

MOBILE HOUSING BOARD
Mobile, Alabama

MANAGEMENT'S DISCUSSION & ANALYSIS
AND AUDITED FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016

TABLE OF CONTENTS

	Page
Unmodified Opinions on Basic Financial Statements Accompanied by Required Supplementary Information and Other Information – State or Local Governmental Entity	1-2
Management’s Discussion & Analysis	3-19
FINANCIAL STATEMENTS	
Statement of Net Position	20
Statement of Revenues, Expenses, and Changes in Net Position	21
Statement of Cash Flows	22-23
Notes to the Financial Statements	24-47
SINGLE AUDIT SECTION	
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	48-49
Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance	50-52
Status of Prior Audit Findings	53
Schedule of Findings and Questioned Costs	53-55
Corrective Action Plan	56-57
SUPPLEMENTAL INFORMATION	
Financial Data Submission Summary – Net Position Accounts	58-59
Financial Data Submission Summary – Revenues, Expenses and Changes in Net Position Accounts	60-62
Financial Data Submission Summary – Statement of Net Position Accounts – AMPs	63-64
Financial Data Submission Summary – Schedule of Revenues, Expenses and Changes in Net Position Accounts – Combined Schedule - AMPs	65-66
Schedule of Expenditures of Federal Financial Awards	67
Notes to Schedule of Expenditures of Federal Awards	68
SUPPLEMENTAL INFORMATION	
SPECIAL REPORTS	
Statement and Certification of Actual Grant Costs – ACC A-4108 Phase AL002FSH251A015	69
Statement and Certification of Actual Grant Costs – ACC A-4108 Phase HC150421028	70

MOBILE HOUSING BOARD
Mobile, Alabama

**REPORT ON EXAMINATION
OF FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION**

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016



RECTOR & LOFTON
REEDER & PC

**UNMODIFIED OPINIONS ON BASIC FINANCIAL STATEMENTS ACCOMPANIED BY REQUIRED SUPPLEMENTARY INFORMATION
AND OTHER INFORMATION – STATE OR LOCAL GOVERNMENTAL ENTITY
INDEPENDENT AUDITORS' REPORT**

Board of Commissioners
Mobile Housing Board
Mobile, Alabama

Department of Housing and Urban Development
Birmingham Field Office
Medical Forum Building
950 22nd Street North, Suite 900
Birmingham, AL 35203

Report on Financial Statements

We have audited the accompanying financial statements of the Mobile Housing Board as of and for the year ended December 31, 2016, and the related notes to the 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 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 the *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 of 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 reasonable basis for our audit opinion.

Opinion

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Mobile Housing Board, as of December 31, 2016, and the respective changes in financial position and, where appropriate, cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

The financial statements include the discretely presented financial statements of the Downtown Renaissance Partnership I, L.P. and the Downtown Renaissance Partnership II, L.P. as of December 31, 2016. These financial statements were audited by other auditors whose reports expressed an unmodified opinion on those statements.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, as listed in the table of contents, should 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 inquires 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 procedure did not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements of the Mobile Housing Board. The accompanying Schedule of Expenditures of Federal Awards as required by the Uniform Guidance, as well as the Financial Data Schedules and Special Reports required by the U.S. Department of Housing and Urban Development, are presented for purposes of additional analysis and are not a required part of the 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 financial statements.

This 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 19, 2017 on our consideration of the Housing Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



Rector, Reeder & Lofton, P.C.
Certified Public Accountants

Lawrenceville, Georgia
May 19, 2017

MOBILE HOUSING BOARD
Mobile, Alabama

MANAGEMENT'S DISCUSSION & ANALYSIS

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016

Mobile Housing Board

MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended December 31, 2016

Mobile Housing Board's ("MHB") *Management Discussion and Analysis* is designed to: (a) assist the reader in highlighting significant financial strategies employed by MHB in support of MHB's aspirations, initiatives and approaches to provide quality public and affordable housing, (b) provide a context and overview of the MHB's financial activity, (c) identify changes in the MHB's financial position (including its ability to address the next and subsequent year challenges), and (d) identify individual fund issues, concerns or challenges.

Since the Management Discussion and Analysis ("MD&A") is designed to focus on the Fiscal Year 2016 activities, resulting changes from previous years and currently known facts, it should be read in conjunction with the MHB's financial statements.

FINANCIAL HIGHLIGHTS

The outcome of the fiscal year operations of MHB resulted in a decrease in MHB's overall financial position for the year. Some financial highlights included the following:

- Occupancy Initiative and Operations Shortfall. MHB utilized past accumulated resources, primarily to: (i) address long-standing vacancy concerns, (ii) return selected aged and deteriorating housing units to rentable status, (iii) otherwise advance MHB's Occupancy Initiative, and (iv) cover operations shortfalls due to continued record low funding levels.
- Net Financial Position. MHB's Net Position decreased by \$6 million or 6.7% during FY2016. The Net Position was \$84.1 million and \$90.1 million for 2016 and 2015 respectively.
- Decrease in Revenues. MHB's revenues decreased by \$1.6 million or 3.3% during FY2016, and were \$45.6 million and \$47.2 million for 2016 and 2015 respectively. There were multiple items that contributed to this decline in revenue including loss of one-time revenues from 2015. Additional information is provided in the "Revenue Discussion" section on Page 9 of this report.
- Increase in Expenses. The total expenses of all MHB programs increased by \$.8 million or 1.6%. Total expenses were \$51.6 million and \$50.8 million for 2016 and 2015 respectively. The majority of this increase was in Housing Assistance Payments (HAP) which increased by \$.7 million. This increase was a result of an increase in leasing due to accumulated HUD-Held HAP reserves from prior years.

MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended December 31, 2016

REQUIRED FINANCIAL STATEMENTS

The primary focus of the MHB's financial statements is to highlight MHB's financial activities, including its major affiliates and subsidiaries (collectively referred to as "MHB-wide"), and the major individual funds. Both perspectives (i.e., MHB-wide and major funds) allow the user to address relevant questions, broaden a basis for comparison (i.e., year-to-year or fund-to-fund) and enhance MHB's transparency for its fiscal management and resources.

MHB-WIDE FINANCIAL STATEMENTS

MHB-wide financial statements are designed to be corporate-like in that all business type activities are consolidated into columns that add to a total for the MHB-wide perspective.

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 MHB. The Statement is presented in the format where assets, minus liabilities, equal "Net Position," formerly known as "Assets." Assets and liabilities are presented in order of liquidity, and are classified as "Current" (i.e., convertible into cash within one year), and "Non-current."

The focus of the Statement of Net Position is designed to represent the net available liquid (i.e., non-capital) assets, net of liabilities, for all of MHB. Net Position is reported in three broad categories:

Net Investment in Capital Assets: This component of Net Position consists of all Capital Assets (net of depreciation), 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 a third party, such as creditors (e.g., debt covenants), grantors, contributors, laws, regulations, etc.

Unrestricted Net Position: Consists of Net Position that do not meet the definition of "Net Investment in Capital Assets," or "Restricted Net Position."

Statement of Revenues, Expenses, and Changes in Net Position

The MHB-wide financial statements also include a Statement of Revenues, Expenses and Changes in Net Position, which is similar to an Income Statement. This Statement includes Operating Revenues, such as rental income; Operating Expenses, such as administrative, utilities, and maintenance, and depreciation; and Non-Operating Revenue and Expenses, such as grant revenue, 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.

Mobile Housing Board

MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended December 31, 2016

Statement of Cash Flows

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

MHB's Program Description

Conventional Low Income Public Housing Program – Under the Conventional Low Income Public Housing Program (“LIPH”), MHB rents units that it owns to extremely low, very low, and low-income households. The LIPH is operated under an Annual Contributions Contract (“ACC”) with the U.S. Department of Housing and Urban Development (“HUD”), and HUD provides Operating Subsidy and Capital Grant funding on a formula basis to assist MHB to provide the housing at a rent that is based upon 30% of household income. The LIPH also includes the Capital Fund Program, which is a primary funding source for physical and management improvements to MHB’s properties and for the servicing of MHB’s CFFP Bond debt.

Housing Choice Voucher Program – Under the Housing Choice Voucher Program (“HCV Program”), MHB subsidizes rental contracts through Housing Assistance Payments (“HAP”) to independent and other authorized landlords that own the property and lease to eligible participants. This MHB subsidy of the HAP is made directly to the landlord. The Program is administered under an Annual Contributions Contract (“ACC”) with HUD. HUD provides Annual Contributions Funding to enable MHB to participate in a lease that generally sets the participant family’s rent at 30% of household income. Under the HCV Program, MHB may administer vouchers under the tenant-based component of the Program or the project-based component of the Program.

In addition, MHB receives Veterans Affairs Supportive Housing assistance in relation to the HCV program. The HUD-Veterans Affairs Supportive Housing (“HUD-VASH”) program combines Housing Choice Voucher (“HCV”) rental assistance for homeless Veterans with case management and clinical services provided by the U.S. Department of Veterans Affairs (“VA”). The VA provides these services for participating Veterans at VA medical centers (“VAMCs”) and community-based outreach clinics. These two programs are combined on the Financial Data Schedule (“FDS”). Moreover, MHB receives Mainstream Vouchers, which is another voucher style program. Mainstream Program vouchers enable families having a person with disabilities to lease affordable private housing of their choice. Mainstream Program vouchers also assist persons with disabilities who often face difficulties in locating suitable and accessible housing on the private market. This Program is reported separately on the FDS.

Business Activities – MHB operates multiple business activity programs that have an affordable housing or a “hope through housing” thrust, including:

1. Trinity Gardens – This is a small self-contained 16-unit senior affordable housing community that once received supportive funding from a third party. That funding source has been eliminated; therefore, MHB is seeking other avenues to support this development in order to maintain its current level of affordability, so that residents may continue to pay 30% of the family’s income toward rent.

Mobile Housing Board

MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended December 31, 2016

2. Affordable Housing/Real Estate Fund – This fund holds mortgage and maintenance reserves derived from the sale of affordable homes. Unrestricted reserves from this fund are available for activities to support other affordable housing purposes. Such activities might include acquisition of sites for replacement housing in support of MHB’s public housing repositioning, and other affordable housing ventures.
3. Contributed Funds – Local grants/donations are received by MHB from various organizations/persons. These funds are for varying purposes, including resident service activities, enrichment activities for youth, a summer youth work program known as SWEET-P, and other housing-related or supportive services.
4. Mixed Finance Business Activity Fund – As co-developer in mixed finance activities, MHB receives payment for the services that it provides to the various partnerships or owner entities. This fund is established to ensure that revenues from these activities are carefully segregated and expended for appropriate activities.

Other Programs – In addition to the programs mentioned above, MHB has various programs that provide resident service type programs, food services and other forms of assistance. These programs include the following:

- Housing Counseling Assistance Program
- Home Equity Reversion Mortgage Counseling
- Resident Opportunity and Supportive Services Program
- Child and Adult Care Food Program
- Specialty Crop Block Grant Program

Mobile Housing Board also has two tax-credit partnerships as part of its portfolio, which contain a combined 175 affordable housing units. These funds are illustrated in the audit report/financials in a separate column from the primary government activities (i.e., discretely presented component units). This MD&A report excludes the amounts and many of the activities that relate to these funds. Separate financial statements for these partnerships are available upon request.

[REST OF PAGE INTENTIONALLY LEFT BLANK]

Mobile Housing Board

MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended December 31, 2016

MHB-WIDE STATEMENTS

Statement of Net Position

The following table reflects the condensed Statement of Net Position compared to prior year.

**Mobile Housing Board
Comparative Statement of Net Position**

TABLE I

Account Description	2016	2015	Total Change	% Change
Current Assets	\$11,621,829	\$9,906,462	\$1,715,367	17.32%
Noncurrent Assets	11,485,493	11,351,258	134,235	1.18%
Capital Assets	75,927,822	82,883,081	(6,955,259)	-8.39%
Deferred Outflows	1,573,299	979,265	594,034	60.66%
Total Assets & Deferred Outflows of Resources	100,608,443	105,120,066	(4,511,623)	-4.29%
Current Liabilities	\$3,692,368	\$1,703,338	\$1,989,030	116.77%
Noncurrent Liabilities	11,932,436	12,367,600	(435,164)	-3.52%
Deferred Inflows	856,290	928,435	(72,145)	-7.77%
Total Liabilities & Deferred Inflows of Resources	16,481,094	14,999,373	1,481,721	9.88%
Net Investment in Capital Assets	66,983,375	72,582,081	(5,598,706)	-7.71%
Restricted Net Position	11,936,891	11,900,510	36,381	0.31%
Unrestricted Net Position	5,207,083	5,638,102	(431,019)	-7.64%
Total Net Position	84,127,349	90,120,693	(5,993,344)	-6.65%
Total Liabilities, Deferred Inflows, and Net Position	\$100,608,443	\$105,120,066	\$(4,511,623)	-4.29%

Mobile Housing Board

MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended December 31, 2016

Financial Analysis of the Statement of Net Position

Current assets increased by a total of \$1.7 million or 17.32%. Cash and cash equivalents had an increase of \$2.4 million. At the end of December, HUD disbursed the Housing Assistance Payments funding for January 2017 totaling \$2.2 million. Accounts receivable had a decline of \$.5 million as a result of recording a receivable of \$.4 million at the end of 2015 for the BP Oil claim of \$.4 million. In addition, the receivable from HUD for funding at year end decreased by \$.1 million.

Noncurrent assets (excluding capital assets, which are addressed in the Capital Asset section on Page 15 of this report) increased by \$134,235 or 1.18%. This activity relates to MHB's Mixed Financed Tax Credit property activity. MHB considers the overall activity to be long-term because the realization of the notes receivable activity into current liquid assets will not be achieved until the completion of the tax credit compliance period, at the earliest.

Current liabilities increased by \$2 million or 116.77%. An increase of \$2.2 million results from a deferred revenue recorded for the Housing Assistance Payment revenues received in 2016 for 2017.

Noncurrent liabilities decreased by \$.4 million or 3.52% during the year ended December 31, 2016. The components of long-term liabilities and the significant changes during the year are as follows:

- Debt Outstanding at December 31, 2016, consists of Capital Funding Financing Program ("CFFP") debt issue obligations. The CFFP issue obligations are through the Capital One Public Funding, LLC and were for construction and renovation activities, primarily on three MHB public housing properties. The repayment of this loan is made out of Capital Fund Program grant funds and the Mobile Housing has no direct liability on these bonds other than its annual payment. MHB paid down \$1.3 million in long-term CFFP bond debt obligations.
- With the implementation of GASB 68, In 2015, MHB recorded a pension liability of \$628,617. This was the first year that MHB was required to record this liability in its financial statements. GASB 68 requires that the agency adjust the pension liability to reflect estimates and assumptions completed by an actuary. The current year change to the liability is an increase of \$.9 million.
- MHB had other noncurrent obligations related to compensated absences, FSS Escrow obligations, mortgage loan guarantees and operating loans. These miscellaneous noncurrent liabilities had minimal changes due to normal changes in program activity.

As illustrated in the Statement of Net Position, the overall Net Position of MHB decreased by \$6 million or 6.65%. Net Position is a reflection of the MHB's investment in their capital assets and the overall financial position of the Agency. Additional in-depth descriptions of the net changes are as follows:

- Net Investment in Capital Assets decreased by \$5.6 million or 7.71% due to changes related to capital improvements and increased depreciation. MHB also paid debt service payments, reducing the outstanding debt related to capital assets by \$1.3 million.

Mobile Housing Board

MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended December 31, 2016

- Restricted Net Position increased by a minimal amount of \$36,381 or .31%.
- Unrestricted Net Position decreased by \$.4 million or 7.64%. The major contributor to this change was the adjustment to the pension liability and related deferred inflows and outflows totaling \$.3 million.

[REST OF PAGE INTENTIONALLY LEFT BLANK]

Mobile Housing Board

MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended December 31, 2016

While the Statement of Net Position shows the change in financial position, the Statement of Revenues, Expenses, and Net Position breaks down MHB's revenues and expenses further. Table II, which follows, provides a combined statement of these changes in Net Position. Table III provides a Schedule of Governmental Revenues by Program Source.

Mobile Housing Board
Comparative Statement of Revenues, Expenses and Changes in Net Position

TABLE II

Account Description	2016	2015	Total Change	%
Tenant Revenue	\$4,486,537	\$4,755,662	\$(269,125)	-5.66%
Grant Funding	40,707,398	41,262,231	(554,833)	-1.34%
Interest Income	146,382	140,653	5,729	4.07%
Other Income	291,735	1,006,723	(714,988)	-71.02%
(Loss) Gain on Sale of Assets	(6,346)	32,094	(38,440)	-119.77%
Total Revenue	45,625,706	47,197,363	(1,571,657)	-3.33%
Administration	6,141,099	6,253,355	(112,256)	-1.80%
Tenant Services	1,529,325	1,597,595	(68,270)	-4.27%
Utilities	3,728,880	3,819,072	(90,192)	-2.36%
Maintenance	5,435,132	5,094,180	340,952	6.69%
Protective Services	351,471	396,148	(44,677)	-11.28%
General Expenses	2,645,416	2,514,442	130,974	5.21%
Housing Assistance Payments	24,235,353	23,577,063	658,290	2.79%
Interest Expense	323,574	364,834	(41,260)	-11.31%
Depreciation	7,212,539	7,198,662	13,877	0.19%
Total Expenses	51,602,789	50,815,351	787,438	1.55%
Prior Period Adjustments/Equity Transfers	(16,261)	(577,786)	561,525	-97.19%
Change in Net Position	(5,977,083)	(3,617,988)	(2,359,095)	65.20%
Beginning Net Position	90,120,693	94,316,467	(4,195,774)	-4.45%
Ending Net Position	\$84,127,349	\$90,120,693	\$(5,993,344)	-6.65%

Mobile Housing Board

MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended December 31, 2016

Revenue Discussion. Total revenues decreased by 3.33% or \$1.6 million. Tenant Revenues declined by \$.3 million in preparation of upcoming Rental Assistance Demonstration (RAD) program development activities. In addition, there was a one-time receipt of revenues in 2015 that were not duplicated in 2016 for proceeds from a BP Oil Claim totaling \$.4 million. The closing of the Assisted Living Facility in 2015, resulted in lost revenues for 2016 of approximately \$.1 million. Proceeds from insurance claims declined by \$.2 million in 2016 as compared to 2015. Grant funding also decreased by \$.6 million, as illustrated in the chart on Page 12 of this report.

