 2,893,800	\$ 2,281,440
Unearned rooftop satellite lease revenue	89,941	157,396
	<u>\$ 2,983,741</u>	<u>\$ 2,438,836</u>

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.

NOTE N — INSURANCE, CLAIMS AND LITIGATION

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

Self-insurance plan — workers' compensation

AHA is self-insured for workers' compensation claims and has purchased excess insurance for its workers' compensation self-insurance plan, which limits its liability to \$400,000 per accident. AHA has a system in place to identify incidents which might give rise to workers' compensation claims. It uses this information to compute an estimate of loss due to claims asserted and incidents that have been incurred but not reported. Settled claims have not exceeded the self-insured retention in any part of the past five years. AHA has recorded an estimated liability of \$32,000 and \$30,000 as of June 30, 2016 and 2015, respectively.

Litigation and claims

AHA is party to legal actions arising in the ordinary course of business. Certain actions are in various stages of the litigation process and their ultimate outcome cannot be determined currently. Accordingly, potential liabilities in excess of insurance coverage may not be reflected in the accompanying financial statements. The financial statements include estimated liabilities in the amount of \$337,269 and \$300,000 as of June 30, 2016 and 2015, respectively. AHA carries general and automobile liability insurance coverage with self-insured limit of \$100,000. AHA carries also 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.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016 and 2015

NOTE O — CONTINGENCIES AND UNCERTAINTIES

Easements, liens and other contractual obligations

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

Valuation of related-party development loans

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

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016 and 2015

NOTE P — DEFINED BENEFIT PENSION PLAN — continued

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, 2016 and 2015, the Plan included the following participants:

	2016	2015
Inactive participants or beneficiaries currently receiving benefits	524	534
Inactive participants entitled to but not yet receiving benefits	236	245
Active participants	10	10
	<u>770</u>	<u>789</u>

Net pension liability

AHA's net pension liability was measured at June 30, 2016 and 2015, 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, 2016 and 2015 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:

	2016	2015
Inflation	2.0%	2.0%
Salary increases	4.0%	4.0%
Investment rate of return	4.9%	level equivalent rate of 4.9%

Mortality assumptions were revised during 2016 from IRC Sec 430 Static Annuitant and Non-Annuitant Tables to RP-2015 Mortality Tables for Annuitants and Non Annuitants, fully generational with Scale MP-2015.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016 and 2015

NOTE P — DEFINED BENEFIT PENSION PLAN — continued

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, 2016 and June 30, 2015, respectively, is presented below:

	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

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at June 30, 2014	\$ 42,993,210	\$ 40,755,351	\$ 2,237,859
Changes during the year			
Service cost	130,089		130,078
Interest	2,009,842		2,009,842
Difference between expected and actual experience	(500,189)		(500,189)
Contribution — employer		1,000,000	(1,000,000)
Projected earnings on plan fiduciary net position		1,951,673	(1,951,673)
Difference between projected and actual earnings on plan fiduciary net position		(746,677)	746,677
Benefit payments	(2,850,564)	(2,850,564)	—
Net changes	(1,210,833)	(645,568)	(565,265)
Balances at June 30, 2015	\$ 41,782,377	\$ 40,109,783	\$ 1,672,594

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 (3.9%) or 1 percentage point higher (5.9%) than the current rate:

	1% Decrease (3.9%)	Current Discount (4.9%)	1% Increase (5.9%)
Net pension liability	\$ 9,214,902	\$ 4,418,902	\$ 394,902

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016 and 2015

NOTE P — DEFINED BENEFIT PENSION PLAN — continued

Pension Expense

For the year ended June 30, 2016 and 2015, AHA recorded pension expense in the amount of \$297,107 and \$183,604, respectively, which are comprised of the following components:

	2016	2015
Service cost	\$ 154,807	\$ 130,078
Interest	1,980,774	2,009,842
Amortization of deferred inflows	(83,336)	(43,353)
Projected earnings on plan fiduciary net position	(1,943,183)	(1,951,673)
Amortization of deferred outflows	188,045	38,710
Total pension expense	<u>\$ 297,107</u>	<u>\$ 183,604</u>

Deferred Outflows and Deferred Inflows related to the Plan

At June 30, 2016 and 2015, unamortized deferred outflows and deferred inflows related to AHA pension plan resulted from the following sources:

	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	415,844	—
Difference between expected and actual experience on projected liability	94,556	923,653
Total	<u>\$ 5,267,381</u>	<u>\$ 923,653</u>

	At June 30, 2015	
	Deferred Outflows	Deferred Inflows
Difference between projected and actual earnings on pension plan investments	\$ 901,516	\$ —
Difference between expected and actual experience on projected liability	—	1,006,989
Total	<u>\$ 901,516</u>	<u>\$ 1,006,989</u>

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 12 years. Experience gains or losses resulting from plan amendments are amortized over one year.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016 and 2015

NOTE P — DEFINED BENEFIT PENSION PLAN — continued

Amounts reported as deferred outflows and deferred inflows at June 30, 2016 will be amortized and, in aggregate, added to (deducted from) future pension expenses as follows:

<u>Years ending June 30,</u>	
2017	\$ 977,230
2018	561,346
2019	561,346
2020	522,636
2021	373,301
2022 to 2028	1,347,869

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, 2016 and 2015, respectively. Beginning June 1996, AHA's contributions were determined under the Projected Unit Credit Actuarial Cost method (pay-related benefit formula). For the fiscal year ended June 30, 2016 and 2015, AHA funded pension payments of \$2,000,000 and \$1,000,000, 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 two percent. Employees may change their deferral rates at any time. Employee contributions of \$1,158,412 and \$1,029,047 were made to the plan in FY 2016 and FY 2015, respectively.

