

**HUNTSVILLE HOUSING AUTHORITY**  
**Huntsville, Alabama**

**FINANCIAL STATEMENTS**  
**March 31, 2013**

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# CliftonLarsonAllen

## Independent Auditor's Report

Board of Commissioners  
Huntsville Housing Authority  
Huntsville, Alabama

### Report on the Financial Statements

We have audited the accompanying financial statements of the Huntsville Housing Authority (the Authority), which comprise the statement of net position as of March 31, 2013, and the related statements of revenue, expenses and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority'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 Authority'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 Authority as of March 31, 2013, and its changes in financial position and its cash flows for the year 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 3 through 12 are presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The financial data schedules and the statement and certificate of program costs – capital fund program listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The financial data schedules and the statement and certificate of program costs – capital fund program 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 financial data schedule and the statement and certificate of program costs are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated July 27, 2013, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on 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 Authority's internal control over financial reporting and compliance.

*CliftonLarsonAllen LLP*

Baltimore, Maryland  
July 27, 2013

**HUNTSVILLE HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
March 31, 2013**

Huntsville Housing Authority's (the Authority) Management's Discussion and Analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Authority's financial activity, (c) identify changes in the Authority's financial position, and (d) identify individual fund issues or concerns.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes, and currently known facts, please read it in conjunction with the Authority's financial statements (beginning on page 13).

**FINANCIAL HIGHLIGHTS**

- The Authority's net position was \$41.3 million for 2013 and \$38.2 million for 2012, a \$3.1 million increase from 2012.
- The Authority's revenues increased by \$4.4 million during 2013, and were \$27.4 million and \$23.0 million for 2013 and 2012, respectively.
- The total expenses of all Authority programs increased from \$23.3 million to \$24.3 million, for a total increase of \$1.0 million.

**Entity-Wide Financial Statements**

The entity-wide financial statements (see pages 14 - 16) are designed to be corporate-like in that all business-type activities are consolidated into columns which add to a total for the entire Authority.

**Statement of Net Position**

These statements include a Statement of Net Position, which is similar to a Balance Sheet. The Statement of Net Position reports all financial and capital resources for the Authority. The statement is presented in the format where assets and deferred outflow of resources, minus liabilities and deferred inflow of resources, equals "Net Position," formerly known as equity. Assets and liabilities are presented in order of liquidity, and are classified as "Current" (convertible into cash within one year), and "Non-current."

The focus of the Statement of Net Position (the "Unrestricted Net Position") is designed to represent the net available liquid (non-capital) assets, net of liabilities, for the entire Authority.

**Statement of Revenues, Expenses, and Changes in Fund Net Position**

The entity-wide financial statements also include a Statement of Revenue, Expenses and Changes in Net Position (similar to an Income Statement). This statement includes Operating Revenues, such as rental income, Operating Expenses, such as administrative, utilities, maintenance, and depreciation, and Non-Operating Revenue and Expenses, such as investment income and interest expense.

The focus of the Statement of Revenues, Expenses and Changes in Net Position is the "Change in Net Position," which is similar to net income or loss.

**HUNTSVILLE HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
March 31, 2013**

**Statement of Cash Flows**

Finally, a Statement of Cash Flows is included, which discloses net cash provided by, or used for operating activities, investing activities, non-capital financing activities, and capital and related financing activities.

**Notes to the Financial Statements**

In addition to the entity-wide financial statements, the Authority is required to disclose certain information in the Notes to the Financial Statements. Notes to the Financial Statements provide additional information essential to a complete understanding of the data provided. These notes give a greater understanding of the overall activity of the Authority. They explain how values are assigned to certain assets and liabilities and the longevity of these values. In addition, notes reflect the impact (if any) of any uncertainties the Authority may face.

**Fund Financial Statements**

The Authority is accounted for as an Enterprise Fund. Enterprise funds utilize the full accrual basis of accounting. The enterprise method of accounting is similar to accounting utilized by the private sector.

Many of the programs maintained by the Authority are required by the Department of Housing and Urban Development (HUD). Others are segregated to enhance accountability and control.

**The Authority's Programs**

Conventional Public Housing – Under the Conventional Public Housing Program, the Authority rents units that it owns to low-income households. The Conventional Public Housing Program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides Operating Subsidy and Capital Grant funding to enable the PHA to provide the housing at a rent that is based upon 30% of household income. The Conventional Public Housing Program also includes the Capital Fund Program, which is the primary funding source for physical and management improvements to the Authority's properties.

Housing Choice Voucher Program – Under the Housing Choice Voucher Program, the Authority administers contracts with independent landlords that own the property. The Authority subsidizes the family's rent through a Housing Assistance Payment made to the landlord. The program is administered under an ACC with HUD. HUD provides Annual Contributions Funding to enable the Authority to structure a lease that sets the participants' rent at 30% of household income.

American Recovery and Reinvestment Act (ARRA) Grants – During the fiscal year ended March 31, 2010, the Authority received three grants funded by ARRA (stimulus funding) as follows:

1. Capital Fund Recovery Competitive (CFRC) – The Authority received a grant totaling \$5,953,200 to assist in the financing of Gateway Place, an 86-unit state-of-the-art senior facility. During the previous fiscal year, the Authority expended \$249,716 of the total grant amount. During the current year, the remaining \$200,000 was expended.

**HUNTSVILLE HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
March 31, 2013**

2. Capital Fund Recovery Grant (CFRG) – The Authority received a grant totaling \$4,093,829 to fund modernization activities at various developments. The entire amount of the grant was expended in prior fiscal years.
3. Alabama Housing Finance Authority (AHFA) – Section 1602 Exchange Funds – The Authority received a grant from AHFA totaling \$9,795,250 for a tax credit award for Gateway Place. During the previous fiscal year, the remaining balance of \$6,529,839 was expended.

Neighborhood Stabilization Program (NSP) - The Authority was awarded a pass-through grant from the Alabama Department of Economic and Community Affairs (ADECA) totaling \$3.8 million. Approximately \$1.1 million was expended during the fiscal year ended March 31, 2010. Approximately \$2.4 million was expended during FYE March 31, 2011. Approximately \$.2 million was expended during the previous fiscal year. During the current year the remaining \$.1 million was expended.

Other Programs – In addition to the major programs above, the Authority also maintains the following non-major programs.

Resident Opportunities and Self-Sufficiency Grant – a grant program funded by the Department of Housing and Urban Development that encourages self-sufficiency among the Authority's resident population.

Shelter Plus Care – In 2005, the Authority assumed a Shelter Plus Grant from the City of Huntsville. This grant provides funding to house 42 homeless and mentally ill participants. The Authority also receives a small Shelter Plus Grant to house an additional 8 homeless families.

Other Federal Programs – This year the Authority continued its participation in the Disaster Voucher Program (DVP). This program was created to provide housing assistance to those who lost their homes in the Hurricanes Katrina and Rita disaster areas. This program is expected to be closed in the next fiscal year.

Central Office Cost Center (COCC) – As part of its conversion to Asset Management, the Authority established the COCC to manage and oversee the operations of the Public Housing Developments, Housing Choice Voucher Program, and other grant programs. Utilizing a "fee for service" approach, the COCC recognizes revenues through management and service fees charged to the other programs. Management fees cannot exceed the "safe harbor" amount established by HUD.

HOME Funds – The City of Huntsville awarded a \$500,000 grant to HHA toward the construction of the Gateway development. The entire grant amount was expended in previous fiscal years.

**HUNTSVILLE HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
March 31, 2013**

**AUTHORITY-WIDE STATEMENTS**

The following table reflects the condensed Statement of Net Position compared to prior year. The Authority is engaged only in Business-Type Activities.

**Table 1  
Statements of Net Position**

	<b>2013 (in millions of dollars)</b>	<b>2012 (in millions of dollars)</b>	<b>Variance</b>
<b>Assets</b>			
Current and restricted assets	\$ 17.1	\$ 12.5	\$ 4.6
Non-current assets	<u>37.6</u>	<u>39.1</u>	<u>(1.5)</u>
<b>Total assets</b>	<u>54.7</u>	<u>51.6</u>	<u>3.1</u>
<b>Liabilities</b>			
Current liabilities	2.3	2.3	-
Non-current liabilities	<u>11.1</u>	<u>11.1</u>	<u>-</u>
<b>Total liabilities</b>	<u>13.4</u>	<u>13.4</u>	<u>-</u>
<b>Net position</b>			
Net investment in capital assets	27.0	28.8	(1.8)
Restricted net position	7.1	1.2	5.9
Unrestricted net position	<u>7.2</u>	<u>8.2</u>	<u>(1.0)</u>
<b>Total net position</b>	<u>\$ 41.3</u>	<u>\$ 38.2</u>	<u>\$ 3.1</u>

For more detailed information see page 14 for the Statement of Net Position.

**Major Factors Affecting the Statement of Net Position**

As illustrated in the condensed Statement of Net Position, the overall Net Position of the Authority increased from \$38.2 million to \$41.3 million. "Net investment in capital assets" decreased by \$1.8 million. This change in Capital Assets is explained in the section Capital Assets and Debt Administration found on Pages 9 – 10 of this report. Unrestricted Net Position decreased by \$1.0 million. Restricted Net Position increased by \$5.9 million.

Below is a brief explanation of significant changes in various accounts relative to the Statement of Net Position.

Current and restricted assets increased by \$4.6 million. The major source of this change is restricted cash, which increased due to the sale of Council Courts in the amount of \$5,045,262. Non-current assets decreased by \$1.5 million. Capital assets, net of depreciation, decreased by \$1.5 million and is explained in tables 3 and 4 on page 9.



**HUNTSVILLE HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
March 31, 2013**

There was no change in current or non-current liabilities from the prior year.

A breakdown of assets, liabilities, and net position by program can be found in the supplemental information on Pages 26 - 33.