Historically the low-income public housing program used a mix of capital funds (e.g., ARRA, CFP, etc.) and other funding sources to improve severely damaged, deteriorating and unsafe units to meet the goals and guidelines of MHB. The main component of funding in the current year was operational, reserves and CFP resources. Even so, MHB has worked during the fiscal year to address capital needs, reduce the vacancy rate concerns at several viable communities, and increase overall occupancy via its aggressive Occupancy Initiative.

In October 2015, the agency received a portfolio-wide Rental Assistance Demonstration (“RAD”) program approval. With the approval of this application, MHB believes that the use of this tool will aid MHB in its efforts to return several properties to rentable status and have a sustained income stream.

Interest Income increased by \$5,729, which is immaterial to operations.

Other income decreased by \$.7 million or 71.02% as previously explained in the “Revenue Discussion” above.

[REST OF PAGE INTENTIONALLY LEFT BLANK]

Mobile Housing Board

MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended December 31, 2016

See the program by program breakdown per Table III, below:

**Mobile Housing Board
HUD Funding Comparative
TABLE III**

Year	Public Housing	CFP	Vouchers	ROSS
2016	9,840,097	3,680,376	25,593,881	416,684
2015	9,149,072	5,435,449	24,695,828	419,001
Net Change	691,025	(1,755,073)	898,053	(2,317)
% Change	7.55%	-32.29%	3.64%	-0.55%

Year	Supportive Housing	Housing Counseling	CNI Planning Grant	Totals
2016	619,745	4,272	240,188	40,395,243
2015	666,409	14,019	562,930	40,942,708
Net Change	(46,664)	(9,747)	(322,742)	(547,465)
% Change	-7.00%	-69.53%	-57.33%	-1.34%

Although sequestration was lifted and provided some relief to the agency in 2014, proration decreased in 2015 to 85.36%. For 2016, proration increased to 90.21% resulting in increased funding for the Public Housing Program. Funding continues to remain lower than the amount needed to operate efficiently, maintain an aging rental housing stock in light of normal *wear and tear*, preventive maintenance, weather-related factors, or to deliver the quantity of services needed in the Mobile metropolitan area.

MHB receives Capital Fund grants each year to fund capital improvements to its properties. The overall formula allocations of Capital Fund have been inadequate to meet MHB's growing capital improvement needs.

Mobile Housing Board

MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended December 31, 2016

MHB's most recent Physical Needs Assessments estimates MHB's total capital needs for all of its LIPH properties at \$150 Million. In addition, HUD regulations allow the agency may choose to utilize a portion of its capital fund grants to support operations (i.e., up to 20% of the total grant, with an increase to 25% for 2015 and 2016). Due in part to the continued loss in funding in the LIPH program, and the critical needs to provide ongoing maintenance and customer service support for residents, MHB elected to utilize \$1 million in capital fund dollars to support operations. Historically, MHB had not utilized its full permissible allocation of capital funds toward operational expenses, however, other operational funding shortfalls, made such a course advisable for recent years. A contributor to the decline in revenues for the CFP program is the accumulation of grants to fund upcoming redevelopment activities and the conversion to RAD. Because revenues are earned as funds are expended, this resulted in reduced revenues recorded for the CFP grant programs.

With regards to the Voucher program, Mobile Housing Board earned \$.9 million in increased revenues due to increased leasing for the program. The agency implemented a plan to utilize program reserves and thus served additional families in 2016. This plan will increase into 2017 to continue to increase leasing within the program. In administration of the program, the Central Office Cost Center assisted with funding the deficit again for the 2015 year. For the 2016 year, the voucher program earned sufficient revenues to fund its operations and therefore assistance from the COCC was not necessary. Additional electronic measures have been put in place with the expectation that these measures will continue to reduce the administrative burden of the HCV Program, particularly in light of the low Administrative Fee proration in FY2016 of 84%.

Expense Discussion. Total expenses increased overall by 1.55% or \$.8 million. The key changes are highlighted below:

Administration Expenses decreased by \$.1 million or 1.8% were reduced as the agency continues to improve on its administration of the various programs.

Tenant Services decreased by \$68,270 or 4.27% which is an immaterial amount.

Utilities remained constant with a slight decline of \$90,192 or 2.36%, which is a minimal change for this line item. Utility expenses vary, depending on occupancy, utility rates, and changes in weather patterns.

Maintenance expenses increased by \$340,952 or 6.69% as a result of continued efforts to improve the housing stock of MHB.

Protective Services decreased by \$44,677 or 11.28%. Even so, security remains an important priority of the MHB's Board of Commissioners and professional staff, and MHB will continue its search for funding sources to continue providing this valuable service to its residents.

General expenses increased by \$130,974 or 5.21%. The major source of this increase is in insurance expense. Insurance costs fluctuate from year to year as premiums change, especially in the Workers Compensation insurance category, which increased by \$112,000 this year.

Mobile Housing Board

MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended December 31, 2016

Housing Assistance Payments (“HAP”) expenses increased by approximately \$.7 million or 2.79%. The agency is taking efforts to increase lease-up in the HCV program.

Interest expense decreased by \$41,260 or 11.31%. This is a result of continuing to decrease the balance owed on the CFFP bond debt.

Depreciation expense remained constant at a slight increase of \$13,877 or .19%.

[REST OF PAGE INTENTIONALLY LEFT BLANK]

Mobile Housing Board

MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended December 31, 2016

CAPITAL ASSETS

As of year-end, the MHB had \$75.9 million invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease (i.e., additions, deductions and depreciation) of \$7 million or 8.39% from the end of last year.

The following reconciliation summarizes the change in Capital Assets:

Mobile Housing Board
Comparative Statement of Capital Assets
TABLE IV

Account Description	2016	2015	Total Change	% Change
Land	\$5,171,721	\$5,170,046	\$1,675	0.03%
Buildings & Improvements	228,291,919	228,036,372	255,547	0.11%
Equipment	2,310,848	2,501,695	(190,847)	-7.63%
	<u>235,774,488</u>	<u>235,708,113</u>	66,375	0.03%
Accumulated Depreciation	<u>(159,846,666)</u>	<u>(152,825,032)</u>	<u>(7,021,634)</u>	4.59%
Total Capital Assets	<u>\$75,927,822</u>	<u>\$82,883,081</u>	<u>\$(6,955,259)</u>	-8.39%

MHB administered six (6) CFP/RHF modernization and revitalization programs. These programs contributed \$2 million to the moderate rehabilitation of MHB Low-Income Public Housing stock. MHB worked aggressively to maximize the benefits of continued shrinking modernization funds to improve the housing stock, update apartments and/or purchase/build new housing stock. MHB funded \$1 million in operational expenditures with these CFP grants. The operational funds were utilized for management improvements, bond interest expense for the CFFP program, critical needs to provide ongoing maintenance and customer service support for residents, as well as supporting the property expenses in the LIPH program as needed due to the reduced funding of the operating subsidy.

Depreciation expense was \$7.2 million for fiscal year 2016 and is consistent with the 2015 depreciation expense.

[REST OF PAGE INTENTIONALLY LEFT BLANK]

Mobile Housing Board

MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended December 31, 2016

ECONOMIC FACTORS

Significant economic factors affecting MHB are as follows:

- Continued and decreasing federal funding from the U.S. Department of Housing and Urban Development (“HUD”);
- Increased regulatory requirements of HUD, even in light of continued reduced HUD funding;
- Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore unexpectedly reduce the amount of rental income;
- Continuing aging and deterioration of MHB’s developments with corresponding reductions in CFP funding and limited and changing regulatory options;
- Changing of FEMA flood maps which placed many MHB apartments within 100-year flood zones thereby requiring increased insurance costs;
- Inflationary pressure on utility rates, supplies and other costs, etc.
- Changes in equity pricing for tax credits could have a significant impact on redevelopment.

REPOSITIONING ACTIVITIES

MHB is aggressively working to renovate its housing stock to position the MHB’s housing stock to capitalize on changing market conditions and opportunities. MHB is currently in the process of revitalizing certain housing developments through the formation of joint partnerships with qualified investors and private partners to provide better housing options and economic opportunities for the low to moderate income residents within the City of Mobile. MHB is working with experienced third party firms to assist in repositioning public housing apartments and communities. Mobile Housing Board is making ongoing progress toward its redevelopment activities.

To provide overall guidance to MHB’s repositioning activities, MHB has developed a comprehensive *Housing Transformation Plan 2020* for the agency’s entire public housing portfolio. This Transformation Plan provides an overall strategy of improving the agency’s housing portfolio in future years by collaborating with various investors and developers to replace or reposition the vast majority of MHB’s public housing. These partnerships would work to create new and innovative methods in developing and/or purchasing housing stock that would benefit the low to moderate income residents of the City of Mobile, improve the overall housing stock of MHB, and provide better capital investments for MHB in the long-term. The Housing Transformation Plan 2020 has the overall theme of “Providing HOPE through the Platform of Housing!”. The Transformation Plan also has several overarching goals and four (4) key components as outlined below:

[REST OF PAGE INTENTIONALLY LEFT BLANK]



MHB HOUSING TRANSFORMATION PLAN 2020 – OVERVIEW

(as of July 2016)

Transformation Theme: Providing Hope through the platform of Housing!

MHB – Housing Transformation Plan 2020

Key Goals for Transformation:

- ❑ **Thriving Communities.** Create thriving communities where low-wealth families can prosper
- ❑ **Mixed Income.** Seamlessly interweave affordable housing within vibrant mixed income communities
- ❑ **Extraordinary Housing.** Provide Mobile with *extraordinary* affordable housing stock that:
 - **Revitalizes** 53% of MHB's housing stock (i.e., 1,820 units) on the Northside (i.e., Roger Williams) and Southside (i.e., Thomas James, R.V. Taylor and Frank Boykin) of the City of Mobile
 - **Repositions** 22% of MHB's existing housing stock (currently 764 units) located in 3 viable/semi-viable communities (i.e., Central Plaza Towers, Gulf Village and Oaklawn)
 - **Retains and Enhances** almost 16% of MHB's existing housing stock (currently 533 units) located in 5 other viable communities (i.e., Orange Grove, Renaissance, Renaissance Gardens, Downtown Renaissance, Emerson Gardens)
 - **Sells and Disposes** of Josephine Allen to a third party purchaser (@9% of housing stock or 292 units), if possible
- ❑ **Economic/Lifestyle Independence.** Use Housing as a tool to encourage economic and lifestyle independence for low-wealth families

Southside/Michigan Avenue Corridor Activities

Goal: Redevelop 1,368 units (i.e., 40% of MHB's affordable housing inventory), situated on @330 acres into a vibrant master planned, mixed-income, mixed-use community of destination

Property Scope:

- ❖ Thomas James (796 Units)(23% of entire MHB inventory)
- ❖ RV Taylor – (450 Units)(13% of inventory)
- ❖ Frank Boykin – (122 Units)(4% of inventory)

Planning Activities: Communities are part of a HUD Choice Neighborhood Initiative ("CNI") Planning Grant (1st *Neighborhood Plan* draft anticipated: July 2016)

Master Developers: Pennrose Properties/BLOC and Hollyhand Development

Retain and Enhance Communities Activities

Goal: Reposition, renovate and enhance 1,297 units (i.e., 38% of MHB's affordable housing inventory), situated mostly in Mobile with one community situated in Prichard

Property Scope:

- ❖ Oaklawn Homes (100 Units)(3% of entire MHB inventory)
- ❖ Emerson Gardens (94 Units)(3% of entire MHB inventory)
- ❖ Central Plaza Towers (465 Units)(14% of entire MHB inventory)
- ❖ Orange Grove (247 Units)(7% of entire MHB inventory)
- ❖ Gulf Village (199 Units)(6% of entire MHB inventory)
- ❖ Downtown Renaissance (57 ACC Units)(1.6% of entire MHB inventory)
- ❖ The Renaissance (87 Units)(2.5% of entire MHB inventory)
- ❖ Renaissance Gardens (48 Units)(1% of entire MHB inventory)

Roger Williams Homes (Northside Corridor) Activities

Goal: Redevelop 452 units (i.e., 13% of MHB's affordable housing inventory), situated on @44 acres into vibrant master planned, mixed-income community that contributes to the economic vitality and revitalization of the North Corridor of the City of Mobile

Property Scope:

- ❖ Roger Williams Homes (452 Units)(13% of entire MHB inventory) – (Note: approximately 60 – 75% of the site is in a 100-year Flood zone)

Planning Activities: Community is part of a HUD Choice Neighborhood Initiative ("CNI") Planning Grant (1st *Neighborhood Plan* draft anticipated: July 2016)

Master Developer: Hunt Development Group, LLC

Josephine Allen Homes Activities

Goal: Market and sell property "as is" to third party purchaser or possibly consider repositioning and/or redevelopment

Property Scope: Josephine Allen Homes (292 Units)(9% of MHB's inventory)

Mobile Housing Board

MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended December 31, 2016

In 2013, MHB submitted a Rental Assistance Demonstration (“RAD”) application for its Low Income Public Housing portfolio, under a new HUD program designed to provide public housing authorities with additional options to convert deteriorating and aging housing stock to the Section 8 funding platform. MHB’s application was not received prior to HUD reaching the 60,000 unit Congressional cap established for the RAD demonstration program. Subsequently, the cap on the number of eligible units was increased by Congress and MHB’s application fell within the new cap, however the application was denied. Mobile Housing Board reapplied under the “RAD” program and received a portfolio-wide approval in October, 2015. It is expected that the Transformation Plan detailed above will circumscribe the repositioning efforts utilizing the RAD platform in addition to other traditional redevelopment platforms.

As a result of the RAD approval, MHB is revisiting each of its transformation strategies to determine the final redevelopment actions for each of its properties. With stringent timelines placed by the RAD program, the redevelopment initiatives are moving forward speedily. MHB plans to revitalize many of its communities under this RAD initiative creating a portfolio of assets that are marketable in the Mobile community. In addition, upon conversion to the RAD program, MHB will have transitioned properties that currently have negative cash flows to viable properties achieving positive cash flows.

MHB hopes that its efforts to transform its housing stock will capitalize on national trends and best practices repositioning strategies. MHB applied for two (2) Choice Neighborhood Initiative (“CNI”) Planning grants to aid in planning efforts and community capacity building for its distressed community on the Northside of Mobile – Roger Williams Homes, and its Southside clustered communities of Thomas James Place, R.V. Taylor and Frank Boykin Tower. In 2015, there were seven of these grants awarded in the nation and MHB received two (2) of these grants. These planning efforts have helped to spearhead and bring together residents, community leaders, planners and other stakeholders in robust planning activities in four of MHB’s properties. Subsequent to year end, MHB finalized the Neighborhood Plans and submitted them to HUD for review and final approval. HUD accepted the plans on March 3, 2017.

During this fiscal year, the agency received a decision letter from the Office of Inspector General (OIG) which obliged the agency to pay \$1.2 million in non-federal funds to its federal programs. (See the notes in the financial statements for additional details on this decision). The agency has submitted a plan for this payment and is awaiting the acceptance of the payment plan from HUD. It is not expected that this decision and subsequent payment of funds will have an over-all financial impact to the agency as the funds will remain available for future capital needs and repositioning activities.

During the first quarter of 2017, the agency was under a PHARS (Public Housing Asset Recovery System) review. As a result of this review, the agency is placing a more stringent emphasis on its primary mission to provide decent, safe, and sanitary housing to its residents. As a result of this increased focus on daily operations and maintaining existing assets, the redevelopment initiative of the agency has been slowed. The agency is awaiting the receipt of the PHARS action plan in order to address requirements of this plan and to make further decisions about redevelopment activities.

In addition, the agency’s executive director resigned in early 2017. This has contributed to the slowed redevelopment initiatives of the agency, as the search for the replacement of this position continues.

Mobile Housing Board

MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended December 31, 2016

ADDITIONAL INFORMATION:

MHB is working on improving the most important asset the agency has, its employees. MHB has invested in training programs and exposed its employees to national conferences, civic organizations (particularly related to diversity, community relations and resilient communities), interactions with HUD staff and greater involvement in the business community. This expanded engagement will have the effect of improving the ability of MHB to meet the goals and objectives set forth by those in charge of governance as well as its customers. This has been an ongoing process of training, education, involvement and policy and procedure review and update and this will continue to be the focus of MHB management. In addition, focus on mixed finance and tax credit properties, RAD and overall transformation processes have been provided to equip employees with the skills needed in this environment.