In conjunction with changes made to the Defined Benefit Plan, effective February 1, 2008, AHA's Board also approved the creation of the new Defined Contribution Plan under IRC Section 401(a) (the 401(a) Plan), for all eligible employees. The 401(a) Plan provides an employer-matching contribution on amounts that employees defer into the 457 Plan, equal to 100 percent of the first two percent deferred by the participant. Additional matching contributions are made based on the participant's years of service with AHA as well as position level. In addition, further contributions can be made at the discretion of management. The employer contribution to the 401(a) Plan amounted to \$805,641 and \$696,209 for FY 2016 and FY 2015, 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.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016 and 2015

NOTE Q — DEFERRED COMPENSATION AND DEFINED CONTRIBUTION PLANS —
continued

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

NOTE R — LEASES**AHA-Owned capital assets under leases**

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

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

The cost and accumulated depreciation of AHA-Owned capital assets used in leasing activities as of June 30, 2016 and 2015 were as follows:

	2016	2015
Land	\$ 23,203,206	\$ 23,203,206
Modernization in process	—	772,974
Total capital assets, not being depreciated	23,203,206	23,976,180
Land improvements	24,183,132	23,749,058
Building and improvements	106,022,812	105,451,126
Equipment	27,639,675	26,645,580
Total depreciable capital assets	157,845,619	155,845,764
Less accumulated depreciation	(100,570,128)	(92,484,860)
Total depreciable capital assets, net	57,275,491	63,360,904
Total capital assets, net	\$ 80,478,697	\$ 87,337,084

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
2017	\$ 196,851
2018	196,851
2019	35,257
Total	\$ 428,959

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016 and 2015

NOTE R — LEASES — continued

The lease expense, including service, incurred in connection with these operating leases amounted to \$285,017 and \$282,461 for the years ended June 30, 2016 and 2015, respectively, and are reported in administration, including operating division expenses.

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 MIMF 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.

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.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016 and 2015

NOTE U — RECENT ACCOUNTING PRONOUNCEMENTS

The Governmental Accounting Standards Board (GASB) has issued new pronouncements which will be implemented by the Authority starting in fiscal year 2017, where applicable: GASB No. 78, *“Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans”*; GASB No. 79, *“Certain External Investment Pools and Pool Participants”*; GASB No. 80, *“Blending Requirements for Certain Component Units — an amendment of GASB Statement No. 14”*; GASB No. 81, *“Irrevocable Split-Interest Agreements”*; and GASB No. 82, *“Pension Issues — an amendment of GASB Statements No. 67, No. 68 and No. 73.”*

GASB No. 78 addresses a practice issue for employers participating in certain non-governmental cost-sharing multiple employer defined benefit pension plans. Establishes accounting and financial reporting standards for employers that participate in a cost-sharing multiple-employer defined benefit pension plan that (1) meets criteria of paragraph 4 of Statement 68; (2) is not a state or local governmental pension plan; (3) provides pensions to employees of state or local governmental employers as well as non-governmental employers; and (4) has no predominant state or local governmental employer. This statement is effective for reporting periods beginning after December 15, 2015.

GASB No. 79 establishes accounting and financial reporting standards for qualifying external investment pools who elect, for financial reporting purposes, to measure all of their investments at amortized cost, and state and local governments that participate in such qualifying external investment pools. This statement is effective for reporting periods beginning after June 15, 2015.

GASB No. 80 establishes additional blending requirement for the financial statement presentation of component units that are organized as not-for-profit corporations in which the primary government is the sole corporate member. Does not apply to component units included in the financial reporting entity pursuant to provisions of Statement 39. This statement is effective for reporting periods beginning after June 15, 2016.

GASB No. 81 establishes accounting and financial reporting standards for irrevocable split-interest agreements created through trusts where the donor irrevocably transfers resources to an intermediary where a government or a third-party can be intermediary. This statement is effective for reporting periods beginning after December 15, 2016.

GASB No. 82 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. This statement is effective for reporting periods beginning after June 15, 2016.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016 and 2015

NOTE V — SUBSEQUENT EVENTS

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

Management has evaluated subsequent events through November 14, 2016, the date on which the financial statements were available to be issued. During this period, no material subsequent events have occurred which would require recognition or disclosure in AHA's financial statements, except for the following event:

On 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. That public safety plan was included in AHA's application to HUD for the \$30 million Choice Neighborhoods Implementation Grant, which was awarded to AHA and the City of Atlanta on September 28, 2015. The "Cop on the Block" land was transferred and conveyed for a cash consideration of \$135,000, subject to certain restrictions and other requirements as to the use of the property, and translated into a loss on disposal of \$429,674, which, given the timing of the land transfer, has not been reflected in AHA's financial statements at and for the year ended June 30, 2016.

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REQUIRED SUPPLEMENTARY INFORMATION

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The Housing Authority of the City of Atlanta, Georgia

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

For years ended June 30, 2016, 2015 and 2014*

	2016	2015	2014
Total Pension Liability			
Service cost	\$ 154,807	\$ 130,078	\$ 166,019
Interest	1,980,774	2,009,842	2,093,307
Difference between expected and actual experience	3,595,608	(500,189)	(550,153)
Benefit payments	(2,905,948)	(2,850,564)	(2,873,036)
Net change in total pension liability	2,825,241	(1,210,833)	(1,163,863)
Total pension liability — beginning	41,782,377	42,993,210	44,157,073
Total pension liability — ending (a)	<u>\$ 44,607,618</u>	<u>\$ 41,782,377</u>	<u>\$ 42,993,210</u>
Plan Fiduciary Net Position			
Contribution — employer	\$ 2,000,000	\$ 1,000,000	\$ 2,500,500
Projected earnings on plan fiduciary net position	1,943,183	1,951,673	1,921,483
Difference between projected and actual earnings on plan fiduciary net position	(958,302)	(746,677)	(193,549)
Benefit payments	(2,905,948)	(2,850,564)	(2,873,036)
Net change in plan fiduciary net position	78,933	(645,568)	1,354,898
Plan fiduciary net position — beginning	40,109,783	40,755,351	39,400,453
Plan fiduciary net position — ending (b)	<u>\$ 40,188,716</u>	<u>\$ 40,109,783</u>	<u>\$ 40,755,351</u>
Net pension liability — ending (a) - (b)	<u>\$ 4,418,902</u>	<u>\$ 1,672,594</u>	<u>\$ 2,237,859</u>
Plan fiduciary net position as a percentage of the total pension liability	90.1%	96.0%	94.8%
Covered-employee payroll	\$ 6,853,955	\$ 7,676,909	\$ 7,826,041
Net pension liability as a percentage of covered-employee payroll	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.