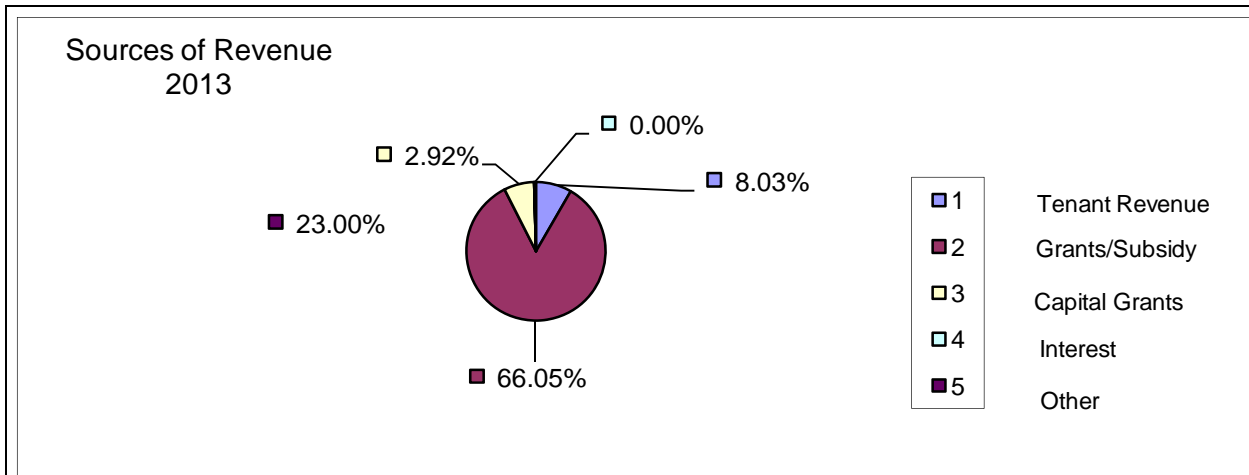
Table 2 compares the revenues and expenses for the current year and previous fiscal year. The Authority is engaged only in Business-Type Activities.

**Table 2  
Statement of Revenues, Expenses and Changes in Net Position**

	<b>2013 (in millions of dollars)</b>	<b>2012 (in millions of dollars)</b>	<b>Variance</b>
<b>Revenues</b>			
Tenant revenue	\$ 2.2	\$ 1.9	\$ 0.3
Program grants and subsidies	18.1	19.2	(1.1)
Capital grants	0.8	1.6	(0.8)
Other income	6.3	0.3	6.0
<b>Total revenues</b>	<u>27.4</u>	<u>23.0</u>	<u>4.4</u>
<b>Expenses</b>			
Administrative	5.0	5.0	-
Tenant services	0.8	0.8	-
Utilities	1.4	1.2	0.2
Maintenance	3.7	3.6	0.1
Protective services	0.5	0.4	0.1
General expenses	0.7	0.6	0.1
Housing assistance payments	8.8	8.5	0.3
Other expenses	0.1	0.4	(0.3)
Depreciation	3.3	2.8	0.5
<b>Total expenses</b>	<u>24.3</u>	<u>23.3</u>	<u>1.0</u>
<b>Net increase (decrease)</b>	3.1	(0.3)	3.4
<b>Beginning net position</b>	<u>38.2</u>	<u>38.5</u>	<u>(0.3)</u>
<b>Ending net position</b>	<u>\$ 41.3</u>	<u>\$ 38.2</u>	<u>\$ 3.1</u>

**HUNTSVILLE HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
March 31, 2013**

The pie chart below illustrates revenues by funding source. Please note that 84% of funding is derived from grants and subsidy payments from HUD.



**MAJOR FACTORS AFFECTING THE STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION**

Operating subsidy/grants decreased by \$1.1 million, from \$19.2 million to \$18.1 million. This decrease is due to a \$490,165 decrease in public housing operating subsidy, a decrease of \$254,914 in housing choice voucher subsidy, a decrease of \$150,594 in ARRA Capital Fund Stimulus, and a decrease of \$111,440 in NSP funding. The decreases in the ARRA and NSP grants are because these grants are ended or nearing their end.

Capital Grant Revenue decreased from \$1.6 million to \$0.7 million. This decrease is due to the fact that the expenditure from the ARRA Capital Fund Stimulus Grant for roofing and windows at various projects ended in FYE March 31, 2012. The amount expended during the prior fiscal year was \$.4 million.

Total expenses increased by \$1.0 million, from \$23.3 million to \$24.3 million. A breakdown of revenues and expenses by program can be found on Pages 28 and 29 of the supplemental information. The major source of this increase is in depreciation expense, which had an overall increase of \$0.5 million. This increase was primarily due to a change in depreciation policy for Gateway. Utilities increased \$0.2 million and housing assistance payments increased \$0.3 million. The HCV increase is due to an increase in the average HAP payment of approximately \$18 per unit month. Based on 98% occupancy that accounts for a \$0.3 million increase annually.

**Capital Assets and Debt Administration**

As of year-end, the Authority had \$37.4 million invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease (additions, deletions and depreciation) of \$1.5 million from the end of last year. This decrease is primarily linked to the sale of Council Courts and two NSP properties.

**HUNTSVILLE HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
March 31, 2013**

**Table 3  
Capital Assets at Year-End (Net of Depreciation)**

	<u>2013</u>	<u>2012</u>	<u>Variance</u>	<u>% Change</u>
Land	\$ 4,589,458	\$ 3,598,962	\$ 990,496	27.52%
Buildings	82,681,831	84,653,062	(1,971,231)	(2.33)%
Equipment - administration	2,024,488	2,089,816	(65,328)	(3.13)%
Accumulated depreciation	(51,932,391)	(51,571,701)	(360,690)	0.70%
Construction in progress	-	72,063	(72,063)	(100.00)%
<b>Total capital assets</b>	<u>\$ 37,363,386</u>	<u>\$ 38,842,202</u>	<u>\$ (1,478,816)</u>	(3.81)%

The following reconciliation summarizes the change in Capital Assets, which is presented in detail on page 21 of the notes.

**Table 4  
Change in Capital Assets**

	<u>Business-Type Activities</u>
<b>Beginning balance, April 1, 2012</b>	<u>\$ 38,842,202</u>
Additions	<u>2,622,873</u>
Retirements	(3,740,999)
Less accumulated depreciation on retirements	<u>(2,705,488)</u>
Net retirements	<u>(1,035,511)</u>
Depreciation	<u>(3,066,178)</u>
<b>Ending balance, March 31, 2013</b>	<u>\$ 37,363,386</u>

This year's major additions are:

Business-type activities:	
Capital improvement programs	\$ 852,028
Land purchases	1,704,768
Equipment purchases	<u>66,077</u>
<b>Total additions</b>	<u>\$ 2,622,873</u>

**HUNTSVILLE HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
March 31, 2013**

**Debt Outstanding**

As of year-end, the Authority had \$10.4 million in debt outstanding compared to \$11.4 million last year. A portion of the debt consists of bond issue obligations through the Public Housing Finance Corporation to be used for modernization of Public Housing developments. The repayment of this loan is to be made from the Capital Fund Program. In the event the Capital Fund Program ceases to exist, HUD will assume the balance of the loan. The balance on this loan is \$795,000.

Debt was created during the previous fiscal year as a result of the mixed finance development, Gateway Place. This debt is a cash assistance agreement utilizing Tax Credit Exchange Funds and is between Huntsville Senior Partners, LP, and the Alabama Housing Finance Agency (AHFA) in the amount of \$9,795,382. The cash assistance, evidenced by a promissory note, does not have to be repaid unless a default occurs under any Exchange Program Funding Document on or prior to the last day of the 15-year compliance period.

**Outstanding Debt at Year End**

	<u>2013</u>	<u>2012</u>
Bonds payable (CFFP)	\$ 795,000	\$ 1,560,000
Note payable (AHFA)	9,595,250	9,795,250

**FINANCIAL ANALYSIS OF THE AUTHORITY**

The Real Estate Assessment Center (REAC) performs a financial evaluation on the Public Housing Authority as it compares to its peers. This evaluation is known as the Financial Assessment SubSystem (FASS). Through regulation, the Authority is provided with the information needed to project its score. During this fiscal year, REAC will score the Authority's financial operations based on current interim regulations. The Authority estimates the following score for 2013:

**Public Housing Assessment System  
Financial Condition Indicators  
March 31, 2013**

	<u>Maximum Score</u>	<u>HHA Score</u>
Financial indicator:		
Current ratio	12	12
Number of months expendable fund balance	11	11
Debt ratio	<u>2</u>	<u>2</u>
<b>Total</b>	<u>25</u>	<u>25</u>

**HUNTSVILLE HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
March 31, 2013**

**ECONOMIC FACTORS**

Significant economic factors affecting the Authority are as follows:

- Federal funding of the Department of Housing and Urban Development:

Public Housing – currently funded on a calendar year. Calendar year 2011 funded at 100%; calendar year (CY) 2012 was funded at 94.97%. However, the CY 2012 funding included an offset to operating reserves. HHA's portion of this offset was \$1,216,412. This amount reduced revenue available during CY 2012, thus the offset affected the fiscal year end (FYE) 3/31/2012 and FYE 3/31/2013 negatively. CY 2013 is being funded under sequestration and a continuing resolution resulting in funding at approximately 77% of eligibility. This low funding level combined with three months of the 2012 off-set resulted in FY 2013 receiving \$953,599 less than was funded in FY 2012. FY 2014 funding is estimated to be \$1.6 less than fiscal year 2013 since nine months of calendar year 2013 are included in FY 2014.

Capital Fund – The 2011 Capital Fund was 14% lower than 2010 and the 2012 Capital Fund was 10% below 2011. The CY 2013, Capital Fund amounts are not available at this time; however, a reduction of at least 5% is assumed. These decreases are not sufficient to meet the needs of housing authorities.

