

Comprehensive
Annual Financial
Report and
Independent
Auditors' Report



For the fiscal years ended
June 30, 2018 and 2017

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, 2018 and 2017

Issued by the Finance Department of Atlanta Housing

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INTRODUCTORY SECTION

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January 7, 2019

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 “Atlanta Housing,” “AH” or “Authority”) Comprehensive Annual Financial Report (CAFR) for the fiscal years ended June 30, 2018, and June 30, 2017. This report was prepared by the Authority’s Finance staff and the Authority’s financial statements included in this CAFR were audited by the public accounting firm CohnReznick. The Independent Auditors’ Report of CohnReznick is presented as the first component of the Financial Section on page 15.

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

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

For a complete overview and analysis of the Authority’s financial position and results of operations, please review the Management’s Discussion and Analysis (MD&A) located immediately following the Independent Auditors’ Report, in tandem with this transmittal letter. We invite the public to review AH’s CAFR on its website at atlantahousing.org.



Profile of the Authority

Independent Public Jurisdiction: AH 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. AH 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.

AH 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 AH's financial statements as blended component units. AH 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: AH 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, AH applied for and received the MTW designation in 2001. After extensive negotiations with HUD, AH executed its MTW Agreement with HUD on September 23, 2003, effective as of July 1, 2003. AH 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.

AH's MTW Agreement provides substantial statutory and regulatory relief under the U.S. Housing Act of 1937, as amended. AH's program design for implementing its MTW Agreement is reflected in AH's multi-year strategic plan, known as Vision 2022, which was prepared leveraging the statutory and regulatory relief under its MTW Agreement combined with the guiding principles, the lessons learned and best practices from AH's Revitalization Program. Under its MTW Agreement, AH has the flexibility to develop policies and procedures that differ from those prescribed in regulations implementing Section 8 and 9 of the Housing Act of 1937. It also provides the flexibility to innovate and create new programs, and to create and implement local solutions to address local challenges in providing affordable housing opportunities to eligible low-income households in Atlanta. The success that AH has achieved as an innovator, fulfilling the promise of the MTW program envisioned by Congress, is apparent in a review of AH's many initiatives. For more details, see the MTW Innovations and Policies section of AH's *FY 2018 MTW Annual Report*.

While statutory and regulatory flexibility are foundational elements of the MTW program, the Single Fund authority is essential to AH's financial viability. AH's MTW Agreement permits AH to combine its Housing Choice Voucher (HCV) 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 AH's MTW Annual Plan that best meet local low-income housing needs. The funding flexibility provided to AH under the MTW Agreement is essential to AH's continued success and long-term financial viability.

Governing Body and Strategic Guidance: The governing body of AH 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. AH is not considered a component unit of the City of Atlanta and, as a result, AH's financial statements are not included in the City's financial statements.

The Board provides strategic guidance and oversight of AH's operations. AH's programs and actions are further guided by its Business Plan, as modified, refined and updated by its MTW Annual Plans, which are approved by the Board. The underpinnings for the Business Plan are AH'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."

AH's business model has positioned 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 AH's financial soundness and viability to ensure sustainability of its investments and portfolio of properties.

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

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

4. Develop communities through public/private partnerships using public and private sources of funding and private-sector real estate market principles.
5. Support AH-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 2018 AH focused on the following priorities as articulated in Vision 2022.

Vision 2022

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

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

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

Vision 2022 is fully described on AH's website at:

https://www.atlantahousing.org/cms/uploads/file/Vision2022_3.23.17.pdf.



Housing Profile: AH chartered a new course and embarked on an important and ambitious mission: to transform its delivery of affordable housing by ending the practice of concentrating low-income families and by abandoning the traditional 100 percent public housing model through implementation of a comprehensive and strategic Revitalization Program. Under AH's Revitalization Program, public-housing-assisted households were relocated to housing of their choice, primarily to private housing (using tenant-based HCVs). 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. AH'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, AH successfully completed the relocation of all affected public-housing-assisted households and, by December 31, 2010, AH had completed the demolition of the 12 remaining properties. With the completion of the relocation and demolition phases, AH no longer owns or operates any large-family public housing projects, thereby ending the era of warehousing low-income households in distressed and obsolete developments in isolated and depressed areas.

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

At the same time, however, HUD created a program with similar aims known as the Rental Assistance Demonstration (RAD) and notified AH that future conversions would use the RAD model. In 2017, Juniper & Tenth Highrise became AH's first conversion to HCV funding under RAD. Its tenants were temporarily relocated and the property remodeled with re-occupancy essentially completed by the end of FY 2018. HUD subsequently approved two more AH communities for RAD conversion and invited AH to convert the rest of the AH-owned and AH-supported mixed-income, mixed-finance (MIXED) properties, which AH plans to accomplish in the coming years. By June 30, 2018, AH had converted two AH-owned communities and one MIXED community.

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, AH's portfolio of housing opportunities has changed dramatically since 1995. In 1994, AH owned and operated 14,300 public-housing-assisted units in 43 conventional public housing communities and administered approximately 4,500 certificates and vouchers. As of June 30, 2018, AH's housing profile and operating activities have evolved into the following:

- Public-housing-assisted communities (9 senior high-rise buildings and two small-family developments) owned and operated through professional property management firms, with 1,586 housing units, all of which are well-located in economically integrated neighborhoods (referred to as AH-owned residential communities);
- Operating subsidy for 2,155 Annual Contribution Contract (ACC) (HUD-subsidized) units in 16 AH-Sponsored MIXED rental communities owned and operated by related public/private Owner Entities;
- Tenant-based HCV rental assistance for 10,637 units owned and operated by private property owners;
- HomeFlex (formerly known as Project-Based Rental Assistance or PBRA) for 1,543 units in six of the MIXED rental communities owned and operated by related public/private Owner Entities;
- Rental assistance for 4,012 HomeFlex units in other MIXED and Supportive Housing (HAVEN) communities owned and operated by unrelated private owners;
- Rental assistance for 423 HomeFlex units in the three communities that converted under the RAD program;
- Additional rental assistance to 215 participants in HAVEN communities under AH's pilot rental assistance for homeless prevention through local programs;

- Mortgage assistance to 23 participants, who used their Tenant-based Housing Choice vouchers for homeownership; and
- Down payment assistance to 724 first-time homebuyers since inception of the program.

The implementation of these initiatives has also changed the mix of AH'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 HCV funds in FY 2018. During FY 2018, approximately 91 percent of AH's funds received from HUD were attributable to HCV funds.

Moreover, as a result of the strategic Revitalization Program and other initiatives, and the shift from a primarily public housing operating fund platform to an HCV fund platform, AH's operations are more stable and its financial position is stronger.

In addition, AH 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, AH receives non-federal contributions from NHC activities in Illinois and Georgia, which are included in AH'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 AH Financial Planning and Analytics staff. At the beginning of the budget process, the CEO and executive staff establish the key areas of focus for the coming year based on the MTW Annual Plan. AH then develops an annual budget to accomplish the goals and priorities of that plan.

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

Financial and Operational Oversight: Following a thorough organizational assessment, AH created an internal compliance division during FY 2018 to ensure continued regulatory compliance, operational performance monitoring and productivity in real estate development, asset portfolio and HCV management. In addition, three new standing Board committees were formed and became operational in FY 2018: Audit and Finance Committee; Operations Committee; and Real Estate Committee.

Economic Conditions and Financial Outlook

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

FY 2018 Accomplishments and Program Highlights

AH comprehensively operates the entire agency pursuant to its MTW Agreement, which was, during 2016, successfully extended to 2028, and utilizes fungibility of its MTW Single Fund in operating and administering its programs. In cases where there are statutory requirements or grant provisions, AH complies with these terms as required. Each AH program is designed to economically and efficiently leverage all AH's resources where possible, inclusive of finances and funding flexibility, knowledge and experience, grant funds, rental subsidies, partner relationships and land. Through its various housing solutions and programs, all supported by human development services, AH is able to meet a broad spectrum of housing needs for low-income families in the City of Atlanta.

Below are some of AH's FY 2018 major accomplishments and milestones, which demonstrate AH's continued strategic focus and commitment to its Vision and three primary statutory goals.

Real Estate Development and Public Housing

- AH began acquisition and planning efforts to enhance its development capacity to increase the supply of quality MIXED rental housing in the tight Atlanta rental market, where there was great demand for workforce and low-income housing by the end of FY 2018, by jump-starting the Herndon, Englewood and Westside redevelopments.
- As of the end of FY 2018, AH **added 468 units** through its private, multi-family HomeFlex program.
- AH completed the renovation and construction of its first HUD-approved RAD project, Tenth & Juniper Highrise, which **preserved 149 housing units**.
- AH closed on two additional RAD deals, Piedmont Senior Tower and Villages at Castleberry Hill I, in an effort to **renovate and preserve an additional 274 housing units**.
- **163 eligible and first-time homebuyers** received down payment assistance from AH.

Supportive Housing

- **15 percent of all program admissions included at-risk homeless populations** that have been housed through AH's HAVEN Program.
- Housed **177 individuals and families transitioning from homelessness** via HAVEN tenant-based pilot initiatives.
- Provided short-term rental assistance to **stabilize 215 families at risk of homelessness**.

Human Development

- **\$2.5 million invested to provide human development services** to help families overcome barriers to work.
- Provided **human development and case management services to 1,434 Housing Choice participants**.

- **46 students were awarded scholarships valued at \$82,525** through AH's Atlanta Community Scholars Award and University Choice Neighborhoods.
- AH's annual **Summer Internship Program** hosted **12 AH-assisted students** to boost their big goals and bright futures.

Administration

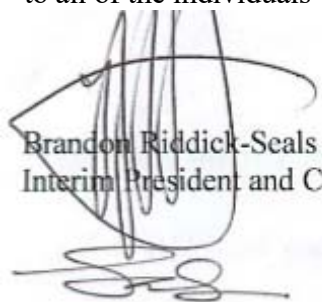
- AH completed an **organizational assessment, as part of the Vision 2022 Strategic Plan, to start-up an internal compliance and audit division** to enhance compliance, performance monitoring and productivity in real estate development, portfolio management and HCV program utilization.
- **100 percent** of Housing Choice and HomeFlex inspections and **100 percent** of scheduled audits of AH-owned and MIXED communities were completed.
- For a second year, AH was recognized for its innovative corporate internal software development with the **2018 Southeastern Software Association (SSA) Impact Award** from the Technology Association of Georgia.
- AH was awarded the **Distinguished Budget Presentation Award by the Government Finance Officers Association** for its FY 2018 Budget.

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

Acknowledgments

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

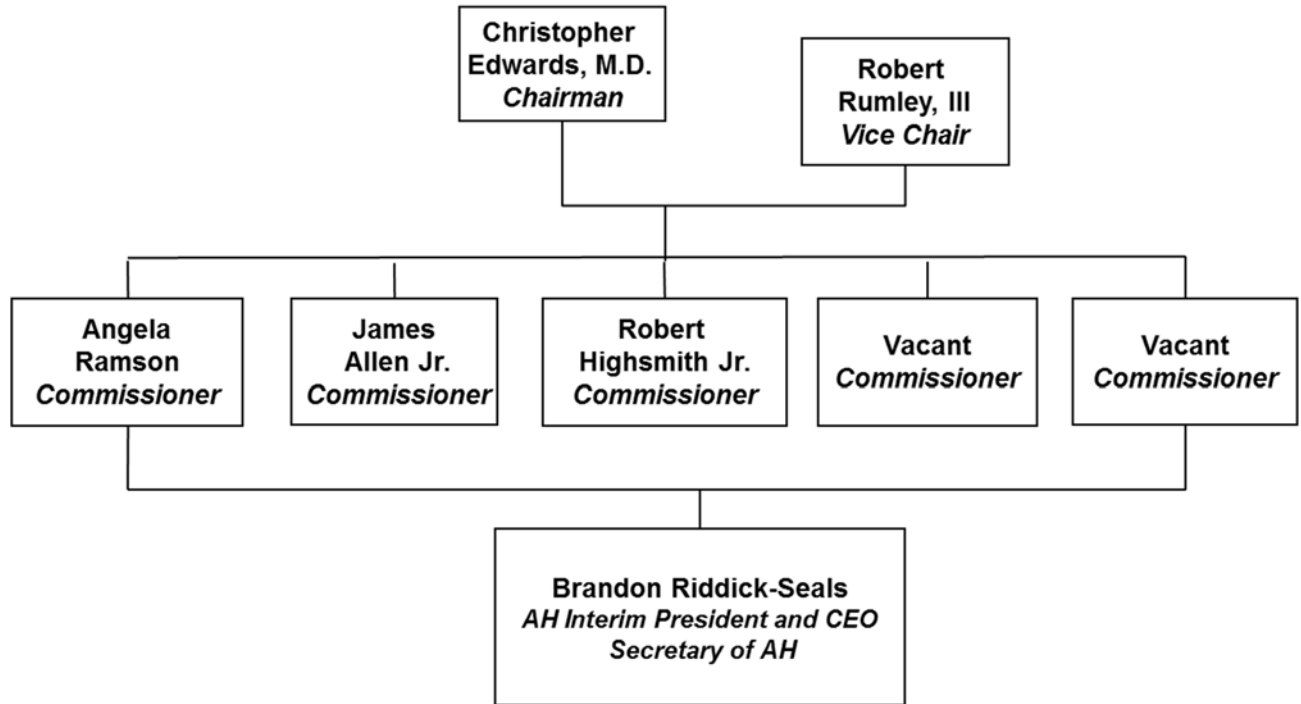
The preparation of this report has been accomplished through the hard work of the Finance Department and support of other staff members throughout the Authority. We also wish to express our appreciation to all of the individuals who contributed to the preparation of this report.



Brandon Riddick-Seals
Interim President and CEO

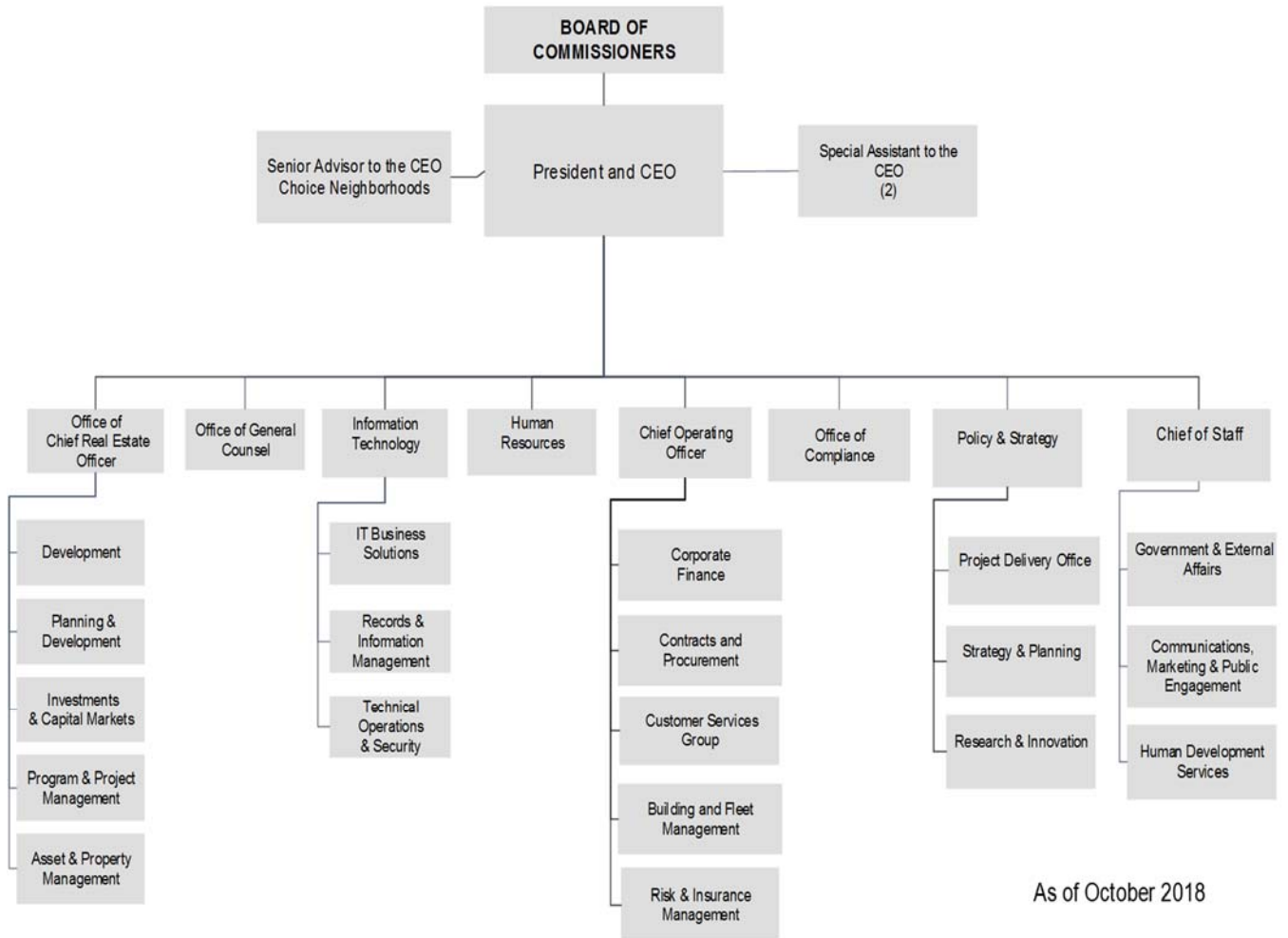
Myrienne Robillard
Senior Vice President of Finance

AH's Board of Commissioners



As of October 2018

AH's Organization Chart



As of October 2018

As of October 2018

FINANCIAL SECTION

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Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of The Housing Authority of the City of Atlanta, Georgia as of and for the years ended June 30, 2018 and 2017, 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, 2018 and 2017, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 19 to 42 and the Schedule of Changes in Net Pension Liability and Related Ratios and Schedule of Pension Plan Contributions on pages 82 and 83, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

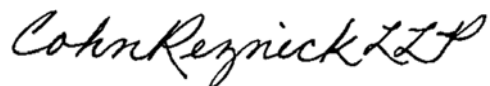
The HUD Financial Data Schedule, Schedules of Related-Party Development Loans, Schedules of Related-Party Other Loans and Fees Receivable, Schedules of Related-Party Transactions, Schedule of HUD-Funded Grants, Schedules of CFP Program Completion Costs and Advances Program Certification, Schedules of RHF Program Completion Costs and Advances Program Certification, and Schedules of ROSS Program Completion Costs and Advances Program Certification are the responsibility of management and were derived from and relate directly to the underlying accounting

and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the HUD Financial Data Schedule, Schedules of Related-Party Development Loans, Schedules of Related-Party Other Loans and Fees Receivable, Schedules of Related-Party Transactions, Schedule of HUD-Funded Grants, Schedules of CFP Program Completion Costs and Advances Program Certification, Schedules of RHF Program Completion Costs and Advances Program Certification, and Schedules of ROSS Program Completion Costs and Advances Program Certification are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 7, 2019, on our consideration of The Housing Authority of the City of Atlanta, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of The Housing Authority of the City of Atlanta, Georgia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The Housing Authority of the City of Atlanta, Georgia's internal control over financial reporting and compliance.



Charlotte, North Carolina
January 7, 2019

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

The management of The Housing Authority of the City of Atlanta, Georgia (referred to as "Atlanta Housing," "AH" or "Authority") is providing this Management's Discussion and Analysis (MD&A) as an analytical overview of AH's financial performance for the fiscal years ended June 30, 2018 (FY 2018) and June 30, 2017 (FY 2017). This document should be read in conjunction with the Letter of Transmittal, AH's Financial Statements and accompanying Notes.

OVERVIEW OF FINANCIAL STATEMENTS

AH is pleased to present its Financial Statements for the fiscal years ended June 30, 2018, and June 30, 2017, which have been prepared in accordance with U.S. generally accepted accounting principles (GAAP) as applied to governmental entities. GAAP requires the inclusion of three basic financial statements: statement of net position (balance sheet); statement of revenues, expenses and changes in net position; and statement of cash flows. In addition, GAAP requires the inclusion of this MD&A as required supplementary information.

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

AH's results of operations are presented in the statements of revenues, expenses and changes in net position, where activities are categorized between operating and non-operating items. AH defines its operating revenues as income derived from operating funds received from the U.S. Department of Housing and Urban Development ("HUD"), tenant dwelling revenue, development and other grants used for operating expenses, as well as fees earned in conjunction with development activities under AH's development and revitalization program. Operating expenses for proprietary funds include the cost of housing assistance to low-income families, operating housing units and providing tenant services, revitalization, demolition and remediation, administrative expenses and depreciation on capital assets. Non-operating revenues and expenses include interest and investment income, gain from the sale of assets, adjustments to valuation allowances and interest expense. Capital contributions include MTW Single Fund and development grants used for capitalized expenditures, including loans, in connection with modernization, development and revitalization activities. *See Note B.13 of the Financial Statements for further information.*

FY 2018 OPERATION HIGHLIGHTS

Advancing Affordable Housing Opportunities

Using its available programs, AH 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 HCV Program

Under the HCV program, AH supported 10,637 households at the end of FY 2018 compared to 10,467 at the end of FY 2017, which includes in-jurisdiction participants as well as participants who: (a) moved from AH's service area to a residence outside of AH's service area; (b) moved into AH's service area from other public housing agencies' service areas; or (c) received mortgage assistance for their homes in AH's service area. Significant FY 2018 accomplishments include:

- A total of **\$96.3 million** provided in payments under this program.
- Close to 1,120 new households were housed from the Housing Choice waiting list and for special programs.

HomeFlex Program

At the end of FY 2018, 5,978 households were supported under AH's HomeFlex program, which included payments to related Owner Entities (private-sector owners) of AH-Sponsored MIXED communities, unrelated private-sector owners of mixed-income developments and unrelated owners of HAVEN communities. Significant FY 2018 accomplishments include:

- A total of **\$36.6 million** provided in payments under this program.
- Rental assistance provided to 4,012 households in unrelated MIXED communities compared to 3,596 at the end of FY 2017.
- Rental assistance provided to 1,543 households at six AH-Sponsored MIXED communities essentially at the same level as the end of FY 2017.
- RAD rental assistance provided to 423 households by the end of FY 2018 compared to 207 at the end of FY 2017.

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

During 2018, AH served 2,221 families in public-housing-assisted units in AH-Sponsored MIXED rental communities by providing **\$11.5 million** in operating subsidy to Owner Entities, in accordance with regulatory and operating agreements, to cover the operating costs of AH-assisted units in MIXED communities not covered by tenant rents. By June 30, 2018, 66 of these families were supported under the HomeFlex program as Village at Castleberry Hill I converted under RAD.