The Housing Authority of the City of Atlanta, Georgia

SCHEDULE OF PENSION PLAN CONTRIBUTIONS

For years ended June 30, 2016, 2015 and 2014*

	2016	2015	2014
Actuarially determined employer contributions	\$ 654,176	\$ 387,153	\$ 546,432
Cash contributions from AHA	2,000,000	1,000,000	2,500,000
Contribution excess	<u>\$ 1,345,824</u>	<u>\$ 612,847</u>	<u>\$ 1,953,568</u>
Covered-employee payroll	\$ 6,853,955	\$ 7,676,909	\$ 7,826,041
Cash contribution as a percentage of covered-employee payroll	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	13 to 30 years
Asset valuation method	Market
Inflation	2.0%
Salary increases	4.0% including inflation
Investment rate of return	4.9% net of pension plan investment expense
Retirement age	65
Mortality	Mortality assumptions were revised during 2016 from IRC Sec. 430 Static Annuitant and Non-Annuitant Tables to RP-2015 Mortality Tables for Annuitants and Non Annuitants, fully generational with Scale MP-2015.

* 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, 2016

	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	\$ 11,176,276	\$ -	\$ 15,487	\$ 2,418,630	\$ 22,871,968	\$ -	\$ 28,737,805
112 Cash - Restricted - Modernization and Development	-	-	-	-	-	-	11,846,428
113 Cash - Other Restricted	26,460	-	-	-	274,415	6,298,241	37,611,742
114 Cash - Tenant Security Deposits	340,074	-	-	-	-	-	-
115 Cash - Restricted for Payment of Current Liabilities	226,960	-	-	-	-	-	-
100 Total Cash	11,769,770	-	15,487	2,418,630	23,146,383	6,298,241	78,195,975
122 Accounts Receivable - HUD Other Projects	263,591	-	-	-	-	-	-
125 Accounts Receivable - Miscellaneous	1,361,925	33,854	4,467	1,450	269,602	-	173,818
126 Accounts Receivable - Tenants	9,933	-	-	-	-	-	-
126.1 Allowance for Doubtful Accounts - Tenants	(1,370)	-	-	-	-	-	-
126.2 Allowance for Doubtful Accounts - Other	(194,277)	(31,743)	(3,700)	-	(205,689)	-	-
120 Total Receivables, Net of Allowances for Doubtful Accounts	1,439,802	2,111	767	1,450	63,913	-	173,818
142 Prepaid Expenses and Other Assets	71,263	-	-	2,596	4,746	-	-
144 Inter Program Due From	-	-	-	38,728	351,616	-	1,492,406
150 Total Current Assets	13,280,835	2,111	16,254	2,461,404	23,566,658	6,298,241	79,862,199
161 Land	27,450,763	-	-	37,593,927	-	-	1,757,576
162 Buildings	133,451,201	-	-	15,801,881	854,651	-	-
163 Furniture, Equipment & Machinery - Dwellings	27,336,000	-	-	2,978,101	38,495	-	-
164 Furniture, Equipment & Machinery - Administration	303,673	-	-	-	1,683,828	-	-
166 Accumulated Depreciation	(100,943,658)	-	-	(10,794,951)	(1,963,297)	-	-
160 Total Capital Assets, Net of Accumulated Depreciation	87,597,979	-	-	45,578,958	613,677	-	1,757,576
171 Notes, Loans and Mortgages Receivable - Non-Current	949,411	-	-	2,352,000	8,468	-	171,784,905
173 Grants Receivable - Non Current	2,151,503	-	-	-	2,362,269	-	7,283,482
174 Other Assets	-	-	-	-	40,000	-	11,635,724
180 Total Non-Current Assets	90,698,893	-	-	47,930,958	3,024,414	-	192,461,687
200 Deferred Outflow of Resources	-	-	-	-	-	-	-
290 Total Assets and Deferred Outflow of Resources	\$ 103,979,728	\$ 2,111	\$ 16,254	\$ 50,392,362	\$ 26,591,072	\$ 6,298,241	\$ 272,323,886
312 Accounts Payable <= 90 Days	\$ 357,855	\$ -	\$ -	\$ 32,117	\$ 244	\$ -	\$ -
321 Accrued Wage/Payroll Taxes Payable	-	-	-	-	-	-	-
322 Accrued Compensated Absences - Current Portion	-	-	-	-	27,047	-	-
324 Accrued Contingency Liability	-	-	-	-	62,000	-	-
325 Accrued Interest Payable	142,593	-	-	-	-	-	-
331 Accounts Payable - HUD PHA Programs	-	-	15,797	-	-	-	-
341 Tenant Security Deposits	340,074	-	-	-	-	-	-
342 Unearned Revenue	72,759	-	-	-	-	-	28,295
343 Current Portion of Long-term Debt - Capital Projects/Mortgage	254,267	-	-	-	-	-	-
345 Other Current Liabilities	233,147	-	-	5,600	513,279	6,298,241	1,151,772
346 Accrued Liabilities - Other	3,554,609	-	-	63,447	84,905	-	1,599,631
347 Inter Program - Due To	-	-	-	1,268,440	18,033	-	200
310 Total Current Liabilities	4,955,304	-	15,797	1,369,604	705,508	6,298,241	2,779,898
351 Long-term Debt, Net of Current - Capital Projects/Mortgage	8,312,280	-	-	-	-	-	-
353 Non-current Liabilities - Other	89,938	-	-	1,512,000	-	-	1,381,803
357 Accrued Pension and OPEB Liabilities	-	-	-	-	-	-	-
350 Total Non-Current Liabilities	8,402,218	-	-	1,512,000	-	-	1,381,803
300 Total Liabilities	13,357,522	-	15,797	2,881,604	705,508	6,298,241	4,161,701
400 Deferred Inflow of Resources	-	-	-	-	-	-	-
508.4 Net Investment in Capital Assets	79,031,430	-	-	45,578,958	613,677	-	1,757,576
511.4 Restricted Net Position	1,197,531	-	-	839,900	65,935	-	230,724,173
512.4 Unrestricted Net Position	10,393,245	2,111	457	1,091,900	25,205,952	-	35,680,436
513 Total Equity - Net Assets / Position	90,622,206	2,111	457	47,510,758	25,885,564	-	268,162,185
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$ 103,979,728	\$ 2,111	\$ 16,254	\$ 50,392,362	\$ 26,591,072	\$ 6,298,241	\$ 272,323,886