Overall, the Mobile Housing Board had a productive, but challenging, year. Its management is committed to staying abreast of regulations and appropriations as well as maintaining an ongoing analysis of all budgets and expenses to ensure that the Authority continues to operate at the highest standards for housing of the age, nature, and stock currently within MHB's inventory. MHB will consistently look to leverage its resources to offer better housing choices to low wealth individuals and families.

FINANCIAL CONTACT

This financial report is designed to provide MHB's residents, the citizens of Mobile, Alabama, all applicable federal and state regulatory bodies, and any creditors with a general overview of the MHB's finances. If there are any questions regarding this report, please contact Lori L. Shackelford, Chief Financial Officer, at (251) 434-2327. In addition, specific requests may be submitted to Lori L. Shackelford, Chief Financial Officer, Mobile Housing Board, 151 South Claiborne Street, Mobile, Alabama 36602 and via email at lshackelford@mobilehousing.org.

MOBILE HOUSING BOARD
Mobile, Alabama

AUDITED FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016

MOBILE HOUSING BOARD
Mobile, Alabama

STATEMENT OF NET POSITION
DECEMBER 31, 2016

ASSETS & DEFERRED OUTFLOWS OF RESOURCES

	<u>Primary Government</u>	<u>Component Units</u>
<u>Current Assets</u>		
Cash and cash equivalents - unrestricted	\$ 7,890,576	\$ 478,755
Cash and cash equivalents - restricted	2,033,900	1,861,702
Accounts receivable	371,204	12,784
Notes receivable - current portion	39,382	-
Prepaid expenses	883,283	53,615
Inventories	403,484	-
Assets held for sale	-	-
	11,621,829	2,406,856
Total Current Assets	11,621,829	2,406,856
 <u>Noncurrent Assets</u>		
Notes receivable	11,485,493	-
Other assets	-	576,235
	11,485,493	576,235
Total Other Noncurrent Assets	11,485,493	576,235
 Capital Assets:		
Land & improvements	5,171,721	27,830
Buildings & improvements	225,606,699	27,467,787
Furniture & equipment	2,310,848	982,276
Construction in progress	2,685,220	16,260
	235,774,488	28,494,153
Less: Accumulated depreciation	(159,846,666)	(6,381,092)
Total Capital Assets	75,927,822	22,113,061
TOTAL NONCURRENT ASSETS	87,413,315	22,689,296
Deferred Outflows of Resources	1,573,299	-
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	\$ 100,608,443	\$ 25,096,152

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

LIABILITIES, DEFERRED INFLOWS OF RESOURCES & NET POSITION

	Primary Government	Component Units
<u>Current Liabilities</u>		
Accounts payable	\$ 547,722	\$ 29,870
Accrued liabilities	354,289	5,953
Unearned revenue	2,300,669	13,460
Long-term liabilities - current portion	49,883	-
Tenant security deposits/escrow deposits	439,805	63,023
Total Current Liabilities	3,692,368	112,306
<u>Noncurrent Liabilities</u>		
Mortgage & notes payable	8,894,564	12,104,206
Noncurrent liabilities - other	451,202	662,481
Accrued compensated absences	610,685	12,658
Loan liability - non current	427,745	-
Net pension liability	1,548,240	-
Total Noncurrent Liabilities	11,932,436	12,779,345
TOTAL LIABILITIES	15,624,804	12,891,651
Deferred Inflows of Resources	856,290	-
<u>NET POSITION</u>		
Net investment in capital assets	66,983,375	9,355,274
Restricted	11,936,891	1,790,089
Unrestricted	5,207,083	1,059,138
TOTAL NET POSITION	84,127,349	12,204,501
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES & NET POSITION	\$ 100,608,443	\$ 25,096,152

MOBILE HOUSING BOARD
Mobile, Alabama

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2016

	Primary Government	Component Units
<u>Operating Revenue</u>		
Dwelling rent	\$ 4,486,537	\$ 954,080
Governmental grants & subsidy	38,771,723	-
Other income	291,735	47,725
Total Operating Revenue	43,549,995	1,001,805
<u>Operating Expenses</u>		
Administration	6,141,099	223,450
Tenant services	1,529,325	18,518
Utilities	3,728,880	86,914
Maintenance & operations	5,453,241	364,843
Protective services	351,471	55,767
General expense	2,643,568	210,087
Housing assistance payments	24,235,353	-
Depreciation & amortization	7,212,539	997,545
Total Operating Expense	51,295,476	1,957,124
Net Operating Income/(Loss)	(7,745,481)	(955,319)
<u>Nonoperating Revenues/(Expenses)</u>		
Forgiveness of tax credit exchange loan	-	78,430
Gain/(loss) on disposition of property	(6,346)	-
Mortgage interest income	134,234	-
Investment income	12,148	4,214
Interest expense	(323,574)	(134,254)
Net Nonoperating Revenues/(Expenses)	(183,538)	(51,610)
Net Income/(Loss) before capital contributions	(7,929,019)	(1,006,929)
HUD capital grants	1,935,675	16,261
Increase/(Decrease) in Net Position	(5,993,344)	(990,668)
Total Net Position - beginning	90,120,693	13,195,169
Total Net Position - ending	\$ 84,127,349	\$ 12,204,501

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

MOBILE HOUSING BOARD

Mobile, Alabama

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016

	Primary Government	Component Units
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Receipts from customers and users	\$ 7,454,272	\$ 1,121,589
Governmental grants & subsidy - operations	38,771,723	-
Payments to suppliers	(12,872,364)	(849,513)
Payments for housing assistance	(24,235,353)	-
Payments to employees	(6,938,017)	(103,951)
NET CASH PROVIDED/(USED) FROM OPERATING ACTIVITIES	2,180,261	168,125
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Repayment of notes receivable	111,223	-
Interest received	12,148	4,214
NET CASH PROVIDED/(USED) FROM INVESTING ACTIVITIES	123,371	4,214
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>		
Grant revenue - capital grants	1,935,675	16,261
Acquisition of capital assets - capital grants	(255,547)	-
Purchase of capital assets - operations	(8,503)	(84,915)
Proceeds from the disposition of capital assets	425	-
Payment of Interest	(323,574)	-
Repayment of notes payable/noncurrent liabilities	(1,356,553)	(130,716)
NET CASH PROVIDED/(USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(8,077)	(199,370)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	2,295,555	(27,031)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	7,628,921	2,367,488
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 9,924,476	\$ 2,340,457

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

MOBILE HOUSING BOARD

Mobile, Alabama

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Primary Government</u>	<u>Component Units</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Net Income/(Loss) from operations	\$ (7,745,481)	\$ (955,319)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation & amortization	7,212,539	997,545
Decrease (Increase) in accounts receivable	497,721	(2,191)
Decrease (Increase) in prepaid expenses	(20,656)	9,701
Decrease (Increase) in inventory	(8,102)	-
Decrease (Increase) in deferred outflow	(594,034)	-
Increase (Decrease) in accounts payable	(195,318)	1,998
Increase (Decrease) in accrued liabilities	7,835	(5,584)
Increase (Decrease) in unearned revenue	2,208,632	6,357
Increase (Decrease) in pension liability and deferred inflow	847,478	-
Increase (Decrease) in security/trust deposits	<u>(30,353)</u>	<u>115,618</u>
NET CASH PROVIDED/(USED) FROM OPERATING ACTIVITIES	<u>\$ 2,180,261</u>	<u>\$ 168,125</u>

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

MOBILE HOUSING BOARD
Mobile, Alabama

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE A - SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES AND REPORTING ENTITY:

1. Introduction:

The financial statements of the Authority have been prepared in conformity with Generally Accepted Accounting Principles (GAAP). The following summary of the more significant accounting policies is presented to assist the reader in interpreting these financial statements, and should be viewed as an integral part of this report.

2. Organization:

The Housing Board is a public body politic organized under the laws of the State of Alabama by the City of Mobile for the purpose of providing adequate housing for qualified low-income individuals. To accomplish this purpose, the mayor of the City appoints a Governing Board, but the Board designates its own management. Additionally, the Housing Board has entered into annual contribution contracts with the U.S. Department of Housing and Urban Development ("HUD") to be the administrator of the housing and housing related programs described herein.

3. Reporting Entity:

The reporting entity consists of the primary organization, blended component units, and discrete component units. The component units are legally separate organizations for which the legally appointed officials of the primary government are financially accountable. Financial accountability is defined as appointment of voting majority of the component units' board, and either (a) the ability to impose will by the primary organization, or (b) the possibility that the component unit will provide a financial benefit to, or impose a financial burden on the primary organization.

Component units are reported as part of the reporting entity under either the blended or discrete method of presentation. Blended involves merging the component unit data with the primary organization. The discrete method presents the financial statements of the component unit outside of the basic financial statement totals of the primary organization. There are two situations where blending is allowed: (1) when the board of the component unit is substantially the same as that of the primary organization, and (2) when the component unit served the primary organization exclusively, or almost exclusively.

In determining how to define the reporting entity, management has considered all potential component units. The decision to include a component unit in the reporting entity was made by applying the criteria set forth in Section 2100 and 2600 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards* and Statement No. 14 and No. 61 of the *Government Accounting Standards Board, the Financial Reporting Entity*.

- the organization is legally separate (can sue and be sued in their own name)
- the Authority holds the corporate powers of the organization
- the Authority appoints a voting majority
- the Authority is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the Authority
- there is fiscal dependency by the organization on the Authority

MOBILE HOUSING BOARD
Mobile, Alabama

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016
(Continued)

NOTE A - SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES AND REPORTING ENTITY: (Cont'd)

3. Reporting Entity: (Cont'd)

Based upon the above criteria all the operations of the Authority are included in these financial statements and there are no operations or component units, which have been excluded in this report. Also, these financial statements are not to be included in the City's financial statements as a component unit.

The operations of the Authority are comprised primarily of the following:

Low Income Public Housing – Funding for the projects was acquired through advances from HUD. The objective of the program is to provide decent, safe, and sanitary housing and related facilities for eligible low-income families and the elderly.

Capital Fund Program – The objective of these programs is to improve the physical condition of the Low-Income Public Housing units and upgrade the management of the program.

Resident Opportunities & Supportive Services Grant - The objective of this program is to provide counseling and other services to residents.

Section 8 Housing Choice Voucher Program – The objective of this program is to provide housing opportunities for eligible low-income families through housing assistance payments to private sector landlords. This is a housing program wherein low income clients lease housing units directly from private sector landlords rather than through MHB. MHB processes all Section 8 Housing Choice Voucher programs, approves applicants for housing, and contracts with the private landlords to make assistance payments for the difference between the approved contract rent and the actual rent paid by the low-income clients. The approved contract rent and the client rent are both calculated using HUD regulations and guidelines. HUD funds MHB for the rental supplements and the administrative costs of managing the program based on funding levels available from HUD, not on actual costs.

HOME Counseling Program – The objective of this program is to provide counseling and advice to tenants and homeowners on property maintenance, financial management, and other matters appropriate to assist tenants and homeowners in improving their housing conditions and meeting the responsibilities of tenancy and homeownership.

Supportive Housing for People with Disabilities – The objective of this program is to provide housing for eligible low-income disabled elderly or disabled non-elderly families through housing assistance payments to landlords. This program is managed through the Section 8 voucher Program. The Housing Board processes all Section 8 Programs, approves applicants for housing and contracts with the private landlords to make assistance payments for the difference between the approved contract rent and the actual rent paid by the low-income tenants. HUD funds the Housing Board for the rental supplements and the administrative costs of managing the program based on funding levels available from HUD, not on actual cost.

Child Care Food Program – The objective of this program is to provide nutritious meals and snacks each day to children served by the Day Care as part of their day care.

MOBILE HOUSING BOARD
Mobile, Alabama

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016
(Continued)

NOTE A - SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES AND REPORTING ENTITY: (Cont'd)

3. Reporting Entity: (Cont'd)

Other Business Activities – MHB operates multiple business activity programs that have an affordable housing or “hope through housing” thrust, including:

1. Trinity Gardens – This is a small self-contained 16-unit senior affordable housing community that once received supportive funding from a third party. That funding source has been eliminated; therefore, MHB is seeking other avenues to support this development in order to maintain its current level of affordability, so that residents may continue to pay 30% of the family’s income toward rent.
2. Affordable Housing/Real Estate Fund – This fund holds mortgage and maintenance reserves derived from the sale of affordable homes. Unrestricted reserves from this fund are available for activities to support other affordable housing purposes. Such activities might include acquisition of sites for replacement housing in support of MHB’s public housing repositioning, and other affordable housing ventures.
3. Contributed Funds – Local grants/donations are received by MHB from various organizations/ persons. These funds are for varying purposes, including resident service activities, enrichment activities for youth, and a summer youth work program known as SWEET-P.
4. Mixed Finance Business Activity Fund – As co-developer in mixed finance activities, MHB receives payment for the services that it provides to the various partnerships. This fund is established to ensure that revenues from these activities are carefully segregated and expended for appropriate activities.

Blended Component Units – The following entities are considered blended component units and listed in the component unit section of the FDS:

- a) *Mobile Development Enterprises (“MDE”)* is a corporation formed in Alabama and qualified as a not for profit Corporation under Section 115 of the Internal Revenue Code of 1986, and is exempt from Federal Income Taxes. The Corporation is organized and operated exclusively as a subsidiary of the Mobile Housing Board. MDE was formed for the purpose of operating a community development center for the benefit of Mobile County’s low and moderate income residents. The Corporation has several board members in common with the Board of Commissioners of MHB. A copy of the financial statements of Mobile Development Enterprises for the year ended December 31, 2016 is available upon written request to the Mobile Housing Board at 151 South Claiborne Street, Mobile, Alabama 36602 attn: CFO Lori Shackelford.
- b) *Housing Supportive Services Group (“HSSG”)* is a corporation formed in Alabama and qualified as a not for profit Corporation under Section 115 of the Internal Revenue Code of 1986, and is exempt from Federal Income Taxes. The Corporation is organized and operated exclusively as a subsidiary of the Mobile Housing Board. The entity was developed to manage and operate the Central Plaza Towers assisted living facility which is a HOPE VI project. This facility was closed on August 15, 2015.

MOBILE HOUSING BOARD
Mobile, Alabama

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016
(Continued)

NOTE A - SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES AND REPORTING ENTITY: (Cont'd)

3. Reporting Entity: (Cont'd)

- c) The Housing Board is the general partner in two real estate operating limited partnerships as of December 31, 2016. The limited partnership interests of the partnerships are held by a third party unrelated to the Housing Board. As the general partner, the Housing Board has certain rights and responsibilities which enable it to impose limited will on the operating limited partnerships, subject to limited partner approval. Additionally, the Housing Board is legally obligated to fund operating deficits in accordance with the terms of the partnership agreements. The Housing Board also has outstanding loans and advances to the operating limited partnerships amounting to approximately \$9.88 million at December 31, 2016. The operating limited partnerships do not service the primary government exclusively, nor does the Housing Board control the operating limited partnerships exclusively and, therefore, are shown as discretely presented component units as described below.

Discrete Component Units

Downtown Renaissance Partnership I, LP was formed as a limited partnership under the laws of the State of Alabama on March 27, 2008. The purpose of the Partnership is to develop, construct and operate an affordable housing project consisting of 88 rental units for seniors. Each building of the project has qualified for and been allocated low-income housing tax credits pursuant to Internal Revenue Code Section 42, which regulates the use of the project as to occupant eligibility and unit gross rent, among other requirements. Each building of the project must meet the provisions of these regulations during each of 15 consecutive years through 2023 in order to continue to qualify to receive the tax credits.

Downtown Renaissance Partnership II, LP was formed as a limited partnership under the laws of the State of Alabama on February 29, 2008. The purpose of the Partnership is to develop, construct and operate an affordable housing project consisting of 87 rental units located in Mobile, Alabama. Operations began during 2011. Each building of the project has qualified for and was allocated low-income housing tax credits pursuant to Section 42, which regulates the use of the project as to occupant eligibility and unit gross rent, among other requirements. Each building of the project must meet the provisions of these regulations during each of 15 consecutive years subsequent to the date of placed-in-service in order to continue to qualify to receive the tax credits.

4. Basis of Presentation, Basis of Accounting and Measurement Focus:

Basis of Accounting – The Housing Board uses the accrual basis of accounting in all its funds. Under this method, revenues are recorded when earned, and expenses are recorded when liabilities are incurred, regardless of when the related cash flow takes place.

Basis of Presentation – The financial statements of the Housing Board are presented from a fund perspective. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain Housing Board functions. The fund is a separate accounting entity with a self-balancing set of accounts. The accounting and financial reporting method applied by a fund is determined by the fund's measurement focus. The accounting objectives are determination of net income, financial position, and cash flows.

MOBILE HOUSING BOARD
Mobile, Alabama

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016
(Continued)

NOTE A - SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES AND REPORTING ENTITY: (Cont'd)

4. Basis of Presentation, Basis of Accounting and Measurement Focus: (Cont'd)

All assets and liabilities associated with the financial activities are included on the Statement of Net Position. Proprietary fund equity is segregated into three broad components: Net investment in capital assets, Restricted, and Unrestricted. The Housing Board uses the following fund:

Enterprise fund – This type of fund is reported using an economic resources measurement focus. Additionally, it is used to account for operations that are financed and operated in a manner similar to private businesses where a fee is charged to external users for services provided.