Section 8 – CY 2012 continued the same method of funding for administrative fees as CY 2011 (based on leaseup and subject to proration). This same process continues for CY 2013. HUD actually funded administrative fees for CY 2012 at 80%. This proration resulted in a loss in administrative fees for FY 2013 of approximately \$200,000. Due to sequestration and the continuing resolution administrative fees for CY 2013 are funded at approximately 69%. This drastic cut in funding will result in a loss in administrative fees for FY 2014 of approximately \$370,000. This funding is not sufficient to meet the needs of the Authority. In order to continue operations, the Central Office Cost Center aided the agency's HCV program through an operating transfer during FY 2013. An operating transfer will also be needed in FY 2014.

Section 8 – Total Housing Assistance Payment (HAP) funding for CY 2012 was \$8,159,073, which was a minimal decrease of \$1,261 from the prior year. Based on sequestration and the continuing resolution HAP funding is estimated to be prorated at 94%. HAP funding is based on prior year data and does not consider an increase in HAP due to unemployment or changes in the economy.

Beginning 4/1/08, the Authority began its first compliance year with the Asset Management guidelines mandated by HUD. The Central Office Cost Center (COCC) was established in accordance with HUD guidance. The COCC has begun a "fee for service" approach and is billing the asset management projects (AMPS) and other funds for its management service. These fees are in accordance with HUD regulation and meet the safe-harbor requirement of being reasonable; therefore, the funds are defederalized.

Local labor supply and demand may affect salary and wage rates.

Local inflationary, recessionary and employment trends can affect resident incomes and therefore the amount of rental income. Unemployment in the Huntsville, Alabama area decreased from 7.6% in

**HUNTSVILLE HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
March 31, 2013**

March, 2011 to 6.3% in March, 2012; however, from March, 2012 to March, 2013 the employment rate remained constant at 6.3%.

Passage of Senate Bill 205 in the Alabama State Legislature – In early May, 2012, the Senate and the House of Representatives passed Senate Bill 205. The original measure was presented in response to HHA's 2009 purchase of Stone Manor Apartments in South Huntsville. The law requires the housing authority to disclose all future property purchases in a newspaper legal advertisement for three consecutive weeks prior to execution of any binding agreement to purchase the property. It would also need the Huntsville City Council's consent before seizing property through eminent domain. It is management's opinion that this law could result in "public pressure" during the 3-week advertising period that could make property owners reluctant to sell to the Authority. People could also try to scuttle the deal by offering more money. Either situation would hinder the agency's federally-mandated mission to further affordable housing opportunities in the City.

**FINANCIAL CONTACT**

The individual to be contacted regarding this report is Sandra Eddlemon, Director of Finance/CFO, of the Huntsville Housing Authority at (256) 532-5647. Specific requests may be submitted to Sandra Eddlemon, Director of Finance/CFO, Huntsville Housing Authority, P.O. Box 486, Huntsville, Alabama 35804-0486.

## **FINANCIAL STATEMENTS**

**HUNTSVILLE HOUSING AUTHORITY**  
**STATEMENT OF NET POSITION**  
**March 31, 2013**

**ASSETS**

**CURRENT ASSETS**

Cash and cash equivalents	\$ 6,980,712
Cash and cash equivalents - restricted	9,651,092
Accounts receivable	230,082
Tenant accounts receivable	14,393
Allowance for doubtful accounts	(427)
Prepaid expenses and other assets	<u>212,924</u>
Total current assets	<u>17,088,776</u>

**CAPITAL ASSETS**

Land	4,589,458
Buildings and improvements	82,681,831
Furniture and equipment	2,024,488
Less accumulated depreciation	<u>(51,932,391)</u>
Net capital assets	<u>37,363,386</u>

**OTHER ASSETS**

Bond costs net of amortization	5,638
Other assets	<u>247,681</u>
Total other assets	<u>253,319</u>

**TOTAL ASSETS**

\$ 54,705,481

**LIABILITIES AND NET POSITION**

**CURRENT LIABILITIES**

Accounts payable	\$ 845,426
Accrued wages and payroll taxes	143,255
Accrued compensated absences	204,465
Interest payable	8,248
Accounts payable - other governments	93,397
Tenant security deposits	172,326
Unearned revenues	30,072
Bonds payable - current	795,000
Other current liabilities	<u>1,624</u>
Total current liabilities	<u>2,293,813</u>

**LONG-TERM LIABILITIES**

Loan liability - non-current	9,595,250
Non-current liabilities - other	<u>1,559,309</u>
Total long-term liabilities	<u>11,154,559</u>
Total liabilities	<u>13,448,372</u>

**NET POSITION**

Net investment in capital assets	26,973,136
Restricted net position	7,095,456
Unrestricted net position	<u>7,188,517</u>
Total net position	<u>41,257,109</u>

**TOTAL LIABILITIES AND NET POSITION**

\$ 54,705,481

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



**HUNTSVILLE HOUSING AUTHORITY**  
**STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION**  
**Year Ended March 31, 2013**

<b>OPERATING REVENUES</b>	
Dwelling rent	\$ 2,162,501
Operating grants	18,091,291
Other revenue	<u>292,906</u>
 Total operating revenues	 <u>20,546,698</u>
<b>OPERATING EXPENSES</b>	
Administrative	5,046,479
Tenant services	782,030
Utilities	1,433,976
Maintenance and operations	3,736,396
Protective services	508,370
General expense	707,735
Housing assistance payments	8,830,329
Other operating expenses	<u>38,370</u>
 Total operating expenses	 <u>21,083,685</u>
 Operating loss before depreciation	 (536,987)
Depreciation and amortization	<u>3,066,178</u>
 Total operating loss	 <u>(3,603,165)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>	
Investment income	68,972
Gain on disposal of capital assets	5,918,669
Interest expense	<u>(72,861)</u>
 Total non-operating revenues	 <u>5,914,780</u>
 Increase in net position before capital contributions	 2,311,615
 Capital grants	 <u>757,206</u>
 <b>INCREASE IN NET POSITION</b>	 3,068,821
 <b>NET POSITION, BEGINNING</b>	 <u>38,188,288</u>
 <b>NET POSITION, ENDING</b>	 <u>\$ 41,257,109</u>

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

**HUNTSVILLE HOUSING AUTHORITY**  
**STATEMENT OF CASH FLOWS**  
**Year Ended March 31, 2013**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from dwelling rent	\$ 2,162,651
Cash received from grants	18,086,324
Cash received from other sources	292,906
Cash payments for salaries and benefits	(6,313,517)
Cash payments to vendors and landlords	<u>(13,775,131)</u>
Net cash flows provided by operating activities	<u>453,233</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Acquisition of capital assets	(976,305)
Proceeds from sale of assets	5,307,612
Principal paid on bond payable	(965,000)
Interest paid on bond payable	(72,861)
Capital grants	<u>757,206</u>
Net cash flows provided by capital and related financing activities	<u>4,050,652</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Investment interest	<u>68,972</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	4,572,857
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>12,058,947</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 16,631,804</u>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	
Operating loss	\$ (3,603,165)
Adjustment fo reconcile operating loss to net cash provided by operating activities:	
Depreciation	3,066,178
Provision for bad debts	87,155
Effects of changes in operating assets and liabilities:	
Accounts receivable	(92,122)
Tenant accounts receivable	(7,099)
Tenant security deposit	7,249
Prepaid	(29,232)
Other assets	(2,682)
Deferred revenue	(9,045)
Accounts payable	(20,260)
Accrued liabilities	(21,957)
Compensated absences	22,808
Other liabilities	(131)
Non-current other liabilities	<u>1,055,536</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>\$ 453,233</u>

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

**HUNTSVILLE HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2013**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Huntsville Housing Authority (the Authority) was organized in 1941 under the laws of the State of Alabama for the purpose of providing decent, safe, and sanitary dwelling accommodations for persons of low income. The Authority is engaged in the acquisition, modernization, and administration of low-rent housing.

The Authority is administered by a governing Board of Commissioners (the Board), whose members are appointed by the Mayor of the City of Huntsville, Alabama. Each member serves a five-year term. A substantial portion of the Authority's revenue is derived from subsidy contracts with the U.S. Department of Housing and Urban Development (HUD). The Annual Contributions Contracts entered into by the Authority and HUD provide operating subsidies for Authority-owned public housing facilities and Housing Choice Voucher housing assistance payments for eligible families.

The Authority is not a component unit of the City of Huntsville. The Authority is the owner of Neighborhood Acquisition and Redevelopment, Inc. (NARI), a non-profit organization. This organization's assets are included in the financial statements as a blended component unit which operates Gateway Place, an 86-unit elderly apartment complex that was placed in service during 2012.

**Use of Estimates in Preparing Financial Statements**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses in the financial statements and in the disclosures of contingent assets and liabilities. Accordingly, actual results could differ from those estimates.

**Basis of Presentation**

The financial statements of the Authority have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Authority is a Special Purpose Government engaged only in business-type activities and therefore, presents only the financial statements required for the enterprise fund, in accordance with GASB Statement 34 paragraph 138.

The Authority has multiple programs which are accounted for in one enterprise fund, which is presented in the basic financial statements as follows:

In accordance with the Enterprise Fund Method, activity is recorded using the accrual basis of accounting and the measurement focus is on the flow of economic resources. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. This requires the Authority to account for operations in a manner similar to private business.

**HUNTSVILLE HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2013**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Presentation** (continued)

GASB Statement No. 61, *The Financial Reporting Entity: Omnibus* – an amendment of GASB Statements No. 14 and No. 34 modifies certain requirements for inclusion of component units in the financial reporting entity. This includes the concept of financial burden or benefit on the relationship between the primary government and the component unit. The implementation of this new standard had no impact on the Authority's 2012 financial statements.

The Authority is required to follow all statements of GASB. GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, was issued to incorporate FASB and AICPA guidance into GASB authoritative literature.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* revised the financial reporting for elements of the financial statements as a consumption or acquisition of net assets that are applicable to a future reporting period. These items are distinct from assets and liabilities. This statement also identifies net position. The implementation of this new standard revised the presentation in the financial statements for those items identified as deferred outflows and inflows and revised the names of the statements presented and certain classifications within those statements.