The Housing Authority of the City of Atlanta, Georgia

14.896 PH Family Self- Sufficiency Program	14.866 Revitalization of Severely Distressed Public Housing	8 Other Federal Program 1	14.892 Choice Neighborhoods Planning 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	Elimination	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 500	\$ 65,220,666	\$ -	\$ 65,220,666
-	-	21,454	-	-	-	-	-	11,867,882	-	11,867,882
-	-	-	-	-	-	-	9,447	44,220,305	-	44,220,305
-	-	-	-	-	-	-	-	340,074	-	340,074
-	-	-	-	-	-	-	-	226,960	-	226,960
-	-	21,454	-	-	-	-	9,947	121,875,887	-	121,875,887
17,180	-	-	440,784	-	-	-	-	721,555	-	721,555
-	-	-	-	-	-	-	1,882	1,846,998	-	1,846,998
-	-	-	-	-	-	-	-	9,933	-	9,933
-	-	-	-	-	-	-	-	(1,370)	-	(1,370)
-	-	-	-	-	-	-	(1,794)	(437,203)	-	(437,203)
17,180	-	-	440,784	-	-	-	88	2,139,913	-	2,139,913
-	-	-	-	-	-	-	1,088,376	1,166,981	-	1,166,981
-	-	-	-	-	-	-	12,291	1,895,041	(1,895,041)	-
17,180	-	21,454	440,784	-	-	-	1,110,702	127,077,822	(1,895,041)	125,182,781
-	-	-	-	-	-	-	-	66,802,266	-	66,802,266
-	-	-	-	-	-	-	79,881	150,187,614	-	150,187,614
-	-	-	-	-	-	-	326,107	30,678,703	-	30,678,703
-	-	-	-	-	-	-	6,730,573	8,718,074	-	8,718,074
-	-	-	-	-	-	-	(6,400,646)	(120,102,552)	-	(120,102,552)
-	-	-	-	-	-	-	735,915	136,284,105	-	136,284,105
-	-	-	-	-	-	-	-	175,094,784	-	175,094,784
-	2,451,489	-	-	-	-	-	-	14,248,743	-	14,248,743
-	-	-	-	-	-	-	-	11,675,724	-	11,675,724
-	2,451,489	-	-	-	-	-	735,915	337,303,356	-	337,303,356
-	-	-	-	-	-	-	5,267,381	5,267,381	-	5,267,381
\$ 17,180	\$ 2,451,489	\$ 21,454	\$ 440,784	\$ -	\$ -	\$ -	\$ 7,113,998	\$ 469,648,559	\$ (1,895,041)	\$ 467,753,518
\$ -	\$ -	\$ -	\$ 24,583	\$ -	\$ -	\$ -	\$ 183,101	\$ 597,900	\$ -	\$ 597,900
-	-	-	-	-	-	-	302,362	302,362	-	302,362
-	-	-	-	-	-	-	1,024,132	1,051,179	-	1,051,179
-	-	-	-	-	-	-	275,269	337,269	-	337,269
-	-	-	-	-	-	-	-	142,593	-	142,593
-	-	-	-	-	-	-	-	15,797	-	15,797
-	-	-	-	-	-	-	-	340,074	-	340,074
-	-	-	-	-	-	-	-	101,054	-	101,054
-	-	-	-	-	-	-	-	254,267	-	254,267
-	-	-	-	-	-	-	74,019	8,276,058	-	8,276,058
-	-	-	49,750	-	-	-	1,106,664	6,459,006	-	6,459,006
17,180	-	-	366,451	-	-	-	224,737	1,895,041	(1,895,041)	-
17,180	-	-	440,784	-	-	-	3,190,284	19,772,600	(1,895,041)	17,877,559
-	-	-	-	-	-	-	-	8,312,280	-	8,312,280
-	-	-	-	-	-	-	-	2,983,741	-	2,983,741
-	-	-	-	-	-	-	4,418,902	4,418,902	-	4,418,902
-	-	-	-	-	-	-	4,418,902	15,714,923	-	15,714,923
17,180	-	-	440,784	-	-	-	7,609,186	35,487,523	(1,895,041)	33,592,482
-	-	-	-	-	-	-	923,653	923,653	-	923,653
-	-	-	-	-	-	-	735,915	127,717,556	-	127,717,556
-	-	21,454	-	-	-	-	9,447	232,858,440	-	232,858,440
-	2,451,489	-	-	-	-	-	(2,164,203)	72,661,387	-	72,661,387
-	2,451,489	21,454	-	-	-	-	(1,418,841)	433,237,383	-	433,237,383
\$ 17,180	\$ 2,451,489	\$ 21,454	\$ 440,784	\$ -	\$ -	\$ -	\$ 7,113,998	\$ 469,648,559	\$ (1,895,041)	\$ 467,753,518