5. Revenues and Expenses:

MHB distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with MHB's principal ongoing operations. The principal operating revenues of MHB are charges to tenants for rent and various grants and subsidies. Operating expenses include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Subsidies received from HUD or other grantor agencies for operating purposes, are recorded as operating revenue in the operating statement while capital grant funds are added to the net position below the non-operating revenue and expense.

6. Encumbrances:

Encumbrances represent commitments related to unperformed contracts for goods and services. The Housing Board does not utilize encumbrance accounting.

7. Budgets:

The Housing Board adopts budgets on the basis of accounting consistent with the basis of accounting for the fund to which the budget applies. The Housing Board prepares annual operating budgets which are formally adopted by its Board of Commissioners. The budgets for programs funded by HUD form the basis of the Federal Financial Assistance received through HUD.

8. Inventories:

Inventories are recorded at cost using the first in, first out (FIFO) method. If inventory falls below cost due to damage, deterioration or obsolescence, MHB establishes an allowance for obsolete inventory. In accordance with the consumption method, inventory is expensed when items are actually placed in service.

MOBILE HOUSING BOARD
Mobile, Alabama

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016
(Continued)

NOTE A - SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES AND REPORTING ENTITY: (Cont'd)

9. Capital Assets and Depreciation:

Capital assets are stated at historical cost. Donated capital assets are stated at their fair value on the date of donation. This includes site acquisition and improvements, structures and equipment. Depreciation of exhaustible capital assets used by the proprietary funds is charged as an expense against operations and accumulated depreciation is normally reported on the proprietary fund's Statement of Net Position. If the initial cost of the equipment or other personal property is \$1,000 or more and the estimated useful life of the item is one year or more, it shall be capitalized and depreciated over its useful life. Effective January 1, 2016 the capitalization threshold was increased to \$5,000 or more.

Depreciation is calculated using the straight-line method. The estimated useful lives for each major class of depreciable capital assets are as follows:

Buildings and improvements	15-40 years
Furniture, fixtures and equipment	3-10 years

10. Collection Losses:

Collection losses on accounts receivable are expensed, in the appropriate Fund, using the specific write-off method.

11. Insurance:

The primary technique used for risk financing is the purchase of insurance policies from commercial insurers that include a large deductible amount. The use of a large deductible clause reduces the cost of insurance, but, should losses occur, the portion of the uninsured loss is not expected to be significant with respect to the financial position of the Housing Board. The Housing Board secures required insurance coverage through the competitive bid process. As of the date of the fieldwork, the Housing Board had required coverage in effect.

12. Cash and Investments:

1. The Housing Board's cash and cash equivalents are considered to cash on hand, demand deposits, and short-term investments with an original maturity of three months or less when purchased.
2. The Housing Board's investments are stated at fair value, except for U.S. Treasury Bills, which are reported at amortized cost. The Housing Board reports all money market investments having a remaining maturity at time of purchase of one year or less at amortized cost. Investment securities are normally held to maturity at par value and adjustments are made to the investment portfolio to reflect increases/ (decreases) in gains made.

MOBILE HOUSING BOARD
Mobile, Alabama

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016
(Continued)

NOTE A - SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES AND REPORTING ENTITY: (Cont'd)

13. Compensated Absences:

Compensated absences are absences for which employees will be paid, i.e., sick leave, vacation, and other approved leaves. In accordance with GASB Statement No. 16, *Accounting for Compensated Absences*, the Housing Board accrues the liability for those absences that the employee has earned the rights to the benefits. Accrued amounts are based on the current salary rates.

Full-time, permanent employees are granted vacation and sick leave benefits in varying amounts to specified maximums depending on tenure with the Authority. Vacation and sick pay are recorded as an expense and related liability in the year earned by employees.

14. Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

15. Inter-program Receivables and Payables:

Inter-program receivables/payables are all either current assets or current liabilities, and are the result of the use of the Revolving Fund as the common paymaster for costs of the Housing Board. Cash settlements are made periodically and all inter-program balances net to zero. These inter-program receivables and payables have been eliminated in preparation of the basic financial statements. The detail by program can be found in the Financial Data Schedule of Net Position.

16. Allowance for Doubtful Accounts:

Tenant receivables are reported net of an allowance for doubtful accounts. Management's estimate of the allowance is based on historical collection experience and a review of the current status of tenant accounts receivable. It is reasonably possible that management's estimate of the allowance will change over time.

17. Prepaid Expenses:

Prepaid expenses represent payments made to vendors for goods or services that will benefit periods beyond the current year end.

MOBILE HOUSING BOARD
Mobile, Alabama

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016
(Continued)

NOTE A - SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES AND REPORTING ENTITY: (Cont'd)

18. Intangible Assets:

According to the most recent Government Accounting Standards Board pronouncement all financing costs for the Mobile Housing Board have been written off and expensed currently. Consequently, there is no amounts amortized during the year.

19. Capitalized Interest:

Interest expense on notes and bonds, net of interest income on related debt proceeds is capitalized during the project development period through the date of full availability. Only the interest associated specifically with debt used to construct physical structures is capitalized.

20. Restricted Net Position:

Certain assets may be classified as restricted on the statement of net position as their use is restricted by contracts or agreements with outside third parties and lending institutions. Restricted Net Position also includes funds for tenant security deposits restricted for application to unpaid tenant accounts or for refund to tenants.

21. Grants and Contributions:

The Housing Board receives various grants and subsidies from HUD. Grants and subsidies received for public housing operating subsidy and public housing maintenance are recorded as operating revenue. Grants received for property and equipment acquisitions are recorded as capital contributions.

22. Unearned Revenue:

Unearned revenue is recorded when the Housing Board receives funds in advance of when it has a complete legal claim to them, as when grant monies are received prior to meeting all eligibility requirements and/or the occurrence of qualifying expenditures. In this case, unearned revenue is recorded at a liability on the Statement of Net Position. Later, in subsequent periods, when both the revenue recognition criteria are met and/or when MHB has complete legal claim to the resources, the liability for unearned revenue is removed from the Statement of Net Position, and revenue is then recognized.

23. Payment in Lieu of Taxes:

Pursuant to an agreement with the City of Mobile, MHB makes payments in lieu of taxes (PILOT). PILOT may also be provided to other tax districts in which property is owned. Upon mutual understanding with the City of Mobile, accrued PILOT for 2016 is expected to be paid in the next fiscal year as required by the Cooperation Agreement.

MOBILE HOUSING BOARD
Mobile, Alabama

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016
(Continued)

NOTE A - SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES AND REPORTING ENTITY: (Cont'd)

24. Income Taxes:

Income received or generated by MHB is not subject to Federal Income Tax, pursuant to Section 115 of the Internal Revenue Code. In addition, MHB is exempt from state and local property taxes. Interest paid on obligations issued by the Housing Board is excludable from the gross income of the recipients, pursuant to Section 103(a) of the Internal Revenue Code of 1986, as amended. Contributions to MHB are tax deductible contributions, pursuant to Sections 170(b)(1)(A)(v) and 170(c)(1) of the Internal Revenue Code of 1986, as amended.

25. New Pronouncements:

There were no new pronouncements implemented in the current fiscal year.

26. The terms of the Board are as follows:

Kimberly W. Pettway – Chairperson	Term Ends: 08/2020
Rev. Melvin Clark	Term Ends: 08/2017
J. Reid Cummings – Vice Chairperson	Term Ends: 08/2018
Joyce Freeman	Term Ends: 08/2019
Norman Hill	Term Ends: 08/2021

In addition to the above Commissioners, the Executive Director of the Housing Board was Dwayne C. Vaughn, who served on the Board as Secretary. Lori Shackelford is currently serving as Interim Executive Director.

NOTE B - CASH AND CASH EQUIVALENTS:

All the deposits of the Housing Board are either insured or collateralized by using the Dedicated Method whereby all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Housing Board's agents in these units' names. The Housing Board has no policy regarding custodial credit risk for deposits.

At December 31, 2016, the Housing Board's deposits had a carrying amount of \$9,923,326 and bank balances of \$10,700,947. Of the bank balances held in various financial institutions, \$1,069,867 was covered by federal depository insurance and the remainder was covered by collateral held under the dedicated method. The Agency had petty cash totaling \$1,150.

MOBILE HOUSING BOARD
Mobile, Alabama

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016
(Continued)

NOTE B - CASH AND CASH EQUIVALENTS: (Cont'd)

Cash and cash equivalents of the primary government and discrete component units are presented in the basic financial statements as of December 31, 2016 as follows:

	<u>Primary Government</u>	<u>Component Units</u>
	Cash and	Cash and
	<u>Cash Equivalents</u>	<u>Cash Equivalents</u>
Unrestricted	\$ 7,890,576	\$ 478,755
Restricted	<u>2,033,900</u>	<u>1,861,702</u>
Total	<u>\$ 9,924,476</u>	<u>\$ 2,340,457</u>

Interest rate risk – As a means of limiting its exposure to fair value losses arising from rising interest rates, the Housing Board typically limits its investment portfolio to maturities of 12 months or less. The Housing Board has no specific policy regarding interest rate risk.

Credit risk – The Housing Board has no policy regarding credit risk. The Housing Board had no assets that were considered to be investments under GAAP but does limit cash and cash equivalents to savings accounts and Certificates of Deposit that are less than 3 months and are 100% collateralized.

Custodial credit risk – For an investment, the custodial risk is the risk that in the event of the failure of the counterparty, the Housing Board will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All investments in repurchase agreements are collateralized by the securities held by the counterparty, or by its trust department. The Housing Board has no policy on custodial credit risk.

Concentration of credit risk – The Housing Board places no limit on the amount that the Housing Board may invest in any one issuer. The Housing Board has no policy regarding credit risk.

Cash and cash equivalents at December 31, 2016, were as follows:

Interest checking/Money Market/Savings accounts	\$ 8,823,326
Short-term certificates of deposit	1,100,000
Petty cash/change fund	<u>1,150</u>
	<u>\$ 9,924,476</u>

Restricted cash and cash equivalents at December 31, 2016, were as follows:

Security deposit funds	\$ 439,805
FSS escrow funds	336,527
Modernization	1,077,758
AMP 23 Cash	55,463
Restricted for other current liabilities	9,672
Trust deposit – homeownership	<u>114,675</u>
	<u>\$ 2,033,900</u>

MOBILE HOUSING BOARD
Mobile, Alabama

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016
(Continued)

NOTE B - CASH AND CASH EQUIVALENTS: (Cont'd)

Collateralization:

As of December 31, 2016, the following securities were pledged as collateral to secure the deposits of the Housing Board:

<u>Security</u>	<u>Cusip</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Market Value</u>
BBVA Compass Bank				
FHLMC	31300LDR3	10/01/2036	2.839%	\$ 364,710
FHLMC	3128S5JZ8	01/01/2037	3.139%	9,233
FNMA	3138EG5Y6	03/01/2037	4.532%	1,050
FNMA	31418MPD8	05/01/2038	5.501%	229,979
FNMA	31418MPD8	05/01/2038	5.501%	154,886
FNMA	31418MPD8	05/01/2038	5.501%	82,183
FHLMC	3128S5LM4	09/01/2038	3.850%	27,589
FNS	31395QDG2	08/25/2042	1.256%	1,330,854
FHLMC	31300L3E3	10/01/2042	2.527%	588,439
FHLMC	31300L3E3	10/01/2042	2.527%	1,699,934
FHLMC	31300L3E3	10/01/2042	2.527%	1,961,463
FHLMC	31300L3E3	10/01/2042	2.527%	141,661
FHLMC	31300L5B7	10/01/2042	2.418%	517,613
FHLMC	31300L3E3	01/01/2042	2.527%	956,758
FHLMC	31300L6L4	01/01/2043	2.322%	215,276
FHLMC	31300L5S0	01/01/2043	2.308%	834,543
FNMA	3138MHVE0	03/01/2043	2.284%	1,236,330
FNMA	3138MHVE0	03/01/2043	2.284%	201,576
FNMA	3138MHVE0	03/01/2043	2.284%	244,578
				<u>10,798,655</u>
Commonwealth Bank				
ILLINOIS STATE	452152KF7	01/01/2020	4.500%	507,330
FHLB	3130A8W58	02/22/2030	2.640%	325,874
TROY UNIV AL FACS	897745BC8	11/01/2029	6.402%	12,169
				<u>845,373</u>
Deutsche Bank				
Cash				577,986
				<u>577,986</u>
				<u>\$ 12,222,014</u>

MOBILE HOUSING BOARD
Mobile, Alabama

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016
(Continued)

NOTE C - ACCOUNTS RECEIVABLE:

Accounts receivable, including all applicable allowances for uncollectible accounts at December 31, 2016, consisted of the following:

	Primary Government
Tenants (net of allowance of \$2,796)	\$ 40,155
A/R - HUD	191,511
Other government agencies	4,568
A/R - miscellaneous (net of allowance of \$4,773)	27,134
Fraud (net of allowance of \$305,360)	107,836
	\$ 371,204

Note: The above receivable balance excludes \$1,229,298 of interfund receivables that have been eliminated as a result of financial statement consolidation.

NOTE D - NOTES RECEIVABLE:

Changes in notes receivables during the year ending December 31, 2016 were as follows:

	December 31, 2015	Additions	Receipts	December 31, 2016
Downtown Renaissance Partnership II, LP	\$ 5,432,328	\$ -	\$ -	\$ 5,432,328
Downtown Renaissance Partnership II, LP	662,045	-	-	662,045
Downtown Renaissance Partnership I, LP	2,548,026	-	-	2,548,026
Downtown Renaissance Partnership I, LP	427,745	-	-	427,745
Downtown Renaissance Partnership I, LP interest	808,347	134,234	-	942,581
Component Units	8,049	-	-	8,049
Mortgage receivable - soft second	1,406,485	-	-	1,406,485
Public Housing repayment agreements	150,606	-	(111,223)	39,383
Central Office Cost Center - Other	58,233	-	-	58,233
Total	\$ 11,501,864	\$ 134,234	\$ (111,223)	\$ 11,524,875
Less amounts due within one year	(150,606)			(39,382)
Noncurrent portion	\$ 11,351,258			\$ 11,485,493

MOBILE HOUSING BOARD
Mobile, Alabama

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016
(Continued)

NOTE D - NOTES RECEIVABLE: (Cont'd)

Downtown Renaissance II, LP

The Housing Board loaned funds to Downtown Renaissance Partnership II, LP (discrete component unit) to assist in the development of Downtown Renaissance Apartments, Phase III. The Housing Board has entered into the following agreements with the Partnership as of December 31, 2016:

MHB has entered into a first mortgage loan agreement with Downtown Renaissance Partnership II, LP in the original amount of \$5,432,328 consisting of HOPE VI Grant Funds and Capital Fund Recovery Competition Funds. The loan is noninterest bearing and is due at maturity (40 years from completion of the project). The outstanding balance of the note at December 31, 2016, was \$5,432,328. See the Partnership's note payable balances at December 31, 2016 in Note K.

MHB entered into a second mortgage loan agreement with Downtown Renaissance Partnership II, LP in the original amount of \$662,045. The loan is noninterest bearing and is due at maturity (40 years from completion of the project). The outstanding balance of the note at December 31, 2016, was \$662,045. These loans are secured by an assignment of leases and rents from the project.

Downtown Renaissance I, LP

The Housing Board loaned funds to Downtown Renaissance Partnership I, LP (discrete component unit) to assist in the development of Downtown Renaissance Apartments, Phase II. MHB has entered into the following agreements with the Partnership as of December 31, 2016:

The Housing Board has agreed to lend the principal sum of \$2,548,026 to Downtown Renaissance Partnership I, LP under a HOPE VI loan. The loan shall accrue interest at the rate of 4% (weighted average applicable federal rate on the date the proceeds were advanced), compounded annually. Annual payments are to be made from available cash flow. The balance is due on June 21, 2059. The balance of the note and accrued interest at December 31, 2016, was \$2,548,026 and \$942,581, respectively. This loan is secured by an assignment of leases and rents from the project.

The Housing Board has agreed to lend the principal sum of \$440,000 to Downtown Renaissance Partnership I, LP. The loan is noninterest bearing and due at maturity on June 19, 2059. The outstanding principal balance at December 31, 2016, was \$427,745. The Housing Board does not expect this loan to be repaid by Downtown Renaissance Partnership I, LP and will ultimately be forgiven.

NOTE E - PREPAID EXPENSES & INVENTORY:

Prepaid expenses and inventory at December 31, 2016, consisted of the following:

	Primary Government
Prepaid insurance and other assets	\$ 883,283
Inventory (net of allowance of \$14,778)	403,484
	\$ 1,286,767

MOBILE HOUSING BOARD
Mobile, Alabama

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016
(Continued)

NOTE F - OTHER NONCURRENT ASSETS:

Financing Costs – Discrete Component Units

Downtown Renaissance I, LP incurred financing fees of \$127,660 associated with the development of the project. The costs are being amortized using the straight-line method over the life of the loan, 50 years. Current year amortization was \$2,553. Net financing costs were \$108,425 as of December 31, 2016.