Operating Expenses and Capital Improvements at AH-Owned Residential Communities

AH 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 9 senior high-rises as follows:

- Funded **\$7.4 million** in operating expenses, inclusive of human development services, which were not covered by tenant rents to support 1,793 households during FY 2018. By November 2017, 207 of these families started to be supported under the HomeFlex program as Piedmont Road Highrise converted under RAD.

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

FY 2018 OPERATION HIGHLIGHTS — continued

- Invested **\$1.1 million** for modernization and renovation construction projects designed to maintain AH's properties and continue to improve the quality of life at senior high-rises.
- 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 2018 OPERATION HIGHLIGHTS — continued

Real Estate Development and Revitalization Activities

AH funded **\$45.3 million** for acquisitions, development and revitalization activities during FY 2018 as AH began acquisitions and planning efforts to enhance its development capacity and continued to advance Master Plans for the redevelopment of its former public housing properties into MIXED communities.

FY 2018 acquisitions, development and revitalization activity highlights include:

Choice Neighborhoods Implementation Grant

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

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

Activities completed under the CNIG during FY 2018 are available in the *FY 2018 MTW Annual Report*, which can be accessed at AH's website.



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

FY 2018 OPERATION HIGHLIGHTS — continued

Other AH properties with activities are discussed below.

Atlanta Civic Center

- AH acquired this 19.5-acre site at a cost of \$32.2 million from the City of Atlanta in November 2017 with HUD acceptance in accordance with the AH MTW Agreement protocol. AH is preparing plans to develop low-income housing with workforce and market-rate units in a mixed-use community.
- AH will continue planning the development of this site with the assistance of a development consultant and site-planning firm. It is contemplated that this planning process will result in solicitations for multiple commercial and mixed-use development partners, including developers that will partner with AH to develop the low-income housing.

Centennial Place (Techwood/Clark Howell Homes Revitalization)

- AH staff continued to assess the viability of the Cupola Building as either a self-development or small-developer opportunity or, potentially, a 100% affordable condominium project. AH plans to issue a request for proposals for professionals to conduct a development feasibility study during FY 2019.
- A total refresh of Centennial Place is underway, and the project has received allocations of Low-Income Housing Tax Credits (LIHTC) for all phases. Rehabilitation of Phase I and Phase II are complete, and Phase III is under construction. Phase IV is expected to close before the end of 2018.
- Public improvement work on a road to serve the final phase of the Centennial development, Centennial Park North II and GA Tech, using public improvement funds from the City of Atlanta, is now scheduled to be completed by April 2019.

CollegeTown at West End (Harris Homes Revitalization)

- Working to complete the disposition of approximately three (3) acres of AH-owned land to Truly Living Well Center for Natural Urban Agriculture (TLW) in support of the existing TLW urban farm and educational center to benefit the community and low-income families of CollegeTown.

Englewood Manor

- AH secured commitments from the City of Atlanta to acquire adjacent parcels at 1110 and 360 Hill Street, and initiated land disposition approval from HUD for land sale and for a license agreement with the City of Atlanta for ongoing operations.
- Development partners were selected in January 2018 for the initial 26 acres. AH and Atlanta BeltLine began community outreach, and Atlanta BeltLine began development of an Area Framework Plan.

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

FY 2018 OPERATION HIGHLIGHTS — continued

Herndon Homes

- AH finalized the development Agreements with Hunt Companies Inc. and Oakwood Development Group.
- Developer secured a 4% tax-exempt bond commitment from Invest Atlanta for the 105-unit affordable senior housing building as part of the development.
- AH commenced environmental clean-up activities and public improvements on the site.
- AH began outreach to former Herndon Homes residents, with more than 70 attendees at an update meeting for former residents.
- Developer entered into MOU with Georgia Tech to develop the planned STEAM Center as part of the redevelopment.

Magnolia Park (part of Choice Neighborhoods)

- Request for proposals issued for the disposition and development of 30 scattered site properties within the Vine City neighborhood as part of Choice Neighborhoods, with an anticipated award of the developer contract(s) in FY 2019.

Piedmont Road Highrise

- In November 2017, AH closed on the RAD conversion for the rehabilitation of the 208-unit senior high-rise. In addition, AH provided a \$2.2 million revitalization loan, to dispose of the building and make improvements, to a new owner in consideration for a \$12.3 million Purchase Money Promissory Note.

Scholars Landing (University Homes Revitalization, part of Choice Neighborhoods)

- Identified land parcels within the Choice Neighborhoods area to advance the development of off-site, mixed-use, mixed-income housing with activities to include site remediation, public improvements and vertical construction.

Villages of Castleberry Hill

- Working with its development partners, AH closed on the RAD conversion and renovation project for Phase I of the Villages of Castleberry Hill.
- Villages of Castleberry Hill II RAD conversion has been approved by HUD and planning with development partners is underway.

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

FY 2018 OPERATION HIGHLIGHTS — continued

West Highlands at Heman Perry Boulevard (Perry Homes Revitalization)

- 35 for-sale homes currently in permitting and construction stages.
- Advancing the disposition of approximately seven (7) acres to Westside Atlanta Charter School to ensure quality neighborhood-based schools.
- Engaging in future land dispositions with the developer related to housing development, the Homeowner Association related to the development of a recreational site and management of greenspace, parks, storm water management system, etc., and to the City of Atlanta for public infrastructure.
- Continued with public improvements and disposition of AH-owned land to the developer for future development of for-sale homes and neighborhoods accommodating retail.

Homeownership Down Payment Assistance

- Using its MTW flexibility, AH partnered with local lenders to provide \$3.5 million in down payment assistance to 163 low-income, first-time homebuyers purchasing homes throughout the City of Atlanta. Homebuyers qualify for this program by earning 80 percent or less of the Area Median Income, or \$59,850 for a family of four, in 2018.

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

FY 2018 FINANCIAL HIGHLIGHTS

AH's financial position remained strong with a net position of **\$461.1 million** at June 30, 2018.

- Total assets and deferred outflows exceeded total liabilities and deferred inflows at June 30, 2018, by \$461.1 million (net position), representing a \$64.9 million or 16.4% increase from prior year. Unrestricted net position of \$73.0 million at the end of FY 2018 consisted primarily of unrestricted cash and investments available for MTW-authorized activities as well as a working capital reserve to support liquidity for AH public housing operations. In addition to its \$73.0 million unrestricted net position, at June 30, 2018, AH had \$97.0 million in funds held at HUD from undrawn HCV subsidy, which are available to AH for future uses, and for which AH has commitments in place with affordable housing-related projects.
- The \$64.9 million increase in net position year-over-year resulted primarily from net operating income of \$31.2 million driven primarily by HUD disbursing \$32.1 million in additional MTW revenue in FY 2018 from prior year funds held at HUD. Unlike customary MTW disbursements, this disbursement was not supported by current year MTW expenditures. In addition, HUD provided \$32.2 million to AH for the acquisition of the Atlanta Civic Center which increased AH's capital assets.
- AH's current ratio (ratio of current assets over current liabilities) that measures AH's liquidity increased from 5.7 to a very robust 8.3 during FY 2018. The primary reason for the higher ratio is the increase in cash resulting from HUD's disbursement of prior year MTW funds described above. It should be noted that the current ratio does not include HUD-held funds discussed above.
- Net investment in capital assets increased by \$22.3 million from \$118.9 million to \$141.2 million during FY 2018, primarily due to the acquisition of the Atlanta Civic Center, offset by the disposal of Piedmont Road Highrise and annual depreciation. The annual payment on the long-term debt-EPC capital lease also contributed to the increase in the net investment in capital assets. Please note that the portion of the debt attributable to Piedmont conversion under RAD was paid off in FY 2017, concurrent with the retirement of the Juniper & Tenth-related EPC capital lease.

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

FINANCIAL ANALYSIS

CONDENSED STATEMENTS OF NET POSITION*

As of June 30,

(in millions)

	2018	2017	2016	2018 vs. 2017 Increase/ (Decrease)	2017 vs. 2016 Increase/ (Decrease)
ASSETS AND DEFERRED OUTFLOWS					
Current assets	\$ 125.8	\$ 92.2	\$ 125.2	\$ 33.6	\$ (33.0)
Related-party development loans, receivables and investments in partnerships, net of allowance	179.3	176.3	177.9	3.0	(1.6)
Capital assets, net of accumulated depreciation	146.9	125.0	136.3	21.9	(11.3)
Other non-current assets and deferred outflows	31.0	26.2	28.3	4.8	(2.1)
Total non-current assets and deferred outflows	357.2	327.5	342.5	29.7	(15.0)
TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 483.0	\$ 419.7	\$ 467.7	\$ 63.3	\$ (48.0)
LIABILITIES AND DEFERRED INFLOWS					
Current liabilities	\$ 15.2	\$ 16.2	\$ 17.9	\$ (1.0)	\$ (1.7)
Long-term debt, net of current portion	5.6	5.9	8.3	(0.3)	(2.4)
Net pension plan liability	0.6	0.5	4.4	0.1	(3.9)
Other non-current liabilities and deferred inflows	0.5	0.9	3.9	(0.4)	(3.0)
Total liabilities and deferred inflows	21.9	23.5	34.5	(1.6)	(11.0)
NET POSITION					
Net investment in capital assets	141.2	118.9	127.7	22.3	(8.8)
Restricted-expendable	246.9	241.0	232.9	5.9	8.1
Unrestricted	73.0	36.3	72.6	36.7	(36.3)
Total net position	461.1	396.2	433.2	64.9	(37.0)
LIABILITIES, DEFERRED INFLOWS AND NET POSITION	\$ 483.0	\$ 419.7	\$ 467.7	\$ 63.3	\$ (48.0)

* 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, 2018 vs. June 30, 2017

Total assets and deferred outflows increased by **\$63.3 million** year-over-year primarily due to the following:

- *Current assets* increased by **\$33.6 million** year-over-year primarily due to a net increase in cash and investments of \$32.3 million resulting from HUD's disbursements totaling \$32.1 in prior year Housing Choice funding to AH in addition to the funds required for FY 2018 MTW operations. AH is holding these excess funds, primarily in short-term investments, for future use.
- *Total non-current assets and deferred outflows* increased by **\$29.7 million** year-over-year primarily due to the following items:
 - An increase in *Related-party development and other loans* of **\$3.0 million** primarily resulting from Piedmont Road Highrise conversion under RAD where a loan and notes aggregating \$14.1 million were issued, which was partially offset by an increase in valuation allowance of \$10.5 million as well as payments on existing loans.
 - An increase in *Capital assets, net of accumulated depreciation* of **\$21.9 million** primarily due to the \$32.2 million acquisition of the Atlanta Civic Center property and capital spending at AH-owned properties totaling \$1.4 million. These increases were partially offset by the disposal of Piedmont Road Highrise under the RAD conversion, net reduction in capital assets of \$4.5 million, as well as \$7.2 million in depreciation expense (see also Note H on page 64).
 - An increase in *Other non-current assets and deferred outflows* of **\$4.8 million** primarily due to an \$8.8 million increase in non-current investments resulting from a change in AH's investment portfolio, partially offset by a \$4.0 million net decrease in deferred outflows due to the recognition of pension experience losses into the pension expense.

June 30, 2017 vs. June 30, 2016

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

- *Current assets* decreased by **\$33.0 million** year-over-year primarily due to a net decrease in cash and investments of \$32.2 million resulting from reduced subsidy payments as HUD required AH to deplete all locally held Housing Choice HAP-derived cash balances as well as the investment of surplus program income and non-federal cash in long-term U.S. government agency securities. Additionally, AH paid down the EPC loan related to Juniper & Tenth and Piedmont Road high-rises, and reduced the net pension liability.

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

FINANCIAL ANALYSIS, Total Assets and Deferred Outflows — continued

- **Total non-current assets and deferred outflows** decreased by **\$15.0 million** year-over-year primarily due to the following items:
 - A decrease in **Related-party development and other loans** of **\$1.6 million** primarily associated with repayments of the Centennial Park North II land conveyance note and various development cash flow loans as well as an increase in the valuation allowance. Offsetting these loan reductions was a \$3.7 million development loan issued within the Juniper & Tenth Highrise RAD conversion.
 - A decrease in **Capital assets, net of accumulated depreciation** of **\$11.3 million** primarily due to the disposal of Juniper & Tenth Highrise under the RAD conversion (\$3.6 million), current year depreciation (\$8.7 million) and a land sale as part of the Choice Neighborhoods project (\$0.6 million). These reductions in capital assets were partially offset by capital spending at AH-owned properties totaling \$1.4 million and a \$0.2 million net cash outlay made in a land swap with the City of Atlanta during FY 2017 (see also Note H on page 64).
 - A decrease in **Other non-current assets and deferred outflows** of **\$2.1 million** primarily due to the \$14.2 million valuation allowance established for the public improvement advances to the City of Atlanta, which is no longer expected to be funded by a future Perry Bolton TAD bond issue. This reduction was offset by a \$12.0 million increase in non-current investments.

Total Liabilities and Deferred Inflows

June 30, 2018 vs. June 30, 2017

Total liabilities and deferred inflows decreased by **\$1.6 million** year-over-year primarily due to the following:

- **Current liabilities** decreased by **\$1.0 million** year-over-year primarily due to a reduction in accrued liabilities due to the timing of invoicing and payments.
- **Long-term debt, net of current portion** decreased by **\$0.3 million**, corresponding to the principal portion of the EPC capital lease payments made during FY 2018
- **Net pension plan liability** remained essentially at the same level as FY 2017.
- **Other non-current liabilities and deferred inflows** decreased by **\$0.4 million** primarily due to a net decrease in deferred inflows resulting from the recognition of a pension experience gain into the pension expense.

June 30, 2017 vs. June 30, 2016

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

- **Current liabilities** decreased by **\$1.7 million** year-over-year primarily due to a \$1.1 million reduction in accrued liabilities due to the timing of invoicing and payments.

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

FINANCIAL ANALYSIS, Total Liabilities and Deferred Inflows — continued

- **Long-term debt, net of current portion** decreased by **\$2.4 million**, corresponding to the principal portion of the EPC capital lease payments made during FY 2017, inclusive of required payments for the RAD conversion of Juniper & Tenth and imminent conversion of Piedmont Road, which closed in the second quarter of FY 2018 (*see Note L on page 67*).
- **Net pension plan liability** decreased by **\$3.9 million** primarily due to a \$7.5 million cash contribution to the plan during the fiscal year, partially offset by an increase in the pension liability following a change in the discount rate assumption from 4.9% to 3.9%.
- **Other non-current liabilities and deferred inflows** decreased by **\$3.0 million** due to the recognition of the deferred gain following the full repayment of the Centennial Park North II land conveyance note.

Total Net Position

June 30, 2018 vs. June 30, 2017

Total net position amounting to **\$461.1 million** at June 30, 2018, represented a **\$64.9 million** increase over the prior year as a result of the following:

- **Net investment in capital assets** includes land, buildings, improvements and equipment less related debt and escrow cash. The majority of these assets have restricted-use covenants tied to AH's ownership and cannot be used to liquidate liabilities. AH generally uses these assets to provide affordable housing to qualified income-eligible families. The **\$22.3 million** increase year-over-year primarily reflects the \$33.6 million combined acquisitions of the Atlanta Civic Center property and capital spending at AH-owned properties as well as a \$0.3 million reduction in the EPC capital lease. These increases were partially offset by the disposal of Piedmont Road Highrise (\$4.5 million), as well as \$7.2 million in depreciation expense. See additional information under *Total assets and deferred outflows* year-over-year analysis on page 28.
- **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 AH-Sponsored MIXED communities. These assets cannot be used, pledged or mortgaged to a third party or seized, foreclosed upon or sold in the case of a default, ahead of any HUD lien or interest without HUD approval. This net position increased by **\$5.9 million** year-over-year primarily due to a \$3.7 million increase in the net value of related-party development and other loans as well as a \$2.2 million net increase in restricted cash and investments from development-related revenues.

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

FINANCIAL ANALYSIS, Total Net Position — continued

- **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 AH's business. AH'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, AH's assets are subject to the limitations of AH's charter and the Housing Authorities Laws of the State of Georgia. The unrestricted net position increased by **\$36.7 million** year-over-year primarily due to the increase in unrestricted cash and investments. See additional information under *Total assets and deferred outflows* year-over-year analysis on page 28.

June 30, 2017 vs. June 30, 2016

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

- **Net investment in capital assets** includes land, buildings, improvements and equipment less the related debt. The majority of these assets have restricted-use covenants tied to AH's ownership and cannot be used to liquidate liabilities. AH generally uses these assets to provide affordable housing to qualified income-eligible families. The **\$8.8 million** decrease year-over-year primarily reflects a decrease of \$11.3 million in capital assets net of depreciation, partially offset by a decrease of \$2.5 million in related EPC debt. See additional information under *Total assets and deferred outflows* year-over-year analysis on page 28.
- **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 AH-Sponsored MIXED communities. These assets cannot be used, pledged or mortgaged to a third party or seized, foreclosed upon or sold in the case of a default, ahead of any HUD lien or interest without HUD approval. This net position increased by **\$8.1 million** year-over-year primarily due to \$5.1 million of income from development-related activities such as interest on development loans, developer and other fees, as well as profit participation in homeownership programs on sale of land and other operating income. Also contributing to the higher restricted net position was the recognition of the \$3.0 million deferred gain, as discussed above.
- **Unrestricted** net position, although referred to as unrestricted, remains subject to varying degrees of limitations. HUD approval is required, with some limited exceptions, to use or deploy these assets outside of the ordinary course of AH's business. AH'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, AH's assets are subject to the limitations of AH's charter and the Housing Authorities Laws of the State of Georgia. The unrestricted net position decreased by **\$36.3 million** year-over-year primarily due to HUD-reduced disbursements during FY 2017 requiring AH to use Housing Choice HAP-derived local cash balance and other operating cash uses (\$18.2 million), the increase in the valuation allowance (\$16.7 million) and losses on sale of assets (\$1.4 million).

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

FINANCIAL ANALYSIS — continued

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

Years ended June 30,

(in millions)

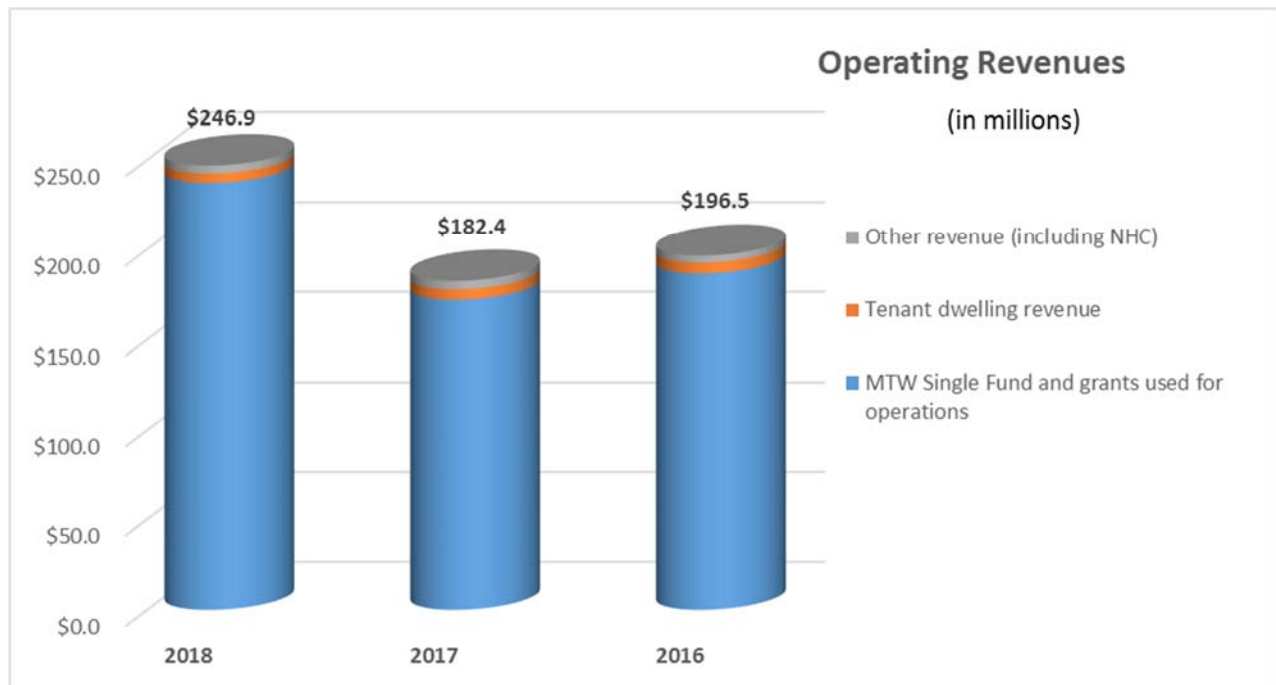
	2018	2017	2016	2018 vs. 2017 Increase/ (Decrease)	2017 vs. 2016 Increase/ (Decrease)
OPERATING REVENUES					
MTW Single Fund and development and other grants used for operating expenses	\$ 237.2	\$ 171.9	\$ 186.5	\$ 65.3	\$ (14.6)
Tenant dwelling revenues	5.4	5.8	6.1	(0.4)	(0.3)
Other operating revenues	4.3	4.6	3.8	(0.3)	0.8
Total operating revenues	246.9	182.4	196.5	64.5	(14.1)
OPERATING EXPENSES					
Housing assistance and operating subsidy payments	144.4	140.1	136.3	4.3	3.8
Administration and general, including direct operating divisions	47.3	43.1	38.2	4.2	4.9
Utilities, maintenance and protective services	9.9	10.5	11.0	(0.6)	(0.5)
Resident and participant services	3.3	3.5	3.2	(0.2)	0.3
Revitalization, demolition and remediation	3.6	3.9	3.5	(0.3)	0.4
Depreciation and amortization	7.2	8.7	9.6	(1.5)	(0.9)
Total operating expenses	215.7	209.8	201.7	5.9	8.1
NET OPERATING INCOME (LOSS)	31.2	(27.4)	(5.3)	58.6	(22.1)
NON-OPERATING REVENUES (EXPENSES)					
Interest and investment income	1.1	1.6	1.3	(0.5)	0.3
Gain (loss) on sale of assets	—	(1.0)	0.5	1.0	(1.5)
Valuation allowance	(6.5)	(16.7)	(1.7)	10.2	(15.0)
Interest expense	(0.3)	(0.4)	(0.4)	0.1	—
Total non-operating revenues (expenses)	(5.7)	(16.5)	(0.3)	10.8	(16.2)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	25.5	(43.9)	(5.6)	69.4	(38.3)
CAPITAL CONTRIBUTIONS					
MTW Single Fund used for modernization and development capital expenditures and loans	39.4	3.1	3.6	36.3	(0.5)
Development grants used for development capital expenditures and loans	—	3.8	0.6	(3.8)	3.2
Total capital contributions	39.4	6.9	4.2	32.5	2.7
INCREASE (DECREASE) IN NET POSITION	64.9	(37.0)	(1.4)	101.9	(35.6)
NET POSITION — beginning of year	396.2	433.2	434.6	(37.0)	(1.4)
NET POSITION — end of year	\$ 461.1	\$ 396.2	\$ 433.2	\$ 64.9	\$ (37.0)

* 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 2018 vs. FY 2017

Total operating revenues increased by **\$64.5 million** year-over-year primarily due to a \$65.3 million increase in **MTW Single Fund and development and other grants used for operating expenses**, which is comprised of HCV distributions, Public Housing Operating Subsidy and Capital Fund Grants used for operating expenses. During FY 2018, HUD disbursed \$32.1 million of prior year HCV funding, which had been held at HUD. Finally, as explained below, in FY 2017, HUD required AH using locally held MTW HAP reserves rather than disbursing additional HUD-held funds. This significantly reduced FY 2017 revenues, increasing the difference between FY 2017 and FY 2018.