**Basis of Accounting and Measurement Focus**

The basis of accounting for the fund used by the Authority is determined by measurement focus. The flow of economic resources measurement focus and the accrual basis of accounting are used to account for the Authority's funds. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. All assets and liabilities associated with the operation of this fund are included on the Statement of Net Position.

**Cash and Cash Equivalents**

The Authority considers cash on hand, cash in checking, and money market funds to be cash equivalents. Cash on hand is not included in calculation of collateral required.

**Accounts Receivable**

Tenant accounts receivables are carried at the amount considered by management to be collectible. Other accounts receivable consist of amounts due from HUD and State and Local governments for grant income.

**Prepaid Items**

Prepaid items consist of payments made to vendors for services that will benefit future periods.

**HUNTSVILLE HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2013**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Capital Assets**

Capital assets are recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The costs of maintenance and repairs are expensed while significant renewals and betterments are capitalized. Small dollar value minor equipment items are expensed. Depreciation on assets has been expensed in the Statement of Income. Estimated useful lives are as follows:

Buildings	15 - 30 years
Furniture, fixtures and equipment	5 - 7 years

**Revenue Recognition**

Dwelling rent income, HUD grants received for operations, other operating fund grants and operating miscellaneous income are shown as operating income. HUD grants received for capital assets and all other revenue is shown as non-operating revenue.

These financial statements do not contain material inter-fund revenues and expenses for internal activity. The policy is to eliminate any material inter-fund revenues and expenses for these financial statements.

**Unearned Revenue**

The Authority recognizes revenues as earned. An amount received in advance of the period in which it is earned is recorded as a liability under Unearned Revenue.

**Cost Allocation Plan**

In accordance with OMB Circular A-87, the Authority utilizes a Cost Allocation Plan. The Authority allocates indirect costs to programs on the basis of a number of methods including but not limited to direct salaries and wages, employees per department, percentage of office square footage, number of vouchers and/or units, estimated/actual time spent, number of checks processed or the allotment stipulated in contractual agreements.

**Net Position Classifications**

Net position is displayed in three components:

Net Investment in Capital Assets: This component of Net Position consists of all Capital Assets, reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Position: This component of Net Position consists of restricted assets when constraints are placed on the asset by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc.

Unrestricted Net Position: This component consists of Net Position that does not meet the definition of "Net Position Invested in Capital Assets, Net of Related Debt," or "Restricted Net Position."

**HUNTSVILLE HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
March 31, 2013**

**NOTE 2 – CASH AND CASH EQUIVALENTS**

*Custodial Credit Risk* – Custodial credit risk is the risk that, in the event of failure of the counterparty, the Authority will not be able to recover the value of its collateral securities that are in the possession of an outside party. FDIC limits for the year ended March 31, 2013 equaled \$250,000 per financial institution.

*Credit Risk* – The Authority’s policy is to limit credit risk by adherence to the list of HUD permitted investments, which are backed by the full faith and credit of or a guarantee of principal and interest by the U.S. Government.

*Interest Rate Risk* – The Authority does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from interest rate volatility.

The Authority's cash and cash equivalents consist of cash held in interest and non-interest bearing checking accounts and certificates of deposit totaling \$16,631,804. The restricted cash consists of interest bearing checking accounts, certificates of deposit, and U.S. Treasury Money Market Funds totaling \$9,651,092. Deposits with financial institutions are fully secured by federal deposit insurance or collateralized securities held in the Authority’s name.

All investments are carried at cost plus accrued interest, which approximates market. The Authority had no realized gains or losses on the sale of investments. The calculation of realized gains or losses is independent of a calculation of the net change in the fair value of investments.

**NOTE 3 – RESTRICTED CASH AND CASH EQUIVALENTS**

Restricted assets consist of the following:

Restricted for payment of current bonds payable	\$ 795,000
Restricted bond fund proceeds	201,052
Restricted for HAP (net restricted assets)	784,395
Restricted Section 8 Rental	15,000
Restricted proceeds from sale of Councill Courts	5,045,262
Restricted - Financial Literacy Grant	14,500
Restricted funds - Wachovia Grant	100,000
Restricted for Gateway Place reserves	2,054,662
Restrictions for tenant security deposits	172,326
FSS escrow	468,895
<b>Total restricted assets</b>	<b><u>\$ 9,651,092</u></b>

**HUNTSVILLE HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2013**

**NOTE 4 – CAPITAL ASSETS**

Capital assets consist of the following as of March 31, 2013:

	<u>FDS Balance,</u> <u>April 1, 2012</u>	<u>Additions</u>	<u>Transfers &amp;</u> <u>Deletions</u>	<u>Balance,</u> <u>March 31, 2013</u>
Land	\$ 3,598,962	\$ 1,704,768	\$ (714,272)	\$ 4,589,458
Construction in process	72,063	13,200	(85,263)	-
Total assets not being depreciated	<u>3,671,025</u>	<u>1,717,968</u>	<u>(799,535)</u>	<u>4,589,458</u>
Buildings and improvements	84,653,062	838,828	(2,810,059)	82,681,831
Furniture and equipment	2,089,816	66,077	(131,405)	2,024,488
Total property and equipment	<u>86,742,878</u>	<u>904,905</u>	<u>(2,941,464)</u>	<u>84,706,319</u>
Less accumulated depreciation	<u>(51,571,701)</u>	<u>(3,066,178)</u>	<u>2,705,488</u>	<u>(51,932,391)</u>
<b>Net book value</b>	<u>\$ 38,842,202</u>	<u>\$ (443,305)</u>	<u>\$ (1,035,511)</u>	<u>\$ 37,363,386</u>

On October 19, 2012, the Authority completed a simultaneous sale of various parcels of its Council Courts property to the City of Huntsville, Twickenham Square Venture, LLC, and Gallatin Street Partners, LLC. The Authority's net proceeds from the sale consisted of \$5,045,262 of cash proceeds which are to be used to acquire or develop new and/or existing Public Housing ACC units, Section 8 Project-Based units, or a new administrative building if the administration building includes ACC units. The Authority also acquired land from the City of Huntsville valued at \$1,646,568 as part of the transaction.

Additionally, a ground lease was established for 99 years as part of the agreement with Twickenham Square Venture, LLC, in the total amount of \$6,578,100. Payments are required in 5 year increments beginning in October 2017 in the amount of \$11,250, and are based on the following schedule:

	<u>Monthly</u>	<u>Annual</u>	<u>Total</u>
Years 1 - 25	\$ 2,250	\$ 27,000	\$ 675,000
Years 26 - 50	3,691	44,292	1,107,300
Years 51 - 75	6,054	72,648	1,816,200
Years 76 - 99	9,932	119,184	<u>2,979,600</u>
			<u>\$ 6,578,100</u>

**NOTE 5 – DEFERRED FINANCING COSTS**

Cost relating to obtaining the Revenue Bond financing are capitalized and amortized over the term of the related debt using the straight-line method. Accumulated amortization at March 31, 2013 was \$163,503. Amortization expense for the year was \$16,914. When a loan is paid in full, any unamortized financing costs are removed from the related accounts and charged to operations.

**HUNTSVILLE HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2013**

**NOTE 6 – INTERPROGRAM ACTIVITY**

The Authority manages several programs. Many charges, i.e., payroll, benefits, insurance, etc. are paid by and subsequently reimbursed to the COCC or the Housing Choice Voucher Program. Balances due for such charges are reflected in the Inter-program Due to/Due from account balances on the Financial Data Schedule. Inter-programs at March 31, 2013 consisted of the following:

COCC	\$ (368,549)
Low Rent Public Housing	(175,639)
Disaster Housing Assistance	88,718
DVP	23,929
Shelter Plus Care	(4,772)
NSP	545,735
ROSS	(5,970)
Housing Choice Vouchers	<u>(103,452)</u>
<b>Total</b>	<u>\$ -</u>

**NOTE 7 – COMPENSATED ABSENCES**

Compensated absences are absences for which employees will be paid. The Authority accrues the liability for those absences that the employee has earned the rights to the benefits. Accrued amounts are based on a prescribed formula based on length of service. Full-time, permanent employees, depending on tenure with the Authority, are granted vacation and sick leave benefits in varying amounts to specified maximums. Vacation pay is recorded as an expense and related liability in the period earned by employees. Leave accrued but not yet paid as of March 31, 2013, is shown as a liability allocated between current and non-current. As of March 31, 2013, \$289,764 was accrued for compensated absences.

**NOTE 8 – BONDS AND NOTES PAYABLE**

The Authority pledged a portion of its annual Capital Fund Grant from HUD to secure the Authority's allocable portion of bonds issued jointly by the Authority and other participating Alabama housing authorities. The Authority's allocable share of the net proceeds, \$6,835,000 was used to acquire, construct, equip, renovate and improve public housing developments owned and operated by the Authority for rental to and occupancy by qualified tenants under the applicable HUD rules and regulations. The bonds are designated as Capital Program Revenue Bonds, Series 2003. The entire proceeds of \$6,835,000 were deposited with the Trustee (Wells Fargo), which was authorized and directed to apply and disburse such monies for the purposes and in the order specified in the Master Trust Indenture. The bonds bear interest at a rate not to exceed six percent and are paid semi-annually. The balance outstanding at March 31, 2013 was \$795,000.



**HUNTSVILLE HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
March 31, 2013**

**NOTE 8 – BONDS AND NOTES PAYABLE (CONTINUED)**

Interest paid and expensed during the year was \$55,948. Future bond payments are as follows:

	<b>Principal</b>	<b>Interest</b>
Fiscal Year 2014	\$ 795,000	\$ 14,496
<b>Total payments</b>	<b>\$ 795,000</b>	<b>\$ 14,496</b>

In addition, the Authority, in conjunction with the Huntsville Senior Apartments, L.P., has been awarded a Promissory Note in the amount of \$9,795,250 on July 30, 2010 from the Alabama Housing Finance Authority under the U.S. Department of Treasury’s Tax Credit Exchange Program for Gateway Place. The project was placed into service on November 18, 2011. As of March 31, 2012, the full amount of the award was expended. The note does not have to be repaid unless a default occurs under any Exchange Program Funding Document on or prior to the last day of the 15-year compliance period.