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, 2016

	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	\$ 6,065,683	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
70600 HUD PHA Operating Grants	2,786,577	8,444,781	671,875	-	-	-	-
70610 Capital Grants	586,016	-	-	-	-	-	-
70710 Management Fee	-	-	-	-	-	-	-
70750 Other Fees	-	-	-	-	-	-	1,218,428
70700 Total Fee Revenue	-	-	-	-	-	-	1,218,428
71400 Fraud Recovery	1,317	-	-	-	-	-	-
71500 Other Revenue	239,586	-	-	1,263,341	59,394	-	3,540,763
71600 Gain or Loss on Sale of Capital Assets	507,260	-	-	-	-	-	-
70000 Total Revenue	10,186,439	8,444,781	671,875	1,263,341	59,394	-	4,759,191
91000 Total Operating - Administrative	5,011,218	527,892	38,875	285,366	746,051	-	902,222
92500 Total Tenant Services	1,425,742	-	-	-	115,355	-	-
93000 Total Utilities	3,072,488	-	-	212,981	23,508	-	-
94000 Total Maintenance	4,543,832	-	-	695,265	91,437	-	-
95000 Total Protective Services	1,648,346	-	-	164,447	38,628	-	-
96100 Total Insurance Premiums	373,139	-	-	21,991	5,317	-	-
96000 Total Other General Expenses	12,419,910	8,555	-	43,396	1,183,869	25,000	1,701,447
96700 Total Interest Expense and Amortization Cost	434,013	-	-	-	-	-	-
96900 Total Operating Expenses	28,928,688	536,447	38,875	1,423,446	2,204,165	25,000	2,603,669
97000 Excess of Operating Revenue over Operating Expenses	(18,742,249)	7,908,334	633,000	(160,105)	(2,144,771)	(25,000)	2,155,522
97100 Extraordinary Maintenance	3,206,378	-	-	-	655,210	-	-
97300 Housing Assistance Payments	-	7,904,718	625,376	-	116,013,354	-	-
97400 Depreciation Expense	8,306,376	-	-	831,737	23,170	-	-
90000 Total Expenses	40,441,442	8,441,165	664,251	2,255,183	118,895,899	25,000	2,603,669
10010 Operating Transfer In	25,088,132	-	-	-	178,312,565	-	1,869,429
10020 Operating transfer Out	(649,436)	-	-	-	(57,061,462)	-	-
10040 Operating Transfers from/to Component Unit	4,000	-	-	(4,791)	(1,143,887)	-	(1,290)
10093 Transfers between Program and Project - In	520,958	-	-	-	-	-	780,000
10094 Transfers between Project and Program - Out	(1,096,896)	-	-	-	-	-	-
10100 Total Other financing Sources (Uses)	23,866,758	-	-	(4,791)	120,107,216	-	2,648,139
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$ (6,388,245)	\$ 3,616	\$ 7,624	\$ (996,633)	\$ 1,270,711	\$ (25,000)	\$ 4,803,661
11020 Required Annual Debt Principal Payments	\$ 223,177	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11030 Beginning Equity	\$ 94,074,383	\$ (1,505)	\$ (7,167)	\$ 48,507,391	\$ 25,786,798	\$ 25,000	\$ 263,753,447
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$ 2,323,706	\$ -	\$ -	\$ -	\$ (1,171,945)	\$ -	\$ 217,439
11180 Housing Assistance Payments Equity	-	\$ 2,111	-	-	-	-	-
11190 Unit Months Available	50,088	8,550	600	-	228,828	-	-
11210 Number of Unit Months Leased	49,255	8,321	594	-	164,425	-	-
11270 Excess Cash	\$ 6,781,934	-	-	-	-	-	-
11620 Building Purchases	\$ 648,219	-	-	-	-	-	-
11630 Furniture & Equipment - Dwelling Purchases	\$ 679,030	-	-	-	-	-	-
11640 Furniture & Equipment - Administrative Purchases	-	-	-	-	-	-	-
13901 Replacement Housing Factor Funds	\$ 3,372,593	-	-	-	-	-	-

The Housing Authority of the City of Atlanta, Georgia

14.896 PIH Family Self- Sufficiency Program	14.866 Revitalization of Severely Distressed Public Housing	8 Other Federal Program 1	14.892 Choice Neighborhoods Planning 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	Elimination	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,065,683	\$ -	\$ 6,065,683
137,175	-	-	440,784	1,594,985	154,051,509	18,419,357	-	186,547,043	-	186,547,043
-	-	-	-	3,579,449	-	-	-	4,165,465	-	4,165,465
-	-	-	-	-	-	-	204,062	204,062	(204,062)	-
-	-	-	-	-	-	-	-	1,218,428	-	1,218,428
-	-	-	-	-	-	-	204,062	1,422,490	(204,062)	1,218,428
-	-	-	-	-	-	-	-	1,317	-	1,317
-	-	-	-	-	-	-	572,128	5,675,212	(1,719,256)	3,955,956
-	-	-	-	-	-	-	47,993	555,253	-	555,253
137,175	-	-	440,784	5,174,434	154,051,509	18,419,357	824,183	204,432,463	(1,923,318)	202,509,145
-	-	-	378,677	-	-	-	29,493,496	37,383,797	(1,923,318)	35,460,479
137,531	-	-	62,107	-	-	-	1,463,644	3,204,379	-	3,204,379
-	-	-	-	-	-	-	-	3,308,977	-	3,308,977
-	-	-	-	-	-	-	174,779	5,505,313	-	5,505,313
-	-	-	-	-	-	-	-	1,851,421	-	1,851,421
-	-	-	-	-	-	-	318,331	718,778	-	718,778
-	-	-	-	-	-	-	43,330	15,425,507	-	15,425,507
-	-	-	-	-	-	-	-	434,013	-	434,013
137,531	-	-	440,784	-	-	-	31,493,580	67,832,185	(1,923,318)	65,908,867
(356)	-	-	-	5,174,434	154,051,509	18,419,357	(30,669,397)	136,600,278	-	136,600,278
-	-	-	-	-	-	-	630	3,862,218	-	3,862,218
-	-	-	-	-	-	-	-	124,543,448	-	124,543,448
-	-	-	-	-	-	-	418,377	9,579,660	-	9,579,660
137,531	-	-	440,784	-	-	-	31,912,587	205,817,511	(1,923,318)	203,894,193
-	-	17	-	-	-	-	30,866,362	236,136,505	-	236,136,505
-	-	-	-	(5,174,434)	(154,051,509)	(18,419,357)	(780,307)	(236,136,505)	-	(236,136,505)
-	-	-	-	-	-	-	1,145,968	-	-	-
-	-	-	-	-	-	-	-	1,300,958	-	1,300,958
-	-	-	-	-	-	-	(204,062)	(1,300,958)	-	(1,300,958)
-	-	17	-	(5,174,434)	(154,051,509)	(18,419,357)	31,027,961	-	-	-
\$ (356)	\$ -	\$ 17	\$ -	\$ -	\$ -	\$ -	\$ (60,443)	\$ (1,385,048)	\$ -	\$ (1,385,048)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	223,177	\$ -	223,177
\$ 11,158	\$ 2,451,489	\$ 21,437	\$ -	\$ -	\$ -	\$ -	\$ -	434,622,431	\$ -	434,622,431
\$ (10,802)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,358,398)	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	2,111	-	2,111
-	-	-	-	-	-	-	-	288,066	-	288,066
-	-	-	-	-	-	-	-	222,595	-	222,595
-	-	-	-	-	-	-	-	6,781,934	\$ -	6,781,934
-	-	-	-	-	-	-	-	648,219	\$ -	648,219
-	-	-	-	-	-	-	-	679,030	\$ -	679,030
-	-	-	-	-	-	-	\$ 228,255	\$ 228,255	\$ -	\$ 228,255
-	-	-	-	-	-	-	-	3,372,593	\$ -	3,372,593

NOTES TO FINANCIAL DATA SCHEDULES

Year Ended June 30, 2016

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. Also, 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 operating and modernization expenditures and tenant rental revenues, where applicable, associated with the properties and communities, either directly owned by AHA or in partnership with Owner Entities of MIMF rental communities, including all related assets and liabilities thereof. This program also includes funds drawn from the Replacement Housing Factor (RHF) grant primarily for reimbursement of development and revitalization expenditures. It also includes liabilities and interest expense associated with 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, those 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 received/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/drawn under Section 8 Housing Choice Voucher (HCV) program.