These increases were partially offset by a \$0.4 million decrease in tenant dwelling revenues due to Piedmont RAD conversion in November 2017 to HomeFlex and related tenant rents, which are no longer included in AH's operating revenues. Other operating revenues, primarily development-related revenues, were \$0.3 million lower from fewer deal closings.

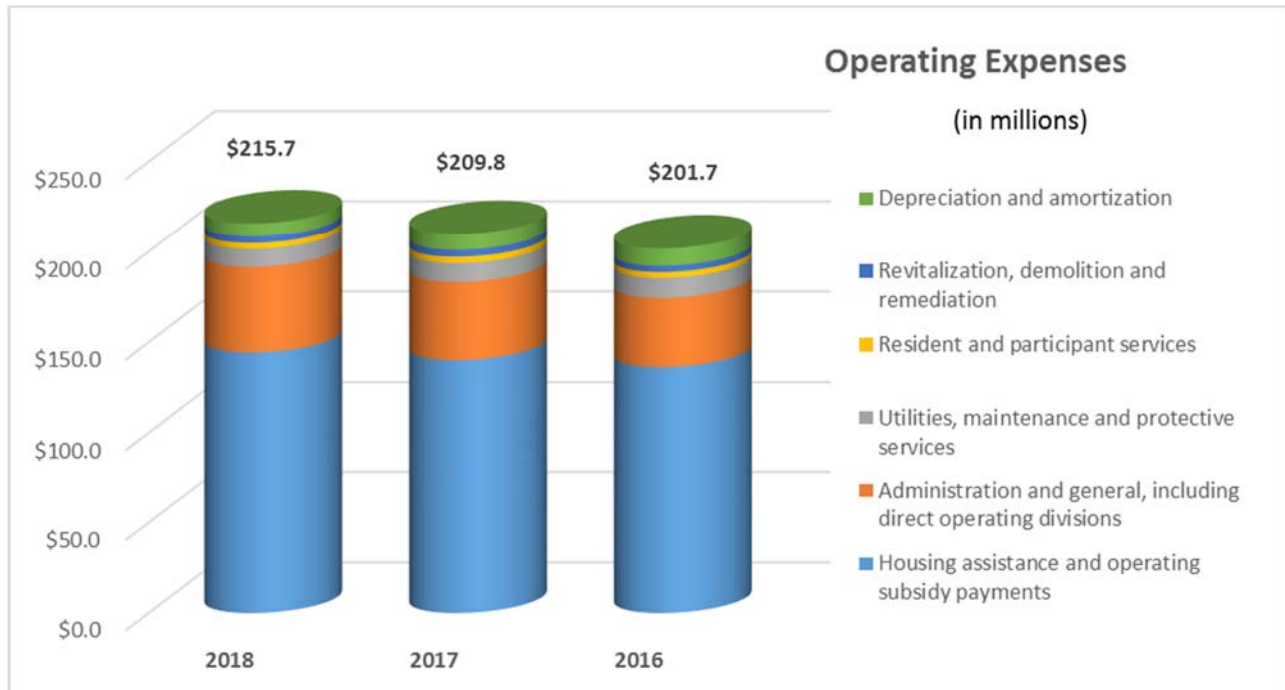
FY 2017 vs. FY 2016

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

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

FINANCIAL ANALYSIS — continued

Operating Expenses



FY 2018 vs. FY 2017

Total operating expenses increased by **\$5.9 million** year-over-year, with significant changes addressed below:

- **Housing assistance and operating subsidy payments** consists of payments to landlords, tenants and partners under the Tenant-based HCV program, rental assistance paid to unrelated private-sector owners and related Owner Entities under the HomeFlex program, and operating subsidy paid to related Owner Entities of MIXED rental communities. In aggregate, those payments increased by a net of **\$4.3 million** year-over-year as presented below:

	(in millions)			2018 vs. 2017 Increase/ (Decrease)	2017 vs. 2016 Increase/ (Decrease)
Housing Assistance and Operating Subsidy Payments	2018	2017	2016		
Tenant-based HCV	\$ 96.3	\$ 91.9	\$ 88.2	4.4	\$ 3.6
HomeFlex	36.6	36.4	36.3	0.2	0.2
MIXED Operating Subsidy	11.5	11.8	11.8	(0.3)	—
Total	<u>\$ 144.4</u>	<u>\$ 140.1</u>	<u>\$ 136.3</u>	<u>\$ 4.3</u>	<u>\$ 3.8</u>

- **Tenant-based HCV** housing assistance payments to landlords and tenants increased by \$4.4 million year-over-year, reflecting increased lease up of vouchers from the waiting list, Veterans Affairs Supportive Housing (VASH) referrals and other special programs.

FINANCIAL ANALYSIS, Operating Expenses — continued

- **HomeFlex** subsidies paid to Owner Entities of AH-Sponsored MIXED communities, private-sector owners of mixed-income developments and owners of HAVEN communities increased by \$0.2 million year-over-year primarily due to an increase in the number of assisted units that came on line mostly toward the end of FY 2018, partially offset by payment adjustments following verification of tenant income.
- **MIXED operating subsidy** for public-housing-assisted units in AH-Sponsored MIXED communities decreased by \$0.3 million, primarily due to higher tenant revenues at several of the communities.
- **Administration and general, including direct operating divisions** increased by **\$4.2 million** year-over-year primarily due to a \$1.6 million increase in outside legal counsel expenses for legal matters in FY 2018, a \$1.2 million dollar net increase in employee compensation and benefits, a \$0.7 million net increase in professional services to support Choice Neighborhoods programs, AH restructuring and information technology.
- **Utilities, maintenance and protective services** decreased by **\$0.6 million** year-over-year primarily due to reduced expenses from the Juniper & Tenth RAD conversion in mid-FY 2017 and the Piedmont Road RAD conversion in mid-FY 2018.
- **Resident and participant services** decreased by **\$0.2 million** year-over-year primarily due to the redesign of AH's supportive services approach.
- **Revitalization, demolition and remediation** decreased by **\$0.3 million** year-over-year primarily due to a reduction in public improvement activity at the former Perry Homes site in FY 2018, offset slightly by increased demolition, primarily at Herndon Homes.
- **Depreciation and amortization** decreased by **\$1.5 million** year-over-year primarily due to the disposal of Piedmont Road Highrise under the RAD program for which no depreciation was taken in FY 2018.

FY 2017 vs. FY 2016

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

- **Housing assistance and operating subsidy payments** consists of payments to landlords, tenants and partners under the Tenant-based HCV program, rental assistance paid to unrelated private-sector owners and related Owner Entities under the HomeFlex program, and operating subsidy paid to related Owner Entities of MIXED rental communities. In aggregate, those payments increased by a net of **\$3.8 million** year-over-year as follows:
 - **Tenant-based HCV** housing assistance payments to landlords and tenants increased by \$3.6 million year-over-year, reflecting increased lease up of vouchers from the 2015 waiting list and VASH referrals.

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

FINANCIAL ANALYSIS, Operating Expenses — continued

- **HomeFlex** paid to Owner Entities of AH-Sponsored MIXED communities, private-sector owners of mixed-income developments and owners of HAVEN communities increased by \$0.2 million year-over-year primarily due to full-year payments for units that came on line in FY 2016 and adjustments in assistance due to changes in the supported tenant mix.
- **MIXED operating subsidy** for public-housing-assisted units in AH-Sponsored MIXED communities remained relatively constant year-over-year.
- **Administration and general, including direct operating divisions** increased by **\$4.9 million** year-over-year primarily due to a \$3.1 million higher pension expense under GASB No. 68; \$0.6 million increase in staffing costs; \$0.6 million increase in outside legal counsel; and \$0.6 increase in consulting and professional services to support AH's various projects including the re-opening of the Housing Choice waiting list in March 2017.
- **Utilities, maintenance and protective services** decreased by **\$0.5 million** year-over-year primarily due to Juniper & Tenth RAD conversion in November 2016.
- **Resident and participant services** increased by **\$0.3 million** year-over-year primarily due to the conversion of the Human Development Services Department into the Partnerships and People Investments Department with expanded responsibilities and staffing.
- **Revitalization, demolition and remediation** increased by **\$0.4 million** year-over-year primarily due to increased public improvements at the former Perry Homes site in FY 2017.
- **Depreciation and amortization** decreased by **\$0.9 million** year-over-year primarily due to the disposal of Juniper & Tenth Highrise under the RAD program where no depreciation was taken in FY 2017.

Non-Operating Revenues (Expenses)

FY 2018 vs. FY 2017

Total non-operating expenses decreased by **\$10.8 million** year-over-year primarily due to the following offsetting changes:

- **Interest and investment income** decreased by **\$0.5 million** year-over-year primarily due to less interest income on loans received during FY 2018 than in FY 2017. Interest on loans is based on cash flow and are, therefore, recognized only when received. This reduction in interest on loans was offset by an increase in interest earned on surplus cash investments.
- **Gain (loss) on sale of assets** decreased by **\$1.0 million** year-over-year, from a loss of \$1.0 million in FY 2017 to virtually no loss in FY 2018. The loss in FY 2017 resulted from the disposition of Juniper and Tenth Highrise, which was offset by gains from AH's share of the sales of homeownership lots at West Highland.

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

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

- **Valuation allowance** decreased by **\$10.2 million** year-over-year primarily explained by the one-time adjustment of \$14.2 million in allowances established in FY 2017 for public improvement advances at Perry Homes/West Highland which are not expected to be reimbursed by the City of Atlanta. The FY 2017 one-time adjustment was partially offset by a \$4.0 million increase in FY 2018 for additional allowances needed on homeownership down payment assistance and development loans.
- **Interest expense** decreased by **\$0.1 million**, due to required repayments on the EPC capital lease as AH-owned properties convert under RAD.

FY 2017 vs. FY 2016

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

- **Interest and investment income** increased by **\$0.3 million** year-over-year primarily due to interest income realized during FY 2017 for the Centennial Park II financial closing under reformulation. Interest payments on loans are based on cash flow and are, therefore, recognized only when received.
- **Gain (loss) on sale of assets** decreased by **\$1.5 million** year-over-year, from a gain of \$0.5 million in FY 2016 to a loss of \$1.0 million in FY 2017 primarily comprised of a loss on disposal of Juniper & Tenth assets (\$3.6 million) partially offset by the recognition of the deferred gain on a previous land sale to Centennial Park North II (\$2.1 million) as well as gains realized on the sale of lots as part of the West Highlands homeownership project and recognition of miscellaneous deferred revenue.
- **Valuation allowance** increased by **\$15.0 million** year-over-year primarily explained by a \$14.2 million allowance established for public improvement advances at Perry Homes, which are not expected to be reimbursed by the City of Atlanta.
- **Interest expense** remained constant year-over-year at \$0.4 million, as it is limited to interest expense on the EPC capital lease.

Capital Contributions

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

FY 2018 vs. FY 2017

Capital contributions overall increased by **\$32.5 million** year-over-year primarily due to the following:

- **MTW Single Fund used for modernization and development capital expenditures and loans** increased by **\$36.3 million** primarily from the use of \$32.2 million of MTW funds for the acquisition of the Atlanta Civic Center, \$1.9 million for incremental homeownership down payment assistance loans and \$2.2 million for the Piedmont RAD conversion loan.

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

FINANCIAL ANALYSIS, Capital Contributions — continued

- *Development grants used for development capital expenditures and loans* decreased by **\$3.8 million** year-over-year primarily due to the Juniper & Tenth RAD conversion in FY 2017 where a \$3.6 million development loan was provided and funded with RHF funds while Piedmont RAD conversion was funded with MTW funds.

FY 2017 vs. FY 2016

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

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

ECONOMIC FACTORS

Economic Conditions and Financial Outlook

Many local and national economists have stated that Metropolitan-Atlanta and Georgia remain attractive places to live, work and invest because the fundamentals are quite strong. Metropolitan-Atlanta enjoys the benefits of moderate weather, an educated workforce, a concentration of excellent colleges and universities, and the Hartsfield-Jackson Atlanta International Airport. These strengths have helped Atlanta's recovery from the recession, and unemployment has continued to decline with the city reporting 3.8% unemployment in July 2018. This is slightly less than the national average of 4.1%, and U.S. Bureau of Labor Statistics Regional Commissioner Janet S. Rankin noted that among the 12 largest metropolitan areas in the country, Atlanta ranked first in the rate of job growth and third in the number of jobs added. Key economic indicators for Metro Atlanta can be found in the *Statistical Information Section*.

During FY 2018, following the multi-family rental market recovery nationally and in the City of Atlanta, developers have focused on "luxury" development for upper-income families.

Because of the above factors, AH has been impacted as follows:

- AH-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 2018, the metropolitan-Atlanta real estate market continued to strengthen, especially in the multi-family rental market. AH expects real estate development activities to 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 created both opportunities and challenges. In that environment, real estate owners throughout the City of Atlanta were willing to participate in AH's HomeFlex program, thereby guaranteeing a stream of income for a portion of their units in a soft market and opening new markets in Atlanta for this program. Now that the City of Atlanta has substantially recovered, it is becoming more challenging to attract new property owners in addition to current owners seeking rent increases.
- While households using tenant-based HCVs had a broader array of choices for their voucher use, this has now been tempered by the higher rents and competition with market-rate tenants. Consequently, AH continues to work with its Landlord Advisory Group to identify and develop innovative strategies and implement aggressive marketing efforts to increase the engagement and support of private property owners.
- The vast majority of new multi-family developments in the City of Atlanta are focused on middle- and upper-income households, with little attention to affordable housing. There is a particular shortage of affordable one-bedroom housing.
- High rents for new properties and rising rents for existing properties are leading many AH voucher participants to port out (exit) AH's jurisdiction for more affordable housing in surrounding suburbs.
- Despite the recent climbing interest rate environment, rates remain relatively low by historical measures and continue making Low Income Housing Tax Credits less attractive for investors, encouraging AH to examine new funding strategies.

ECONOMIC FACTORS — continued

- Because the employment market continues to grow, AH has seen an increase in working households and increases in wages, which has mitigated increased rents and helped in keeping the average housing assistance payment down.

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

Federal Funding — Status and Outlook

Unlike previous years, funding for AH's FY 2019 is almost certain. Congress has passed one comprehensive funding bill for three federal agencies and is currently working out differences between the House and Senate bills for the others, including HUD. All indications are that the bill will be passed soon with levels of funding slightly higher than in FFY 2018. Until this bill is passed, Congress is expected to pass Continuing Resolutions providing for continued funding to HUD.

AH'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.

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

RECENT ACCOUNTING PRONOUNCEMENTS

The Governmental Accounting Standards Board (GASB) has issued new pronouncements, which will be implemented by the Authority starting in fiscal year 2019, where applicable: GASB No. 87, “Leases”; GASB No. 88, “*Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*”; GASB No. 89, “*Accounting for Interest Costs Incurred before the End of a Construction Period*”; and GASB No. 90, “*Majority Equity Interests — an amendment of GASB Statements No. 14 and No. 61.*”

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

CONTACTING AH'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of AH's financial position and to demonstrate AH'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, 2018 and 2017

	<u>2018</u>	<u>2017</u>	<u>Note</u>
CURRENT ASSETS			
Cash	\$ 48,805,743	\$ 70,686,412	C
Receivables, net of allowance	2,694,220	1,532,293	D
Investments current	73,195,197	18,999,225	E
Prepaid expense	1,079,981	992,051	
Total current assets	<u>125,775,141</u>	<u>92,209,981</u>	
NON-CURRENT ASSETS			
Investments non-current	29,648,338	20,814,071	E
Related-party development and other loans, development receivables and investments in partnerships, net of allowances of \$47,023,951 and \$35,930,267 in 2018 and 2017, respectively	179,278,993	176,307,994	F
Capital assets, net of accumulated depreciation of \$120,114,595 and \$123,999,010 in 2018 and 2017, respectively	146,876,898	124,966,922	H
Other non-current assets, net of allowance of \$26,553,911 and \$24,050,471 in 2018 and 2017, respectively	<u>—</u>	<u>—</u>	I
Total non-current assets	<u>355,804,229</u>	<u>322,088,987</u>	
TOTAL ASSETS	<u>481,579,370</u>	<u>414,298,968</u>	
DEFERRED OUTFLOWS	<u>1,445,335</u>	<u>5,398,551</u>	P
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 483,024,705</u>	<u>\$ 419,697,519</u>	

The Housing Authority of the City of Atlanta, Georgia

STATEMENTS OF NET POSITION

As of June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>	<u>Note</u>
CURRENT LIABILITIES			
Accounts payable	\$ 405,614	\$ 354,209	
Accrued liabilities	7,239,316	8,194,323	J
Other current liabilities	7,354,440	7,460,174	K
Current portion of long-term debt	244,371	238,685	L
Total current liabilities	15,243,741	16,247,391	
NON-CURRENT LIABILITIES			
Long-term debt, net of current portion	5,616,792	5,861,163	L
Other non-current liabilities	-	22,486	M
Net pension plan liability	605,757	486,051	P
Total non-current liabilities	6,222,549	6,369,700	
TOTAL LIABILITIES	21,466,290	22,617,091	
DEFERRED INFLOWS	461,122	855,229	P
NET POSITION			T
Net investment in capital assets	141,220,763	118,867,074	
Restricted—expendable	246,932,485	241,011,264	
Unrestricted	72,944,045	36,346,861	
Total net position	461,097,293	396,225,199	
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	<u>\$ 483,024,705</u>	<u>\$ 419,697,519</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, 2018 and 2017

	2018	2017
OPERATING REVENUES		
MTW Single Fund used for operating expenses	\$ 234,207,383	\$ 170,343,418
Tenant dwelling revenues	5,364,571	5,834,563
Development and other grants used for operating expenses	2,975,063	1,603,084
Contributions from National Housing Compliance	1,132,909	1,135,749
Other operating revenues	3,173,805	3,465,853
Total operating revenues	246,853,731	182,382,667
OPERATING EXPENSES		
Housing assistance and operating subsidy payments	144,374,146	140,105,876
Administration, including direct operating divisions	44,933,456	40,840,372
Utilities, maintenance and protective services	9,929,308	10,462,840
Resident and participant services	3,253,123	3,443,628
Revitalization, demolition and remediation	3,646,297	3,885,063
General expenses	2,388,563	2,298,988
Depreciation and amortization	7,189,426	8,706,718
Total operating expenses	215,714,319	209,743,485
NET OPERATING INCOME (LOSS)	31,139,412	(27,360,818)
NON-OPERATING REVENUES (EXPENSES)		
Interest income on development and other loans	491,925	1,577,873
Interest income on investments	640,270	42,390
Gain/(loss) on sale of assets	(8,895)	(1,021,986)
Valuation allowance increase	(6,502,265)	(16,748,120)
Interest expense on EPC capital lease	(315,422)	(428,455)
Total non-operating revenues (expenses)	(5,694,387)	(16,578,298)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	25,445,025	(43,939,116)
CAPITAL CONTRIBUTIONS		
MTW Single Fund used for modernization and development capital expenditures and loans	39,427,069	3,096,412
Development grants used for development capital expenditures and loans	—	3,830,520
Total capital contributions	39,427,069	6,926,932
INCREASE (DECREASE) IN NET POSITION	64,872,094	(37,012,184)
NET POSITION — beginning of year	396,225,199	433,237,383
NET POSITION — end of year	\$ 461,097,293	\$ 396,225,199

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, 2018 and 2017

	2018	2017
Increase (decrease) in cash		
Cash flows from operating activities		
MTW and grant funds used for operating expenses	\$ 235,928,946	\$ 171,996,533
Receipts from residents	5,255,976	5,988,798
Payments to landlords, tenants and partners	(144,398,085)	(139,885,351)
Payments to suppliers	(32,421,150)	(30,604,645)
Payments for employees	(28,920,763)	(35,982,291)
Other receipts	3,985,766	6,233,075
Net cash provided by (used in) operating activities	39,530,690	(22,253,881)
Cash flows from non-capital financing activities		
Advances related to public improvements spending	—	(58,585)
Net cash provided by (used in) non-capital financing activities	—	(58,585)
Cash flows from capital and related financing activities		
Capital contributions from MTW and grant funds	33,593,126	1,819,103
Acquisition, development and revitalization — capitalized expenditures	(32,186,609)	—
Modernization — AH-owned properties	(1,480,955)	(1,480,929)
Proceeds from sale of capital assets	15,381	175,604
Payments on EPC capital lease, including interest	(567,277)	(2,895,156)
Net cash provided by (used in) capital and related financing activities	(626,334)	(2,381,378)
Cash flows from investing activities		
Capital contributions from MTW and grant funds	5,759,481	5,224,228
Development and other loans, net of reimbursements	(4,628,521)	(2,351,133)
Sale (purchase) of investments	(63,030,240)	(30,988,988)
Interest income on investments	624,722	42,390
Interest income on development and other loans	489,532	1,577,873
Net cash provided by (used in) investing activities	(60,785,025)	(26,495,630)
Net increase (decrease) in cash	(21,880,669)	(51,189,474)
Cash — beginning of year	70,686,412	121,875,886
Cash — end of year	<u>\$ 48,805,743</u>	<u>\$ 70,686,412</u>

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, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Reconciliation of net operating income (loss) to net cash provided by (used in) operating activities		
Net operating income (loss)	\$ 31,139,412	\$ (27,360,818)
Adjustments to reconcile net operating income (loss) to net cash provided by (used in) operating activities		
Depreciation and amortization	7,189,426	8,706,718
Changes in assets and deferred outflows and liabilities and deferred inflows relating to operating activities:		
Decrease (increase) in receivables	(1,370,380)	1,841,005
Decrease (increase) in prepaid expenses	(87,930)	174,933
Decrease (increase) in deferred outflows	3,953,218	(131,170)
Increase (decrease) in accounts payable and accrued liabilities	(1,626,390)	(1,016,136)
Increase (decrease) in other current liabilities	630,223	(406,630)
Increase (decrease) in unearned revenue	(22,486)	(60,509)
Increase (decrease) in net pension plan liability and deferred inflows	(274,403)	(4,001,274)
Total changes in assets and deferred outflows and liabilities and deferred inflows relating to operating activities	<u>1,201,852</u>	<u>(3,599,781)</u>
Total adjustments	<u>8,391,278</u>	<u>5,106,937</u>
Net cash provided by (used in) operating activities	<u><u>\$ 39,530,690</u></u>	<u><u>\$ (22,253,881)</u></u>

The accompanying notes are an integral part of these statements.