**NOTE 9 – OTHER LONG-TERM LIABILITIES**

Other long-term liabilities consist of the following:

	<b>Balance, March 31, 2012</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance, March 31, 2013</b>
Accrued compensated absences	\$ 259,641	\$ 30,123	\$ -	\$ 289,764
FSS escrows	424,986	1,048,221	-	1,473,207
Bond premium	803	-	-	803
Total debt	685,430	1,078,344	-	1,763,774
Less: current portion compensated absences	181,657	22,808	-	204,465
<b>Total other long-term liabilities</b>	<b>\$ 503,773</b>	<b>\$ 1,055,536</b>	<b>\$ -</b>	<b>\$ 1,559,309</b>

**NOTE 10 – EMPLOYEE BENEFIT PLANS**

The Authority has a defined contribution plan for all employees having at least three months of service. Participants do not contribute to the plan and become fully vested in employer contributions and investments earnings after five years of participation in the plan. Total employer contributions to the plan were \$639,992 for the year.

The Authority sponsors a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan permits all employees to defer a portion of their salary until future years. Such amounts are not available to employees until termination, retirement, death, or unforeseeable emergency.

**HUNTSVILLE HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2013**

**NOTE 10 – EMPLOYEE BENEFIT PLANS (CONTINUED)**

Assets in the plan are recorded at market value but are administered by a private corporation under contract with the Authority. It is the opinion of the Authority's legal counsel that the Authority has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor.

**NOTE 11 – RISK MANAGEMENT**

The Authority is exposed to various risks of losses related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority carries commercial insurance for all risks of loss, including workman's compensation and employee health and accident insurance. The Authority has not had any significant reductions in insurance coverage or any claims not reimbursed.

The Authority is party to litigation with the Contractor for the Gateway Place Project. The Authority and the Contractor are disputing amounts due to the Contractor under terms of the Agreement for liquidated damages and non conforming work. The Authority is withholding final payment until the issue is resolved and the Contractor has retained counsel. The balance due of approximately \$300,000 is included in the financial statements in accounts payable at March 31, 2013.

**NOTE 12 – CONCENTRATION OF RISK**

The Authority receives most of its funding from HUD. These funds and grants are subject to modification by HUD depending on the availability of funding.

**NOTE 13 – COMMITMENTS AND CONTINGENCIES**

Amounts received or receivable from HUD are subject to audit and adjustment by grantor agencies. If expenses are disallowed as a result of these audits, the claims for reimbursement to the grantor agency would become a liability of the Authority. In the opinion of management, any such adjustments would not be significant.

**NOTE 14 – RELATED PARTY**

The Authority is the 100% owner of Neighborhood Acquisition and Redevelopment, Inc. (NARI). NARI owns 90% of Huntsville Senior Housing, Inc., a for profit organization. Huntsville Senior Housing, Inc. is 1% General Partner of Huntsville Senior Apartments, L.P., which is the owner of the new Gateway Place Project which is located on the site where the Eastside of Council Court was previously located.

The Authority currently has several construction loan agreements with Huntsville Senior Apartments, L.P. for the development and construction of Gateway Place, an 86-unit elderly apartment complex.

**HUNTSVILLE HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2013**

**NOTE 14 – RELATED PARTY (CONTINUED)**

As of year-end, the following amounts are due from Huntsville Senior Apartments, L.P. These amounts are eliminated in the Statement of Net Position.

Capital Fund Recovery Competition	\$ 5,503,484
HOME Investment Partnerships Program	500,000
Capital Fund Recovery Grant	725,099
COCC	<u>200,000</u>
<b>Total</b>	<u><u>\$ 6,928,583</u></u>

This information is an integral part of the accompanying financial statements.

**SUPPLEMENTAL INFORMATION**

**HUNTSVILLE HOUSING AUTHORITY**  
**ENTITY-WIDE BALANCE SHEET SUMMARY**  
**March 31, 2013**

Line Item #	Accounts Description	Project Totals	Disaster		Shelter Plus Care	Competitive Capital Fund Stimulus Grant	Formula Capital Fund Stimulus Grant	CDBG/NSP	ROSS	Housing Choice Vouchers	Business Activities	State and Local	COCC	Elimination	Total
			Housing Assistance	Disaster Voucher											
<b>CURRENT ASSETS</b>															
Cash:															
111	Unrestricted	\$ 4,462,443	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 326,129	\$ 109,265	\$ -	\$ 2,082,875	\$ -	\$ 6,980,712
112	Cash - restricted - modernization and development	5,045,262	-	-	-	-	-	-	-	-	-	-	-	-	5,045,262
113	Other restricted	410,842	-	-	-	-	-	-	-	1,043,500	2,054,662	-	129,500	-	3,638,504
114	Tenant security deposits	164,991	-	-	-	-	-	-	-	-	7,335	-	-	-	172,326
115	Restricted for payment of current liability	795,000	-	-	-	-	-	-	-	-	-	-	-	-	795,000
100	Total cash	10,878,538	-	-	-	-	-	-	-	1,369,629	2,171,262	-	2,212,375	-	16,631,804
Accounts and notes receivable:															
121	Accounts receivable - PHA projects	-	-	-	-	-	-	-	-	-	-	-	-	-	-
122	HUD other projects	45,567	-	-	94,974	-	-	-	10,741	-	-	-	-	-	151,282
124	Other government	-	-	-	-	-	-	-	-	-	-	-	-	-	-
125	Miscellaneous	37,590	-	-	-	-	-	-	-	7,700	302,860	-	28,608	(300,000)	76,758
126	Tenants	8,389	-	-	-	-	-	-	-	-	4,500	-	-	-	12,889
126.1	Allowance for doubtful accounts - tenants	(427)	-	-	-	-	-	-	-	-	-	-	-	-	(427)
127	Notes, loans, & mortgages receivable - current	-	-	-	-	-	-	-	-	-	-	-	-	-	-
128	Fraud recovery	1,504	-	-	-	-	-	-	-	-	-	-	-	-	1,504
129	Accrued interest receivable	1,750	-	-	-	-	-	-	-	-	-	-	292	-	2,042
120	Total receivables, net of allowances for uncollectibles	94,373	-	-	94,974	-	-	-	10,741	7,700	307,360	-	28,900	(300,000)	244,048
131	Investments - unrestricted	-	-	-	-	-	-	-	-	-	-	-	-	-	-
132	Investments - restricted	-	-	-	-	-	-	-	-	-	-	-	-	-	-
135	Investments - restricted for payment of current liability	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total current investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
142	Prepaid expenses and other assets	143,989	-	-	-	-	-	-	-	16,200	13,946	-	38,789	-	212,924
143	Inventories	-	-	-	-	-	-	-	-	-	-	-	-	-	-
143.1	Allowance for obsolete inventories	-	-	-	-	-	-	-	-	-	-	-	-	-	-
144	Interprogram - due from	-	88,718	23,929	-	-	-	545,735	-	-	-	-	-	(658,382)	-
145	Assets held for sale	-	-	-	-	-	-	-	-	-	-	-	-	-	-
150	Total current assets	11,116,900	88,718	23,929	94,974	-	-	545,735	10,741	1,393,529	2,492,568	-	2,280,064	(958,382)	17,088,776
<b>NONCURRENT ASSETS</b>															
Fixed assets:															
161	Land	3,980,627	-	-	-	-	-	44,500	-	-	1	-	564,330	-	4,589,458
162	Buildings	65,678,118	-	-	-	-	-	328,607	-	-	15,312,567	-	1,362,539	-	82,681,831
163	Furniture, equipment & mach - dwellings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
164	Furniture, equipment & mach - admin.	1,192,417	-	-	-	-	-	-	-	68,881	98,904	-	664,286	-	2,024,488
165	Leasehold improvements	-	-	-	-	-	-	-	-	-	-	-	-	-	-
166	Accumulated depreciation	(49,243,357)	-	-	-	-	-	(20,663)	-	(49,855)	(805,406)	-	(1,813,110)	-	(51,932,391)
167	Construction in progress	-	-	-	-	-	-	-	-	-	-	-	-	-	-
168	Infrastructure	-	-	-	-	-	-	-	-	-	-	-	-	-	-
160	Total fixed assets, net of accumulated depreciation	21,607,805	-	-	-	-	-	352,444	-	19,026	14,606,066	-	778,045	-	37,363,386
171	Notes, loans and mortgages receivable - noncurrent	725,099	-	-	-	5,503,484	-	-	-	-	-	500,000	200,000	(6,928,583)	-
174	Other assets	5,639	-	2,261	-	-	-	-	-	-	212,454	-	32,965	-	253,319
176	Investment in joint ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-
180	Total noncurrent assets	22,338,543	-	2,261	-	5,503,484	-	352,444	-	19,026	14,818,520	500,000	1,011,010	(6,928,583)	37,616,705
190	<b>TOTAL ASSETS</b>	<b>\$ 33,455,443</b>	<b>\$ 88,718</b>	<b>\$ 26,190</b>	<b>\$ 94,974</b>	<b>\$ 5,503,484</b>	<b>\$ -</b>	<b>\$ 898,179</b>	<b>\$ 10,741</b>	<b>\$ 1,412,555</b>	<b>\$ 17,311,088</b>	<b>\$ 500,000</b>	<b>\$ 3,291,074</b>	<b>\$ (7,886,965)</b>	<b>\$ 54,705,481</b>