Downtown Renaissance I, LP incurred tax credit fees totaling \$228,240 related to obtaining low-income housing tax credits. These fees are being amortized over the mandatory 15-year compliance period. Current year amortization was \$15,216. Net tax credit fees were \$113,599 as of December 31, 2016.

Downtown Renaissance II, LP incurred financing fees of \$155,577 associated with the development of the project. The costs are being amortized using the straight-line method over the life of the loan, 40 years. Current year amortization was \$3,889. Net financing costs were \$136,132 as of December 31, 2016.

Downtown Renaissance II, LP incurred tax credit fees totaling \$207,633 related to obtaining low-income housing tax credits. These fees are being amortized over the mandatory 15-year compliance period. Current year amortization was \$13,842. Net tax credit fees were \$128,079 as of December 31, 2016. Additionally, \$90,000 has been capitalized as prepaid asset management fees at December 31, 2016, with current year amortization of \$10,000.

NOTE G - CAPITAL ASSETS:

Changes in capital assets of the primary government consisted of the following as of December 31, 2016:

	Balance at 12/31/2015	Additions/ Increases	Transfers/ Retirements	Adjustments/ Decreases	Balance at 12/31/2016
Enterprise Activities					
Capital assets not being depreciated:					
Land	\$ 5,170,046	\$ 1,675	\$ -	\$ -	\$ 5,171,721
Construction in progress	2,610,490	74,730	-	-	2,685,220
Total capital assets not being depreciated	7,780,536	76,405	-	-	7,856,941
Buildings & improvements	225,425,882	180,817	-	-	225,606,699
Furniture & equipment	2,501,695	6,828	(197,675)	-	2,310,848
Total capital assets being depreciated	227,927,577	187,645	(197,675)	-	227,917,547
Buildings & improvements	(150,483,662)	(7,184,415)	-	-	(157,668,077)
Furniture & equipment	(2,341,370)	(28,124)	190,905	-	(2,178,589)
Total accumulated depreciation	(152,825,032)	\$(7,212,539)	\$ 190,905	\$ -	(159,846,666)
Total capital assets being depreciated	75,102,545				68,070,881
Enterprise activity capital assets, net	\$ 82,883,081				\$ 75,927,822

MOBILE HOUSING BOARD
Mobile, Alabama

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016
(Continued)

NOTE G - CAPITAL ASSETS: (Cont'd)

The following activities affected Capital Assets during the audit period:

Opening balance at January 1, 2016	\$	82,883,081
Modernization additions - CFP		255,547
Modernization additions - Operations		8,503
Dispositions		(6,770)
Depreciation expense		<u>(7,212,539)</u>
Ending balance at December 31, 2016	\$	<u>75,927,822</u>

Changes in capital assets of the discrete component units consisted of the following as of December 31, 2016:

	Balance at 12/31/2015	Increases	Transfers	Adjustments/ Decreases	Balance at 12/31/2016
Capital assets not being depreciated:					
Land	\$ -	\$ -	\$ -	\$ -	\$ -
Construction in progress	-	16,260	-	-	16,260
Total capital assets not being depreciated	<u>-</u>	<u>16,260</u>	<u>-</u>	<u>-</u>	<u>16,260</u>
Land improvements	27,830	-	-	-	27,830
Buildings & improvements	27,399,132	68,654	-	1	27,467,787
Furniture & equipment	982,276	-	-	-	982,276
Total capital assets being depreciated	<u>28,409,238</u>	<u>68,654</u>	<u>-</u>	<u>1</u>	<u>28,477,893</u>
Total accumulated depreciation	<u>(5,429,047)</u>	<u>\$ (952,045)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(6,381,092)</u>
Total capital assets being depreciated	<u>22,980,191</u>				<u>22,096,801</u>
Capital assets, net	<u>\$ 22,980,191</u>				<u>\$ 22,113,061</u>

Construction in Progress

Capital improvements made on the Housing Board's Low Rent Public Housing projects are financed primarily by Capital Fund Financing Program (see Note K) and grant funds provided by HUD under the Capital Fund Program (CFP). Funds provided through these programs are used to rehabilitate and extend the useful life of the housing projects. Development activities for replacement of the Housing Board's Low Rent Housing units which are lost through demolition or redevelopment are generally financed by grants provided by HUD under the Replacement Housing Factor Grants and the HOPE VI Revitalization Grant Program (HOPE VI). MHB's construction in progress consists of the costs for modernization or development of Low Rent Public Housing units.

MOBILE HOUSING BOARD
Mobile, Alabama

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016
(Continued)

NOTE H - ACCOUNTS PAYABLE:

Accounts payable at December 31, 2016, consisted of the following:

	Primary Government	Component Units
Vendors and contractors payable	\$ 522,902	\$ 15,283
Accounts payable - HUD	43,156	-
PILOT	39,205	14,587
Tenant security deposits	<u>439,805</u>	<u>63,023</u>
	<u>\$ 1,045,068</u>	<u>\$ 92,893</u>

Note: The above payables balance excludes \$1,229,298 of interfund receivables that have been eliminated as a result of financial statement consolidation.

NOTE I - ACCRUED LIABILITIES & OTHER CURRENT LIABILITIES:

Other current liabilities consisted of the following as of December 31, 2016:

	Primary Government	Component Units
Accrued wages & fringes	\$ 254,316	\$ 5,284
Accrued compensated absences - current portion	42,432	669
Noncurrent debt - current portion	49,883	-
Unearned revenue - other	14,766	13,460
Unearned revenue - HAP early distribution	2,211,624	-
Unearned revenue - tenant participation funds	25,639	-
Unearned revenue - prepaid rent	<u>48,640</u>	<u>-</u>
	<u>\$ 2,647,300</u>	<u>\$ 19,413</u>

NOTE J - OTHER NONCURRENT LIABILITIES:

Other noncurrent liabilities – other consisted of the following as of December 31, 2016:

	Primary Government	Component Units
FSS Escrow Liability	\$ 336,527	\$ 8,901
Unearned revenue - tax credit exchange loan	-	653,580
Trust Deposits - homeownership	114,675	-
Accrued compensated absences - noncurrent	610,685	12,658
Net Pension Liability	<u>1,548,240</u>	<u>-</u>
	<u>\$ 2,610,127</u>	<u>\$ 675,139</u>

MOBILE HOUSING BOARD
Mobile, Alabama

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016
(Continued)

NOTE J - OTHER NONCURRENT LIABILITIES: (Cont'd)

The following is a summary of the primary government activity for the year:

	Balance January 1, 2016	Increases	Decreases	Balance December 31, 2016	Current Portion of Balance
FSS Escrow liability	\$ 316,568	\$ 110,926	\$ (90,967)	\$ 336,527	\$ -
Compensated absences	681,713	37,726	(66,322)	653,117	42,432
Trust Deposits - homeownership	114,675	-	-	114,675	-
Net Pension liability	628,617	919,623	-	1,548,240	-
Total noncurrent liabilities	\$ 1,741,573	\$ 1,068,275	\$ (157,289)	\$ 2,652,559	\$ 42,432

NOTE K - LONG-TERM DEBT:

A summary of changes of the primary government's long-term debt for the year ended December 31, 2016, is presented below.

	Balance 12/31/2015	Increases	Payments/ Decreases	Balance 12/31/2016	Current Portion
CFFP mortgage debt payable	\$ 10,301,000	\$ -	\$ (1,356,553)	\$ 8,944,447	\$ 49,883

In 2014, the Housing Board refinanced their outstanding CFFP Revenue Bonds with a long-term loan with Capital One Public Funding, LLC in order to reduce future interest obligations. The note bears interest at a fixed rate of 3.15% and matures on January 1, 2023. The original proceeds of the bonds were used to acquire, construct, equip, renovate and improve public housing developments owned and operated by MHB for rental and occupancy by qualified tenants under the applicable HUD rules and regulations. Payments of principle and interest are due on January 1 and July 1 of each respective year. The debt is designated "Capital Fund Financing Program" debt and is secured by future proceeds from the HUD Capital Fund and all payments are made by a fiscal agent. The note is secured by building and improvements on the property.

Deutsche Bank Trust Company Americas is acting as the fiscal agent. The payments are made by HUD through the fiscal agent with the Housing Board recording all activity related to the servicing of the debt. Maturity of long-term debt for each of the five succeeding years and in the aggregate was as follows at December 31, 2016:

	Principal	Interest	Payment
2017	\$ 49,883	\$ 302,207	\$ 352,090
2018	1,390,596	258,955	1,649,551
2019	1,437,111	214,300	1,651,411
2020	1,482,369	168,191	1,650,560
2021	1,522,008	120,736	1,642,744
2022-2023	3,062,480	95,289	3,157,769
	\$ 8,944,447	\$ 1,159,678	\$ 10,104,125

MOBILE HOUSING BOARD
Mobile, Alabama

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016
(Continued)

NOTE K - LONG-TERM DEBT: (Cont'd)

Loan Liability – At December 31, 2016 there is a loan liability with the Federal Home Loan Bank of Atlanta in the amount of \$427,745. This amount was loaned on June 10, 2008 to the Downtown Renaissance Partnership I. L.P. as indicated in Note D to these financial statements. The liability will be forgiven after the compliance period is completed but remains a liability until the conditions are totally satisfied. The Housing Authority intends to be fully compliant with this property as required by the Federal Home Loan Bank.

A summary of changes of the *discrete component units'* long-term debt for the year ended December 31, 2016 is presented below:

	<u>Balance</u> <u>12/31/2015</u>	<u>Increases/</u> <u>Reclassifications</u>	<u>Payments/</u> <u>Decreases</u>	<u>Balance</u> <u>12/31/2016</u>
Downtown Renaissance I, LP due to MHB	\$ 3,784,119	\$ 134,254	\$ -	\$ 3,918,373
Downtown Renaissance II, LP due to MHB	6,094,373	-	-	6,094,373
Downtown Renaissance II, LP tax credit exchange loan	<u>2,300,606</u>	<u>-</u>	<u>(209,146)</u>	<u>2,091,460</u>
	<u>\$ 12,179,098</u>	<u>\$ 134,254</u>	<u>\$ (209,146)</u>	<u>\$ 12,104,206</u>

Tax Credit Exchange Loan

During 2009, Downtown Renaissance II, LP applied for and received a loan in the original amount of \$3,137,190, which was funded with tax credit exchange (TCE) funds from Alabama Housing and Finance Authority (AHFA) pursuant to Section 1602 of the American Recovery and Reinvestment Act of 2009 (Section 1602). Under Section 1602, state housing agencies can exchange allocations of low-income housing tax credit (LIHTC) which have been allocated to their state under Section 42 of the Internal Revenue Code for cash at a prescribed rate of up to \$.85 for each dollar of LIHTC. In turn, the state housing agencies can use Section 1602 funds to make forgivable loans to properties that qualify for LIHTC based on terms that are contingent and are not recognized until such contingencies are resolved. As of December 31, 2016, the outstanding balance is \$2,300,606. Additionally, there is a deferred tax credit exchange obligation in the amount of \$653,580 as of December 31, 2016.

The discrete component units' remaining debt is comprised of loans from the Housing Board. See Note D for the terms of the notes.

MOBILE HOUSING BOARD
Mobile, Alabama

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016
(Continued)

NOTE L - RESTRICTIONS AND DESIGNATION ON NET POSITION:

The Housing Board has cash and cash equivalents restricted by grantors and lending agencies for specified programs. These funds are temporarily restricted until used for the program purpose for the time period required by the grant or the program purpose as specified by the lender.

The designation and restrictions on Net Position was for the following purposes at December 31, 2016:

	<u>Primary</u> <u>Government</u>	<u>Component</u> <u>Units</u>	<u>Total</u>
Low Rent - modernization funds	\$ 1,014,121	\$ -	\$ 1,014,121
Low Rent - AMP 23	910,044	-	910,044
Replacement and Operating Reserves	-	1,790,089	1,790,089
Business Activities - notes receivable	10,012,726	-	10,012,726
Housing Choice Vouchers - HAP Equity	-	-	-
	<u>\$ 11,936,891</u>	<u>\$ 1,790,089</u>	<u>\$ 13,726,980</u>

NOTE M - RISK MANAGEMENT:

The Housing Board is exposed to various risks of losses related to torts; theft or, damage to, and destruction of assets; error and omissions; injuries to employees; and natural disasters. Claims liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. There were no claims in excess of commercial coverage during the previous three years. These losses include an estimate of claims that have been incurred but not reported. At December 31, 2016, there were no liabilities to be reported.

NOTE N - DEFINED BENEFIT PENSION PLAN:

Plan Description

The Housing Board contributes to the Mobile Housing Board Employees' Retirement Plan ("the plan"), a single employer defined benefit pension plan. Each employee of the Mobile Housing Board becomes a participant on the first of the month coincident with or next following the date of hire. The Board contributes seven percent of each participant's monthly compensation and employees contribute five percent before tax. The plan became effective September 1, 1958, restated effective January 1, 1997, and most recently amended on July 29, 2009. The plan is administered by John Hancock. A copy of the Mobile Housing Board Employees' Retirement Plan Actuarial Valuation for the year ended December 31, 2016, may be obtained by writing to the Mobile Housing Board at 151 South Claiborne Street, Mobile, Alabama 36602.

MOBILE HOUSING BOARD
Mobile, Alabama

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016
(Continued)

NOTE N - DEFINED BENEFIT PLAN (Cont'd)

Contributions

Contributions are based upon a minimum Retirement Plan payment for the year beginning January 1, 2016. The minimum payment is the greater of (a) 12.0% (7.0% employer plus 5.0% employee pick-up) of expected payroll for calendar year 2016 or (b) an amount that consists of payment of annual normal costs plus amortization of the components of the unfunded actuarial accrued liability over various periods (13.0%). The projected minimum contribution for calendar year 2016 is 13.0%. The Housing Board may increase or decrease the scheduled amount of contributions based upon actuarial valuations.

Actuarial Assumptions

Actuarial Assumptions involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined during the valuation process are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. GASB 68 requires that actuarial valuations be completed at least once every two years.

The total pension liability for the Mobile Housing Board Employee's Retirement Plan was determined based upon the trued up actuarial measurement date of December 31, 2015. The actual total pension liability was gathered from the most recent actuarial valuation which is dated January 1, 2016.

The financial reporting measurement date as of December 31, 2016, used the following actuarial methods and assumptions, applied to all periods included in this measurement:

Valuation Date	January 1, 2016
Experience Study	Experience-based table
Actuarial Cost Method	Entry Age, Normal
Amortization Method	Level Dollar, Closed
Amortization Period	30 years
Asset Valuation Method	Smoothed Value
Inflation	3.5%
Salary Increase	4.0% - 7.5%
Investment rate of return	6.75%

The long-term expected rate of return on pension plan investments is based upon a rate of 6.75%, compounded annually, net of investment expenses and estimated expenses updated to actual administrative expenses paid in the previous year.

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine this discount rate assumed member contributions will be made at the current member contribution rate and employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member contribution rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future expected benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

MOBILE HOUSING BOARD
Mobile, Alabama

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016
(Continued)

NOTE N - DEFINED BENEFIT PLAN (Cont'd)

Sensitivity Analysis

In accordance with GASB 68 regarding the disclosure of the sensitivity of the Net Pension Liability to changes in the discount rate, the below table presents the Net Pension Liability calculated using the discount rate of 6.75%, as well as what the Net Pension Liability would be if it were calculated using a discount rate that is 1.00% lower (5.75%) or 1.00% higher (7.75%) than the current rate.

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Plan Net Pension Liability	\$ 2,976,283	\$ 1,548,240	\$ 267,599

Net Pension Liability

In accordance with GASB Statement 68, Accounting and Financial Reporting for Pensions, employers are required to recognize and report certain amounts associated with their participation in defined benefit plans. Statement 68 became effective June 30, 2016 and includes requirements to record and report their proportionate share of the collective Net Pension Liability, Pension Expense, and Deferred Outflows and Inflows of resources associated with pensions.

	Net Pension Liability as of <u>12/31/2015</u>	Net Pension Liability as of <u>12/31/2016</u>
Employer Proportionate Share	\$ 628,617	\$ 1,548,240

At December 31, 2016, the employer recorded a liability of \$1,548,240 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured at December 31, 2015 which has been trued up to the actual Net Pension Liability due to the issuance of the January 1, 2016 actuarial report. Since this plan is solely owned by the Mobile Housing Board their proportion of the Net Pension Liability was 100%.

Changes in actuarial assumptions and methods: There were no changes in assumptions or other inputs that affected the measurement of the Total Pension Liability.

Changes in benefit terms: There have been no changes in benefit terms since the previous measurement date.

Pension Expense:

At December 31, 2016, the employer recognized a Pension Expense of \$529,430 for its share of the contributions to the plan.

MOBILE HOUSING BOARD
Mobile, Alabama

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016
(Continued)

NOTE N - DEFINED BENEFIT PENSION PLAN: (Cont'd)

Deferred Outflows and Inflows

The Schedule of Deferred Inflows and Outflows, and Pension Expense include only certain categories of deferred outflows of resources and deferred inflows of resources. These include differences between expected and actual experience, changes of assumptions and differences between projected and actual earnings on plan investments. The Schedule does not include deferred outflows/inflows of resources for changes in the employer's proportionate share of contribution or employer contributions made subsequent to the measurement date. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments and projected and actual experience are netted and amortized over a closed five year period.