NOTES TO FINANCIAL DATA SCHEDULES

Year Ended June 30, 2016

NOTE A — BASIS OF PRESENTATION — continued

14.871 Housing Choice Vouchers

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

14.879 Mainstream Vouchers

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

2 State/Local

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 to be reimbursed at a later date by the City of Atlanta and related agencies.

1 Business Activities

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

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

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

COCC

Business units within AHA comprised of several operating and administrative departments overseeing and/or supporting AHA's various projects and programs.

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.

NOTES TO FINANCIAL DATA SCHEDULES

Year Ended June 30, 2016

NOTE B — COMBINING SCHEDULES OF BLENDED COMPONENT UNITS

AHA's blended component units are created at the direction of the AHA Board to assist the Authority with development and other acquisition activities in support of affordable housing. Under GASBs Nos. 14 and 34, these blended component units are presented within the reporting entity of AHA and are grouped under 6.2 Components Unit — Blended within the Financial Data Schedules. See *Note A.3 of the Financial Statements* for additional information on AHA's component units. Balances and activity for FY 2016 were as follows:

Combining Statement of Net Position

As of June 30, 2016

	JWD	AAHFI	SHHI	RAH	SRDC	WAH	AHICI	Total Component Units
ASSETS								
Current and non-current assets	\$ 596,711	\$ 230,946	\$ 1,119,301	\$ -	\$ -	\$ 2,589,994	\$ 276,451	\$ 4,813,404
Capital assets, net	9,834,688	-	-	-	-	35,744,270	-	45,578,958
TOTAL ASSETS	\$ 10,431,399	\$ 230,946	\$ 1,119,301	\$ -	\$ -	\$ 38,334,264	\$ 276,451	\$ 50,392,362
LIABILITIES AND NET POSITION								
Current and non-current liabilities	\$ 81,703	\$ 30	\$ 30	\$ 140	\$ 30	\$ 2,794,671	\$ 5,000	\$ 2,881,604
Long-term notes payable	-	-	-	-	-	-	-	-
Total liabilities	81,703	30	30	140	30	2,794,671	5,000	2,881,604
Net investment in capital assets	9,834,688	-	-	-	-	35,744,270	-	45,578,958
Restricted	-	-	-	-	-	839,900	-	839,900
Unrestricted	515,008	230,916	1,119,271	(140)	(30)	(1,044,577)	271,451	1,091,900
Total net position	10,349,696	230,916	1,119,271	(140)	(30)	35,539,593	271,451	47,510,758
TOTAL LIABILITIES AND NET POSITION	\$ 10,431,399	\$ 230,946	\$ 1,119,301	\$ -	\$ -	\$ 38,334,264	\$ 276,451	\$ 50,392,362

Combining Statement of Revenues, Expenses and Changes in Net Position

Year ended June 30, 2016

	JWD	AAHFI	SHHI	RAH	SRDC	WAH	AHICI	Total Component Units
REVENUES								
Operating revenues	\$ 1,148,481	\$ 35,526	\$ 1,047	\$ -	\$ -	\$ 15,575	\$ 62,712	\$ 1,263,341
EXPENSES								
Operating expenses	(1,984,469)	(4,605)	(2,305)	(1,415)	(30)	(243,293)	(19,065)	(2,255,182)
Operating transfers in (out)	(1,936)	-	-	1,290	(146)	(4,000)	-	(4,791)
	(1,986,405)	(4,605)	(2,305)	(125)	(176)	(247,293)	(19,065)	(2,259,973)
Change in net position	(837,924)	30,921	(1,258)	(125)	(175)	(231,719)	43,647	(996,632)
Net position - beginning of year	11,187,621	199,996	1,120,529	(15)	145	35,771,312	227,804	48,507,391
Net position - end of year	\$ 10,349,697	\$ 230,916	\$ 1,119,271	\$ (140)	\$ (30)	\$ 35,539,593	\$ 271,451	\$ 47,510,758

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, 2016	Outstanding Balance as of June 30, 2015
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	1,430,980	1,487,597
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, L.P.	6/11/2015	0.50%	6/11/2070	4,044,270	4,044,270
Centennial Place Partnership II, L.P.	12/4/2015	0.50%	12/4/2070	4,150,000	-
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%	12/30/2059	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, L.P.	12/18/2009	0.50%	12/1/2067	7,309,162	7,418,510
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	2,723,514	2,748,432
Grady Senior Partnership II, L.P.	3/12/2010	0.50%	12/1/2067	2,644,485	2,747,620
Harris Redevelopment Partnership I, L.P.	1/1/2006	4.87%	10/31/2063	7,925,000	7,925,000
Harris Redevelopment Partnership V, L.P.	12/18/2009	0.50%	10/1/2063	9,081,843	9,194,426
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
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 II, L.P.	12/16/1996	6.77%	12/15/2051	-	3,445,000
Legacy Partnership III, L.P.	4/1/1998	5.98%	2/28/2051	3,774,000	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, L.P.	12/24/2013	1.00%	12/17/2066	1,500,000	1,500,000
UH Senior Partnership II, L.P.	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
Valuation Allowance				195,298,156	194,999,756
				(30,877,049)	(30,760,489)
				\$ 164,421,107	\$ 164,239,267

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, LP	\$ 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 Hertiage 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	-
John Hope Community Partnership I, L.P.	-	-	-	-
John Hope Community Partnership II, L.P.	-	-	-	-
Juniper and 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 OTHER LOANS AND FEES RECEIVABLE