NOTES TO THE FINANCIAL STATEMENTS

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NOTES TO THE FINANCIAL STATEMENTS

Years ended June 30, 2018 and 2017

NOTE A — ORGANIZATION AND NATURE OF OPERATIONS

1. Organization

The Housing Authority of the City of Atlanta, Georgia (AH 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 AH is to facilitate affordable housing opportunities for low-income, elderly and disabled persons in the City of Atlanta (City). AH 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 HCVs; 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 AH 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 AH. The Board provides strategic guidance and oversight of AH's operations; AH is not considered a component unit of the City of Atlanta and is not included in the City's financial statements.

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

AH 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. AH 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, AH successfully negotiated and executed an Amended and Restated MTW Agreement on November 13, 2008. On January 16, 2009, AH and HUD executed a further amendment to the Amended and Restated MTW Agreement. AH's MTW Agreement, as amended and restated, is referred to as the MTW Agreement.

In December 2015, AH's MTW Agreement was extended until June 30, 2028 under the same terms and conditions, as confirmed by HUD in a letter dated April 14, 2016. AH's MTW Agreement incorporates its legacy authorizations from its initial MTW Agreement and clarifies AH's ability to use MTW-eligible funds outside of Section 8 and Section 9 of the 1937 Act.

As authorized under its MTW Agreement, AH has combined its HCV funds, Public Housing Operating Subsidy and CFP 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 AH's MTW Agreement, the various funds that make up AH's MTW Single Fund continue to have different expiration dates, obligations, expenditure deadlines and drawdown conditions. AH has elected not to include RHF grants in its MTW Single Fund.

NOTES TO THE FINANCIAL STATEMENTS

Years ended June 30, 2018 and 2017

NOTE A — ORGANIZATION AND NATURE OF OPERATIONS — continued

Since 2012, HUD disburses HCV funds based on a PHA's historical housing assistance payment spend rate and projected need, rather than in 12 equal installments of the full annual authorization. PHAs may request additional disbursements up to their annual authorization, but must expend all funds drawn or face further disbursement reductions in the future. With approximately 91% of AH's FY 2018 HUD funding coming from HCV funds, HUD's disbursement approach has major implications to AH's financial position and operations. In response to all of these factors, AH 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 AH to carefully manage its draws from the three components of AH's MTW Single Fund.

3. Blended Component Units and Affiliate Entities

To manage its business and financial affairs more effectively, AH has created affiliate entities to support its various ventures. While AH, the parent entity, manages federal programs, the affiliate entities support the various functions necessary to meet AH'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 AH and the fact that they provide services entirely, or almost entirely, to AH or for the benefit of AH, these component units are included in AH's financial statements. Financial statements of each of the following blended component units are presented in *Note U*, except for one inactive entity as mentioned below.

- 230 John Wesley Dobbs Boulevard Ventures, Inc. (JWD) is a Georgia 501(c)(3) not-for-profit corporation created at the direction of the AH 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 AH Board in order to facilitate the revitalization of AH-owned distressed public housing projects. AAHFI may participate in the revitalization of AH-Sponsored communities by holding limited partnership interests in either the related development project partnership (Owner Entity) or an interest in the general partner of the related development project partnership of the various public/private partnerships that own the MIXED (formerly known as MIMF) rental communities.
- Special Housing and Homeownership, Inc. (SHHI) is a Georgia 501(c)(3) not-for-profit corporation created at the direction of the AH Board in order to develop, maintain and implement programs to assist income-eligible individuals in achieving the goal of homeownership.
- Renaissance Affordable Housing, Inc. (RAH) is a Georgia 501(c)(3) not-for-profit corporation created at the direction of the AH Board in order for AH to participate in the acquisition and development of certain properties to support the overall revitalization program at or near AH communities or other appropriate locations in metropolitan-Atlanta.

NOTES TO THE FINANCIAL STATEMENTS

Years ended June 30, 2018 and 2017

NOTE A — ORGANIZATION AND NATURE OF OPERATIONS — continued

- Strategic Resource Development Corporation, Inc. (SRDC) is a Georgia not-for-profit corporation created at the direction of the AH Board to solicit and accept charitable donations to fund AH initiatives.
- Westside Affordable Housing, Inc. (WAH) is a Georgia 501(c)(3) not-for-profit corporation created at the direction of the AH Board in order for AH to participate in the acquisition and development of certain properties to support the overall revitalization program at or near AH 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 AH Board in order to assist AH in its revitalization efforts at or near AH communities or other appropriate locations in metropolitan-Atlanta. AHICI participates in the revitalization of AH-Sponsored MIXED communities by holding partnership and financial interests in various transactions.
- Atlanta Housing Development Corporation (AHDC) is a Georgia not-for-profit organization, organized solely to serve as an “instrumentality” of AH 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.

AH 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 AH 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 AH’s Financial Statements, but is included in the City of Atlanta’s Financial Statements.

NOTE B — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in the accompanying financial statements.

1. Basis of Preparation and Accounting

The financial statements represent the combined net position and results of operations of AH 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. AH 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.

NOTES TO THE FINANCIAL STATEMENTS

Years ended June 30, 2018 and 2017

NOTE B — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — continued

AH 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 AH has decided that determination of revenue earned, costs incurred and net revenue over expense is necessary for management accountability.

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

AH did not adopt any new GASB Standards during FY 2018 or FY 2017.

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 AH. All inter-company and inter-program balances net to zero when combined and, hence, are eliminated for financial statement presentation. All programs aggregate into one single enterprise fund.

3. Cash and Cash Equivalents

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

4. Investments

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

5. Fair Value Measurements

All of AH’s investments are valued at fair value using Level 1 of the fair value hierarchy established by GAAP. Fair values determined using Level 1 are based on unadjusted quoted prices for identical assets or liabilities in active markets.

NOTES TO THE FINANCIAL STATEMENTS

Years ended June 30, 2018 and 2017

NOTE B — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — continued

6. *Inventories*

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

7. *Prepaid Expense*

Payments made to vendors for goods or services exceeding \$5,000 that will benefit periods beyond the fiscal year end are recorded as prepaid expense. Prepaid expense at June 30, 2018 and 2017 consisted primarily of prepaid insurance premiums, software licenses and service maintenance contracts.

8. *Valuation and Other Allowances*

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

Under AH'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 AH's recapture policy as part of the terms and conditions of the DPA program. The term of the subsidy loan is usually for ten years and can be forgiven based on the following: 100% recapture is in effect during the first five years of the loan; and the loan amount begins to burn off at 20 percent increments yearly, starting in year six through year ten.

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

9. *Capital Assets and Depreciation*

Capital assets include land, land improvements, buildings, equipment and modernization in process for improvements to land and buildings. Capital assets are defined by AH 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.

NOTES TO THE FINANCIAL STATEMENTS

Years ended June 30, 2018 and 2017

NOTE B — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — continued

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

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

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

AH 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 AH’s books pursuant to the guidance of GASB No. 34.

10. Accrued Compensated Absences

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

11. Pension Plan

AH accounts for its defined benefit pension plan in accordance with GASB No. 68 and related amendments, which requires the liability of employers (net pension liability) to be recorded and included in the employers’ financial statements. The net pension liability is measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees’ past periods of service (total pension liability), less the amount of the pension plan’s fiduciary net position (plan assets). AH’s net pension liability was measured as of the end of its fiscal year (the measurement date) consistently applied from period to period.

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

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

The effects of certain other changes in the net pension liability are required to be included in pension expense over the current and future periods. The effects on the total pension liability of (1) changes of economic and demographic assumptions or of other inputs, and

NOTES TO THE FINANCIAL STATEMENTS

Years ended June 30, 2018 and 2017

NOTE B — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — continued

(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 upcoming year. The effect on the net pension liability of differences between the projected earnings on pension plan investments and actual experience with regard to those earnings is required to be included in pension expense in a systematic and rational manner over a closed period of five years, beginning with the upcoming year. Changes in the net pension liability not included in pension expense are required to be reported as deferred outflows (losses) or deferred inflows (gains) related to pensions.

12. Restricted Assets

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

13. Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services or producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating revenues include mainly income derived from operating funds received from HUD, namely Section 8 and Section 9 subsidies, tenant dwelling revenues, development and other grants used for operating expenses and various fees earned in conjunction with real estate development and oversight activities. When grant funds are used for operating expenses, AH recognizes operating revenues at the time such costs are incurred, pursuant to a drawdown process as expenses occur.

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

Non-operating revenues and expenses include interest earned, primarily on a cash flow availability basis, on development and other loans and income earned on investments, gain and loss from the sale of assets, adjustments to valuation allowances and interest expense.

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

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

NOTES TO THE FINANCIAL STATEMENTS

Years ended June 30, 2018 and 2017

NOTE B — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — continued

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

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

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

15. Unearned Revenue

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

16. Income and Property Taxes

Income received or generated by AH 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, AH makes payments in lieu of taxes (PILOT), pursuant to agreements with the City of Atlanta and DeKalb and Fulton counties.

17. Self-insurance and Litigation Losses

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

18. Use of Estimates

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

19. Risk Management

AH 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. AH carries commercial insurance and certain reserves deemed sufficient to cover potential uninsured losses.

NOTES TO THE FINANCIAL STATEMENTS

Years ended June 30, 2018 and 2017

NOTE B — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — continued

20. Custodial Risk

Custodial risk for investments is the risk that in the event of failure of the counterparty to a transaction, AH will not be able to recover the value of the investments. As of June 30, 2018 and 2017, all of AH's investments were collateralized and registered in its name.

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

Concentration of credit risk is the risk of loss that may occur to the amount of cash or investments in a single issuer. As of June 30, 2018 and 2017, this is not a risk, as all AH's cash and investments were guaranteed and/or issued by the U.S. Government or its agencies.

Credit risk of investments is the risk that the issuer or other counterparty will not meet its obligations. The credit risk is measured by the credit quality rating of investments in securities, as described in a national statistical organization such as Standard & Poor's. AH'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, 2018 and 2017, this is not a risk, as all of AH's investments are primarily in money market, and U.S. Government securities and treasuries which are usually held until maturity.

22. Budgets

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

NOTE C — CASH AND CASH EQUIVALENTS

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

- *Cash — Unrestricted* includes cash available for program purposes including current operations working capital and reserves. Because the funds are not tied to a certain program or property, they are classified as unrestricted. They remain subject, however, to varying degrees of restrictions. For example, HUD approval is required, with some limited exceptions, to use or deploy these funds strategically outside of the ordinary course of AH's business under the MTW Agreement. In all cases, AH's assets are subject to the limitations of AH's charter and the Housing Authorities Laws of the State of Georgia. It also includes National Housing Compliance cash, which is non-federal.

NOTES TO THE FINANCIAL STATEMENTS

Years ended June 30, 2018 and 2017

NOTE C — CASH AND CASH EQUIVALENTS — continued

- *Cash — Restricted* includes cash to be expended for specific purposes based on the source of the money. AH's restricted cash generally includes proceeds from the sale of property acquired with grant or development funds; program income from specific grants; income generated from development activities; resident security deposits; and public improvement funds received from the City of Atlanta.

Cash at June 30, 2018 and 2017 consisted of the following:

	2018	2017
Unrestricted:		
MTW cash	\$ 2,571,968	\$ 11,992,036
MTW program income	4,288,167	4,002,635
Perry Bolton TAD program income	1,224,873	4,569,738
National Housing Compliance (non-federal)	965,580	2,649,351
Component units	3,013,895	3,967,294
	<u>12,244,484</u>	<u>27,181,054</u>
Restricted:		
Development-related program income	21,626,252	29,155,802
Public improvement funds	6,261,297	6,250,197
Proceeds from disposition activity	6,723,652	4,976,504
Perry program income	69,113	1,245,211
Harris program income	1,156,193	1,156,193
Resident security deposits	274,359	315,779
Other	450,393	405,672
	<u>36,561,259</u>	<u>43,505,358</u>
	<u>\$ 48,805,743</u>	<u>\$ 70,686,412</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, 2018 and 2017, the market value of collateral held by a third party on behalf of AH to cover deposits exceeding the FDIC-insured funds amounted to \$46,893,730 and \$59,195,823, respectively.

NOTE D — RECEIVABLES

Current receivables at June 30, 2018 and 2017 consisted of the following:

	2018	2017
HUD grants receivable	\$ 1,727,110	\$ 457,450
Other receivables (net of allowance of \$415,772 and \$521,651 in 2018 and 2017, respectively)	945,479	1,067,672
Interest receivable	15,547	—
Tenant dwelling rents (net of allowance of \$301 and \$568 in 2018 and 2017, respectively)	6,084	7,171
	<u>\$ 2,694,220</u>	<u>\$ 1,532,293</u>

NOTES TO THE FINANCIAL STATEMENTS

Years ended June 30, 2018 and 2017

NOTE D — RECEIVABLES — continued

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

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

NOTE E — INVESTMENTS, CURRENT AND NON-CURRENT

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

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

Investments non-current restricted include operating reserves that are held by escrow agents at various bank institutions for the benefit of investors and Owner Entities of the MIXED rental communities. These reserves are restricted in accordance with agreements entered into in conjunction with the development of these properties. These reserves cannot be readily liquidated due to such restrictions. As the restrictions on these investments are not dictated by the source of funds, they are presented as Other Assets on the Financial Data Schedule of Combining Program Net Position provided in ***Other Supplementary Information***. These investments consisted primarily of deposits in money market funds.

Investments at June 30, 2018 and 2017 consisted of the following:

Investments current:

	2018	2017
Unrestricted:		
MTW Programs	\$ 41,745,374	\$ —
Perry Bolton TAD program income	—	4,996,217
National Housing Compliance (non-federal)	4,485,083	4,002,444
Component Units	3,968,905	—
	<u>50,199,362</u>	<u>8,998,661</u>
Restricted:		
Proceeds from disposition activity	2,488,500	2,448,504
Development-related program income	20,507,335	7,552,060
	<u>22,995,835</u>	<u>10,000,564</u>
	<u>\$ 73,195,197</u>	<u>\$ 18,999,225</u>

NOTES TO THE FINANCIAL STATEMENTS

Years ended June 30, 2018 and 2017

NOTE E — INVESTMENTS, CURRENT AND NON-CURRENT — continued**Investments non-current:**

	<u>2018</u>	<u>2017</u>
Unrestricted:		
National Housing Compliance (non-federal)	\$ 3,981,911	\$ 2,000,938
Perry Bolton TAD Program Income	9,990,000	—
	<u>13,971,911</u>	<u>2,000,938</u>
Restricted:		
Operating reserve in escrow	8,695,952	8,813,133
Development-related program income	6,980,475	10,000,000
	<u>15,676,427</u>	<u>18,813,133</u>
	<u>\$ 29,648,338</u>	<u>\$ 20,814,071</u>

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, 2018 and 2017 consisted of the following:

	<u>2018</u>	<u>2017</u>
Development loans (net of allowance of \$41,948,382 and \$31,492,292 in 2018 and 2017, respectively)	\$ 170,943,270	\$ 167,211,656
Other loans (net of allowance of \$3,244,802 and \$2,819,802 in 2018 and 2017, respectively)	6,270,521	7,083,039
Developer and other fees receivable (net of allowance of \$1,416,273 and \$1,203,679 in 2018 and 2017)	1,449,713	1,361,454
Predevelopment loans	615,489	651,845
Investments in partnerships (net of allowance of \$414,494 in 2018 and 2017)	—	—
	<u>\$ 179,278,993</u>	<u>\$ 176,307,994</u>

Development loans

AH makes subordinated development loans (construction and permanent) to the Owner Entities (private-sector owners) in conjunction with financing arrangements related to the development of AH-Sponsored MIXED rental communities. These subordinated loans are fully obligated by the Owner Entities at the financial closing and represent AH’s share of the development budget for AH-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 AH and individual Owner Entities, and approved by HUD. The respective loan agreements provide that these loans will be repaid by

NOTES TO THE FINANCIAL STATEMENTS

Years ended June 30, 2018 and 2017

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

the Owner Entity to AH from either net cash flow or operating income, net project proceeds and/or condemnation proceeds for such phases to the extent such amounts are available.

For most of these development projects, AH owns the land and enters into a long-term ground-lease agreement with the Owner Entity for periods up to 75 years. At the end of the ground lease, the land and improvements revert to AH. Revenues derived from these leases are usually nominal.

Other loans and predevelopment loans

Other loans that support AH's mission are comprised of various financing arrangements and include: (i) loans to the Owner Entities of MIXED rental communities for acquisitions and site improvements; (ii) loans to private-sector development partners, representing the value of the lots supporting the financing and construction of single-family homes as a component of the AH-Sponsored MIXED communities; (iii) a financing arrangement with a related Owner Entity of a MIXED rental community related to a land sale; (iv) loans to the Owner Entities of MIXED rental communities in order to meet federal statutory requirements (these loans are fully reserved); and (v) gap financing to facilitate the construction of properties with up to a 20-year renewable HomeFlex agreement with private owners.

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

Developer and other fees receivable

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

Related-party development income and expense

Related-party development income and expense for the years ended June 30, 2018 and 2017 consisted of the following:

	2018	2017
Type of income (expense)		
Interest income	\$ 491,925	\$ 1,489,992
Development-related income	2,340,507	2,936,366
Housing assistance payments to Owner Entities of the MIXED rental communities where AH has a Regulatory and Operating Agreement for public housing units	(11,528,390)	(11,815,391)
Housing assistance payments to private owners/Owner Entities where AH has a HomeFlex Agreement	(15,191,129)	(15,487,925)

NOTES TO THE FINANCIAL STATEMENTS

Years ended June 30, 2018 and 2017

NOTE F — RELATED-PARTY DEVELOPMENT AND OTHER LOANS, DEVELOPMENT RECEIVABLES AND INVESTMENTS IN PARTNERSHIPS —
continued**Other related-party information**

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

NOTE G — OTHER RELATED-PARTY TRANSACTIONS***National Housing Compliance, Inc.***

National Housing Compliance, Inc. (NHC) was formed in August 1999 as a 501(c)(4) not-for-profit corporation pursuant to the laws of the State of Georgia for the purpose of administering Housing Assistance Payments Contracts between HUD and private owners of multi-family housing with PBRA. NHC, headquartered in Atlanta, Georgia, is comprised of 11 member organizations, including AH (Members). NHC earns fees for contract administration services as HUD's Performance Based Contract Administrator (PBCA) for the states of Illinois and Georgia. NHC makes periodic contributions to Members based on NHC's earned PBCA revenue in excess of NHC's operating expenses. As a Member, AH received non-federal contributions of \$1,132,909 and \$1,135,749 for the years ended June 30, 2018 and 2017, 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, 2018, and June 30, 2017, respectively, is presented below:

	<u>Balance at June 30, 2017</u>	<u>Additions and reclasses</u>	<u>Disposals and reclasses</u>	<u>Balance at June 30, 2018</u>
Capital assets, not being depreciated:				
Land	\$ 66,543,610	\$ 32,186,632	\$ (23)	\$ 98,730,219
Modernization in process	153,061	—	(11,259)	141,802
Total capital assets, not being depreciated	<u>66,696,671</u>	<u>32,186,632</u>	<u>(11,282)</u>	<u>98,872,021</u>
Depreciable capital assets:				
Land improvements	27,400,642	59,655	(281,833)	27,178,464
Buildings and improvements	116,607,329	265,731	(12,066,612)	104,806,448
Equipment	<u>38,261,290</u>	<u>1,166,828</u>	<u>(3,293,558)</u>	<u>36,134,560</u>
Total depreciable capital assets	<u>182,269,261</u>	<u>1,492,214</u>	<u>(15,642,003)</u>	<u>168,119,472</u>
Less accumulated depreciation				
Land improvements	(18,445,933)	(1,234,295)	106,860	(19,573,368)
Buildings and improvements	(78,040,339)	(3,823,772)	9,191,911	(72,672,200)
Equipment	<u>(27,512,738)</u>	<u>(2,131,359)</u>	<u>1,775,020</u>	<u>(27,869,027)</u>
Total accumulated depreciation	<u>(123,999,010)</u>	<u>(7,189,426)</u>	<u>11,073,841</u>	<u>(120,114,595)</u>
Total depreciable capital assets, net	<u>58,270,251</u>	<u>(5,697,212)</u>	<u>(4,568,162)</u>	<u>48,004,878</u>
Total capital assets, net	<u>\$ 124,966,922</u>	<u>\$ 26,489,420</u>	<u>\$ (4,579,444)</u>	<u>\$ 146,876,898</u>

NOTES TO THE FINANCIAL STATEMENTS

Years ended June 30, 2018 and 2017

NOTE H — CAPITAL ASSETS — continued

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

On November 29, 2017, AH entered into multiple agreements for the conversion of its Piedmont Senior Highrise under RAD; among others, the sale of the community building and improvements to a new owner in consideration for a \$12,300,000 Purchase Money Promissory Note (“Note”) (established market value). The sale of the building and improvements translated into a gain of \$7,756,090, which was applied against the value of the Note in accordance with the Authority’s accounting policy.

On November 21, 2017, AH acquired the Boisfeuillet Jones Atlanta Civic Center site (the “Site”) from the City of Atlanta for a cash consideration of \$32,186,609, representing the market value inclusive of acquisition costs, for the purposes of redeveloping the Site, among others, as a mixed-use, mixed-income development with an affordable housing component. The 19.5-acre Site acquisition was paid with MTW funds and a Declaration of Trust submitted to HUD at the financial closing.

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

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

NOTES TO THE FINANCIAL STATEMENTS

Years ended June 30, 2018 and 2017

NOTE H — CAPITAL ASSETS — continued

The cost and accumulated depreciation of AH capital assets financed under an EPC capital lease at June 30, 2018 and 2017 were as follows:

	2018	2017
Building improvements	\$ 4,589,463	\$ 5,124,478
Equipment	5,330,119	6,199,761
	<u>9,919,582</u>	<u>11,324,239</u>
Accumulated depreciation	(4,664,027)	(4,368,949)
	<u>\$ 5,255,555</u>	<u>\$ 6,955,290</u>

NOTE I — OTHER NON-CURRENT ASSETS

Other non-current assets at June 30, 2018 and 2017 consisted of the following:

	2018	2017
Public improvement advances due from the City of Atlanta and related entities (net of allowance of \$13,647,385 in 2018; \$14,248,743 in 2017)	\$ —	\$ —
Homeownership down payment assistance loans (net of allowance of \$12,906,526 and \$9,801,728 in 2018 and 2017, respectively)	<u>—</u>	<u>—</u>
	<u>\$ —</u>	<u>\$ —</u>

Under its Down Payment Assistance (DPA) program for first-time homebuyers earning 80% or less of AMI, AH issued payments of \$3,475,780 and \$1,473,680 during the years ended June 30, 2018 and 2017, respectively. As described in *Note B.8 — Valuation and Other Allowances*, these loans are fully reserved at closings.