**HUNTSVILLE HOUSING AUTHORITY**  
**ENTITY-WIDE BALANCE SHEET SUMMARY**  
**March 31, 2013**

Line Item #	Accounts Description	Project Totals	Disaster	Shelter Plus	Competitive Capital	Formula Capital Fund	CDBG/	Housing Choice	Business	COCC	Elimination	Total		
			Housing Assistance	Disaster Voucher	Care	Fund Stimulus Grant	Stimulus Grant	NSP	ROSS				Vouchers	Activities
<b>CURRENT LIABILITIES</b>														
311	Bank overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
312	Accounts payable < 90 days	116,097	-	-	90,202	-	-	14,776	-	46,728	139,312	331,806	(300,000)	438,921
313	Accounts payable > 90 days past due	-	-	-	-	-	-	-	-	-	406,505	-	-	406,505
321	Accrued wage/payroll taxes payable	79,839	-	-	-	-	-	1,232	4,771	14,665	1,942	40,806	-	143,255
322	Accrued compensated absences - current portion	107,992	-	-	-	-	-	-	-	21,978	-	74,495	-	204,465
324	Accrued contingency liability	-	-	-	-	-	-	-	-	-	-	-	-	-
325	Accrued interest payable	8,248	-	-	-	-	-	-	-	-	-	-	-	8,248
331	Accounts payable - HUD PHA programs	-	-	-	-	-	-	-	-	14,441	-	-	-	14,441
333	Accounts payable - other gov.	52,589	-	-	-	-	-	-	-	977	24,030	1,360	-	78,956
341	Tenant security deposits	164,991	-	-	-	-	-	-	-	-	7,335	-	-	172,326
342	Deferred revenues	8,599	-	-	-	-	-	-	-	-	6,973	14,500	-	30,072
343	Current portion of LT debt - capital projects / mortg	795,000	-	-	-	-	-	-	-	-	-	-	-	795,000
344	Current portion of LT debt - operating borrowings	-	-	-	-	-	-	-	-	-	-	-	-	-
345	Other current liabilities	1,624	-	-	-	-	-	-	-	-	-	-	-	1,624
346	Accrued liabilities - other	-	-	-	-	-	-	-	-	-	-	-	-	-
347	Interprogram (due to)	175,639	-	-	4,772	-	-	-	5,970	103,452	-	368,549	(658,382)	-
348	Loan liability - current	-	-	-	-	-	-	-	-	-	-	-	-	-
310	Total current liabilities	1,510,618	-	-	94,974	-	-	16,008	10,741	202,241	586,097	831,516	(958,382)	2,293,813
<b>NON-CURRENT LIABILITIES</b>														
351	Capital projects / mortgage revenue bonds	-	-	-	-	-	-	-	-	-	-	-	-	-
352	Long-term debt, net of current - operating borrowings	-	-	-	-	-	-	-	-	-	-	-	-	-
353	Non-current liabilities - other	209,989	-	-	-	-	-	-	-	259,105	1,004,916	-	-	1,474,010
354	Accrued compensated absences - non-current	42,763	-	-	-	-	-	-	-	8,982	-	33,554	-	85,299
355	Loan liability - non current	-	-	-	-	-	-	-	-	-	16,523,833	-	(6,928,583)	9,595,250
357	Accrued pension and OPEB liability	-	-	-	-	-	-	-	-	-	-	-	-	-
350	Total non-current liabilities	252,752	-	-	-	-	-	-	-	268,087	17,528,749	33,554	(6,928,583)	11,154,559
300	Total liabilities	1,763,370	-	-	94,974	-	-	16,008	10,741	470,328	18,114,846	865,070	(7,886,965)	13,448,372
<b>EQUITY</b>														
508.1	Invested in capital assets	20,812,805	-	-	-	-	-	352,444	-	19,026	(1,917,767)	778,045	6,928,583	26,973,136
511.1	Restricted net assets	5,246,315	-	-	-	-	-	-	-	784,395	1,049,746	15,000	-	7,095,456
512.1	Unrestricted net assets	5,632,953	88,718	26,190	-	5,503,484	-	529,727	-	138,806	64,263	500,000	(6,928,583)	7,188,517
513	Total equity/net assets	31,692,073	88,718	26,190	-	5,503,484	-	882,171	-	942,227	(803,758)	500,000	2,426,004	41,257,109
600	<b>TOTAL LIABILITIES AND EQUITY/NET ASSETS</b>	\$ 33,455,443	\$ 88,718	\$ 26,190	\$ 94,974	\$ 5,503,484	\$ -	\$ 898,179	\$ 10,741	\$ 1,412,555	\$ 17,311,088	\$ 500,000	\$ 3,291,074	\$ 54,705,481

**HUNTSVILLE HOUSING AUTHORITY**  
**ENTITY-WIDE REVENUE AND EXPENSE SUMMARY**  
**Year Ended March 31, 2013**

Line Item #	Accounts Description	Project Totals	Disaster		VASH	Shelter Plus Care	Competitive Capital Fund Stimulus Grant	Formula Capital Fund Stimulus Grant	CDBG/NSP	ROSS	Housing Choice		Business		Elimination	Total
			Housing Assistance	Disaster Voucher							Vouchers	Activities	State and Local	COCC		
<b>REVENUE</b>																
70300	Net tenant rental revenue	\$ 1,761,862	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 350,750	\$ -	\$ -	\$ -	\$ 2,112,612
70400	Tenant revenue - other	47,340	-	-	-	-	-	-	-	-	-	2,549	-	-	-	49,889
70500	Total tenant revenue	1,809,202	-	-	-	-	-	-	-	-	-	353,299	-	-	-	2,162,501
70600	HUD PHA operating grants	8,054,966	-	-	-	306,998	200,000	-	-	223,109	9,239,004	-	-	-	-	18,024,077
706.10	Capital grants	775,230	-	-	-	-	-	-	-	-	-	-	-	-	-	775,230
70700	Total fee revenue	-	-	-	-	-	-	-	-	-	-	-	-	2,649,046	(2,649,046)	-
70800	Other governmental grants	-	-	-	-	-	-	67,214	-	-	-	-	-	-	-	67,214
71100	Investment income - unrestricted	61,591	-	-	-	-	-	-	-	-	3,056	3	-	2,219	-	66,869
71200	Mortgage interest income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
71300	Proceeds from disposition of assets held for sale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
713.10	Cost of sales of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
71400	Fraud recovery	-	-	-	-	-	-	-	-	-	81,489	-	-	-	-	81,489
71500	Other revenue	84,707	-	-	-	-	-	-	-	40,705	40,705	38,085	-	47,920	-	211,417
71600	Gain or loss on the sale of fixed assets	5,982,331	-	-	-	-	-	(64,712)	-	-	-	-	-	1,050	-	5,918,669
72000	Investment income - unrestricted	664	-	-	-	-	-	-	-	-	1,403	36	-	-	-	2,103
70000	Total revenue	16,768,691	-	-	-	306,998	200,000	-	2,502	223,109	9,365,657	391,423	-	2,700,235	(2,649,046)	27,309,569
<b>EXPENSES</b>																
Administrative:																
91100	Administrative salaries	774,630	-	-	-	1,207	-	-	54,967	-	425,879	-	-	1,276,770	-	2,533,453
91200	Auditing fees	21,450	-	-	-	-	-	-	-	-	10,725	-	-	10,725	-	42,900
91300	Management fee	1,347,984	-	-	-	-	200,000	-	-	20,000	221,424	39,328	-	-	(1,789,411)	39,325
913.10	Bookkeeping fee	150,044	-	-	-	-	-	-	-	-	138,390	-	-	-	(288,434)	-
91400	Advertising and marketing	17,579	-	-	-	-	-	-	3,907	-	271	-	-	24,747	-	46,504
91500	Employee benefit contributions - administrative	314,773	-	-	-	391	-	-	13,881	-	201,036	-	-	463,095	-	993,176
91600	Office expenses	226,105	-	-	-	-	-	-	-	-	125,646	8,554	-	225,300	-	585,605
91700	Legal expense	75,806	-	-	-	-	-	-	4,634	-	-	-	-	168,471	-	248,911
91800	Travel	78,217	-	-	-	-	-	-	-	6,007	10,631	-	-	119,804	-	214,659
918.10	Allocated overhead	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
91900	Other	241,272	-	671	-	-	-	-	468	-	603	-	-	98,932	-	341,946
	Total administrative	3,247,860	-	671	-	1,598	200,000	-	77,857	26,007	1,134,605	47,882	-	2,387,844	(2,077,845)	5,046,479
92000	Asset management fee	199,640	-	-	-	-	-	-	-	-	-	-	-	-	(199,640)	-
Tenant services:																
92100	Salaries	151,043	-	-	-	-	-	-	-	123,038	5,703	-	-	-	-	279,784
92200	Relocation costs	52,520	-	-	-	-	-	-	-	-	-	-	-	-	-	52,520
92300	Employee benefit contributions	46,593	-	-	-	-	-	-	-	67,926	2,075	-	-	-	-	116,594
92400	Other	315,919	-	-	-	-	-	-	-	6,138	1,521	-	-	9,554	-	333,132
	Total tenant services	566,075	-	-	-	-	-	-	-	197,102	9,299	-	-	9,554	-	782,030
Utilities:																
93100	Water	250,454	-	-	-	-	-	-	239	-	-	12,892	-	1,146	-	264,731
93200	Electricity	373,980	-	-	-	-	-	-	1,236	-	-	104,530	-	20,285	-	500,031
93300	Gas	27,767	-	-	-	-	-	-	93	-	-	21,709	-	3,512	-	53,081
93400	Fuel	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
93600	Sewer	531,645	-	-	-	-	-	-	181	-	-	6,218	-	843	-	538,887
93800	Other utilities expense	55,816	-	-	-	-	-	-	861	-	-	371	-	20,198	-	77,246
	Total utilities	1,239,662	-	-	-	-	-	-	2,610	-	-	145,720	-	45,984	-	1,433,976
Ordinary maintenance & operations:																
94100	Labor	1,318,940	-	-	-	-	-	-	-	-	-	23,589	-	87,274	-	1,429,803
94200	Materials and other	1,238,404	-	-	-	-	-	-	13,266	-	3,242	15,782	-	70,939	-	1,341,633
94300	Contracts	721,105	-	-	-	-	-	-	-	-	-	32,380	-	10,645	(371,561)	392,569
94500	Employee benefits contribution	523,052	-	-	-	-	-	-	-	-	-	5,667	-	43,672	-	572,391
	Total ordinary maintenance & operations	3,801,501	-	-	-	-	-	-	13,266	-	3,242	77,418	-	212,530	(371,561)	3,736,396