As of June 30, 2015

Owner Entity:	Other Loans	Developer and Other Fees Long Term	Predevelopment Loans Long Term	Investment In Partnership
Adamsville Green, L.P.	\$ 1,907,578	\$ -	\$ -	\$ -
Campbell Stone, L.P.	1,500,000	-	-	-
Capitol Gateway Partnership I, L.P.	181,236	11,736	-	-
Capitol Gateway Partnership II, L.P.	-	7,412	-	-
Carver Redevelopment Partnership I, L.P.	225,792	6,615	-	-
Carver Redevelopment Partnership II, L.P.	-	55,791	-	-
Carver Redevelopment Partnership III, L.P.	111,500	5,339	-	-
Carver Redevelopment Partnership V, L.P.	-	179,823	-	-
Carver Senior Building, L.P.	-	36,725	-	-
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 II, L.P.	-	-	291,211	-
Columbia at Mechanicsville Apartments, L.P.	-	39,121	-	-
Columbia Colony Senior	-	40,000	-	-
Columbia Commons, L.P.	-	-	-	82,580
Columbia Creste, L.P.	148,009	74,804	-	-
Columbia Estates, L.P.	168,791	60,552	-	-
Columbia Grove, L.P.	227,999	47,932	-	-
Columbia Heritage Senior Residences, L.P.	-	319,763	-	-
Columbia Park Citi Residences, L.P.	117,687	66,983	-	-
Columbia Senior Residences at Edgewood, L.P.	1,025,569	-	-	-
Columbia Senior Residences at Mechanicsville, L.P.	-	365	-	-
Columbia Village, L.P.	-	-	-	111,914
Cosby Spear, L.P.	-	8,250	-	-
East Lake Redevelopment II, L.P.	318,728	54,325	-	-
East Lake Redevelopment, L.P.	197,702	-	-	-
Gates Park Crossing HFOP Apartments, L.P.	1,203,535	220,054	-	-
Gates Park Crossing HFS Apartments, L.P.	1,074,078	227,375	-	-
Grady Multifamily I, L.P.	-	4,160	-	-
Grady Multifamily II, L.P.	-	38,806	-	-
Grady Redevelopment Partnership I, L.P.	-	5,412	-	-
Grady Senior Partnership II, L.P.	-	10,196	-	-
Grady Senior Partnership III, L.P.	-	10,708	-	-
Harris Redevelopment Partnership I, L.P.	351,060	97,203	-	-
Harris Redevelopment Partnership II, L.P.	97,544	9,556	-	-
Harris Redevelopment Partnership V, L.P.	-	4,403	-	-
Harris Redevelopment Partnership VI, L.P.	-	21,714	-	220,000
Harris Redevelopment, LLC	8,468	-	-	-
Juniper and Tenth, L.P.	-	-	90,963	-
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 I, L.P.	43,382	263,918	-	-
Legacy Partnership II, L.P.	116,560	-	-	-
Legacy Partnership III, L.P.	391,289	-	-	-
Legacy Partnership IV, L.P.	284,483	-	-	-
Mechanicsville Apartments Phase 3, L.P.	-	6,582	-	-
Mechanicsville Apartments Phase 4, L.P.	-	70,921	-	-
Mechanicsville Apartments Phase 6, L.P.	-	53,216	-	-
Mercy Housing Georgia VI, L.P.	111,296	-	-	-
Piedmont Senior Tower, LLC	-	-	25,266	-
UH Scholars Partnership III, L.P.	-	10,000	-	-
UH Scholars Partnership IV, L.P.	-	10,000	-	-
UH Senior Partnership I, L.P.	-	9,074	-	-
West End Phase III Redevelopment Partnership, L.P.	97,805	-	-	-
	12,553,556	2,310,379	407,440	414,494
Valuation allowance	(3,371,032)	(122,472)	-	(414,494)
	\$ 9,182,523	\$ 2,187,907	\$ 407,440	\$ -

The Housing Authority of the City of Atlanta, Georgia
SCHEDULE OF RELATED-PARTY TRANSACTIONS
Year Ended June 30, 2016

Owner Entity:	Housing Assistance Payments			
	Interest Income Received on Loans	Development Related Income	Mixed-income Communities	PBRA ¹
Construction/Permanent Financing Loans:				
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
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	-
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 Park Citi Residences, L.P.	-	27,949	363,689	-
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	-
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
Harris Redevelopment Partnership I, L.P.	-	17,647	308,892	-
Harris Redevelopment Partnership Phase V, LP	61,041	16,881	411,640	86,350
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
UH Senior Partnership II, L.P.	-	188,502	-	77,425
West End Phase III Redevelopment Partnership, L.P.	-	-	99,027	-
Other:				
Adamsville Green, L.P.	49,756	7,000	-	584,896
Brock Built Homes, LLC	-	708,212	-	-
Campbell Stone, L.P.	-	-	-	1,447,999
Carnegie Library, L.P.	-	2,000	-	-
Carver Senior Building, L.P.	-	68,471	-	727,542
Columbia Heritage Senior Residences, LP	-	81,687	-	1,019,802
Columbia Mechanicsville Scattered Sites, L.P.	-	53,268	-	-
Columbia Senior Residences at Edgewood, L.P.	30,655	62,500	-	1,256,127
Gates Park Crossing HFOP Apartments, L.P.	-	22,500	-	1,008,484
Gates Park Crossing HFS Apartments, L.P.	-	22,500	-	804,096
Grady Senior Partnership III, L.P.	-	85,921	-	869,573
Harris Redevelopment Partnership II, L.P.	-	40,836	-	683,041
Harris Redevelopment Partnership VI, L.P.	-	610	170,703	-
Hightower Manor Redevelopment, L.P.	-	4,125	-	-
Peachtree Road Senior Tower, LLC	-	4,809	-	-
UH Senior Partnership I, L.P.	-	33,113	-	747,710
UH Scholors Partnership III, L.P.	-	10,000	-	-
	\$ 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 RELATED-PARTY TRANSACTIONS
Year Ended June 30, 2015