At December 31, 2016, the employer reported its share of the plan's deferred outflows of resources and deferred inflows of resources from the following:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between actual and expected experience	\$ -	\$ 856,290
Changes in assumptions	11,349	-
Difference between projected and actual earnings on pension plan investments	1,073,000	-
Changes in proportion differences between employer contributions and proportionate shares of contributions	-	-
Difference between actual and expected contributions	-	-
Contributions paid to plan subsequent to the measurement date	488,950	-
	\$ 1,573,299	\$ 856,290

Amounts reported as deferred outflows of resources related to pensions resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended December 31, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in Pension Expense as follows:

MOBILE HOUSING BOARD
Mobile, Alabama

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Continued)

NOTE N - DEFINED BENEFIT PENSION PLAN: (Cont'd)

Deferred Outflows and Inflows (Cont'd)

Year Ended December 31:	Amount recognized in Pension Expense as an increase or (decrease) to Pension Expense
2017	\$ 117,837
2018	117,837
2019	117,835
2020	3,547
2021	(128,997)
Thereafter	-

At January 1, 2016, the date of the most recent actuarial valuation, membership in the system was comprised of the following:

Group

Retirees and beneficiaries currently	
Receiving benefits	33
Terminated Vested Participants	19
Active employees	91

NOTE O - IMPAIRMENT OF CAPITAL ASSETS:

GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, establishes accounting and financial reporting standards for impairment of capital assets. Under the provisions of the statement, prominent events or changes in circumstances affecting capital assets are required to be evaluated to determine whether impairment of a capital asset has occurred. Impaired capital assets that will no longer be used should be reported at the lower of carrying value or fair value. Impairment of capital assets with physical damage generally should be measured using the restoration cost approach, which uses the estimated cost to restore the capital asset to identify the portion of the historical cost of the capital asset that should be written-off. No such impairment loss was incurred during the current year.

NOTE P - ECONOMIC DEPENDENCY:

The Housing Board received approximately 89% of its revenue from HUD. If the amount of revenue received from HUD falls below critical levels, The Housing Board's operating reserves could be adversely affected. Both the Housing Board Owned Housing Program and the Section 8 Program are economically dependent on annual contributions and grants from HUD.

MOBILE HOUSING BOARD
Mobile, Alabama

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016
(Continued)

NOTE Q - RELATED PARTY TRANSACTIONS:

During FY 2016, there were no related party transactions to report.

NOTE R - COMMITMENTS & CONTINGENCIES:

The Authority is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Claims liabilities are reported when it is probably that a loss has occurred and the amount of that loss can be reasonably estimated. At December 31, 2016, there were no contingent liabilities to be reported.

The entity is subject to possible examinations made by federal regulators who determine compliance with terms, conditions, laws and regulations governing grants given to the entity in the current and prior years. These examinations may result in required refunds by the entity to federal grantors and/or program beneficiaries. There were no examinations conducted during the current year.

On August 4, 2016, the HUD Office of Inspector General (OIG) of the United States issued an audit report numbered 2016-AT-1010 which outlined one finding with recommendations. HUD's concern was with the noncompliance with "HUD regulations for its financial operations." The Mobile Housing Board has issued a response which is a part of the final published report, and disagrees with the findings and conclusion of the Inspector General. The OIG report is requiring the Mobile Housing Board to pay \$1,241,958 back to the federal fund (Capital Fund Program). The financial impact on the agency is that non-federal funds will become federal, but the overall impact is zero.

NOTE S - SUBSEQUENT EVENTS:

Events that occur after the statement of net position date 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 statement of net position are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the statement of net position date require disclosure in the accompanying notes. Management evaluated the activity of the MHB through May 19, 2017 (the date the financial statements were available to be issued) and concluded that there are no additional items that need to be addressed.

NOTE T - SUPPLEMENTARY INFORMATION:

The supplementary information has been included in order to show the financial statements of the Housing Board on the GAAP basis of accounting but in the format of the HUD Handbook 7476.3, *Audit Guide*. This is due to the fact that some supplementary information is reviewed by the field office and provides greater detail concerning the operations of the Housing Board.

NOTE U - PRIOR PERIOD ADJUSTMENTS:

During FY2016, there were no prior period adjustments issued.

MOBILE HOUSING BOARD
Mobile, Alabama

SINGLE AUDIT SECTION

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016



RECTOR & LOFTON
REEDER & P.C.

**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**
INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Mobile Housing Board
Mobile, Alabama

Department of Housing and Urban Development
Birmingham Field Office
Medical Forum Building
950 22nd Street North, Suite 900
Birmingham, AL 35203

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 Mobile Housing Board, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Mobile Housing Board's basic financial statements, and have issued our report thereon dated May 19, 2017.

Internal Control Over Financial Reporting

Management of the Mobile Housing Board is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit of the financial statements, we considered the Housing 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Housing 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 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 Mobile Housing Board's financial statements are free of 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 the 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 results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Rector, Reeder & Lofton, PC
Certified Public Accountants

Lawrenceville, Georgia
May 19, 2017



REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE

INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Mobile Housing Board
Mobile, Alabama

Department of Housing and Urban Development
Birmingham Field Office
Medical Forum Building
950 22nd Street North, Suite 900
Birmingham, AL 35203

Report on Compliance for Each Major Federal Program

We have audited the Mobile Housing Board's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Mobile Housing Board's major federal programs for the year ended December 31, 2016. The Mobile Housing Board's major federal programs are identified in the summary of auditor's 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 each of its major federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Mobile Housing Board'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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 Mobile Housing Board'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 on the Mobile Housing Board's compliance with those requirements.

Basis for Qualified Opinion on the Low Rent Public Housing and Housing Choice Voucher Programs

As described in the accompanying schedule of findings and questioned costs, the Authority did not comply with requirements regarding CFDA # 14.850 Low Rent Public Housing program as described in finding number 2016-001 for Eligibility and CFDA #14.871 Housing Choice Voucher program as described in finding number 2016-002 for Eligibility. Compliance with such requirements is necessary, in our opinion, for the Authority to comply with the requirements applicable to that program.

Qualified Opinion on the Low Rent Public Housing and Housing Choice Voucher Programs

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, 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 the Low Rent Public Housing and Housing Choice Voucher programs for the year ended December 31, 2016.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the Mobile Housing Board complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended December 31, 2016.

Report on Internal Control Over Compliance

The management of the Mobile Housing Board 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 Mobile Housing Board's internal control over compliance with the types of requirements that could have a direct and material effect on a 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 the Uniform Guidance, 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 Housing Authority's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2016-002 to be a material weakness.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2016-001 to be a significant deficiency.

The Authority's response to the internal control over compliance findings identified in our audit are described in the accompanying Corrective Action Plan. The Authority's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Rector, Reeder & Lofton, P.C.
Rector, Reeder & Lofton, PC
Certified Public Accountants

Lawrenceville, Georgia
May 19, 2017

**MOBILE HOUSING BOARD
Mobile, Alabama**

STATUS OF PRIOR AUDIT FINDINGS

The prior audit report for the period ended December 31, 2015, contained no formal audit findings.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor’s Results:

Financial Statements

Type of report issued on the financial statements:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified not considered to be material weaknesses?	None reported
Noncompliance material to the financial statements noted?	No

Federal Awards

Internal controls over major programs:	
Material weakness(es) identified?	Yes
Significant deficiency(ies) identified not considered to be material weaknesses?	Yes

Type of report issued on the compliance for major programs: **Qualified**

Any audit findings disclosed that are required to be reported in Accordance with the Uniform Guidance? **Yes**

The following are the major programs administered by the Housing Authority:

- CFDA #14.850 Low-Income Public Housing
- CFDA #14.872 Capital Fund Program
- CFDA #14.871 Housing Choice Voucher Program

Dollar threshold used to distinguish between Type A and Type B programs: **\$1,217,088**

Did the Authority qualify as a low-risk auditee? **No**

Section II – Financial Statement Findings

Findings related to financial statements in accordance with GAGAS:

NONE REPORTED

MOBILE HOUSING BOARD
Mobile, Alabama

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section III – Federal Award Findings and Questioned Costs

Findings and questioned costs for Federal Awards as defined in Section .510:

Finding No. 2016-001 – Public Housing Tenant Files – Eligibility – Rent Calculations – Noncompliance & Significant Deficiency

Public Housing Program - CFDA # 14.850, Grant Year 2016

Condition & cause: Our review of ninety (90) Public Housing Tenant Files revealed the following discrepancies:

- There were four (4) instances of a tenant not receiving an annual exam.
- We noted ten (10) instances of a tenant receiving an annual exam later than three months after the scheduled effective date.
- We noted five (5) issues relating to documentation of income verification. Three involving failure to utilize an EIV at the time of examination and the other two not having verification for wages.
- There were two (2) instances of miscalculated income, both immaterial in amount.
- We noted one (1) instance of a lease not being signed by the tenant.
- There were two (2) instances of a missing HUD 9886 form.
- There was one (1) instance of missing community service documentation.

The above errors were the result of employee error and a failure of the agency to properly review and locate the errors. A quality control system is in place to ensure compliance with Federal regulations but that has not been consistent review and monitoring of certain files.

Criteria: The Code of Federal regulations, the Housing Authority Admissions and Occupancy Plan and specific HUD guidelines in documenting and maintaining Public Housing tenant files.

Recommendation: We recommend that the Agency conduct a thorough tenant file audit of existing tenants to determine whether there are any misstatements. We also recommend that the Agency determine the best way to monitor compliance with local and federal regulations as it pertains to the upkeep of the tenant files.

Questioned Costs: None

Repeat Finding: No

Was sampling statistically valid? Yes

Views of responsible officials: The PHA agrees with the results of the audit and recommendation.

MOBILE HOUSING BOARD
Mobile, Alabama

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section III – Federal Award Findings and Questioned Costs (Cont'd)

Finding No. 2016-002 – Housing Choice Voucher Program Tenant Files – Eligibility – Rent Calculations – Noncompliance & Material Weakness

Housing Choice Voucher Program - CFDA # 14.871, Grant Year 2016

Condition & cause: Our review of one hundred twenty (120) HCV Tenant Files revealed the following discrepancies:

- We noted forty-two (42) instances of annual exams not being done in 2016.
- There were nine (9) instances of a tenant receiving an annual exam later than three months after the scheduled effective date.
- There were three (3) instances of files missing income verification.
- There were five (5) instances of miscalculated income in the files. These miscalculations were mainly in the area of wage and benefit calculations. We extrapolated this amount through statistical procedures and found the possible total error amount to be relatively immaterial at an amount of \$34,642.
- We noted four (4) instances of files missing a HAP contract.
- There was one (1) instance of a file missing a HUD 50058 form.
- There was one (1) instance of a file missing a HUD 9886 form.
- There was one (1) instance of a file missing a birth certificate and social security card.
- We noted four (4) instances of files missing 214 declaration of citizenship forms.
- There were four (4) instances of files missing inspection documentation.
- There were two (2) instances of files missing lead-based paint notification.

The above errors were the result of understaffing (including management positions) and lack of oversight in the implementation of a new system for completing annual examinations. Also present were employee error and a failure of the agency to properly review and locate the errors.

Criteria: The Code of Federal regulations, the Housing Authority Administrative Plan and specific HUD guidelines in documenting and maintaining Housing Choice Voucher tenant files.

Recommendation: We recommend that the Agency conduct a thorough tenant file audit of existing tenants to determine whether there are any misstatements. We also recommend that the Agency determine the best way to monitor compliance with local and federal regulations as it pertains to the upkeep of the tenant files.

Questioned Costs: None

Repeat Finding: No

Was sampling statistically valid? Yes

Views of responsible officials: The PHA agrees with the results of the audit and recommendation.

**MOBILE HOUSING BOARD
Mobile, Alabama**

CORRECTIVE ACTION PLAN

Finding No. 2016-001 – Public Housing Tenant Files – Eligibility – Rent Calculations – Noncompliance & Significant Deficiency

Corrective Action Plan:

The Compliance Department has confirmed that all errors have been resolved by the site personnel and the site is now current with its recertifications.

The Compliance Department also emphasized to all sites the importance of keeping all resident files up to date and in order. Site management will report progress monthly on the quantity of Annual Re-examinations due and the number which are completed within that same time period. In addition to this stricter monitoring of progress, individual files will be randomly audited by the Asset Management & Compliance Department, on a monthly basis, to verify completion and ensure all necessary documentation is present in each file.

The procedures for this plan are being developed and will be implemented to document the results of the progress made and to aid all sites from falling behind in the future. Asset Management & Compliance Department personnel will provide direct oversight to the monitoring process moving forward.

Contact Person: Matthew McClammey

Anticipated Completion Date: July 31, 2017

MOBILE HOUSING BOARD
Mobile, Alabama

CORRECTIVE ACTION PLAN
(Continued)

Finding No. 2016-002 – Housing Choice Voucher Program Tenant Files – Eligibility – Rent Calculations – Noncompliance & Material Weakness

Corrective Action Plan:

Determination of Adjusted Income:

Mobile Housing Board Housing Choice Voucher Program (“HCV”) has taken the following actions to ensure our file errors are reduced.

1. Management professionals in the HCV department will perform a random, monthly sample review of files processed by team members to assure minimal errors. The selected samples will be based on the SEMAP baseline.
2. SEMAP samples have been utilized as training tools for staff and corrections have been made.
3. MHB HCV income and rental calculation training will be ongoing by MHB HCV management.
4. MHB HCV is scheduled to participate in rent calculation training provided by an industry professional in July 2017.

Timely Annual Reexaminations:

2016 was a challenging year due to new electronic processes that resulted in our participants completing their annual re-certifications in an untimely manner. MHB HCV has taken a strategic look at our internal processes as well as enhanced monitoring of our reexaminations.

1. MHB HCV has identified all 2017 annual re-certifications based on the month in which they are due. Tracking of the annual re-certifications are now being done by using Microsoft 365.
2. The 2017 re-certifications of those participants that were missed in 2016 have been prioritized and are being completed early in 2017.
3. In addition, HCV management conducts weekly team meetings with the case workers to review outstanding files, discuss concerns and provide deadlines for completion. An email is sent after each meeting with the discussion points.
4. The PIC late reexamination report is pulled monthly and compared to the aged reexamination report from the MHB agency software system.
5. MHB HCV has enhanced our communication methods by mailing written correspondence and emailing each participant and landlord notification of the participant’s annual recertification.
6. MHB HCV has implemented in person interviews which gives us the opportunity to review applications completed by the participant to ensure the correct income is reported, verifications are received and the new rental portion is based on the correct source of income. It also gives us an opportunity to review the HCV obligations with the participants. This has greatly improved the rate at which the annual re-certifications are being completed.
7. MHB HCV will offer electronic training for HCV participants to assist them in navigating MHB HCV’s electronic processes more timely and completely.
8. The HCV department staffing is being restructured to provide additional staff for increased oversight and smaller caseloads.