**HUNTSVILLE HOUSING AUTHORITY**  
**ENTITY-WIDE REVENUE AND EXPENSE SUMMARY**  
**Year Ended March 31, 2013**

Line Item #	Accounts Description	Project Totals	Disaster			Competitive Capital Fund Stimulus Grant	Formula Capital Fund Stimulus Grant	CDBG/NSP	ROSS	Housing			COCC	Elimination	Total
			Housing Assistance	Disaster Voucher	Shelter Plus Care					Choice Vouchers	Business Activities	State and Local			
<b>EXPENSES (Continued)</b>															
Protective services:															
95100	Labor	\$ 277,929	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 277,929
95200	Other contract costs	127,368	-	-	-	-	-	-	-	-	-	-	-	127,368	
95300	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	
95500	Employee benefit contributions	103,073	-	-	-	-	-	-	-	-	-	-	-	103,073	
	Total protective services	508,370	-	-	-	-	-	-	-	-	-	-	-	508,370	
96100	Total Insurance premiums	403,032	-	-	-	-	1,578	-	20,899	27,517	-	34,419	-	487,445	
General expenses:															
96200	Other general expenses	-	-	-	-	-	-	-	-	10,565	20,000	-	-	30,565	
96210	Compensated absences	5,827	-	-	-	-	-	-	6,334	-	-	17,961	-	30,122	
96300	Payments in lieu of taxes	48,418	-	-	-	-	-	-	-	-	24,030	-	-	72,448	
96400	Bad debt - tenant rents	82,401	-	-	-	-	-	-	-	-	4,754	-	-	87,155	
96000	Total general expenses	136,646	-	-	-	-	-	-	16,899	48,784	-	17,961	-	220,290	
96700	Total interest expense and amortization cost	72,861	-	-	-	-	-	-	-	-	-	-	-	72,861	
96900	Total operating expenses	10,175,647	-	671	1,598	200,000	-	95,311	223,109	1,184,944	347,321	-	2,708,292	(2,649,046)	12,287,847
97000	Excess of operating revenue over operating expenses	6,593,044	-	(671)	305,400	-	-	(92,809)	-	8,180,713	44,102	-	(8,057)	-	15,021,722
97100	Extraordinary maintenance	-	-	-	-	-	-	-	-	-	-	-	-	-	
97200	Casualty losses - non capitalized	38,370	-	-	-	-	-	-	-	-	-	-	-	38,370	
97300	Housing assistance payments	-	-	2,681	305,400	-	-	-	-	8,522,248	-	-	-	8,830,329	
97400	Depreciation expense	2,444,105	-	-	-	-	14,940	-	9,081	497,780	-	100,272	-	3,066,178	
90000	Total expenses	12,658,122	-	3,352	306,998	200,000	-	110,251	223,109	9,716,273	845,101	-	2,808,564	(2,649,046)	24,222,724
Other financing sources (uses):															
10010	Operating transfer in	2,208,375	-	-	-	-	-	-	-	99,145	-	-	-	(2,307,520)	-
10020	Operating transfer out	(2,208,375)	-	-	-	-	-	-	-	-	-	(99,145)	-	2,307,520	-
10040	Operating transfer to/from component unit	(65,970)	-	-	-	-	-	-	-	-	47,946	-	-	-	(18,024)
10070	Extraordinary items, net gain / loss	-	-	-	-	-	-	-	-	-	-	-	-	-	
10091	Inter project excess cash transfer in	538,224	-	-	-	-	-	-	-	-	-	-	-	(538,224)	-
10092	Inter project excess cash transfer out	(538,224)	-	-	-	-	-	-	-	-	-	-	-	538,224	-
10100	Total other financing sources (uses)	(65,970)	-	-	-	-	-	-	-	99,145	47,946	-	(99,145)	-	(18,024)
10000	<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENSES</b>	<b>\$ 4,044,599</b>	<b>\$ -</b>	<b>\$ (3,352)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (107,749)</b>	<b>\$ -</b>	<b>\$ (251,471)</b>	<b>\$ (405,732)</b>	<b>\$ -</b>	<b>\$ (207,474)</b>	<b>\$ -</b>	<b>\$ 3,068,821</b>
<b>Memo Account information</b>															
11020	Required annual debt principal payments	\$ 764,950	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 764,950
11030	Beginning equity	26,921,972	88,718	29,542	-	5,503,484	725,099	989,920	403	1,193,698	(398,026)	500,000	2,633,478	-	38,188,288
11040	Prior period adjustments, equity transfers & correction	725,502	-	-	-	-	(725,099)	-	(403)	-	-	-	-	-	-
11170	Administrative fee equity	-	-	-	-	-	-	-	-	167,618	-	-	-	-	167,618
11180	Housing assistance payments equity	-	-	-	-	-	-	-	-	774,609	-	-	-	-	774,609
11190	Unit months available	20,291	-	-	600	-	-	-	-	18,648	1,032	-	-	-	40,571
11210	Unit months leased	20,118	-	-	600	-	-	-	-	18,539	870	-	-	-	40,127
11270	Excess cash	3,204,776	-	-	-	-	-	-	-	-	-	-	-	-	3,204,776
11610	Land purchases	2,418,768	-	-	-	-	-	-	-	-	-	-	-	-	2,418,768
11620	Building purchases	948,941	-	-	-	-	-	-	-	-	-	-	-	-	948,941
11630	Furniture & equipment - dwelling purchases	-	-	-	-	-	-	-	-	-	-	-	-	-	
11640	Furniture & equipment - administrative purchases	19,958	-	-	-	-	-	-	-	-	-	41,275	-	-	61,233
13510	CFFP debt service payments	828,593	-	-	-	-	-	-	-	-	-	-	-	-	828,593





**HUNTSVILLE HOUSING AUTHORITY**  
**PROJECT BALANCE SHEET SUMMARY**  
**March 31, 2013**  
(Continued)

Line Item	Accounts Description	AMP 001	AMP 002	AMP 003	AMP 004	AMP 006	AMP 007	AMP 008	AMP 010	AMP 011	AMP 014	AMP 016	AMP 018	AMP 019	AMP 020	AMP 021	AMP 022	AMP 024	AMP 051	AMP 052	AMP 060	Project Totals
<b>CURRENT LIABILITIES</b>																						
311	Bank overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
312	Accounts payable < 90 days	-	10,119	16,024	10,831	15,549	9,948	5,730	6,149	8,428	5,241	696	291	3,335	1,619	59	2,979	-	4,356	14,743	-	116,097
321	Accrued wage/payroll taxes payable	-	6,584	8,539	6,108	8,950	8,871	8,127	1,860	9,712	5,232	596	302	4,100	554	171	-	-	2,710	7,423	-	79,839
	Accrued compensated absences - current portion	-	8,714	6,774	8,823	10,147	13,051	10,450	3,087	15,795	8,628	975	533	3,389	958	283	-	-	6,646	9,739	-	107,992
324	Accrued contingency liability	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
325	Accrued interest payable	-	911	14	414	2,613	-	-	470	22	727	904	-	-	-	-	-	-	705	1,468	-	8,248
331	Accounts payable - HUD PHA programs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
333	Accounts payable - other gov.	237	54	1,094	102	5,859	8,425	11,630	342	6,905	456	2,130	37	4,290	3,050	823	-	-	3,631	3,524	-	52,589
341	Tenant security deposits	-	11,920	15,970	13,560	21,854	20,520	13,310	8,070	9,840	10,830	2,600	1,600	5,030	2,400	1,000	-	-	6,970	19,517	-	164,991
342	Deferred revenues	-	-	-	1,588	-	1,287	-	-	-	2,085	958	31	-	167	-	-	-	-	2,483	-	8,599
	Current portion of LT debt - capital projects / mortg	-	87,837	1,356	39,872	251,897	-	-	45,266	2,073	70,024	87,137	-	-	-	-	-	-	67,987	141,551	-	795,000
	Current portion of LT debt - operating borrowings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
345	Other current liabilities	-	52	342	56	108	70	78	186	184	47	17	7	120	-	-	-	-	195	162	-	1,624
346	Accrued liabilities - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
347	Interprogram (due to)	-	2,375	1,465	1,527	11,434	23,116	33,720	18,590	43,069	722	390	130	3,541	267	7,316	24,416	-	623	2,938	-	175,639
348	Loan liability - current	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
310	Total current liabilities	<u>237</u>	<u>128,566</u>	<u>51,578</u>	<u>82,881</u>	<u>328,411</u>	<u>85,288</u>	<u>83,045</u>	<u>84,020</u>	<u>96,028</u>	<u>103,992</u>	<u>96,403</u>	<u>2,931</u>	<u>23,805</u>	<u>9,015</u>	<u>9,652</u>	<u>27,395</u>	<u>-</u>	<u>93,823</u>	<u>203,548</u>	<u>-</u>	<u>1,510,618</u>
<b>NON-CURRENT LIABILITIES</b>																						
	Capital projects / mortgage revenue bonds	-	-	-	-	-	-	-	0	0	-	0	-	-	-	-	-	-	-	-	-	-
351	Long-term debt, net of current - operating borrowings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
353	Non-current liabilities - other	-	1,808	7,755	2,501	7,028	11,775	-	9,457	1	8,345	36,387	16,072	72,513	14,182	7,114	-	-	1,187	13,864	-	209,989
	Accrued compensated absences - non-current	-	4,414	892	4,307	3,353	4,964	3,093	1,198	7,288	4,301	530	209	771	372	108	-	-	3,070	3,893	-	42,763
357	Accrued pension and OPEB liability	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
350	Total non-current liabilities	<u>-</u>	<u>6,222</u>	<u>8,647</u>	<u>6,808</u>	<u>10,381</u>	<u>16,739</u>	<u>3,093</u>	<u>10,655</u>	<u>7,289</u>	<u>12,646</u>	<u>36,917</u>	<u>16,281</u>	<u>73,284</u>	<u>14,554</u>	<u>7,222</u>	<u>-</u>	<u>-</u>	<u>4,257</u>	<u>17,757</u>	<u>-</u>	<u>252,752</u>
300	Total liabilities	<u>237</u>	<u>134,788</u>	<u>60,225</u>	<u>89,689</u>	<u>338,792</u>	<u>102,027</u>	<u>86,138</u>	<u>94,675</u>	<u>103,317</u>	<u>116,638</u>	<u>133,320</u>	<u>19,212</u>	<u>97,089</u>	<u>23,569</u>	<u>16,874</u>	<u>27,395</u>	<u>-</u>	<u>98,080</u>	<u>221,305</u>	<u>-</u>	<u>1,763,370</u>
<b>EQUITY</b>																						
508.1	Invested in capital assets	1,757,457	1,351,359	1,224,078	1,037,536	2,210,251	2,316,293	282,952	749,247	122,605	1,819,705	876,081	589,589	2,493,009	1,558,434	418,408	232,913	-	414,892	1,357,996	-	20,812,805
511.1	Restricted net assets	5,045,262	22,214	343	10,083	63,704	-	-	11,448	524	17,709	22,036	-	-	-	-	-	-	17,194	35,798	-	5,246,315
512.1	Unrestricted net assets	<u>169,599</u>	<u>338,915</u>	<u>436,074</u>	<u>342,793</u>	<u>593,874</u>	<u>472,411</u>	<u>338,792</u>	<u>255,231</u>	<u>263,482</u>	<u>299,841</u>	<u>177,963</u>	<u>123,825</u>	<u>262,798</u>	<u>82,623</u>	<u>11,874</u>	<u>73,600</u>	<u>725,099</u>	<u>178,571</u>	<u>485,588</u>	<u>-</u>	<u>5,632,953</u>
513	Total equity/net assets	<u>6,972,318</u>	<u>1,712,488</u>	<u>1,660,495</u>	<u>1,390,412</u>	<u>2,867,829</u>	<u>2,788,704</u>	<u>621,744</u>	<u>1,015,926</u>	<u>386,611</u>	<u>2,137,255</u>	<u>1,076,080</u>	<u>713,414</u>	<u>2,755,807</u>	<u>1,641,057</u>	<u>430,282</u>	<u>306,513</u>	<u>725,099</u>	<u>610,657</u>	<u>1,879,382</u>	<u>-</u>	<u>31,692,073</u>
600	<b>TOTAL LIABILITIES AND EQUITY/NET ASSETS</b>	<u>\$ 6,972,555</u>	<u>\$ 1,847,276</u>	<u>\$ 1,720,720</u>	<u>\$ 1,480,101</u>	<u>\$ 3,206,621</u>	<u>\$ 2,890,731</u>	<u>\$ 707,882</u>	<u>\$ 1,110,601</u>	<u>\$ 489,928</u>	<u>\$ 2,253,893</u>	<u>\$ 1,209,400</u>	<u>\$ 732,626</u>	<u>\$ 2,852,896</u>	<u>\$ 1,664,626</u>	<u>\$ 447,156</u>	<u>\$ 333,908</u>	<u>\$ 725,099</u>	<u>\$ 708,737</u>	<u>\$ 2,100,687</u>	<u>\$ -</u>	<u>\$ 33,455,443</u>