NOTE J — ACCRUED LIABILITIES

Accrued liabilities at June 30, 2018 and 2017 consisted of the following:

	2018	2017
Accrued expense	\$ 4,000,818	\$ 5,512,365
Wages and benefits	1,058,240	706,767
Compensated absences	1,083,374	1,031,354
Contract retention	546,041	492,280
Insurance, claims and litigation (<i>Note N</i>)	453,281	340,826
Interest payable	97,562	110,731
	<u>\$ 7,239,316</u>	<u>\$ 8,194,323</u>

NOTES TO THE FINANCIAL STATEMENTS

Years ended June 30, 2018 and 2017

NOTE J — ACCRUED LIABILITIES— continued

Compensated absences at June 30, 2018 consisted of the following:

	Balance at June 30, 2017	Additions	Reductions	Balance at June 30, 2018
Compensated absences	\$ 1,031,354	213,726	(161,706)	\$ 1,083,374

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

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

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, 2018 and 2017 consisted of the following:

	2018	2017
Public improvement advances received from the City of Atlanta and related entities	\$ 6,168,666	\$ 6,185,436
Resident security deposits	273,967	315,779
Other	911,808	958,959
	<u>\$ 7,354,440</u>	<u>\$ 7,460,174</u>

NOTE L — LONG-TERM DEBT

Energy Performance Contract Capital Lease

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

During FY 2012, AH 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 AH-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.

NOTES TO THE FINANCIAL STATEMENTS

Years ended June 30, 2018 and 2017

NOTE L — LONG-TERM DEBT— continued

Long-term debt at June 30, 2018 consisted of the following:

	Balance at June 30, 2017	Additions	Reductions	Balance at June 30, 2018	Non- current	Current
EPC Capital Lease	\$ 6,099,848	—	(238,685)	\$ 5,861,163	\$ 5,616,792	\$ 244,371

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

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

The EPC capital lease bears interest at 4.98% and has a term of 20 years, and is subject to prepayment penalty of 102% of principal amount. Under the terms and conditions of the EPC financing from Bank of America, AH is required to make monthly payments to a Debt Service Fund with Deutsche Bank. Interest expense incurred in connection with the EPC capital lease amounted to \$315,422 and \$383,358 for the years ended June 30, 2018 and 2017, respectively.

Payments under the EPC capital lease scheduled for the next five years and thereafter are as follows:

	Principal	Interest	Total
2019	\$ 244,371	\$ 291,886	\$ 536,257
2020	273,023	279,716	552,739
2021	303,597	266,120	569,717
2022	336,202	251,000	587,202
2023	370,956	234,258	605,214
2024 to 2028	2,258,558	868,627	3,127,185
2029 to 2032	2,074,456	228,298	2,302,754
	<u>\$ 5,861,163</u>	<u>\$ 2,419,905</u>	<u>\$ 8,281,068</u>

NOTE M — OTHER NON-CURRENT LIABILITIES

Other non-current liabilities at June 30, 2018 and 2017 consisted of the following:

	2018	2017
Unearned rooftop satellite lease revenue	\$ —	\$ 22,486

NOTES TO THE FINANCIAL STATEMENTS

Years ended June 30, 2018 and 2017

NOTE N — INSURANCE, CLAIMS AND LITIGATION

AH 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. AH carries commercial insurance and certain reserves deemed sufficient to cover potential uninsured losses.

Self-insurance plan — workers' compensation

AH 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. AH 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. AH has recorded an estimated liability of \$32,000 as of June 30, 2018 and 2017.

Litigation and claims

AH 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 \$421,281 and \$308,826 as of June 30, 2018 and 2017, respectively. AH carries general and automobile liability insurance coverage with a self-insured limit of \$100,000. AH also carries other liability coverage such as fiduciary and directors' and officers' liability with self-insured limits varying from \$25,000 to \$75,000.

Property damage losses

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

NOTE O — CONTINGENCIES AND UNCERTAINTIES

Easements, liens and other contractual obligations

Generally, real property owned by AH 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 AH-owned property. Notwithstanding any such liens, under Georgia law, all real property owned by AH is exempt from levy and sale by virtue of execution, other judicial process or judgment. Additionally, real property owned by AH affiliate entities and leasehold interests in AH real property (ground leased to Owner Entities in connection with mixed-income rental communities) may be subject to mortgage liens and other contractual obligations.

NOTES TO THE FINANCIAL STATEMENTS

Years ended June 30, 2018 and 2017

NOTE O — CONTINGENCIES AND UNCERTAINTIES — continued

Valuation of related-party development loans

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

AH's Defined Benefit Pension Plan (the Plan) is a single-employer, non-contributory defined benefit pension plan under a group annuity contract with Massachusetts Mutual Life Insurance Company, an insurance carrier, which maintains custody of Plan assets, administers the Plan and invests all funds through a General Investment account and a separate Money Market account. AH 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 AH.

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

The Plan provides retirement, disability and death benefits to the eligible participants and their beneficiaries. A participant is vested in her or his accrued benefits after five years of service. Monthly normal retirement benefits are calculated as 1.9% of one-twelfth of the participant's career earnings paid by AH 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 AH'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.

NOTES TO THE FINANCIAL STATEMENTS

Years ended June 30, 2018 and 2017

NOTE P — DEFINED BENEFIT PENSION PLAN — continued

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

At June 30, 2018 and 2017, the Plan included the following participants:

	<u>2018</u>	<u>2017</u>
Inactive participants or beneficiaries currently receiving benefits	513	518
Inactive participants entitled to but not yet receiving benefits	223	229
Active participants, accruing	6	8
	<u>742</u>	<u>755</u>

Net pension liability

AH's net pension liability was measured at June 30, 2018 and 2017, 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, 2018 and 2017 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:

	<u>2018</u>	<u>2017</u>
Inflation	2.0%	2.0%
Salary increases	4.0%	4.0%
Investment rate of return	3.9%	3.9%

2018 Mortality: RP-2017 Mortality Tables for Annuitants and Non Annuitants, fully generational with Scale MP-2017.

2017 Mortality: RP-2016 Mortality Tables for Annuitants and Non Annuitants, fully generational with Scale MP-2016.

NOTES TO THE FINANCIAL STATEMENTS

Years ended June 30, 2018 and 2017

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, 2018 and 2017 is presented below:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)–(b)
Balances at June 30, 2017	\$ 47,080,848	\$ 46,594,797	\$ 486,051
Changes during the year			
Service cost	86,857		86,857
Interest	1,782,631		1,782,631
Difference between expected and actual experience	(367,576)		(367,576)
Contribution — employer		—	—
Projected earnings on plan fiduciary net position		1,760,027	(1,760,027)
Difference between projected and actual earnings on plan fiduciary net position		(377,821)	377,821
Benefit payments	(2,931,794)	(2,931,794)	—
Net changes	(1,429,882)	(1,549,588)	119,706
Balances at June 30, 2018	\$ 45,650,966	\$ 45,045,209	\$ 605,757
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)–(b)
Balances at June 30, 2016	\$ 44,607,618	\$ 40,188,716	\$ 4,418,902
Changes during the year			
Service cost	141,274		141,274
Interest	2,072,456		2,072,456
Difference between expected and actual experience	3,174,248		3,174,248
Contribution — employer		7,500,000	(7,500,000)
Projected earnings on plan fiduciary net position		1,897,836	(1,897,836)
Difference between projected and actual earnings on plan fiduciary net position		(77,007)	77,007
Benefit payments	(2,914,748)	(2,914,748)	—
Net changes	2,473,230	6,406,081	(3,932,851)
Balances at June 30, 2017	\$ 47,080,848	\$ 46,594,797	\$ 486,051

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

The following presents the net pension liability of AH calculated using a rate of 3.9% as well as what AH's net pension liability would be if the total pension liability were calculated using a discount rate that is 1 percentage point lower (2.9%) or 1 percentage point higher (4.9%) than the current rate:

	1% Decrease (2.9%)	Current Discount (3.9%)	1% Increase (4.9%)
Net pension liability (asset)	\$ 4,630,608	\$ 605,757	\$ (3,419,094)

NOTES TO THE FINANCIAL STATEMENTS

Years ended June 30, 2018 and 2017

NOTE P — DEFINED BENEFIT PENSION PLAN — continued

Pension expense

For the years ended June 30, 2018 and 2017, AH recorded pension expense in the amount of \$3,678,816 and \$3,367,555, respectively, comprised of the following components:

	2018	2017
Service cost	\$ 86,857	\$ 141,274
Interest	1,782,631	2,072,456
Amortization of deferred inflows	(855,229)	(923,653)
Projected earnings on plan fiduciary net position	(1,760,027)	(1,897,836)
Amortization of deferred outflows	4,424,584	3,975,314
Total pension expense	<u>\$ 3,678,816</u>	<u>\$ 3,367,555</u>

Deferred outflows and deferred inflows related to the Plan

At June 30, 2018 and 2017, unamortized deferred outflows and deferred inflows related to the AH pension plan resulted from the following sources:

	At June 30, 2018	
	Deferred Outflows	Deferred Inflows
Difference between projected and actual earnings on pension plan investments	\$ 1,351,788	\$ —
Assumption changes	—	461,121
Difference between expected and actual experience on projected liability	93,545	—
Total	<u>\$ 1,445,333</u>	<u>\$ 461,121</u>

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

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

NOTES TO THE FINANCIAL STATEMENTS

Years ended June 30, 2018 and 2017

NOTE P — DEFINED BENEFIT PENSION PLAN — continued

Amounts reported as deferred outflows and deferred inflows at June 30, 2018 will be amortized and, in aggregate, added to future pension expenses as follows:

<u>Years ending June 30,</u>	
2019	\$ 103,094
2020	431,960
2021	282,627
2022	90,967
2023	75,564

Funding policy

AH'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, 2018 and 2017. Beginning June 1996, AH's contributions were determined under the Projected Unit Credit Actuarial Cost method (pay-related benefit formula). For the fiscal years ended June 30, 2018 and 2017, AH funded pension payments of \$— and \$7,500,000, respectively. Such payments were either equal or greater than AH's minimum annual required contributions under Georgia State Code 47-20-10. Refer to *Required Supplementary Information* section for additional information.

NOTE Q — DEFERRED COMPENSATION AND DEFINED CONTRIBUTION PLANS

AH offers its employees a deferred compensation plan created in accordance with IRC Section 457 (the 457 Plan). The 457 Plan is available to all full-time eligible employees and permits participants to defer a portion of their salary until future years. Effective February 1, 2008, all eligible employees had the option to participate in the 457 Plan with a deferral rate of 2%. Employees may change their deferral rate at any time. Employee contributions of \$1,319,263 and \$1,294,631 were made to the plan for the fiscal years ended June 30, 2018 and 2017, respectively.

In conjunction with changes made to the Defined Benefit Pension Plan, effective February 1, 2008, AH's Board also approved the creation of a Defined Contribution Plan under IRC Section 401(a) (the 401(a) Plan), for all eligible employees. The 401(a) Plan provides an employer-matching contribution on amounts that employees defer into the 457 Plan, equal to 100% of the first 2% deferred by the participant. Additional matching contributions are allowed based on the participant's years of service 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 \$850,983 and \$804,017 for the fiscal years ended June 30, 2018 and 2017, 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

Years ended June 30, 2018 and 2017

NOTE Q — DEFERRED COMPENSATION AND DEFINED CONTRIBUTION PLANS
— continued

Under the Master Services Agreement, Wells Fargo Bank, N.A. was appointed Trustee, Custodian and Recordkeeper of both plans. AH has no ownership in the plans' assets. Accordingly, the plans' assets are not reported in AH's financial statements. Upon receipt of appropriate approval, AH may amend, modify or terminate the plans.

NOTE R — LEASES**AH-owned capital assets under leases**

AH is party to lease agreements as lessor whereby it receives revenue for tenant dwellings leased in AH-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.

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

The cost and accumulated depreciation of AH-owned capital assets used in leasing activities as of June 30, 2018 and 2017, were as follows:

	2018	2017
Land	\$ 23,902,903	\$ 23,902,927
Modernization in process	—	11,259
Total capital assets, not being depreciated	23,902,903	23,914,186
Land improvements	23,889,545	24,111,724
Building and improvements	88,113,699	99,914,578
Equipment	24,049,274	26,532,735
Total depreciable capital assets	136,052,518	150,559,037
Less accumulated depreciation	(97,926,271)	(103,132,823)
Total depreciable capital assets, net	38,126,247	47,426,214
Total capital assets, net	<u>\$ 62,029,150</u>	<u>\$ 71,340,400</u>

Operating leases

AH 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:

<u>Years ending June 30,</u>	<u>Amount</u>
2019	\$ 33,657
Total	<u>\$ 33,657</u>

The lease expense, including service, incurred in connection with these operating leases amounted to \$280,004 and \$264,374 for the years ended June 30, 2018 and 2017, respectively, and is reported in administration, including operating division expenses.

NOTES TO THE FINANCIAL STATEMENTS

Years ended June 30, 2018 and 2017

NOTE R — LEASES — continued

Following the acquisition of the Civic Center in November 2017, AH entered into an office space lease agreement with Southface Energy Institute, Inc. for a demised building located on the acquired 19.5-acre Site. The lease is not to exceed 364 days at a monthly rent of \$9,280. The term may be extended, subject to HUD consent, by two one-year periods.

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

NOTE S — CONDUIT DEBT

The following bonds, issued by AH as conduit issuer, do not represent a debt or pledge of the full faith and credit of AH and, accordingly, have not been reported in the accompanying financial statements.

Multi-family housing revenue bonds

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

NOTE T — NET POSITION

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

1. Net investment in capital assets represents the net book value of capital assets less the total outstanding debt used to acquire or lease those capital assets.
2. Restricted—expendable net position, subject to both internal and external constraints, is calculated at the carrying value of restricted assets less related liabilities. This net position is restricted by time and/or purpose. Restricted—expendable net position includes cash subject to restrictions for HUD-funded programs, related-party development and other loans, and investments associated with operating reserves required in conjunction with the AH-Sponsored MIXED rental development transactions.

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

NOTES TO THE FINANCIAL STATEMENTS

Years ended June 30, 2018 and 2017

NOTE T — NET POSITION — continued

- 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 AH's business. AH'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, AH's assets are subject to the limitations of AH's charter and the Housing Authorities Laws of the State of Georgia.

NOTE U — COMBINING SCHEDULES OF BLENDED COMPONENT UNITS

AH's blended component units are created at the direction of the AH Board to assist the Authority with development and other acquisition activities in support of affordable housing. Under GASB Nos. 14 and 34, these blended component units are presented within the reporting entity of AH and are grouped under 6.2 Component Unit — Blended within the Financial Data Schedules presented in *Other Supplementary Information*. See also *Note A.3* for additional information on AH's component units. Balances at June 30, 2018 and activity for the year then ended were as follows:

Combining Statement of Net Position								
As of June 30, 2018								
	JWD	AAHFI	SHHI	RAH	SRDC	WAH	AHICI	Total Component Units
ASSETS								
Current and non-current assets	\$ 3,665,072	\$ 265,665	\$ 1,343,566	\$ -	\$ 4,249	\$ 1,681,331	\$ 290,174	\$ 7,250,057
Capital assets, net	8,360,159	-	-	-	-	36,902,530	-	45,262,689
TOTAL ASSETS	\$ 12,025,230	\$ 265,665	\$ 1,343,566	\$ -	\$ 4,249	\$ 38,583,861	\$ 290,174	\$ 52,512,746
LIABILITIES AND NET POSITION								
Current and non-current liabilities	\$ 65,217	\$ -	\$ 120	\$ -	\$ -	\$ 4,253	\$ 5,000	\$ 74,590
Long-term debt outstanding	-	-	-	-	-	-	-	-
Total liabilities	65,217	-	120	-	-	4,253	5,000	74,590
Net Investment in capital assets	8,360,159	-	-	-	-	36,902,530	-	45,262,689
Restricted	-	-	-	-	4,249	135,100	-	139,349
Unrestricted	3,599,854	265,665	1,343,446	-	-	1,541,978	285,174	7,036,118
Total net position	11,960,013	265,665	1,343,447	-	4,249	38,579,608	285,174	52,438,156
TOTAL LIABILITIES AND NET POSITION	\$ 12,025,230	\$ 265,665	\$ 1,343,567	\$ -	\$ 4,249	\$ 38,583,861	\$ 290,174	\$ 52,512,746
Combining Statement of Revenues, Expenses and Changes in Net Position								
Year Ended June 30, 2018								
	JWD	AAHFI	SHHI	RAH	SRDC	WAH	AHICI	Total Component Units
REVENUES								
Operating revenues	\$ 2,246,662	\$ 32,239	\$ 1,293	\$ -	\$ 4,300	\$ 51,779	\$ 16,345	\$ 2,352,618
Non-operating revenues	-	-	-	-	-	-	-	-
TOTAL REVENUES	2,246,662	32,239	1,293	-	4,300	51,779	16,345	2,352,618
EXPENSES								
Operating and other expenses	(2,155,442)	(75)	(11,348)	(50)	(81)	(91,211)	(5,103)	(2,263,310)
Operating transfers in (out)	75,300	-	30	50	30	400	-	75,810
TOTAL EXPENSES	(2,080,142)	(75)	(11,318)	-	(51)	(90,811)	(5,103)	(2,187,499)
CHANGE IN NET POSITION	166,520	32,164	(10,025)	-	4,249	(39,032)	11,242	165,118
NET POSITION - beginning of year	9,595,157	233,501	1,353,472	-	-	38,618,640	273,932	50,074,702
Prior period adjustment*	2,198,336	-	-	-	-	-	-	2,198,336
NET POSITION - end of year	\$ 11,960,013	\$ 265,665	\$ 1,343,447	\$ -	\$ 4,249	\$ 38,579,608	\$ 285,174	\$ 52,438,156

* Adjustment resulting from a retroactive change in the calculation of the occupancy fee between JWD and the Authority.

NOTES TO THE FINANCIAL STATEMENTS

Years ended June 30, 2018 and 2017

NOTE V — RECENT ACCOUNTING PRONOUNCEMENTS

The Governmental Accounting Standards Board (GASB) has issued new pronouncements, which will be implemented by the Authority starting in fiscal year 2019, where applicable: GASB No. 87, *“Leases”*; GASB No. 88, *“Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements”*; GASB No. 89, *“Accounting for Interest Costs Incurred before the End of a Construction Period”*; and GASB No. 90, *“Majority Equity Interests — an amendment of GASB Statements No. 14 and No. 61.”*

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

GASB No. 88 improves the information that is disclosed in the notes of government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This statement is effective for reporting periods beginning after June 15, 2018.

GASB No. 89 enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest cost incurred before the end of a construction period. This statement is effective for reporting periods beginning after December 15, 2019.

GASB No. 90 improves the consistency and comparability in the reporting of a government’s majority equity interest in a legal separate organization and improves the relevance of financial statement information for component units. This statement is effective for reporting periods beginning after December 15, 2018.

NOTE W — SUBSEQUENT EVENTS

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

NOTES TO THE FINANCIAL STATEMENTS

Years ended June 30, 2018 and 2017

NOTE W — SUBSEQUENT EVENTS — continued

Management has evaluated subsequent events through January 7, 2019, 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 AH's financial statements, except for the following events:

In conjunction with the legal action AH filed on September 1, 2017 against Capitol Gateway, LLC, Carver Redevelopment, LLC, Harris Redevelopment, LLC and Grady Redevelopment, LLC ("Integral et al" or "Developers") in the Superior Court of Fulton County seeking judicial declarations that certain revitalization agreement amendments and option agreements between the parties were unenforceable in the manner the Developers were attempting to enforce them, the Developers filed counterclaims against AH and its CEO & President seeking to enforce the agreements through contract, quasi-contract and mandamus claims. The court denied AH's request to dismiss the Developers' core claims, and granted the Developers' request to dismiss AH's declaratory judgment claims which asserted AH's contract defenses. Accordingly, the Developers are the plaintiffs in the pending lawsuit and Atlanta Housing is the defendant. Via a June 20, 2018 Case Management Order, the court directed a 90-day stay of discovery in order to allow the parties to mediate the dispute. This stay expired, and AH sought to extend the stay while the parties continued to engage in mediation and obtained the appraisals required by the option agreements. The Developers objected to the extension of the stay. With AH's present status as defendant, AH now seeks to aggressively defend against Developers' claims while continuing to pursue possible resolution through working groups and mediation with the Developers. Given the complexity of the option purchase price formula and other factors, the ultimate financial outcome cannot be determined at this point in time.

On September 4, 2018, in preparation for the rehabilitation of Peachtree Road and Marietta Road high-rises to be facilitated by a conversion under HUD's RAD Program during fiscal year 2019, AH repaid the portion of the EPC Capital Lease associated with these two AH-owned properties for an amount totaling \$2,300,000, including a \$45,098 early payment penalty, thereby decreasing the outstanding principal balance of the EPC Capital Lease reported at June, 30, 2018.

On September 25, 2018, AH closed on the redevelopment of the third phase of the former University Homes, also known as Ashley Scholars Landing I and the second phase of the UCN Transformation Plan, funded in part by a \$30 million CNIG awarded to AH and the City of Atlanta. In support of the development of the 135-unit multi-family rental community, AH entered into multiple agreements, among others, including: (1) a 65-year ground-lease agreement for a nominal amount; (2) a second priority promissory note for an amount of \$8,393,500 at an annual interest rate of 0.5% and a term of 42 years, including a 2-year construction period, for the purpose of partially financing the construction of the project; (3) a commitment from AH to fund up to \$3,100,000 in remedial site work and eligible public improvements; and (4) an initial 15-year Project-Based Voucher Assistance Payment Contract to provide rental subsidies for 54 low-income housing units for qualified households.

NOTES TO THE FINANCIAL STATEMENTS

Years ended June 30, 2018 and 2017

NOTE W — SUBSEQUENT EVENTS — continued

On October 10, 2018, the Board of Commissioners authorized the transfer of the Group Annuity Contract (“GAC”) associated with 385 certificated participants currently receiving benefits under the Defined Benefit Pension Plan (“Plan”) to Massachusetts Mutual Life Insurance. The total liquidation value of the GAC is estimated at \$21 million. Upon the final calculation of the total liquidation value and transfer, as described, the Plan Fiduciary Net Position and Total Pension Liability will be reduced by the same amount and any excess fund currently in the segregated cash account will be available to cover future plan costs.