Contact Person: Monica Griffin

Anticipated Completion Date: September 30, 2017

MOBILE HOUSING BOARD
Mobile, Alabama

SUPPLEMENTAL INFORMATION

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016

**Mobile Housing Board
Mobile, Alabama**

**FINANCIAL DATA SUBMISSION SUMMARY
NET POSITION ACCOUNTS
DECEMBER 31, 2016**

<u>Account Description</u>	Low-Rent Public Hsg	Housing Counseling Assistance Program	Child & Adult Care Food Program	ROSS	Housing Choice Vouchers	Supportive Hsg for Persons with Disabilities	Disaster Housing Assistant Grant
	14,850	14,169	10,558	14,870	14,871	14,181	97,109
ASSETS & DEFERRED OUTFLOWS:							
CURRENT ASSETS:							
Cash:							
Cash - unrestricted	\$ 2,955,422	\$ 0	\$ 6,147	\$ 0	\$ 2,380,320	\$ 126,470	\$ 0
Cash - restricted - modernization and development	1,014,121	0	0	0	0	0	63,637
Cash - other restricted	121,399	0	0	0	270,591	0	0
Cash - tenant security deposits	436,455	0	0	0	0	0	0
Cash - restricted for payment of current liab.	9,672	0	0	0	0	0	0
Total Cash	4,537,069	0	6,147	0	2,650,911	126,470	63,637
Accounts and notes receivables:							
Accounts receivable - HUD	46,044	0	0	14,445	59,038	0	0
Accounts receivable - other government	0	0	4,568	0	0	0	0
Accounts receivable - miscellaneous	3,190	0	0	0	0	0	0
Accounts receivable - tenants rents	42,763	0	0	0	0	0	0
Allowance for doubtful accounts - tenants	(2,786)	0	0	0	0	0	0
Allowance for doubtful accounts - other	(4,773)	0	0	0	0	0	0
Notes receivable - current	39,382	0	0	0	0	0	0
Fraud recovery	113,896	0	0	0	299,300	0	0
Allowance for doubtful accounts - fraud	(6,060)	0	0	0	(299,300)	0	0
Accrued interest receivable	0	0	0	0	0	0	0
Total receivables - net	231,656	0	4,568	14,445	59,038	0	0
Other current assets:							
Investments - unrestricted	0	0	0	0	0	0	0
Prepaid expenses and other assets	850,781	0	0	0	7,343	107	0
Inventories	0	0	0	0	0	0	0
Allowance for obsolete inventories	0	0	0	0	0	0	0
Assets held for sale	0	0	0	0	0	0	0
Interprogram due from	0	0	0	0	0	0	0
TOTAL CURRENT ASSETS	5,619,506	0	10,715	14,445	2,717,292	126,577	63,637
NONCURRENT ASSETS:							
Capital Assets:							
Land	4,630,805	0	0	0	0	0	0
Buildings	219,817,012	0	0	0	0	0	0
Furniture & equipment - Dwellings	0	0	0	0	0	0	0
Furniture & equipment - Administration	1,743,031	0	0	0	54,748	0	0
Improvements	0	0	0	0	0	0	0
Work in process	2,685,220	0	0	0	0	0	0
Accumulated depreciation	(156,569,108)	0	0	0	(54,748)	0	0
Total capital assets - net	72,306,960	0	0	0	0	0	0
Notes receivable - noncurrent	1,282,326	0	0	0	0	0	0
Notes receivable - past due	0	0	0	0	0	0	0
Investment in joint ventures	0	0	0	0	0	0	0
Other Assets	0	0	0	0	0	0	0
TOTAL NONCURRENT ASSETS	73,589,286	0	0	0	0	0	0
TOTAL ASSETS	79,208,792	0	10,715	14,445	2,717,292	126,577	63,637
DEFERRED OUTFLOWS OF RESOURCES	943,979	0	0	0	188,796	0	0
TOTAL ASSETS & DEFERRED OUTFLOWS	\$ 80,152,771	\$ 0	\$ 10,715	\$ 14,445	\$ 2,906,088	\$ 126,577	\$ 63,637

Component Units Discretely Presented	Component Units Blended	State / Local	Business Activities	ROSS/FSS 14,896	Specialty Crop Grant Program 10,170	Choice Neighborhoods Planning Grant 14,892	Central Office Cost Center	Elimination	TOTAL
\$ 478,755	\$ 424,319	\$ 0	\$ 867,541	\$ 0	\$ 4,868	\$ 0	\$ 1,125,489	\$ 0	\$ 8,369,331
0	0	0	0	0	0	0	0	0	1,077,758
1,798,679	0	0	114,675	0	0	0	0	0	2,305,344
63,023	0	0	3,350	0	0	0	0	0	502,828
0	0	0	0	0	0	0	0	0	9,672
<u>2,340,457</u>	<u>424,319</u>	<u>0</u>	<u>985,566</u>	<u>0</u>	<u>4,868</u>	<u>0</u>	<u>1,125,489</u>	<u>0</u>	<u>12,264,933</u>
0	0	700	0	0	0	71,284	0	0	191,511
0	0	0	0	0	0	0	0	0	4,568
3,565	12,397	0	0	0	0	0	16,320	0	35,472
9,938	0	0	188	0	0	0	0	0	52,889
(529)	0	0	(10)	0	0	0	0	0	(3,325)
(190)	0	0	0	0	0	0	0	0	(4,963)
0	0	0	0	0	0	0	0	0	39,382
0	0	0	0	0	0	0	0	0	413,196
0	0	0	0	0	0	0	0	0	(305,360)
0	0	0	0	0	0	0	0	0	0
<u>12,784</u>	<u>12,397</u>	<u>700</u>	<u>178</u>	<u>0</u>	<u>0</u>	<u>71,284</u>	<u>16,320</u>	<u>0</u>	<u>423,370</u>
0	0	0	0	0	0	0	0	0	0
53,615	1,678	0	2,023	0	0	0	21,351	0	936,898
0	0	0	0	0	0	0	418,262	0	418,262
0	0	0	0	0	0	0	(14,778)	0	(14,778)
0	0	0	0	0	0	0	0	0	0
0	69,919	0	0	0	0	0	1,159,379	(1,229,298)	0
<u>2,406,856</u>	<u>508,313</u>	<u>700</u>	<u>987,767</u>	<u>0</u>	<u>4,868</u>	<u>71,284</u>	<u>2,726,023</u>	<u>(1,229,298)</u>	<u>14,028,685</u>
27,830	1,675	0	539,241	0	0	0	0	0	5,199,551
27,399,133	0	0	4,793,634	0	0	0	996,053	0	253,005,832
0	0	0	0	0	0	0	0	0	0
982,276	0	0	30,302	0	0	0	482,767	0	3,293,124
68,654	0	0	0	0	0	0	0	0	68,654
16,260	0	0	0	0	0	0	0	0	2,701,480
(6,381,092)	0	0	(1,820,803)	0	0	0	(1,402,007)	0	(166,227,758)
<u>22,113,061</u>	<u>1,675</u>	<u>0</u>	<u>3,542,374</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>76,813</u>	<u>0</u>	<u>98,040,883</u>
0	0	0	10,012,726	0	0	0	182,392	0	11,477,444
0	8,049	0	0	0	0	0	0	0	8,049
0	0	0	0	0	0	0	0	0	0
576,235	0	0	0	0	0	0	0	0	576,235
<u>22,689,296</u>	<u>9,724</u>	<u>0</u>	<u>13,555,100</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>259,205</u>	<u>0</u>	<u>110,102,611</u>
25,096,152	518,037	700	14,542,867	0	4,868	71,284	2,985,228	(1,229,298)	124,131,296
0	0	0	15,733	0	0	0	424,791	0	1,573,299
<u>\$ 25,096,152</u>	<u>\$ 518,037</u>	<u>\$ 700</u>	<u>\$ 14,558,600</u>	<u>\$ 0</u>	<u>\$ 4,868</u>	<u>\$ 71,284</u>	<u>\$ 3,410,019</u>	<u>\$ (1,229,298)</u>	<u>\$ 125,704,595</u>

**Mobile Housing Board
Mobile, Alabama**

**FINANCIAL DATA SUBMISSION SUMMARY
NET POSITION ACCOUNTS
DECEMBER 31, 2016**

<u>Account Description</u>	Low-Rent Public Hsg 14,850	Housing Counseling Assistance Program 14,169	Child & Adult Care Food Program 10,558	ROSS 14,870	Housing Choice Vouchers 14,871	Supportive Hsg for Persons with Disabilities 14,181	Disaster Housing Assistant Grant 97,109
LIABILITIES, DEFERRED INFLOWS, AND NET POSITION:							
LIABILITIES:							
CURRENT LIABILITIES:							
Cash overdraft	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Accounts payable < 90 days	287,858	0	9,981	4,429	84,306	986	0
Accrued salaries/payroll withholding	115,971	0	0	0	23,898	737	0
Accrued compensated absences	18,597	0	0	0	1,867	0	0
Accrued interest payable	0	0	0	0	0	0	0
Accounts payable - HUD PHA programs	0	0	0	0	0	43,156	0
Accounts payable - other gov.	39,205	0	0	0	0	0	0
Tenant security deposits	436,455	0	0	0	0	0	0
Unearned revenue	83,951	0	734	0	2,159,145	52,479	0
Current portion of L-T debt - capital projects	49,883	0	0	0	0	0	0
Other current liabilities	0	0	0	0	0	0	0
Accrued liabilities - other	57,541	0	0	0	0	0	0
Interprogram (due to)	25,396	0	0	10,016	9,533	0	0
TOTAL CURRENT LIABILITIES	1,114,857	0	10,715	14,445	2,278,689	97,358	0
NONCURRENT LIABILITIES:							
Long-term debt, net of current - capital projects	8,894,564	0	0	0	0	0	0
Long-term debt, net of current - operating	0	0	0	0	0	0	0
Noncurrent liabilities - other	65,936	0	0	0	270,591	0	0
Accrued comp. absences - long term	353,507	0	0	0	35,470	0	0
Loan liability - noncurrent	0	0	0	0	0	0	0
Accrued pension obligation	928,944	0	0	0	185,789	0	0
TOTAL NONCURRENT LIABILITIES	10,242,951	0	0	0	491,850	0	0
TOTAL LIABILITIES	11,357,808	0	10,715	14,445	2,770,539	97,358	0
DEFERRED INFLOWS OF RESOURCES	513,774	0	0	0	102,755	0	0
NET POSITION:							
Net investment in capital assets	63,362,513	0	0	0	0	0	0
Restricted	2,351,910	0	0	0	0	0	0
Unrestricted	2,566,766	0	0	0	32,794	29,219	63,637
TOTAL NET POSITION	68,281,189	0	0	0	32,794	29,219	63,637
TOTAL LIABILITIES, DEFERRED INFLOWS, AND NET POSITION	\$ 80,152,771	\$ 0	\$ 10,715	\$ 14,445	\$ 2,906,088	\$ 126,577	\$ 63,637

Component Units Discretely Presented	Component Units Blended	State / Local	Business Activities	ROSS/FSS 14.896	Specialty Crop Grant Program 10.170	Choice Neighborhoods Planning Grant 14.892	Central Office Cost Center	Elimination	TOTAL
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
15,283	5,687	0	428	0	2,727	35,659	33,300	0	480,644
5,284	54,148	0	358	0	0	0	59,264	0	259,600
669	13,861	0	66	0	0	0	8,041	0	43,101
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	43,156
14,587	0	0	0	0	0	0	0	0	53,792
63,023	0	0	3,350	0	0	0	0	0	502,828
13,460	0	0	2,219	0	2,141	0	0	0	2,314,129
0	0	0	0	0	0	0	0	0	49,883
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	57,541
0	1,119,193	700	525	0	0	35,625	28,310	(1,229,298)	0
112,306	1,192,889	700	6,946	0	4,868	71,284	128,915	(1,229,298)	3,804,674
12,104,206	0	0	0	0	0	0	0	0	20,998,770
0	0	0	0	0	0	0	0	0	0
662,481	0	0	114,675	0	0	0	0	0	1,113,683
12,658	67,674	0	1,260	0	0	0	152,774	0	623,343
0	0	0	427,745	0	0	0	0	0	427,745
0	0	0	15,482	0	0	0	418,025	0	1,548,240
12,779,345	67,674	0	559,162	0	0	0	570,799	0	24,711,781
12,891,651	1,260,563	700	566,108	0	4,868	71,284	699,714	(1,229,298)	28,516,455
0	0	0	8,563	0	0	0	231,198	0	856,290
9,355,274	1,675	0	3,542,374	0	0	0	76,813	0	76,338,649
1,790,089	0	0	9,584,981	0	0	0	0	0	13,726,980
1,059,138	(744,201)	0	856,574	0	0	0	2,402,294	0	6,266,221
12,204,501	(742,526)	0	13,983,929	0	0	0	2,479,107	0	96,331,850
\$ 25,096,152	\$ 518,037	\$ 700	\$ 14,558,600	\$ 0	\$ 4,868	\$ 71,284	\$ 3,410,019	\$ (1,229,298)	\$ 125,704,595

**Mobile Housing Board
Mobile, Alabama**

**FINANCIAL DATA SUBMISSION SUMMARY
REVENUES, EXPENSES AND CHANGES IN NET POSITION ACCOUNTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

<u>Account Description</u>	Low-Rent Public Hsg 14.850	Housing Counseling Assistance Program 14.169	Child & Adult Care Food Program 10.558	ROSS 14.870	Housing Choice Vouchers 14.871	Supportive Hsg for Persons with Disabilities 14.181	Disaster Housing Assistant Grant 97.109
REVENUES:							
Net tenant rental revenue	\$ 4,050,397	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Tenant revenue - other	415,000	0	0	0	0	0	0
Total tenant revenue	4,465,397	0	0	0	0	0	0
HUD PHA grants - operating	11,584,798	4,272	0	207,622	25,593,881	619,745	0
HUD PHA grants - capital	1,935,675	0	0	0	0	0	0
Management fee	0	0	0	0	0	0	0
Asset management fee	0	0	0	0	0	0	0
Bookkeeping fee	0	0	0	0	0	0	0
Front line service fee	0	0	0	0	0	0	0
Other fees	0	0	0	0	0	0	0
Other government grants	0	0	64,216	0	0	0	0
Investment income - unrestricted	9,476	0	14	0	1,387	43	0
Mortgage interest income	0	0	0	0	0	0	0
Fraud Recovery	0	0	0	0	14,608	0	0
Proceeds from Disposition of Assets Held for Sale	0	0	0	0	0	0	0
Cost of Sale of Assets	0	0	0	0	0	0	0
Other revenue	187,390	0	0	0	12,482	0	0
Gain/(loss) on disposition	(2,039)	0	0	0	0	0	0
Investment income - restricted	0	0	0	0	0	0	0
TOTAL REVENUES	\$ 18,180,697	\$ 4,272	\$ 64,230	\$ 207,622	\$ 25,622,358	\$ 619,788	\$ 0
EXPENSES:							
Administrative							
Administrative salaries	\$ 752,578	\$ 0	\$ 0	\$ 0	\$ 525,058	\$ 16,257	\$ 0
Auditing fees	19,660	0	0	0	12,872	398	0
Management fees	2,025,746	0	0	0	498,096	14,412	0
Bookkeeping fees	206,232	0	0	0	311,310	9,008	0
Advertising & marketing	0	0	0	0	0	0	0
Employee benefits - administrative	352,214	0	0	0	258,145	7,182	0
Office expense	730,491	0	407	3,781	246,895	5,024	0
Legal expense	238,504	0	0	0	7,965	246	0
Travel expense	28,085	0	0	5,832	6,378	197	0
Other operating - administrative	55,367	0	0	33,760	98,725	3,053	0
Total Administrative Expense	4,408,877	0	407	43,373	1,965,444	55,777	0
Asset management fee	282,480	0	0	0	0	0	0
Tenant services							
Tenant services - salaries	150,054	2,975	0	104,298	0	0	0
Relocation Costs	209,873	0	0	0	0	0	0
Employee benefits - tenant services	50,137	1,297	0	59,951	0	0	0
Other tenant services	249,067	0	63,823	0	0	0	0
Total Tenant Services	659,131	4,272	63,823	164,249	0	0	0
Utilities							
Water	649,238	0	0	0	0	0	0
Electricity	990,129	0	0	0	0	0	0
Gas	1,003,494	0	0	0	0	0	0
Sewer	1,006,009	0	0	0	0	0	0
Other utilities expense	36,000	0	0	0	0	0	0
Total Utilities Expense	3,684,870	0	0	0	0	0	0

Component Units Discretely Presented	Component Units Blended	State / Local	Business Activities	ROSS/FSS 14.896	Specialty Crop Grant Program 10.170	Choice Neighborhoods Planning Grant 14.892	Central Office Cost Center	Elimination	TOTAL
\$ 901,774	\$ 0	\$ 0	\$ 20,919	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,973,090
52,306	0	0	221	0	0	0	0	0	467,527
954,080	0	0	21,140	0	0	0	0	0	5,440,617
0	0	0	0	209,062	0	240,188	0	0	38,459,568
0	0	0	0	0	0	0	0	0	1,935,675
0	0	0	0	0	0	0	2,579,229	(2,579,229)	0
0	0	0	0	0	0	0	282,480	(282,480)	0
0	0	0	0	0	0	0	527,818	(527,818)	0
0	0	0	0	0	0	0	0	0	0
0	0	0	6,294	0	0	0	0	(6,294)	0
0	137,110	700	0	0	110,129	0	0	0	312,155
4,214	124	0	83	0	0	0	1,021	0	16,362
0	0	0	134,234	0	0	0	0	0	134,234
0	0	0	0	0	0	0	0	0	14,608
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
126,155	1,817,360	0	17,801	0	0	0	73,412	(1,831,318)	403,282
0	(3,311)	0	0	0	0	0	(996)	0	(6,346)
0	0	0	0	0	0	0	0	0	0
\$ 1,084,449	\$ 1,951,283	\$ 700	\$ 179,552	\$ 209,062	\$ 110,129	\$ 240,188	\$ 3,462,964	\$ (5,227,139)	\$ 46,710,155

\$ 42,319	\$ 694,783	\$ 0	\$ 32,104	\$ 0	\$ 0	\$ 0	\$ 939,566	\$ 0	\$ 3,002,665
16,850	0	0	0	0	0	0	12,975	0	62,755
37,998	0	0	9,271	0	0	0	0	(2,585,523)	0
0	0	0	1,268	0	0	0	0	(527,818)	0
0	0	0	0	0	0	0	2,480	0	2,480
15,610	215,672	0	13,523	0	0	0	382,605	0	1,244,951
80,924	185,842	700	126,120	0	12,570	225,443	833,697	(1,453,735)	998,159
16,988	16,632	0	108,544	0	0	0	119,973	0	508,852
3,929	13,146	0	75	0	1,448	12,223	68,636	0	139,949
8,832	0	0	351	0	0	0	204,650	0	404,738
223,450	1,126,075	700	291,256	0	14,018	237,666	2,564,582	(4,567,076)	6,364,549

0	0	0	0	0	0	0	0	(282,480)	0
---	---	---	---	---	---	---	---	-----------	---

8,651	443,131	0	10,123	132,754	72,319	0	10,618	(240,027)	694,896
0	0	0	0	0	0	0	0	0	209,873
2,304	185,471	0	3,111	76,308	0	0	3,746	(137,556)	244,769
7,563	0	0	69,860	0	5,046	2,522	424	0	398,305
18,518	628,602	0	83,094	209,062	77,365	2,522	14,788	(377,583)	1,547,843

10,284	0	0	681	0	0	0	1,266	0	661,469
58,506	0	0	3,616	0	0	0	29,614	0	1,081,865
0	0	0	81	0	0	0	5,479	0	1,009,054
18,124	0	0	359	0	0	0	2,914	0	1,027,406
0	0	0	0	0	0	0	0	0	36,000
86,914	0	0	4,737	0	0	0	39,273	0	3,815,794