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

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

The Housing Authority of the City of Atlanta, Georgia

SCHEDULE OF HUD-FUNDED GRANTS

As of and Year Ended June 30, 2016

Program	Original Grant Award	Grant Drawdown			Expenditures			HUD Receivable/ (Payable)	Remaining Grant Award
	Authorized Amount	Cumulative as of June 30, 2015	Year ended June 30, 2016	Cumulative as of June 30, 2016	Cumulative as of June 30, 2015	Year ended June 30, 2016	Cumulative as of June 30, 2016	Balance as of June 30, 2016	Unexpended Balance as of June 30, 2016
Capital Fund Program Grants:									
GA06P006501-11 Capital Fund Program 2011*	\$ 9,426,542	\$ 9,426,542	\$ -	\$ 9,426,542	\$ 9,426,542	\$ -	\$ 9,426,542	\$ -	\$ -
GA06P006501-12 Capital Fund Program 2012	4,667,238	745,349	3,921,889	4,667,238	745,349	3,921,889	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	-	-	-	-	-	-	-	5,427,060
GA06P006501-16 Capital Fund Program 2016	6,135,319	-	-	-	-	-	-	-	6,135,319
Total Capital Fund Program Grants	34,207,985	10,171,891	5,174,433	15,346,324	10,171,891	5,174,433	15,346,324	-	18,861,661
HOPE VI Grants:									
GA4A006CNG114 2014/2015 Choice Neighborhoods Implementation	30,000,000	-	-	-	-	440,784	440,784	440,784	30,000,000
Total HOPE VI Grants	30,000,000	-	-	-	-	440,784	440,784	440,784	30,000,000
Replacement Housing Factor Grants:									
GA06R006502-11 RHF 2011-2*	2,136,846	2,136,846	-	2,136,846	2,136,846	-	2,136,846	-	-
GA06R006501-12 RHF 2012-1	6,618,731	4,295,542	2,323,189	6,618,731	5,461,562	1,157,169	6,618,731	-	-
GA06R006502-12 RHF 2012-2	1,429,204	-	1,429,204	1,429,204	2,532	1,426,672	1,429,204	-	-
GA06R006501-13 RHF 2013-1	5,803,172	-	591,496	591,496	-	788,754	788,754	263,592	5,211,676
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
Total Replacement Housing Factor Grants	39,872,446	6,432,388	4,343,888	10,776,276	7,600,940	3,372,595	10,973,535	263,592	29,096,169
Resident Opportunity & Self Sufficiency Grants:									
GA006FSH172A014 ROSS 2014	118,999	70,363	48,636	118,999	70,007	48,992	118,999	-	-
GA006FSH237A015 ROSS 2015	189,000	-	71,359	71,359	-	88,516	88,516	17,180	117,641
Total Resident Opportunity & Self Sufficiency Grants	307,999	70,363	119,995	190,358	70,007	137,508	207,515	17,180	117,641
Total Hud- Funded Grants	\$ 104,388,430	\$ 16,674,642	\$ 9,638,316	\$ 26,312,958	\$ 17,842,838	\$ 9,125,320	\$ 26,968,158	\$ 721,556	\$ 78,075,471

* Grants completed in year ended June 30, 2015

The Housing Authority of the City of Atlanta, Georgia

**SCHEDULE OF CFP PROGRAM COMPLETION
COSTS AND ADVANCES PROGRAM CERTIFICATION**

Contract completed during the year ended June 30, 2016

GRANT NAME	CFP Year 2012
PROJECT NUMBER	<u>GA06P006501-12</u>
GRANT AWARD EFFECTIVE DATE*	February 11, 2012
CONTRACT COMPLETION DATE	March 11, 2016
BUDGET	<u>\$ 4,667,238</u>
ADVANCES	\$ 4,667,238
COSTS	<u>4,667,238</u>
EXCESS/(DEFICIENCY) OF ADVANCES DUE TO/(FROM) HUD	<u>\$ -</u>
AMOUNT TO BE RECAPTURED BY HUD	<u>\$ -</u>

*Represents the LOCCS effective date.

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

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

The Housing Authority of the City of Atlanta, Georgia

**SCHEDULE OF RHF PROGRAM COMPLETION
COSTS AND ADVANCES PROGRAM CERTIFICATION**

Contract completed during the year ended June 30, 2016

GRANT NAME	RHF 2012-1
PROJECT NUMBER	<u>GA06R006501-12</u>
GRANT AWARD EFFECTIVE DATE*	February 11, 2012
CONTRACT COMPLETION DATE	November 20, 2015
BUDGET	<u>\$ 6,618,731</u>
ADVANCES	\$ 6,618,731
COSTS	<u>6,618,731</u>
EXCESS/(DEFICIENCY) OF ADVANCES DUE TO/(FROM) HUD	<u>\$ -</u>
AMOUNT TO BE RECAPTURED BY HUD	<u>\$ -</u>

*Represents the LOCCS effective date.

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

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

The Housing Authority of the City of Atlanta, Georgia

**SCHEDULE OF RHF PROGRAM COMPLETION
COSTS AND ADVANCES PROGRAM CERTIFICATION**

Contract completed during the year ended June 30, 2016

GRANT NAME	RHF 2012-2
PROJECT NUMBER	<u>GA06R006502-12</u>
GRANT AWARD EFFECTIVE DATE*	February 11, 2012
CONTRACT COMPLETION DATE	May 20, 2016
BUDGET	<u>\$ 1,429,204</u>
ADVANCES	\$ 1,429,204
COSTS	<u>1,429,204</u>
EXCESS/(DEFICIENCY) OF ADVANCES DUE TO/(FROM) HUD	<u>\$ -</u>
AMOUNT TO BE RECAPTURED BY HUD	<u>\$ -</u>

*Represents the LOCCS effective date.

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

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

The Housing Authority of the City of Atlanta, Georgia

**SCHEDULE OF ROSS PROGRAM COMPLETION
COSTS AND ADVANCES PROGRAM CERTIFICATION**

Contract completed during the year ended June 30, 2016

GRANT NAME	ROSS 2014
PROJECT NUMBER	<u>GA006FSH172A014</u>
GRANT AWARD EFFECTIVE DATE*	January 1, 2015
CONTRACT COMPLETION DATE	December 2, 2015
BUDGET	<u>\$ 118,999</u>
ADVANCES	\$ 118,999
COSTS	<u>118,999</u>
EXCESS/(DEFICIENCY) OF ADVANCES DUE TO/(FROM) HUD	<u>\$ -</u>
AMOUNT TO BE RECAPTURED BY HUD	<u>\$ -</u>

*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.