On December 28, 2018, AH closed on the rehabilitation of Centennial Place Phase IV, a 195-unit MIXED rental community, including 83 AH-assisted units under AH HomeFlex program. As part of the rehabilitation financing, a total of \$4,235,000 of AH existing loans and accrued interests were rolled over to and assumed by the new Owner Entity, Centennial Place Partnership IV, L.P. In addition, AH committed to a rehabilitation loan of up to \$2,560,438.

REQUIRED SUPPLEMENTARY INFORMATION

The Housing Authority of the City of Atlanta, Georgia

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

For years ended June 30, *

	2018	2017	2016	2015	2014
Total Pension Liability					
Service cost	\$ 86,857	\$ 141,274	\$ 154,807	\$ 130,078	\$ 166,019
Interest	1,782,631	2,072,456	1,980,774	2,009,842	2,093,307
Difference between expected and actual experience	(367,576)	3,174,248	3,595,608	(500,189)	(550,153)
Benefit payments	<u>(2,931,794)</u>	<u>(2,914,748)</u>	<u>(2,905,948)</u>	<u>(2,850,564)</u>	<u>(2,873,036)</u>
Net change in total pension liability	(1,429,882)	2,473,230	2,825,241	(1,210,833)	(1,163,863)
Total pension liability — beginning	<u>47,080,848</u>	<u>44,607,618</u>	<u>41,782,377</u>	<u>42,993,210</u>	<u>44,157,073</u>
Total pension liability — ending (a)	<u>\$ 45,650,966</u>	<u>\$ 47,080,848</u>	<u>\$ 44,607,618</u>	<u>\$ 41,782,377</u>	<u>\$ 42,993,210</u>
Plan Fiduciary Net Position					
Contribution — employer	\$ —	\$ 7,500,000	\$ 2,000,000	\$ 1,000,000	\$ 2,500,500
Projected earnings on plan fiduciary net position	1,760,027	1,897,836	1,943,183	1,951,673	1,921,483
Difference between projected and actual earnings on plan fiduciary net position	(377,821)	(77,007)	(958,302)	(746,677)	(194,549)
Benefit payments	<u>(2,931,794)</u>	<u>(2,914,748)</u>	<u>(2,905,948)</u>	<u>(2,850,564)</u>	<u>(2,873,036)</u>
Net change in plan fiduciary net position	(1,549,588)	6,406,081	78,933	(645,568)	1,354,898
Plan fiduciary net position — beginning	<u>46,594,797</u>	<u>40,188,716</u>	<u>40,109,783</u>	<u>40,755,351</u>	<u>39,400,453</u>
Plan fiduciary net position — ending (b)	<u>\$ 45,045,209</u>	<u>\$ 46,594,797</u>	<u>\$ 40,188,716</u>	<u>\$ 40,109,783</u>	<u>\$ 40,755,351</u>
Net pension liability — ending (a)–(b)	<u>\$ 605,757</u>	<u>\$ 486,051</u>	<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	98.7%	99.0%	90.1%	96.0%	94.8%
Covered payroll	\$ 5,566,220	\$ 6,850,751	\$ 6,853,955	\$ 7,676,909	\$ 7,826,041
Net pension liability as a percentage of covered payroll	11%	7.1%	64.5%	21.8%	28.6%

* AH 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,*

	2018	2017	2016	2015	2014
Actuarially determined employer contributions	\$ —	\$ 784,941	\$ 654,176	\$ 387,153	\$ 546,432
Cash contributions from AH	—	7,500,000	2,000,000	1,000,000	2,500,000
Contribution excess	<u>\$ —</u>	<u>\$ 6,715,059</u>	<u>\$ 1,345,824</u>	<u>\$ 612,847</u>	<u>\$ 1,953,568</u>
Covered payroll	\$ 5,566,220	\$ 6,850,751	\$ 6,853,955	\$ 7,676,909	\$ 7,826,041
Cash contribution as a percentage of covered payroll	— %	109.5%	29.2%	13.0%	31.9%

Notes to Schedule of Pension Plan Contributions:

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

Methods and assumptions used to determine contributions are as follows:

Actuarial cost method	Projected Unit Credit
Amortization method	Plan asset related — 5 years Projected liability related — 1 year
Remaining amortization period	1 to 5 years
Asset valuation method	Market
Inflation	2.0%
Salary increases	4.0% including inflation
Investment rate of return	3.9% net of pension plan investment expense
Retirement age	65
Mortality	RP-2017 Mortality Tables for Annuitants and Non Annuitants, fully generational with Scale MP-2017.

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

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OTHER SUPPLEMENTARY INFORMATION

The Housing Authority of the City of Atlanta, Georgia

Financial Data Schedule of Combining Program Net Position

As of June 30, 2018

	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	\$ 2,278,968	\$ 1,056,163	\$ -	\$ 3,121,194	\$ -	\$ -	\$ 6,478,621
112 Cash - Restricted - Modernization and Development	-	-	-	-	-	-	6,704,850
113 Cash - Other Restricted	-	-	-	139,349	-	6,261,297	22,951,558
114 Cash - Tenant Security Deposits	274,359	-	-	-	-	-	-
115 Cash - Restricted for Payment of Current Liabilities	205,030	-	-	-	-	-	-
100 Total Cash	2,758,357	1,056,163	-	3,260,543	-	6,261,297	36,135,029
122 Accounts Receivable - HUD Other Projects	81,474	-	26,389	-	-	-	-
125 Accounts Receivable - Miscellaneous	686,426	51,985	1,039	-	492,756	-	131,366
126 Accounts Receivable - Tenants	6,429	-	-	-	-	-	-
126.1 Allowance for Doubtful Accounts - Tenants	(301)	-	-	-	-	-	-
126.2 Allowance for Doubtful Accounts - Other	(42,658)	(43,185)	(589)	-	(329,340)	-	-
120 Total Receivables, Net of Allowances for Doubtful Accounts	731,370	8,800	26,839	-	163,416	-	131,366
131 Investments - Unrestricted	9,904,406	-	-	3,968,904	31,840,971	-	4,485,083
132 Investments - Restricted	-	-	-	-	-	-	22,995,835
142 Prepaid Expenses and Other Assets	42,114	-	-	8,004	6,397	-	-
144 Inter Program Due From	1,250	-	-	12,606	774,964	896	5,454
150 Total Current Assets	13,437,497	1,064,963	26,839	7,250,057	32,785,748	6,262,193	63,752,767
161 Land	27,756,757	-	-	38,786,829	32,186,632	-	-
162 Buildings	115,248,501	-	-	15,801,881	854,651	-	-
163 Furniture, Equipment & Machinery - Dwellings	23,797,196	-	-	3,092,741	38,495	-	-
164 Furniture, Equipment & Machinery - Administration	252,077	-	-	-	1,683,828	-	-
166 Accumulated Depreciation	(98,837,143)	-	-	(12,418,762)	(2,005,282)	-	-
167 Construction in Progress	141,802	-	-	-	-	-	-
160 Total Capital Assets, Net of Accumulated Depreciation	68,359,190	-	-	45,262,689	32,758,324	-	-
171 Notes, Loans and Mortgages Receivable - Non-Current	407,368	-	-	-	208,120	-	177,213,790
174 Other Assets	-	-	-	-	-	-	31,098,052
180 Total Non-Current Assets	68,766,558	-	-	45,262,689	32,966,444	-	208,311,842
200 Deferred Outflow of Resources	-	-	-	-	-	-	-
290 Total Assets and Deferred Outflow of Resources	\$ 82,204,055	\$ 1,064,963	\$ 26,839	\$ 52,512,746	\$ 65,752,192	\$ 6,262,193	\$ 272,064,609
312 Accounts Payable <= 90 Days	\$ 228,033	\$ -	\$ -	\$ 33,535	\$ 67,020	\$ -	\$ 434
313 Accounts Payable >90 Days Past Due	-	13	-	-	15,439	-	-
321 Accrued Wage/Payroll Taxes Payable	-	-	-	-	-	-	-
322 Accrued Compensated Absences - Current Portion	-	-	-	-	47,497	-	-
324 Accrued Contingency Liability	-	-	-	-	59,518	-	-
325 Accrued Interest Payable	97,563	-	-	-	-	-	-
341 Tenant Security Deposits	274,359	-	-	-	-	-	-
342 Unearned Revenue	24,660	-	-	-	-	-	100,000
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	244,371	-	-	-	-	-	-
345 Other Current Liabilities	569,307	6	-	-	732,242	6,227,818	1,227,724
346 Accrued Liabilities - Other	1,698,295	-	-	36,055	805,888	16,770	93,027
347 Inter Program - Due To	1,250	-	27,606	5,000	18,957	-	202
310 Total Current Liabilities	3,137,838	19	27,606	74,590	1,746,561	6,244,588	1,421,387
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	5,616,791	-	-	-	-	-	-
357 Accrued Pension and OPEB Liabilities	-	-	-	-	-	-	-
350 Total Non-Current Liabilities	5,616,791	-	-	-	-	-	-
300 Total Liabilities	8,754,629	19	27,606	74,590	1,746,561	6,244,588	1,421,387
400 Deferred Inflow of Resources	-	-	-	-	-	-	-
508.4 Net Investment in Capital Assets	62,703,055	-	-	45,262,689	32,758,324	-	-
511.4 Restricted Net Position	407,368	-	-	139,349	208,120	33,478	246,119,352
512.4 Unrestricted Net Position	10,339,003	1,064,944	(767)	7,036,118	31,039,187	(15,873)	24,523,870
513 Total Equity - Net Assets / Position	73,449,426	1,064,944	(767)	52,438,156	64,005,631	17,605	270,643,222
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$ 82,204,055	\$ 1,064,963	\$ 26,839	\$ 52,512,746	\$ 65,752,192	\$ 6,262,193	\$ 272,064,609

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	14.889 Choice Neighborhoods Implementation Grants	14.CFP MTW Demonstration Program for Capital Fund	14.HCV MTW Demonstration Program for HCV program	14.OPS MTW Demonstration Program for Low Rent	COCC	Subtotal	ELIM	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 777	\$ 12,935,723	\$ -	\$ 12,935,723
-	-	18,803	-	-	-	-	-	6,723,653	-	6,723,653
-	-	-	-	-	-	-	6,015	29,358,219	-	29,358,219
-	-	-	-	-	-	-	-	274,359	-	274,359
-	-	-	-	-	-	-	-	205,030	-	205,030
-	-	18,803	-	-	-	-	6,792	49,496,984	-	49,496,984
20,187	-	-	1,599,060	-	-	-	-	1,727,110	-	1,727,110
-	-	-	-	-	-	-	13,184	1,376,756	-	1,376,756
-	-	-	-	-	-	-	-	6,429	-	6,429
-	-	-	-	-	-	-	-	(301)	-	(301)
-	-	-	-	-	-	-	-	(415,772)	-	(415,772)
20,187	-	-	1,599,060	-	-	-	13,184	2,694,222	-	2,694,222
-	-	-	-	-	-	-	-	50,199,364	-	50,199,364
-	-	-	-	-	-	-	-	22,995,835	-	22,995,835
-	-	-	-	-	-	-	1,023,467	1,079,982	-	1,079,982
-	-	-	-	-	-	-	643,241	1,438,411	(1,438,411)	-
20,187	-	18,803	1,599,060	-	-	-	1,686,684	127,904,798	(1,438,411)	126,466,387
-	-	-	-	-	-	-	-	98,730,218	-	98,730,218
-	-	-	-	-	-	-	79,881	131,984,914	-	131,984,914
-	-	-	-	-	-	-	326,107	27,254,539	-	27,254,539
-	-	-	-	-	-	-	6,944,114	8,880,019	-	8,880,019
-	-	-	-	-	-	-	(6,853,407)	(120,114,594)	-	(120,114,594)
-	-	-	-	-	-	-	-	141,802	-	141,802
-	-	-	-	-	-	-	496,695	146,876,898	-	146,876,898
-	-	-	-	-	-	-	-	177,829,278	-	177,829,278
-	-	-	-	-	-	-	-	31,098,052	-	31,098,052
-	-	-	-	-	-	-	496,695	355,804,228	-	355,804,228
-	-	-	-	-	-	-	1,445,333	1,445,333	-	1,445,333
\$ 20,187	\$ -	\$ 18,803	\$ 1,599,060	\$ -	\$ -	\$ -	\$ 3,628,712	\$ 485,154,359	\$ (1,438,411)	\$ 483,715,948
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,387	\$ 354,409	\$ -	\$ 354,409
-	-	-	-	-	-	-	35,752	51,204	-	51,204
-	-	-	-	-	-	-	821,126	821,126	-	821,126
-	-	-	4,053	-	-	-	1,031,824	1,083,374	-	1,083,374
-	-	-	-	-	-	-	361,763	421,281	-	421,281
-	-	-	-	-	-	-	-	97,563	-	97,563
-	-	-	-	-	-	-	-	274,359	-	274,359
-	-	-	-	-	-	-	-	124,660	-	124,660
-	-	-	-	-	-	-	-	244,371	-	244,371
-	-	-	228	-	-	-	164,353	8,921,678	-	8,921,678
-	-	-	229,570	-	-	-	661,353	3,540,958	-	3,540,958
20,187	-	-	1,365,209	-	-	-	-	1,438,411	(1,438,411)	-
20,187	-	-	1,599,060	-	-	-	3,101,558	17,373,394	(1,438,411)	15,934,983
-	-	-	-	-	-	-	-	5,616,791	-	5,616,791
-	-	-	-	-	-	-	605,757	605,757	-	605,757
-	-	-	-	-	-	-	605,757	6,222,548	-	6,222,548
20,187	-	-	1,599,060	-	-	-	3,707,315	23,595,942	(1,438,411)	22,157,531
-	-	-	-	-	-	-	461,122	461,122	-	461,122
-	-	-	-	-	-	-	496,695	141,220,763	-	141,220,763
-	-	18,803	-	-	-	-	6,015	246,932,485	-	246,932,485
-	-	-	-	-	-	-	(1,042,435)	72,944,047	-	72,944,047
-	-	18,803	-	-	-	-	(539,725)	461,097,295	-	461,097,295
\$ 20,187	\$ -	\$ 18,803	\$ 1,599,060	\$ -	\$ -	\$ -	\$ 3,628,712	\$ 485,154,359	\$ (1,438,411)	\$ 483,715,948

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, 2018

	Project Total	14.871 Housing Choice Vouchers	14.879 Mainstream Vouchers	6.2 Component Unit - Blended	14.881 Moving to Work Demonstration Program	2 State/Local	1 Business Activities
70500 Total Tenant Revenue	5,364,572	-	-	-	-	-	-
70600 HUD PHA Operating Grants	1,474,704	8,302,934	645,489	-	-	-	-
70710 Management Fee							
70750 Other Fees							955,037
70700 Total Fee Revenue							
71100 Investment Income - Unrestricted	-	-	-	-	26,083	-	69,916
71400 Fraud Recovery	7	-	-	-	102	-	-
71500 Other Revenue	277,855	-	-	2,352,618	10,000	11,096	3,585,279
71600 Gain or Loss on Sale of Capital Assets	(8,959)	-	-	-	-	-	3,312
72000 Investment Income - Restricted	-	-	-	-	-	-	394,494
70000 Total Revenue	7,108,179	8,302,934	645,489	2,352,618	36,185	11,096	5,008,038
91000 Total Operating - Administrative	3,522,402	761,369	35,725	206,024	1,813,257	-	419,325
92500 Total Tenant Services	1,031,043	-	-	-	447,094	-	47,131
93000 Total Utilities	2,784,089	-	-	232,239	29,487	-	-
94000 Total Maintenance	3,958,910	-	-	705,127	195,676	-	-
95000 Total Protective Services	1,327,571	-	-	204,931	112,790	-	-
96100 Total Insurance Premiums	357,676	-	-	38,983	15,131	-	-
96000 Total Other General Expenses	12,220,778	23,857	554	2,688	1,128,978	-	6,650,851
96700 Total Interest Expense and Amortization Cost	315,421	-	-	-	-	-	-
96900 Total Operating Expenses	25,517,890	785,226	36,279	1,389,992	3,742,413	-	7,117,307
97000 Excess of Operating Revenue over Operating Expenses	(18,409,711)	7,517,708	609,210	962,626	(3,706,228)	11,096	(2,109,269)
97100 Extraordinary Maintenance	1,574,080	-	-	70,662	41,006	-	2,187,173
97300 Housing Assistance Payments	-	7,258,138	609,210	-	124,981,409	-	-
97400 Depreciation Expense	6,147,105	-	-	802,739	20,993	-	-
90000 Total Expenses	33,239,075	8,043,364	645,489	2,263,393	128,785,821	-	9,304,480
10010 Operating Transfer In	22,896,398	-	-	-	264,686,029	-	3,475,780
10020 Operating transfer Out	-	-	-	-	(61,515,744)	-	-
10040 Operating Transfers from/to Component Unit	-	-	-	75,891	(2,245,744)	-	(590)
10091 Inter Project Excess Cash Transfer In	1,529,433						
10092 Inter Project Excess Cash Transfer Out	(1,529,433)						
10093 Transfers between Program and Project - In	2,153,000	-	-	-	-	-	6,863,968
10094 Transfers between Project and Program - Out	(6,863,968)	-	-	-	(2,153,000)	-	-
10100 Total Other financing Sources (Uses)	18,185,430	-	-	75,891	198,771,541	-	10,339,158
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$ (7,945,466)	\$ 259,570	\$ -	\$ 165,116	\$ 70,021,905	\$ 11,096	\$ 6,042,716
11020 Required Annual Debt Principal Payments	\$ 244,371	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11030 Beginning Equity	\$ 81,394,892	\$ 805,374	\$ (767)	\$ 50,074,704	\$ (3,817,938)	\$ 6,509	\$ 264,600,506
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$ -	\$ -	\$ -	\$ 2,198,336	\$ (2,198,336)	\$ -	\$ -
11170 Administrative Fee Equity		\$ (11,442)					
11180 Housing Assistance Payments Equity		\$ 1,076,386					
11190 Unit Months Available	46,023	8,940	600		231,171		
11210 Number of Unit Months Leased	44,472	8,078	576		173,745		
11270 Excess Cash	\$ 9,125,434						
11620 Building Purchases	\$ 254,473						
11630 Furniture & Equipment - Dw elling Purchases	\$ 749,407						
11640 Furniture & Equipment - Administrative Purchases	\$ -						
11660 Infrastructure Purchases	\$ 59,655						
13901 Replacement Housing Factor Funds	\$ 1,474,704						

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	14.889 Choice Neighborhoods Implementation Grants	14.CFP MTW Demonstration Program for Capital Fund	14.HCV MTW Demonstration Program for HCV program	14.OPS MTW Demonstration Program for Low Rent	COCC	Subtotal	ELIM	Total
-	-	-	-	-	-	-	-	5,364,572	-	5,364,572
241,082	-	-	1,259,278	8,115,140	242,927,484	13,643,404	-	276,609,515	-	276,609,515
							959,496	959,496	(959,496)	-
							-	955,037	-	955,037
							959,496	1,914,533	(959,496)	955,037
-	-	-	-	-	-	-	-	95,999	-	95,999
-	-	-	-	-	-	-	-	109	-	109
-	-	-	-	-	-	-	2,164	6,237,012	(2,245,744)	3,993,268
-	-	-	-	-	-	-	(3,248)	(8,895)	-	(8,895)
-	-	-	-	-	-	-	-	394,494	-	394,494
241,082	-	-	1,259,278	8,115,140	242,927,484	13,643,404	958,412	290,609,339	(3,205,240)	287,404,099
-	-	2,651	1,255,225	-	-	-	38,897,745	46,913,723	(3,205,240)	43,708,483
241,082	-	-	-	-	-	-	1,527,470	3,293,820	-	3,293,820
-	-	-	-	-	-	-	-	3,045,815	-	3,045,815
-	-	-	-	-	-	-	149,389	5,009,102	-	5,009,102
-	-	-	-	-	-	-	1,376	1,646,668	-	1,646,668
-	-	-	-	-	-	-	528,515	940,305	-	940,305
-	-	-	4,053	-	-	-	629,522	20,661,281	-	20,661,281
-	-	-	-	-	-	-	-	315,421	-	315,421
241,082	-	2,651	1,259,278	-	-	-	41,734,017	81,826,135	(3,205,240)	78,620,895
-	-	(2,651)	-	8,115,140	242,927,484	13,643,404	(40,775,605)	208,783,204	-	208,783,204
-	-	-	-	-	-	-	-	3,872,921	-	3,872,921
-	-	-	-	-	-	-	-	132,848,757	-	132,848,757
-	-	-	-	-	-	-	218,588	7,189,425	-	7,189,425
241,082	-	2,651	1,259,278	-	-	-	41,952,605	225,737,238	(3,205,240)	222,531,998
-	-	-	-	-	-	-	35,300,967	326,359,174	-	326,359,174
-	-	-	-	(8,115,140)	(242,927,484)	(13,643,404)	(157,402)	(326,359,174)	-	(326,359,174)
-	-	-	-	-	-	-	2,170,443	-	-	-
								1,529,433	-	1,529,433
								(1,529,433)	-	(1,529,433)
-	-	-	-	-	-	-	-	9,016,968	-	9,016,968
-	-	-	-	-	-	-	-	(9,016,968)	-	(9,016,968)
-	-	-	-	(8,115,140)	(242,927,484)	(13,643,404)	37,314,008	-	-	-
\$ -	\$ -	\$ (2,651)	\$ -	\$ -	\$ -	\$ -	\$ (3,680,185)	\$ 64,872,101	\$ -	\$ 64,872,101
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 244,371	\$ -	\$ 244,371
\$ -	\$ -	\$ 21,454	\$ -	\$ -	\$ -	\$ -	\$ 3,140,460	\$396,225,194	\$ -	\$ 396,225,194
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
								\$ (11,442)		\$ (11,442)
								\$ 1,076,386		\$ 1,076,386
								286,734		286,734
								226,871		226,871
								\$ 9,125,434		\$ 9,125,434
							\$ -	\$ 254,473		\$ 254,473
							\$ -	\$ 749,407		\$ 749,407
							\$ 376,461	\$ 376,461		\$ 376,461
							\$ -	\$ 59,655		\$ 59,655
							\$ -	\$ 1,474,704		\$ 1,474,704

NOTES TO FINANCIAL DATA SCHEDULES

Year Ended June 30, 2018

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 AH's MTW Agreement.

REAC requires certain items on the Schedule of Combining Net Position to be classified entirely as short- or long-term. These items, however, are allocated between short- and long-term in the financial statements prepared in accordance with GAAP. In addition, REAC does not provide for presenting items on the Financial Data Schedule of Combining Program Revenues, Expenses and Changes in Net Position as operating or non-operating. Therefore, there are differences in classifications and presentation between these schedules and the financial statements. Total assets and deferred outflows, total liabilities and deferred inflows, and net position and changes in net position reported in these schedules, however, agree with the financial statements prepared in accordance with GAAP, except for a \$691,243 negative cash balance reclassification from assets to liabilities required for REAC reporting in program – 14.881 and for some rounding differences.