**HUNTSVILLE HOUSING AUTHORITY**  
**STATEMENT AND CERTIFICATE OF PROGRAM COSTS – CAPITAL FUND PROGRAM**  
**March 31, 2013**

<b>2009 Capital Fund Program Grant</b>	<b>AL09P047501-09</b>
Funds approved	\$ 3,045,776
Funds expended	3,045,776
Excess of funds approved	\$ -
Funds advanced	\$ 3,045,776
Funds expended	3,045,776
Excess of funds advanced	\$ -
<b>Replacement Housing Factor Grant</b>	<b>AL09R047502-09</b>
Funds approved	\$ 75,941
Funds expended	75,941
Excess of funds approved	\$ -
Funds advanced	\$ 75,941
Funds expended	75,941
Excess of funds advanced	\$ -
<b>Replacement Housing Factor Grant</b>	<b>AL09R047504-09</b>
Funds approved	\$ 16,776
Funds expended	16,776
Excess of funds approved	\$ -
Funds advanced	\$ 16,776
Funds expended	16,776
Excess of funds advanced	\$ -
<b>Replacement Housing Factor Grant</b>	<b>AL09R047501-09</b>
Funds approved	\$ 72,096
Funds expended	72,096
Excess of funds approved	\$ -
Funds advanced	\$ 72,096
Funds expended	72,096
Excess of funds advanced	\$ -
<b>ARRA Competitive Grant Revision</b>	<b>AL04700000109F</b>
Funds approved	\$ 5,953,200
Funds expended	5,953,200
Excess of funds approved	\$ -
Funds advanced	\$ 5,953,200
Funds expended	5,953,200
Excess of funds advanced	\$ -

**HUNTSVILLE HOUSING AUTHORITY  
SCHEDULE OF CLOSED GRANTS  
March 31, 2013**

**2010 ROSS Grant**

**AL047RFS004A010**

Funds approved	\$	55,500
Funds expended		55,500
Excess of funds approved	\$	-

Funds advanced	\$	55,500
Funds expended		55,500
Excess of funds advanced	\$	-

**Shelter Plus Care Grant**

**AL0046C4C031003**

Funds approved	\$	307,008
Funds expended		212,878
Excess of funds approved	\$	94,130

Funds advanced	\$	212,878
Funds expended		212,878
Excess of funds advanced	\$	-

**Shelter Plus Care Grant**

**AL0086C4C031101**

Funds approved	\$	53,760
Funds expended		53,760
Excess of funds approved	\$	-

Funds advanced	\$	53,760
Funds expended		53,760
Excess of funds advanced	\$	-

**SINGLE AUDIT REPORT**

**Independent Auditor's Report on Internal Control over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Financial  
Statements Performed in Accordance with *Government Auditing Standards***

Board of Commissioners of the  
Huntsville Housing Authority  
Huntsville, Alabama

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Huntsville Housing Authority (the Authority), as of and for the year ended March 31, 2013, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated July 27, 2013.

**Internal Control Over Financial Reporting**

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

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

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results



of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

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

*CliftonLarsonAllen LLP*

Baltimore, Maryland  
July 27, 2013



**Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance and Schedule of Expenditures of Federal Awards in Accordance with OMB Circular A-133**

Board of Commissioners of the  
Huntsville Housing Authority  
Huntsville, Alabama

**Report on Compliance for Each Major Federal Program**

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

***Management's Responsibility***

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

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Authority's compliance.

***Opinion on Each Major Federal Program***

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

## **Report on Internal Control Over Compliance**

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

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

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

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

## **Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133**

We have audited the financial statements of the Authority as of and for the year ended March 31, 2013, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements. We issued our report thereon dated July 27, 2013, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

*CliftonLarsonAllen LLP*

Baltimore, Maryland  
July 27, 2013

**HUNTSVILLE HOUSING AUTHORITY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended March 31, 2013**

	<b>CFDA Number</b>	<b>Federal Expenditures</b>
<b>U.S. Department of Housing and Urban Development (HUD)</b>		
Community Development Block Grant/State's Program (NSP)	14.228	\$ 67,214
Pass-through entity: Alabama Department of Economic and Community Affairs		
Shelter Plus Care	14.238	306,998
Low Rent Public Housing	14.850	5,384,441
Resident Opportunity and Supportive Services	14.870	223,109
Housing Choice Vouchers	14.871	9,716,273
Capital Fund Program Cluster		
Public Housing Capital Fund Program	14.872	3,445,756
Public Housing Capital Fund Competitive (Recovery Act Funded)	14.884	200,000
Capital Fund Program Cluster Total		3,645,756
<b>TOTAL FEDERAL EXPENDITURES</b>		<b>\$ 19,343,791</b>

See accompanying notes.

**HUNTSVILLE HOUSING AUTHORITY**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**March 31, 2013**

**NOTE 1 – BASIS OF PRESENTATION**

The Schedule of Expenditures of Federal Awards is presented on the accrual basis of accounting and includes all expenditures of federal awards administered by the Authority. Several programs are funded jointly by the State in accordance with requirements of the various federal grants. Costs incurred for such programs are applied to Federal grant funds in accordance with the terms of the related Federal grants with the remainder applied to funds provided by the State.

All costs charged to Federal Awards are determined based on the applicable Federal grants and OMB Circular A-87, *Costs Principles Applicable to Grants and Contracts with State and Local Governments*.

**NOTE 2 – FEDERAL COGNIZANT AGENCY**

The Federal cognizant agency for the Authority is the U.S. Department of Housing and Urban Development (HUD).

**NOTE 3 – FINDINGS AND QUESTIONED COSTS**

Any findings and questioned costs identified in connection with the 2013 Single Audit would be disclosed in Schedule I and the status of prior year findings and questioned costs would be disclosed in Schedule II.

See accompanying schedule.

**HUNTSVILLE HOUSING AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended March 31, 2013**

**I. Summary of Independent Auditor's Results**

**Financial Statements**

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_ Yes   X   No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? \_\_\_\_\_ Yes   X   None reported
  
- Noncompliance material to financial statements noted? \_\_\_\_\_ Yes   X   No

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified? \_\_\_\_\_ Yes   X   No
- Significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ Yes   X   None reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? \_\_\_\_\_ Yes   X   No

Identification of Major Programs

Name of Federal Program	CFDA Number	Expenditures
Housing Choice Voucher Program	14.871	<u>\$ 9,716,273</u>

Dollar threshold used to distinguish between type A and type B programs: \$ 580,314

Auditee qualified as low-risk auditee?   X   Yes \_\_\_\_\_ No

**HUNTSVILLE HOUSING AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended March 31, 2013**

**II. Financial Statement Findings**

None

**III. Federal Award Findings and Questioned Costs**

None



**HUNTSVILLE HOUSING AUTHORITY  
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS  
Year Ended March 31, 2013**

None