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

Project Total

Primarily represents, in aggregate, operating and modernization expenditures and tenant rental revenues, where applicable, associated with the properties and communities, either directly owned by AH or in partnership with Owner Entities of MIXED rental communities, including all related assets and liabilities thereof. This program also includes funds drawn from the 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 51, this program essentially includes MTW-eligible activity other than those reported under Project Total, which is described above.

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

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

NOTES TO FINANCIAL DATA SCHEDULES

Year Ended June 30, 2018

NOTE A — BASIS OF PRESENTATION — continued

14.871 Housing Choice Vouchers

Includes the subsidy received, housing assistance payments and an administrative fee allocated from the COCC program in connection with the VASH program, Family Unification Program (FUP) and Non-elderly Disabled including Mainstream 1-year vouchers. These vouchers are not part of the MTW Single Fund.

14.879 Mainstream Vouchers

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

2 State/Local

Primarily includes funds received from the City of Atlanta and related agencies in connection with public improvement work to be carried out on development projects, as well as public improvement expenditures incurred by AH and expected to be reimbursed by the City of Atlanta and related agencies, where applicable.

1 Business Activities

Primarily includes development and revitalization activities resulting from AH's role as sponsor and co-developer of MIXED rental communities. Those activities primarily include predevelopment and development loans to Owner Entities of the MIXED rental communities, developer and other fees earned from the deals as well as interest revenue on the loans. For further information, refer to *Note F of the Financial Statements* on page 62.

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

Furthermore, as a member of National Housing Compliance, Inc., AH receives contributions, which are included in this program as unrestricted (non-federal) cash and investments. It also includes expenses (not allowable under HUD regulations) paid with NHC or non-federal funds. For further information, refer to *Note G of the Financial Statements* on page 64.

COCC

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

6.2 Component Unit — Blended

Includes all activities of AH's blended component units as described in *Note A.3 of the Financial Statements* on page 52. See *Note U of the Notes to the Financial Statements* on page 77 for balances and activity for 2018.

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, 2018	Outstanding Balance as of June 30, 2017
Construction/Permanent Financing Loans:					
Capitol Gateway Partnership I, L.P.	9/15/2008	1.00%	12/31/2072	\$ 10,084,861	\$ 10,084,861
Capitol Gateway Partnership II, L.P.	11/29/2006	4.89%	11/1/2058	1,358,488	1,358,488
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	4.92%	7/20/2060	740,000	740,000
Carver Redevelopment Partnership III, L.P.	3/31/2006	1.00%	7/20/2060	8,430,000	8,430,000
Carver Redevelopment Partnership V, L.P.	8/15/2009	0.50%	7/20/2060	6,240,000	6,240,000
CCH John Eagan I Homes, L.P.	8/12/1998	1.00%	8/12/2055	5,896,000	5,896,000
CCH John Eagan II Homes, L.P.	11/17/2000	1.00%	11/30/2057	4,536,000	4,536,000
Centennial Place Partnership I, LP	6/11/2015	0.50%	6/11/2070	4,044,270	4,044,270
Centennial Place Partnership II, LP	12/4/2015	0.50%	12/4/2070	4,150,000	4,150,000
Centennial Place Partnership III, LP	12/29/2016	0.50%	12/28/2071	4,266,771	4,266,771
Columbia at Mechanicsville Apartments, L.P.	12/19/2006	0.00%	12/31/2063	5,115,000	5,115,000
Columbia Commons, L.P.	3/30/2007	5.01%	12/30/2059	2,800,000	2,800,000
Columbia Commons, L.P.	3/30/2007	5.01%	10/30/2059	625,221	625,221
Columbia Creste, L.P.	8/7/2007	5.21%	10/30/2059	4,900,000	4,900,000
Columbia Creste, L.P.	8/7/2007	5.21%	10/30/2059	346,290	346,290
Columbia Estates, L.P.	3/30/2007	5.01%	10/30/2059	3,750,000	3,750,000
Columbia Estates, L.P.	3/30/2007	5.01%	10/30/2059	816,413	816,413
Columbia Grove, L.P.	7/23/2008	4.60%	7/31/2055	4,303,896	4,303,896
Columbia Grove, L.P.	7/23/2008	4.60%	7/31/2055	162,773	162,773
Columbia Park Citi Residences, L.P.	10/5/2006	5.21%	10/30/2059	4,575,000	4,575,000
Columbia Park Citi Residences, L.P.	10/5/2006	5.21%	10/30/2059	253,164	253,164
Columbia Senior Residences at Mechanicsville, L.P.	12/20/2006	4.90%	12/31/2063	4,273,628	4,273,628
Columbia Village, L.P.	8/14/1998	6.50%	6/12/2040	2,250,000	2,250,000
East Lake Redevelopment II, L.P.	7/29/1999	0.00%	7/29/2039	11,903,505	11,903,505
East Lake Redevelopment, L.P.	12/13/1996	0.00%	12/12/2036	5,824,000	5,824,000
Grady Multifamily I, LP	12/18/2009	0.50%	12/1/2067	7,034,437	7,106,814
Grady Multifamily II, L.P.	12/18/2012	2.00%	12/17/2067	5,384,963	5,500,000
Grady Redevelopment Partnership I, L.P.	9/20/2007	1.00%	9/1/2067	2,680,265	2,680,265
Grady Senior Partnership II, LP	3/12/2010	0.50%	12/1/2067	2,423,892	2,423,892
Harris Redevelopment Partnership I, L.P.	1/1/2006	1.00%	10/31/2063	7,925,000	7,925,000
Harris Redevelopment Partnership V, LP	12/18/2009	0.50%	10/1/2063	8,798,767	8,871,046
John Hope Community Partnership I, L.P.	5/28/1998	0.00%	5/31/2075	875,152	4,620,000
John Hope Community Partnership II, L.P.	5/12/1999	1.00%	5/11/2054	7,980,000	7,980,000
Juniper and Tenth, LP	11/22/2016	0.50%	11/21/2066	3,662,500	3,662,500
Kimberly Associates I, L.P.	12/30/1999	6.47%	12/30/2054	2,605,000	2,605,000
Kimberly Associates II, L.P.	8/29/2001	5.72%	12/30/2054	1,507,000	1,507,000
Kimberly Associates III, L.P.	11/15/2002	5.34%	12/30/2054	1,305,000	1,305,000
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	5,158,796	5,164,398
Mercy Housing Georgia VI, L.P.	7/20/2007	1.00%	10/1/2063	5,600,000	5,600,000
Piedmont Senior Tower, LLC	11/29/2017	2.60%	5/1/2034	2,153,000	-
Piedmont Senior Tower, LLC	11/29/2017	2.60%	11/29/2067	9,000,000	-
Piedmont Senior Tower, LLC	11/29/2017	2.60%	11/29/2067	3,300,000	-
The New Villages of Castleberry Hills I, LP	6/6/2018	1.00%	5/31/2075	3,744,848	-
UH Senior Partnership II, LP	12/24/2013	1.00%	12/17/2066	1,500,000	1,500,000
UH Senior Partnership II, LP	2/27/2015	0.00%	2/27/2065	450,000	450,000
West End Phase III Redevelopment Partnership, L.P.	5/19/2000	6.20%	5/31/2034	1,298,400	1,298,400
				212,891,653	198,703,948
				(41,948,382)	(31,492,292)
Valuation Allowance				\$ 170,943,271	\$ 167,211,656

The Housing Authority of the City of Atlanta, Georgia

SCHEDULE OF RELATED-PARTY OTHER LOANS AND FEES RECEIVABLE

As of June 30, 2018

Owner Entity:	Other Loans	Developer and	Predevelopment	Investment In
		Other Fees	Loans	
		Long Term	Long Term	Partnership
Adamsville Green, L.P.	\$ 1,837,378	\$ 3,500	\$ -	\$ -
Brock Built Homes, LLC	46,700	-	-	-
Campbell Stone, L.P.	1,500,000	-	-	-
Capitol Gateway Partnership I, L.P.	181,236	-	-	-
Carver Redevelopment Partnership I, L.P.	225,792	28,129	-	-
Carver Redevelopment Partnership II, L.P.	-	52,448	-	-
Carver Redevelopment Partnership III, L.P.	111,500	-	-	-
Carver Redevelopment Partnership V, L.P.	-	111,822	-	-
CCH John Egan I Homes, L.P.	46,565	-	-	-
Centennial Place Partnership I, L.P.	-	170,877	-	-
Centennial Place Partnership II, L.P.	-	130,640	-	-
Centennial Place Partnership III, L.P.	-	260,585	-	-
Centennial Place Partnership IV, L.P.	-	-	31,096	-
Columbia at Mechanicsville Apartments, L.P.	-	57,592	-	-
Columbia Colony Senior	-	30,000	-	-
Columbia Commons, L.P.	-	-	-	82,580
Columbia Creste, L.P.	148,009	121,414	-	-
Columbia Estates, L.P.	168,791	71,163	-	-
Columbia Grove, L.P.	227,999	64,855	-	-
Columbia Heritage Senior Residences, L.P.	-	83,407	-	-
Columbia Park Citi Residences, L.P.	117,687	14,186	-	-
Columbia Senior Residences at Edgewood, L.P.	922,534	-	-	-
Columbia Senior Residences at Mechanicsville, L.P.	-	8,034	-	-
Columbia Village, L.P.	-	-	-	111,914
Cosby Spear, L.P.	-	8,250	-	-
East Lake Redevelopment II, L.P.	318,728	-	-	-
East Lake Redevelopment, L.P.	197,702	-	-	-
Gates Park Crossing HFOP Apartments, L.P.	1,203,535	250,054	-	-
Gates Park Crossing HFS Apartments, L.P.	1,074,078	257,375	-	-
Grady Multifamily II, L.P.	-	2,203	-	-
Harris Redevelopment Partnership I, L.P.	351,060	17,069	-	-
Harris Redevelopment Partnership II, L.P.	97,544	-	-	-
Harris Redevelopment Partnership VI, L.P.	-	18,136	-	220,000
Harris Redevelopment, LLC	-	-	8,468	-
Herndon Homes Phase I, LLC	-	10,000	-	-
Hightower Manor Redevelopment, L.P.	-	-	33,011	-
Kimberly Associates I, L.P.	152,484	-	-	-
Kimberly Associates II, L.P.	70,335	7,833	-	-
Kimberly Associates III, L.P.	22,080	91,241	-	-
Legacy Partnership IV, L.P.	284,483	-	-	-
Mechanicsville Apartments Phase 3, L.P.	-	18,965	-	-
Mechanicsville Apartments Phase 4, L.P.	-	73,668	-	-
Mechanicsville Apartments Phase 6, L.P.	-	73,659	-	-
Mercy Housing Georgia VI, L.P.	111,296	-	-	-
Peachtree Road Senior Tower, LLC	-	-	18,341	-
Piedmont Senior Tower, LLC	-	699,510	-	-
The New Villages of Castleberry Hills I, LP	-	2,393	-	-
UH Scholars Partnership III, L.P.	-	1,326	524,573	-
UH Scholars Partnership IV, L.P.	-	10,000	-	-
UH Senior Partnership II, L.P.	-	115,655	-	-
West End Phase III Redevelopment Partnership, L.P.	97,805	-	-	-
	9,515,323	2,865,987	615,489	414,494
Valuation allowance	(3,244,802)	(1,416,273)	-	(414,494)
	\$ 6,270,521	\$ 1,449,714	\$ 615,489	\$ -

The Housing Authority of the City of Atlanta, Georgia

SCHEDULE OF RELATED-PARTY OTHER LOANS AND FEES RECEIVABLE

As of June 30, 2017

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

The Housing Authority of the City of Atlanta, Georgia
SCHEDULE OF RELATED-PARTY TRANSACTIONS
Year Ended June 30, 2018

Owner Entity:	Interest Income Received on Loans	Development Related Income	Housing Assistance Payments	
			MIXED Communities	HomeFlex ¹
Adamsville Green, L.P.	\$ 88,580	\$ 3,500	\$ -	\$ 578,320
Atlanta Housing Opportunity Inc.	-	15,000	-	-
Brock Built Homes, LLC	-	1,277,423	-	-
Campbell Stone, L.P.	-	-	-	1,451,796
Capitol Gateway Partnership I, L.P.	-	-	256,977	-
Capitol Gateway Partnership II, L.P.	-	-	174,052	140,128
Carver Redevelopment Partnership I, L.P.	-	-	478,485	-
Carver Redevelopment Partnership II, L.P.	-	-	115,518	-
Carver Redevelopment Partnership III, L.P.	-	-	340,803	-
Carver Redevelopment Partnership V, L.P.	-	-	170,872	-
Carver Senior Building, L.P.	-	-	-	563,698
CCH John Eagan I Homes, L.P.	-	-	424,267	-
CCH John Eagan II Homes, L.P.	-	-	384,618	-
Centennial Place Partnership I, L.P.	-	-	-	329,989
Centennial Place Partnership II, L.P.	-	-	-	303,319
Centennial Place Partnership III, L.P.	21,274	-	-	196,802
Centennial Place Partnership IV, L.P.	-	10,000	-	-
Columbia at Mechanicsville Apartments, L.P.	-	5,000	381,977	294,868
Columbia Commons, L.P.	83,985	-	186,226	59,119
Columbia Creste, L.P.	-	10,000	335,214	-
Columbia Estates, L.P.	-	-	435,722	-
Columbia Grove, L.P.	-	10,000	130,332	-
Columbia Heritage Senior Residences, LP	-	-	-	978,310
Columbia Mechanicsville Scattered Sites, L.P.	-	3,250	-	-
Columbia Park Citi Residences, L.P.	58,052	14,189	305,677	-
Columbia Senior Residences at Edgewood, L.P.	28,492	13,858	-	1,128,239
Columbia Senior Residences at Mechanicsville, L.P.	-	10,752	264,908	551,557
Columbia Village, L.P.	31,500	-	162,470	-
East Lake Redevelopment II, L.P.	-	10,175	1,322,036	-
East Lake Redevelopment, L.P.	-	-	733,194	-
Gates Park Crossing HFOP Apartments, L.P.	-	-	-	930,053
Gates Park Crossing HFS Apartments, L.P.	-	-	-	768,633
Grady Multifamily I, L.P.	-	-	337,637	85,183
Grady Multifamily II, L.P.	15,327	-	160,937	-
Grady Redevelopment Partnership I, L.P.	-	-	154,011	646,725
Grady Senior Partnership II, L.P.	-	-	-	871,871
Grady Senior Partnership III, L.P.	-	49,216	-	913,991
Harris Redevelopment Partnership I, L.P.	-	-	330,870	-
Harris Redevelopment Partnership II, L.P.	-	-	-	680,060
Harris Redevelopment Partnership Phase V, LP	-	-	385,735	84,238
Harris Redevelopment Partnership Phase VI, LP	-	-	181,708	-
Harris VII Homeownership Offsite	-	40,323	-	-
Herndon Homes Phase I, LLC	-	10,000	-	-
Juniper and Tenth, L.P.	13,966	-	-	65,141
John Hope Community Partnership I, L.P.	-	-	452,441	-
John Hope Community Partnership II, L.P.	-	-	585,376	-
Kimberly Associates I, L.P.	-	-	396,721	51,448
Kimberly Associates II, L.P.	-	-	253,515	59,226
Kimberly Associates III, L.P.	-	-	192,214	23,354
Legacy Partnership IV, L.P.	-	-	-	189,879
Mechanicsville Apartments Phase 3, L.P.	38,132	8,160	333,384	200,779
Mechanicsville Apartments Phase 4, L.P.	45,108	15,487	324,257	278,557
Mechanicsville Apartments Phase 6, L.P.	(5,602)	5,000	276,926	267,318
Mercy Housing Georgia VI, L.P.	70,717	-	498,994	916,096
Piedmont Senior Tower, LLC	-	762,350	-	698,311
The New Villages of Castleberry Hills I, L.P.	2,393	51,424	-	-
UH Senior Partnership I, L.P.	-	-	-	760,650
UH Senior Partnership II, L.P.	-	15,400	-	123,471
West End Phase III Redevelopment Partnership, L.P.	-	-	60,316	-
	\$ 491,925	\$ 2,340,507	\$ 11,528,390	\$ 15,191,129

¹ Homeflex (formerly 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, 2017

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

¹ HomeFlex (formerly 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, 2018

Program	Original Grant Award	Grant Drawdown			Expenditures			HUD Receivable/ (Payable)	Remaining Grant Award
	Authorized Amount	Cumulative as of June 30, 2017	Year ended June 30, 2018	Cumulative as of June 30, 2018	Cumulative as of June 30, 2017	Year ended June 30, 2018	Cumulative as of June 30, 2018	Balance as of June 30, 2018	Unexpended Balance as of June 30, 2018
Capital Fund Program Grants :									
GA06P 006501-13 Capital Fund Program 2013	\$ 3,885,905	\$ 500,000	\$ 3,385,905	\$ 3,885,905	\$ 500,000	\$ 3,385,905	\$ 3,885,905	\$ -	\$ -
GA06P 006501-14 Capital Fund Program 2014	4,665,921	752,544	3,913,377	4,665,921	752,544	3,913,377	4,665,921	-	-
GA06P 006501-15 Capital Fund Program 2015	5,427,060	500,000	-	500,000	500,000	-	500,000	-	4,927,060
GA06P 006501-16 Capital Fund Program 2016	6,135,319	-	815,859	815,859	-	815,859	815,859	-	5,319,460
GA06P 006501-17 Capital Fund Program 2017	10,472,956	-	-	-	-	-	-	-	10,472,956
GA06P 006501-18 Capital Fund Program 2018	15,956,908	-	-	-	-	-	-	-	15,956,908
Total Capital Fund Program Grants	46,544,069	1,752,544	8,115,140	9,867,684	1,752,544	8,115,141	9,867,685	-	36,676,384
HOPE VI Grants :									
GA4A006CNG114 2014/2015 Choice Neighborhood Implementation Grant	30,000,000	884,999	110,656	995,655	1,335,436	1,259,278	2,594,714	1,599,060	29,004,346
Total HOPE VI Grants	30,000,000	884,999	110,656	995,655	1,335,436	1,259,278	2,594,714	1,599,060	29,004,346
Replacement Housing Factor Grants :									
GA06R006501-13 RHF 2013-1	5,803,172	5,064,622	738,550	5,803,172	5,088,646	714,526	5,803,172	-	-
GA06R006502-13 RHF 2013-2	2,672,813	-	628,637	628,637	-	760,177	760,177	131,540	2,044,176
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
GA06R006501-17 RHF 2017-1	335,503	-	-	-	-	-	-	-	335,503
GA06R006502-17 RHF 2017-2	1,272,118	-	-	-	-	-	-	-	1,272,118
Total Replacement Housing Factor Grants	31,295,286	5,064,622	1,367,187	6,431,809	5,088,646	1,474,703	6,563,349	131,540	24,863,477
Resident Opportunity & Self Sufficiency Grants :									
GA006FSH152A016 ROSS 2016	249,000	138,598	110,402	249,000	138,598	110,402	249,000	-	-
GA006FSS17GA0322 ROSS 2017	249,382	-	110,493	110,493	-	130,680	130,680	20,187	138,889
Total Resident Opportunity & Self Sufficiency Grants	498,382	138,598	220,895	359,493	138,598	241,082	379,680	20,187	138,889
Total HUD-Funded Grants	\$ 108,337,737	\$ 7,840,763	\$ 9,813,878	\$ 17,654,641	\$ 8,315,224	\$ 11,090,204	\$ 19,405,428	\$ 1,750,787	\$ 90,683,097

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

Contract completed during the year ended June 30, 2018

GRANT NAME	CFP Year 2013
PROJECT NUMBER	<u>GA06P006501-13</u>
GRANT AWARD EFFECTIVE DATE*	August 9, 2013
CONTRACT COMPLETION DATE	August 24, 2017
BUDGET	<u>\$ 3,885,905</u>
ADVANCES	\$ 3,885,905
COSTS	<u>3,885,905</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 CFP PROGRAM COMPLETION
COSTS AND ADVANCES PROGRAM CERTIFICATION**

Contract completed during the year ended June 30, 2018

GRANT NAME	CFP Year 2014
PROJECT NUMBER	<u>GA06P006501-14</u>
GRANT AWARD EFFECTIVE DATE*	March 20, 2014
CONTRACT COMPLETION DATE	March 8, 2018
BUDGET	<u>\$ 4,665,921</u>
ADVANCES	\$ 4,665,921
COSTS	<u>4,665,921</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, 2018

GRANT NAME	RHF Year 2013-1
PROJECT NUMBER	<u>GA06R006501-13</u>
GRANT AWARD EFFECTIVE DATE*	August 9, 2013
CONTRACT COMPLETION DATE	May 22, 2018
BUDGET	<u>\$ 5,803,172</u>
ADVANCES	\$ 5,803,172
COSTS	<u>5,803,172</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.

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

Contract completed during the year ended June 30, 2018

GRANT NAME	ROSS 2016
PROJECT NUMBER	<u>GA006FSH152A016</u>
GRANT AWARD EFFECTIVE DATE*	January 1, 2017
CONTRACT COMPLETION DATE	December 2, 2017
BUDGET	<u>\$ 249,000</u>
ADVANCES	\$ 249,000
COSTS	<u>249,000</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.

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STATISTICAL INFORMATION

The Housing Authority of the City of Atlanta, Georgia

STATEMENTS OF NET POSITION

As of June 30, 2010 to 2018

	2018	2017	2016	2015	2014	2013	2012	2011	2010
CURRENT ASSETS									
Cash									
Unrestricted	\$ 12,244,484	\$ 27,181,054	\$ 65,220,665	\$ 69,105,488	\$ 75,430,713	\$ 57,173,407	\$ 60,542,870	\$ 56,647,160	\$ 50,218,347
Restricted	36,561,259	43,505,358	56,655,221	53,126,304	51,739,171	41,376,473	40,800,144	43,174,173	49,190,808
Total cash	48,805,743	70,686,412	121,875,886	122,231,792	127,169,884	98,549,880	101,343,014	99,821,333	99,409,155
Investments, short-term	73,195,197	18,999,225	-	-	-	-	2,395,868	-	-
Receivables, net of allowance	2,694,220	1,532,293	2,139,916	2,613,931	2,025,560	2,943,202	4,350,989	20,764,287	21,391,452
Prepaid expense	1,079,981	992,051	1,166,983	1,065,152	1,072,733	988,049	2,311,642	729,056	356,960
Total current assets	125,775,141	92,209,981	125,182,785	125,910,875	130,268,177	102,481,131	110,401,513	121,314,676	121,157,567
NON-CURRENT ASSETS									
Investments, long-term	29,648,338	20,814,071	8,824,307	9,694,557	9,328,012	9,341,052	9,359,926	9,228,069	8,949,472
Related-party development and other loans, development receivables and investments in partnerships, net of allowances	179,278,993	176,307,994	177,946,199	176,075,137	173,640,209	174,908,333	167,930,497	166,027,043	150,313,997
Capital assets, net of accumulated depreciation	146,876,898	124,966,922	136,284,103	145,264,440	151,038,298	158,435,819	151,092,159	143,135,216	120,680,756
Other non-current assets, net of allowance	-	-	14,248,743	9,444,402	5,838,576	25,409,850	25,065,563	24,664,504	20,751,299
Total non-current assets	355,804,229	322,088,987	337,303,352	340,478,536	339,845,095	368,095,054	353,448,145	343,054,832	300,695,524
TOTAL ASSETS	481,579,370	414,298,968	462,486,137	466,389,411	470,113,272	470,576,185	463,849,658	464,369,508	421,853,091
DEFERRED OUTFLOWS	1,445,335	5,398,551	5,267,381	901,516	193,549	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 483,024,705	\$ 419,697,519	\$ 467,753,518	\$ 467,290,927	\$ 470,306,821	\$ 470,576,185	\$ 463,849,658	\$ 464,369,508	\$ 421,853,091
CURRENT LIABILITIES									
Accounts payable	\$ 405,614	\$ 354,209	\$ 597,901	\$ 398,835	\$ 684,617	\$ 3,395,211	\$ 1,102,938	\$ 1,386,807	\$ 6,377,736
Accrued liabilities	7,239,316	8,194,323	9,281,521	10,079,969	9,923,312	8,212,829	11,158,326	14,502,525	11,822,369
Other current liabilities	7,354,440	7,460,174	7,743,869	8,281,552	8,058,007	7,989,674	7,713,304	8,165,157	8,426,223
Current portion of long-term debt	244,371	238,685	254,268	223,177	198,878	463,396	-	331,315	317,148
Total current liabilities	15,243,741	16,247,391	17,877,559	18,983,533	18,864,814	20,061,110	19,974,568	24,385,804	26,943,476
NON-CURRENT LIABILITIES									
Long-term debt, net of current portion	5,616,792	5,861,163	8,312,280	8,566,548	8,789,725	8,988,602	9,293,862	2,905,388	3,236,703
Other non-current liabilities	-	22,486	2,983,741	2,438,836	2,506,290	1,489,305	1,341,235	1,270,244	1,538,609
Net pension plan liability	605,757	486,051	4,418,902	1,672,594	2,237,859	-	-	-	-
Total non-current liabilities	6,222,549	6,369,700	15,714,923	12,677,978	13,533,874	10,477,907	10,635,097	4,175,632	4,775,312
TOTAL LIABILITIES	21,466,290	22,617,091	33,592,482	31,661,511	32,398,688	30,539,017	30,609,665	28,561,436	31,718,788
DEFERRED INFLOWS	461,122	855,229	923,653	1,006,989	550,153	-	-	-	-
NET POSITION									
Invested in capital assets, net of related debt	141,220,763	118,867,074	127,717,556	136,474,715	142,049,695	148,983,821	141,798,296	139,898,513	117,126,905
Restricted-expendable	246,932,485	241,011,264	232,858,440	228,405,882	224,622,010	215,762,032	214,894,907	217,773,685	206,842,360
Unrestricted	72,944,045	36,346,861	72,661,387	69,741,830	70,686,275	75,291,315	76,546,790	78,135,874	66,165,038
Total net position	461,097,293	396,225,199	433,237,383	434,622,427	437,357,980	440,037,168	433,239,993	435,808,072	390,134,303
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	\$ 483,024,705	\$ 419,697,519	\$ 467,753,518	\$ 467,290,927	\$ 470,306,821	\$ 470,576,185	\$ 463,849,658	\$ 464,369,508	\$ 421,853,091

The Housing Authority of the City of Atlanta, Georgia
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Years ended June 30, 2010 to 2018

	2018	2017	2016	2015	2014	2013	2012	2011	2010
OPERATING REVENUES									
MTW Single Fund used for operations	\$ 234,207,383	\$ 170,343,418	\$ 183,182,507	\$ 181,358,237	\$ 198,835,971	\$ 194,538,496	\$ 196,943,569	\$ 220,387,902	\$ 228,895,356
ARRA grant used for operations	—	—	—	—	—	—	235,428	4,816,316	1,654,300
Tenant dwelling revenue	5,364,571	5,834,563	6,065,683	5,876,474	5,794,940	5,595,112	5,435,556	5,415,284	5,679,841
Development grants used for operating expense	2,733,981	1,603,084	3,364,537	1,779,653	1,360,826	1,871,668	3,302,837	5,744,912	10,220,644
Fees earned from National Housing Compliance	1,132,909	1,135,749	1,018,345	630,872	845,317	820,022	1,302,261	1,793,158	1,823,883
Other operating revenues	3,414,887	3,465,853	2,824,867	1,558,848	3,486,292	4,068,455	2,715,078	2,304,135	4,144,092
Total operating revenues	246,853,731	182,382,667	196,455,939	191,204,084	210,323,346	206,893,753	209,934,729	240,461,707	252,418,116
OPERATING EXPENSES									
Housing assistance and operating subsidy payments	144,374,146	140,105,876	136,313,227	135,920,454	139,600,411	138,884,767	140,645,448	147,352,440	147,254,397
Administration including direct operating division	44,933,456	40,840,372	35,245,986	35,469,507	42,153,856	49,021,007	47,326,831	47,050,364	44,104,887
Utilities, maintenance and protective services	9,929,308	10,462,840	11,034,296	12,495,604	12,855,476	13,095,127	13,809,507	13,020,689	13,076,756
Resident and participant services	3,253,123	3,443,628	3,161,177	3,214,506	2,888,452	3,614,930	4,033,862	3,652,211	1,023,137
Revitalization, demolition and remediation	3,646,297	3,885,063	3,474,924	1,788,284	1,741,887	1,005,036	3,040,768	11,247,148	29,965,460
General expense	2,388,563	2,298,988	2,922,669	1,896,019	2,460,498	1,497,724	1,589,610	1,818,099	582,641
Depreciation and amortization	7,189,426	8,706,718	9,579,660	11,905,128	14,769,400	11,252,920	7,724,701	7,478,954	8,152,155
Total operating expense	215,714,319	209,743,485	201,731,939	202,689,502	216,469,980	218,371,511	218,170,727	231,619,905	244,159,433
NET OPERATING INCOME (LOSS)	31,139,412	(27,360,818)	(5,276,000)	(11,485,418)	(6,146,634)	(11,477,758)	(8,235,998)	8,841,802	8,258,683
NON-OPERATING REVENUES (EXPENSES)									
Interest Income on development and other loans	491,925	1,577,873	1,332,490	917,974	516,285	685,019	1,153,962	428,162	1,275,968
Interest Income on investments	640,270	42,390	—	—	—	—	—	—	—
Gain/(loss) on sale of assets	(8,895)	(1,021,986)	555,253	(1,610,978)	3,073,744	(22,645)	7,570	84,118	—
Valuation Allowance	(6,502,265)	(16,748,120)	(1,728,240)	—	(1,310,053)	(367,413)	(845,009)	(1,874,749)	(985,601)
Interest expense	(315,422)	(428,455)	(434,013)	(444,322)	(461,699)	(232,730)	(713,807)	(151,992)	(175,851)
Total non-operating revenues (expenses)	(5,694,387)	(16,578,298)	(274,510)	(1,137,326)	1,818,277	62,231	(397,284)	(1,514,461)	114,516
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	25,445,025	(43,939,116)	(5,550,510)	(12,622,744)	(4,328,357)	(11,415,527)	(8,633,282)	7,327,341	8,373,199
CAPITAL CONTRIBUTIONS									
MTW Single Fund used for modernization of AHA-owned properties and capital expenditures	39,427,069	3,096,412	3,579,449	5,935,592	4,537,078	12,186,023	4,492,985	22,090,892	3,362,297
Development grants used for development capital expenditures and loans	—	3,830,520	586,017	3,951,599	1,838,783	6,026,678	1,572,218	16,255,535	20,902,827
Total capital contributions	39,427,069	6,926,932	4,165,466	9,887,191	6,375,861	18,212,701	6,065,203	38,346,427	24,265,124
INCREASE (DECREASE) IN NET POSITION	64,872,094	(37,012,184)	(1,385,044)	(2,735,553)	2,047,504	6,797,174	(2,568,079)	45,673,768	32,638,323
NET POSITION — beginning of year	396,225,199	433,237,383	434,622,427	437,357,980	440,037,168	433,239,993	435,808,072	390,134,303	357,495,980
Change in accounting policy*	—	—	—	—	(4,726,691)	—	—	—	—
NET POSITION — end of year	\$ 461,097,293	\$ 396,225,199	\$ 433,237,383	\$ 434,622,427	\$ 437,357,981	\$ 440,037,167	\$ 433,239,993	\$ 435,808,071	\$ 390,134,303

* During FY 2015, AH adopted the accounting standard under GASB No. 68 "Accounting and Financial Reporting for Pension" and, accordingly, changed its accounting policy for its defined benefit pension plan, which was previously accounted for on a cash basis. Although the new pension accounting standard was adopted during FY 2015, amounts previously reported in FY 2014 financial statements were restated as if the standard had been adopted on July 1, 2013.

The Housing Authority of the City of Atlanta, Georgia
Families Served by Community & Program Type
As of June 30, 2010 to 2018

Community & Program Type	Type of Assistance	2018	2017	2016	2015	2014	2013	2012	2011	2010
AH-Owned Communities	Public Housing	1,586	1,793	1,932	1,942	1,942	1,942	1,943	1,953	1,953
MIXED Communities (Mixed-Income Communities)	Public Housing	2,155	2,221	2,221	2,221	2,522	2,471	2,471	2,424	2,300
	HomeFlex	1,543	1,543	1,780	1,748	1,387	1,409	1,327	1,176	970
	LIHTC-only	1,131	1,171	1,138	1,167	1,176	1,112	1,055	981	1,107
	RAD PBV	423	149	-	-	-	-	-	-	-
HomeFlex Communities (No Public Housing)	HomeFlex	4,012	3,447	3,271	3,244	3,040	2,949	2,953	2,894	2,526
	LIHTC-only	1,595	1,525	1,482	1,494	1,644	1,644	1,670	1,643	1,714
Housing Choice Tenant-Based	Housing Choice Voucher	8,608	8,381	8,009	7,526	7,292	7,043	6,878	6,801	7,119
Housing Choice Ports	Housing Choice Voucher	2,029	2,086	1,973	2,016	2,303	2,265	2,399	3,106	3,373
Housing Choice Homeownership - Mortgage assistance	Housing Choice Voucher	23	25	30	37	59	62	83	85	86
Homeownership - Down payment assistance	MTW	724	553	472	384	315	277	246	204	150
Supportive Housing	MTW	215	199	26	-	-	-	-	-	-
TOTAL		24,044	23,093	22,334	21,779	21,680	21,174	21,025	21,267	21,298

The Housing Authority of the City of Atlanta, Georgia
Number of Households by Income Group (percent of Area Median Income (AMI))
As of June 30, 2018

Community & Program Type	Number of Households by Income group (percent of Area Median Income (AMI))														
	< 30% of AMI			31 - 50% of AMI			51 - 80% of AMI			> 80% of AMI			TOTAL		
	Jun-17	Jun-18	% Chg	Jun-17	Jun-18	% Chg	Jun-17	Jun-18	% Chg	Jun-17	Jun-18	% Chg	Jun-17	Jun-18	% Chg
AH-Owned Communities	1,474	1,348	-9%	253	177	-30%	28	19	-32%	6	5	-17%	1,761	1,549	-12%
MIXED Communities ⁽¹⁾	2,358	2,459	4%	971	943	-3%	235	223	-5%	18	20	11%	3,582	3,645	2%
RAD-PBV Conversions	-	274	100%	-	52	100%	-	9	100%	-	1	100%	-	336	100%
HomeFlex Communities (PBRA) ⁽¹⁾	2,183	2,570	18%	797	773	-3%	160	139	-13%	6	4	-33%	3,146	3,486	11%
Housing Choice Tenant-Based	5,648	7,599	35%	1,998	897	-55%	660	110	-83%	75	2	-97%	8,381	8,608	3%
Housing Choice Ports	1,738	1,501	-14%	292	411	41%	54	108	100%	2	9	0%	2,086	2,029	-3%
TOTAL	13,401	15,751	18%	4,311	3,253	-25%	1,137	608	-47%	107	41	-62%	18,956	19,653	3.7%

	Number of Households by Income June 30, 2018	Percent of Total Households Served
Total ≤ 50% of AMI ("very low-income")	19,004	97%
Total > 50% of AMI	649	3%

NOTES:

⁽¹⁾ AHA does not capture household characteristics for LIHTC-only units within AH's MIXED Communities and HomeFlex (PBRA) Communities.

The Housing Authority of the City of Atlanta, Georgia
Number of Households by Family Size
As of June 30, 2018

	Number of Households by Family Size																	
Community & Program Type	1 Member			2 Members			3 Members			4 Members			5+ Members			TOTAL		
	Jun-17	Jun-18	% Chg	Jun-17	Jun-18	% Chg	Jun-17	Jun-18	% Chg	Jun-17	Jun-18	% Chg	Jun-17	Jun-18	% Chg	Jun-17	Jun-18	% Chg
AH-Owned Communities	1,583	1,395	-12%	126	104	-17%	21	17	-19%	13	15	15%	18	18	0%	1,761	1,549	-12%
MIXED Communities ⁽¹⁾	1,986	2,029	2%	729	715	-2%	512	505	-1%	234	247	6%	127	149	17%	3,588	3,645	2%
RAD-PBV Conversions	-	288	100%	-	32	100%	-	13	100%	-	2	100%	-	1	100%	0	336	100%
HomeFlex Communities (PBRA) ⁽¹⁾	2,152	2,482	15%	619	640	3%	213	214	0%	106	99	-7%	50	51	2%	3,140	3,486	11%
Housing Choice Tenant-Based	2,586	2,459	-5%	2,022	2,023	0%	1,589	1,741	10%	1,112	1,218	10%	1,072	1,167	9%	8,381	8,608	3%
Housing Choice Ports ⁽²⁾	414	861	108%	369	465	26%	414	535	29%	444	144	-68%	445	24	-95%	2,086	2,029	-3%
TOTAL	8,721	9,514	9%	3,865	3,979	3%	2,749	3,025	10%	1,909	1,725	-10%	1,712	1,410	-18%	18,956	19,653	N/A

NOTES:

⁽¹⁾ AH does not capture household characteristics for LIHTC-only units within AH's MIXED Communities and HomeFlex (PBRA) Communities.

The Housing Authority of the City of Atlanta, Georgia
Number of Households by Unit Size
As of June 30, 2018

Community & Program Type	Number of Households by Unit Size																	
	0/1 Bedroom			2 Bedrooms			3 Bedrooms			4 Bedrooms			5+ Bedrooms			TOTAL		
	Jun-17	Jun-18	% Chg	Jun-17	Jun-18	% Chg	Jun-17	Jun-18	% Chg	Jun-17	Jun-18	% Chg	Jun-17	Jun-18	% Chg	Jun-17	Jun-18	% Chg
AH-Owned Communities	1,668	1,455	-13%	44	46	5%	20	20	0%	29	28	-3%	0	0	--	1,761	1,549	-12%
MIXED Communities ⁽¹⁾	1,603	1,617	1%	1,407	1,434	2%	528	547	4%	50	47	-6%	0	0	--	3,588	3,645	2%
RAD-PBV Conversions	-	300	100%	-	31	100%	-	5	100%	-		100%	-		100%	-	336	--
HomeFlex Communities (PBRA) ⁽¹⁾	1,729	2,090	21%	1,236	1,224	-1%	171	167	-2%	4	5	25%	0	0	--	3,140	3,486	11%
Housing Choice Tenant-Based ^{(2) (3)}	1,964	2,459	25%	2,923	2,023	-31%	2,595	1,741	-33%	766	1,218	59%	133	1,167	777%	8,381	8,608	3%
Housing Choice Ports	385	409	6%	686	664	-3%	767	720	-6%	217	206	-5%	31	30	-3%	2,086	2,029	-3%
TOTAL	7,349	8,330	13%	6,296	5,422	-14%	4,081	3,200	-22%	1,066	1,504	41%	164	1,197	630%	18,956	19,653	4%

NOTES:

⁽¹⁾ AH does not capture household characteristics for LIHTC-only units within AH's MIXED Communities and HomeFlex (PBRA) Communities.

⁽²⁾ Increase in studio/one bedroom units reflects growth in permanent supportive housing programs that address homelessness (including VASH).

⁽³⁾ Changes in household sizes reflect "right-sizing" program vouchers during program recertifications.

The Housing Authority of the City of Atlanta, Georgia
Full-Time Employees by Department
As of June 30, 2018

Personnel Summary (full-time regular)		2018
Operating Divisions		
Customer Services		13
Housing Services		66
Inspections Services		23
Human Development Services		4
Real Estate Program & Project Management		13
Real Estate Asset & Property Management		6
Real Estate Planning & Development		5
Real Estate Development		8
Real Estate Investments & Capital Markets		12
Total Operating Divisions		150
Corporate Support		
Communications, Marketing & Public Engagement		7
Contracts & Procurement		9
Executive Office		3
Corporate Finance		14
Governmental and External Affairs		10
Human Resources		5
Information Technology, Record & Program Management		42
Office of Chief Operating Officer		3
Office of Compliance		-
Office of General Counsel		10
Office of Policy & Strategy		4
Total Corporate Support		107
Choice Neighborhoods		10
Grand Total		267

The Housing Authority of the City of Atlanta, Georgia
Metro Atlanta Key Economic Indicators
Years 2010 to 2017

	2010	2011	2012	2013	2014	2015	2016	2017
Population ¹	5,286,728	5,373,016	5,451,561	5,517,034	5,605,117	5,702,331	5,795,723	5,884,736
Annual Net Population Gain	45,900	86,288	78,545	65,473	88,083	97,214	93,392	89,013
Annual Growth Rate	0.90%	1.60%	1.50%	1.20%	1.60%	1.70%	1.60%	1.50%
LaborForce ²	2,720,044	2,760,194	2,791,002	2,789,870	2,808,498	2,846,995	2,944,863	3,034,633
Employment ²	2,440,037	2,486,895	2,545,474	2,572,589	2,619,531	2,684,742	2,794,326	2,896,736
Unemployment Rate ²	10.30%	9.90%	8.80%	7.80%	6.70%	5.70%	5.10%	4.50%
Nonagricultural Employment ²	2,276,000	2,311,600	2,354,300	2,414,300	2,503,300	2,582,100	2,663,900	2,723,700
Annual Net Job Creation ²	-20,900	35,600	42,700	60,000	89,000	78,800	81,800	59,800
Annual Growth Rate	-0.90%	1.60%	1.80%	2.50%	3.70%	3.10%	3.20%	2.20%
Gross Domestic Product (billions) ³	\$272.30	\$280.70	\$291.50	\$307.90	\$326.60	\$344.60	\$363.80	tbd
Total Personal Income (billions) ³	\$205.50	\$221.00	\$224.60	\$228.20	\$245.80	\$261.80	\$274.10	tbd
Per Capita Personal Income ³	\$38,738	\$41,129	\$41,188	\$41,356	\$43,856	\$45,934	\$47,348	tbd
Bank Deposits (billions) ⁴	\$110.80	\$115.90	\$121.20	\$123.60	\$132.60	\$146.10	\$156.20	\$166.90
Building Permits ⁵	7,627	8,692	14,356	24,297	26,431	30,011	36,121	32,890
Single Family	6,436	6,239	9,146	14,824	16,935	19,885	22,931	24,849
Multi-Family & Apartments	1,191	2,453	5,210	9,473	9,496	10,126	13,190	8,041
Hartsfield-Jackson Atlanta International Airport ⁶								
Total Operations (takeoffs & landings)	950,119	923,996	930,310	911,074	868,359	882,497	898,356	879,560
Total Passengers	89,331,662	92,389,023	95,513,828	94,431,224	96,178,899	101,491,106	104,171,935	103,902,992
International Passengers	9,139,022	9,856,954	9,854,343	10,258,133	10,784,219	11,233,303	11,475,615	12,033,865
Total Freight (metric tons)	643,502	663,162	654,013	616,365	601,270	626,201	648,595	685,338

Sources:

1: Population figures for 2011-2017 are annual estimates by the U.S. Census Bureau between decennial Censuses; figure for 2010 is decennial Census count; all population figures based on 29-county Atlanta MSA delineation

2: Georgia Department of Labor; U.S. Bureau of Labor Statistics, not seasonally adjusted

3: U.S. Bureau of Economic Analysis, current dollars

4: Federal Deposit Insurance Corporation (FDIC), June 30 annual data

5: U.S. Census Bureau, Manufacturing & Construction Division

6: Hartsfield-Jackson Atlanta International Airport

The Housing Authority of the City of Atlanta, Georgia

Metro Atlanta Top Ten Employers

Years 2012 to 2016



Rank	Employer	Facility type	2016	2014	2012
1	Delta Air Lines	Corporate HQ (FORTUNE #68)	31,699	31,237	27,000
2	Emory University / Emory Healthcare	Educational Institution/Health Care	26,026	29,937	23,872
3	The Home Depot	Corporate HQ (FORTUNE #28)	25,000	20,000	9,000
4	WellStar Health System	Corporate HQ/Health Care	20,000	13,500	8,583
5	AT&T	Division HQ/Regional HQ	17,000	17,882	18,000
6	UPS (United Parcel Service)	Corporate HQ (FORTUNE #48)	16,231	8,727	8,369
7	Northside Hospital	Health Care	14,577	9,016	6,670
8	Piedmont Healthcare	Corporate HQ/Health Care	12,906	8,707	6,113
9	Marriott International	Hotels	12,000	NA	NA
10	Publix Supermarkets	Division HQ	9,755	9,494	17,765

The Metro Atlanta Chamber's Economic Research Team conducts a top employers survey every two years to determine which employers have the largest total full-time equivalent (FTE) headcounts of all locations across the 29-county metro Atlanta area (Barrow, Bartow, Butts, Carroll, Cherokee, Clayton, Cobb, Coweta, Dawson, DeKalb, Douglas, Fayette, Forsyth, Fulton, Gwinnett, Haralson, Heard, Henry, Jasper, Lamar, Meriwether, Morgan, Newton, Paulding, Pickens, Pike, Rockdale, Spalding, Walton counties). The research included direct outreach to organizations with a survey from the Metro Atlanta Chamber's President & CEO as well as data from third party sources. Final results totaled 213 organizations that qualify as metro Atlanta's top employers. 55 percent of organizations provided direct survey responses with their full-time equivalent (FTE) headcounts. Full-time equivalent (FTE) headcounts for the remaining 45 percent of organizations listed, who did not respond, were sourced through either BusinessWise or the Atlanta Business Chronicle. Federal, state and local government and public school systems were not included in the research. The 2018 survey has not yet been completed.

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