**Mobile Housing Board
Mobile, Alabama**

**FINANCIAL DATA SUBMISSION SUMMARY
REVENUES, EXPENSES AND CHANGES IN NET POSITION ACCOUNTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

<u>Account Description</u>	Low-Rent Public Hsg 14,850	Housing Counseling Assistance Program 14,169	Child & Adult Care Food Program 10,558	ROSS 14,870	Housing Choice Vouchers 14,871	Supportive Hsg for Persons with Disabilities 14,181	Disaster Housing Assistant Grant 97,109
Ordinary Maintenance & Operation							
Labor	1,683,088	0	0	0	0	0	0
Materials	729,578	0	0	0	82	2	0
Employee benefit contributions	810,484	0	0	0	0	0	0
Contract costs - garbage and trash removal	172,143	0	0	0	0	0	0
Contract costs - heating and cooling	388,102	0	0	0	0	109	0
Contract costs - snow removal	63,515	0	0	0	0	0	0
Contract costs - elevator maintenance	71,838	0	0	0	0	0	0
Contract costs - landscape and grounds	533,555	0	0	0	0	0	0
Contract costs - unit turnaround	0	0	0	0	0	0	0
Contract costs - electrical	49,448	0	0	0	0	8	0
Contract costs - plumbing	141,692	0	0	0	0	0	0
Contract costs - extermination	115,543	0	0	0	0	2	0
Contract costs - janitorial	161,051	0	0	0	0	490	0
Contract costs - routine maintenance	1,355	0	0	0	0	1	0
Contract costs - miscellaneous	372,560	0	0	0	20,871	36	0
Total Ordinary Maintenance & Operation	5,293,952	0	0	0	20,953	648	0
Protective services							
Protective services - salaries	0	0	0	0	0	0	0
Other Contract Costs	350,517	0	0	0	0	0	0
Employee benefits - protective services	0	0	0	0	0	0	0
Other protective services	0	0	0	0	0	0	0
Total Protective Services	350,517	0	0	0	0	0	0
Insurance Premiums							
Property insurance	1,193,968	0	0	0	739	902	0
Liability insurance	283,552	0	0	0	0	260	0
Workmen's compensation	141,957	0	0	0	29,175	0	0
Insurance - other	50,929	0	0	0	8,395	0	0
Total Insurance Premiums	1,670,406	0	0	0	38,309	1,162	0
General Expenses							
Other general expense	306,615	0	0	0	23,895	0	0
Compensated absences	25,281	0	0	0	2,082	0	0
Payments in lieu of taxes	39,194	0	0	0	0	0	0
Bad debt - tenant rents	388,211	0	0	0	0	0	0
Bad debt - other	3,190	0	0	0	0	0	0
Severance expense	0	0	0	0	0	0	0
Total General Expenses	762,491	0	0	0	25,977	0	0
Financial Expenses							
Interest expense - Mortgage Payable	323,574	0	0	0	0	0	0
Interest expense - Notes Payable	0	0	0	0	0	0	0
Amortization - issuance costs	0	0	0	0	0	0	0
Total Financial Expenses	323,574	0	0	0	0	0	0
TOTAL OPERATING EXPENSE	17,436,298	4,272	64,230	207,622	2,050,683	57,587	0
EXCESS OPERATING REVENUE	744,399	0	0	0	23,571,675	562,201	0
Other Expenses							
Extraordinary maintenance	0	0	0	0	0	0	0
Casualty losses	18,109	0	0	0	0	0	0
Housing assistance payments	0	0	0	0	23,681,382	553,971	0
HAP portability-in	0	0	0	0	0	0	0
Depreciation expense	7,019,521	0	0	0	0	0	0
Total Other Expenses	7,037,630	0	0	0	23,681,382	553,971	0
TOTAL EXPENSES	\$ 24,473,928	\$ 4,272	\$ 64,230	\$ 207,622	\$ 25,732,065	\$ 611,558	\$ 0
EXCESS OF REVENUE OVER EXPENSES	\$ (6,293,231)	\$ 0	\$ 0	\$ 0	\$ (109,707)	\$ 8,230	\$ 0

Component Units Discretely Presented	Component Units Blended	State / Local	Business Activities	ROSS/FSS 14,896	Specialty Crop Grant Program 10,170	Choice Neighborhoods Planning Grant 14,892	Central Office Cost Center	Elimination	TOTAL
58,801	0	0	8,847	0	0	0	0	0	1,750,736
32,647	3,092	0	6,396	0	18,746	0	7,171	0	797,714
25,682	0	0	5,334	0	0	0	0	0	841,500
5,726	3,608	0	0	0	0	0	630	0	182,107
63,387	0	0	446	0	0	0	26,284	0	478,328
0	0	0	0	0	0	0	0	0	63,515
5,041	0	0	0	0	0	0	2,569	0	79,448
30,159	0	0	1,922	0	0	0	4,179	0	569,815
0	0	0	0	0	0	0	0	0	0
3,278	0	0	1	0	0	0	3,289	0	56,024
3,685	0	0	523	0	0	0	18	0	145,918
7,616	0	0	974	0	0	0	589	0	124,724
26,738	0	0	157	0	0	0	9,692	0	198,128
17	38	0	3	0	0	0	0	0	1,414
44,328	2,913	0	1,532	0	0	0	10,626	0	452,866
307,105	9,651	0	26,135	0	18,746	0	65,047	0	5,742,237
0	0	0	0	0	0	0	0	0	0
55,767	0	0	954	0	0	0	0	0	407,238
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
55,767	0	0	954	0	0	0	0	0	407,238
111,778	0	0	3,505	0	0	0	9,560	0	1,320,452
17,751	0	0	390	0	0	0	1,823	0	303,776
6,436	21,284	0	729	0	0	0	46,373	0	245,954
8,075	17,217	0	189	0	0	0	14,842	0	99,647
144,040	38,501	0	4,813	0	0	0	72,598	0	1,969,829
8,930	0	0	0	0	0	0	0	0	339,440
1,693	2,535	0	2,043	0	0	0	5,785	0	39,419
14,587	0	0	0	0	0	0	0	0	53,781
40,837	0	0	2,687	0	0	0	0	0	431,735
0	0	0	0	0	0	0	0	0	3,190
0	0	0	0	0	0	0	0	0	0
66,047	2,535	0	4,730	0	0	0	5,785	0	867,565
0	0	0	0	0	0	0	0	0	323,574
134,254	0	0	0	0	0	0	0	0	134,254
45,500	0	0	0	0	0	0	0	0	45,500
179,754	0	0	0	0	0	0	0	0	503,328
1,081,595	1,805,364	700	415,719	209,062	110,129	240,188	2,762,073	(5,227,139)	21,218,383
2,854	145,919	0	(236,167)	0	0	0	700,891	0	25,491,772
43,950	0	0	0	0	0	0	0	0	43,950
13,788	0	0	0	0	0	0	0	0	31,897
0	0	0	0	0	0	0	0	0	24,235,353
0	0	0	0	0	0	0	0	0	0
952,045	0	0	175,386	0	0	0	17,632	0	8,164,584
1,009,783	0	0	175,386	0	0	0	17,632	0	32,475,784
\$ 2,091,378	\$ 1,805,364	\$ 700	\$ 591,105	\$ 209,062	\$ 110,129	\$ 240,188	\$ 2,779,705	\$ (5,227,139)	\$ 53,694,167
\$ (1,006,929)	\$ 145,919	\$ 0	\$ (411,553)	\$ 0	\$ 0	\$ 0	\$ 683,259	\$ 0	\$ (6,984,012)

**Mobile Housing Board
Mobile, Alabama**

**FINANCIAL DATA SUBMISSION SUMMARY
REVENUES, EXPENSES AND CHANGES IN NET POSITION ACCOUNTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

<u>Account Description</u>	Low-Rent Public Hsg 14.850	Housing Counseling Assistance Program 14.169	Child & Adult Care Food Program 10.558	ROSS 14.870	Housing Choice Vouchers 14.871	Supportive Hsg for Persons with Disabilities 14.181	Disaster Housing Assistant Grant 97.109
Transfer of funds - in	2,687,684	0	0	0	0	0	0
Transfer of funds - out	(2,687,684)	0	0	0	0	0	0
Inter project excess cash transfer - in	1,179,000	0	0	0	0	0	0
Inter project excess cash transfer - out	(1,179,000)	0	0	0	0	0	0
Transfer of equity	(16,261)	0	0	0	0	0	0
Prior period adjustments	0	0	0	0	0	0	0
Beginning Net Position	74,590,681	0	0	0	142,501	20,989	63,637
Ending Net Position	\$ 68,281,189	\$ 0	\$ 0	\$ 0	\$ 32,794	\$ 29,219	\$ 63,637
Administrative Fund Equity	-	-	-	-	32,794	-	-
Housing Choice Voucher Equity	-	-	-	-	-	-	-
Units Available	29,475	-	-	-	50,420	1,200	-
Units Leased	23,246	-	-	-	41,508	1,200	-

Component Units Discretely Presented	Component Units Blended	State / Local	Business Activities	ROSS/FSS 14.896	Specialty Crop Grant Program 10.170	Choice Neighborhoods Planning Grant 14.892	Central Office Cost Center	Elimination	TOTAL
0	50,000	0	44,791	0	0	0	0	(2,782,475)	0
0	0	0	0	0	0	0	(94,791)	2,782,475	0
0	0	0	0	0	0	0	0	(1,179,000)	0
0	0	0	0	0	0	0	0	1,179,000	0
16,261	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
13,195,169	(938,445)	0	14,350,691	0	0	0	1,890,639	0	103,315,862
\$ 12,204,501	\$ (742,526)	\$ 0	\$ 13,983,929	\$ 0	\$ 0	\$ 0	\$ 2,479,107	\$ 0	\$ 96,331,850
-	-	-	-	-	-	-	-	-	32,794
-	-	-	-	-	-	-	-	-	-
2,100	-	-	192	-	-	-	-	-	83,387
2,041	-	-	170	-	-	-	-	-	68,165

**Mobile Housing Board
Mobile, Alabama**

**FINANCIAL DATA SUBMISSION SUMMARY
NET POSITION ACCOUNTS - AMPs
DECEMBER 31, 2016**

<u>Account Description</u>	<u>AL002-01</u>	<u>AL002-02</u>	<u>AL002-03</u>	<u>AL002-05</u>	<u>AL002-06</u>	<u>AL002-08</u>	<u>AL002-10</u>	<u>AL002-12</u>
ASSETS & DEFERRED OUTFLOWS:								
CURRENT ASSETS:								
Cash:								
Cash - unrestricted	\$ 151,045	\$ 115,615	\$ 164,261	\$ 620,528	\$ 271,409	\$ 465,353	\$ 394,444	\$ 344,941
Cash - restricted - mod and development	0	298,903	0	166,569	433,119	0	86,551	27,241
Cash - other restricted	0	8,634	0	37,339	7,402	0	3,718	0
Cash - tenant security deposits	33,548	61,079	0	70,753	41,351	0	68,610	90,244
Cash- restricted for payment of current liab.	0	9,672	0	0	0	0	0	0
Total Cash	184,593	493,903	164,261	895,189	753,281	465,353	553,323	462,426
Accounts and notes receivables:								
Accounts receivable - HUD	0	6,025	3,267	0	1,245	0	35,507	0
Accounts receivable - other government	0	0	0	0	0	0	0	0
Accounts receivable - miscellaneous	0	0	0	0	0	0	3,190	0
Accounts receivable - tenants rents	3,962	8,264	145	7,452	2,697	0	7,132	9,493
Allowance for doubtful accounts-tenants	(211)	(440)	(8)	(396)	(143)	0	(891)	(505)
Allowance for doubtful accounts-other	(78)	(162)	0	(1,182)	(4)	0	(3,190)	(34)
Notes receivable - current	1,475	3,038	0	22,217	75	0	9,618	643
Fraud recovery	0	985	0	90,030	11,251	0	11,630	0
Allowance for doubtful accounts - fraud	0	(52)	0	(4,790)	(599)	0	(619)	0
Accrued interest receivable	0	0	0	0	0	0	0	0
Total receivables - net	5,148	17,658	3,404	113,331	14,522	0	62,377	9,597
Other current assets:								
Investments - unrestricted	0	0	0	0	0	0	0	0
Prepaid expenses and other assets	11,569	142,036	103,813	158,725	39,988	112,228	94,833	134,609
Inventories	0	0	0	0	0	0	0	0
Allowance for obsolete inventories	0	0	0	0	0	0	0	0
Assets held for sale	0	0	0	0	0	0	0	0
Interprogram due from	0	0	0	0	0	0	0	0
TOTAL CURRENT ASSETS	201,310	653,597	271,478	1,167,245	807,791	577,581	710,533	606,632
NONCURRENT ASSETS:								
Capital Assets:								
Land	11,640	203,486	446,161	329,652	31,373	467,329	16,100	166,006
Buildings	6,416,607	33,478,731	16,008,958	62,777,264	23,556,887	8,155,836	23,081,267	30,294,712
Furniture & equipment - Dwellings	0	0	0	0	0	0	0	0
Furniture & equipment - Administration	45,904	208,488	175,689	236,747	78,477	118,611	397,627	277,851
Improvements	0	0	0	0	0	0	0	0
Work in process	12,276	10,890	30,700	133,130	9,684	0	60,152	22,522
Accumulated depreciation	(5,445,886)	(15,410,549)	(15,638,906)	(54,908,364)	(11,734,297)	(7,098,118)	(16,633,847)	(20,376,461)
Total capital assets - net	1,040,541	18,491,046	1,022,602	8,568,429	11,942,124	1,643,658	6,921,299	10,384,630
Notes receivable - noncurrent	0	0	0	0	0	0	0	0
Investment in joint ventures	0	0	0	0	0	0	0	0
Other Assets	0	0	0	0	0	0	0	0
TOTAL NONCURRENT ASSETS	1,040,541	18,491,046	1,022,602	8,568,429	11,942,124	1,643,658	6,921,299	10,384,630
TOTAL ASSETS	1,241,851	19,144,643	1,294,080	9,735,674	12,749,915	2,221,239	7,631,832	10,991,262
DEFERRED OUTFLOWS OF RESOURCES	34,208	103,754	70,055	237,781	74,356	0	156,751	171,910
TOTAL ASSETS & DEFERRED OUTFLOWS	\$ 1,276,059	\$ 19,248,397	\$ 1,364,135	\$ 9,973,455	\$ 12,824,271	\$ 2,221,239	\$ 7,788,583	\$ 11,163,172

	AL002-13	AL002-16	AL002-19	AL002-20	AL002-21	AL002-23	Other Project	TOTAL
\$	97,626	\$ 192,546	\$ 0	\$ 136,152	\$ 0	\$ 0	\$ 1,502	\$ 2,955,422
	828	910	0	0	0	0	0	1,014,121
	0	0	0	8,843	0	55,463	0	121,399
	21,378	24,746	0	24,746	0	0	0	436,455
	0	0	0	0	0	0	0	9,672
	<u>119,832</u>	<u>218,202</u>	<u>0</u>	<u>169,741</u>	<u>0</u>	<u>55,463</u>	<u>1,502</u>	<u>4,537,069</u>
	0	0	0	0	0	0	0	46,044
	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	3,190
	985	2,439	0	194	0	0	0	42,763
	(52)	(130)	0	(10)	0	0	0	(2,786)
	(12)	(110)	0	(1)	0	0	0	(4,773)
	234	2,064	0	18	0	0	0	39,382
	0	0	0	0	0	0	0	113,896
	0	0	0	0	0	0	0	(6,060)
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>1,155</u>	<u>4,263</u>	<u>0</u>	<u>201</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>231,656</u>
	0	0	0	0	0	0	0	0
	14,287	24,183	0	14,510	0	0	0	850,781
	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>135,274</u>	<u>246,648</u>	<u>0</u>	<u>184,452</u>	<u>0</u>	<u>55,463</u>	<u>1,502</u>	<u>5,619,506</u>
	125,240	2,025	233,307	106,236	1,300,066	0	1,192,184	4,630,805
	3,835,323	7,130,849	0	5,079,378	0	0	1,200	219,817,012
	0	0	0	0	0	0	0	0
	0	36,164	0	0	0	0	167,473	1,743,031
	0	0	0	0	0	0	0	0
	11,786	6,200	0	7,918	0	0	2,379,962	2,685,220
	<u>(2,987,682)</u>	<u>(5,467,545)</u>	<u>0</u>	<u>(699,060)</u>	<u>0</u>	<u>0</u>	<u>(168,393)</u>	<u>(156,569,108)</u>
	<u>984,667</u>	<u>1,707,693</u>	<u>233,307</u>	<u>4,494,472</u>	<u>1,300,066</u>	<u>0</u>	<u>3,572,426</u>	<u>72,306,960</u>
	0	0	0	0	0	1,282,326	0	1,282,326
	0	0	0	0	0	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>984,667</u>	<u>1,707,693</u>	<u>233,307</u>	<u>4,494,472</u>	<u>1,300,066</u>	<u>1,282,326</u>	<u>3,572,426</u>	<u>73,589,286</u>
	<u>1,119,941</u>	<u>1,954,341</u>	<u>233,307</u>	<u>4,678,924</u>	<u>1,300,066</u>	<u>1,337,789</u>	<u>3,573,928</u>	<u>79,208,792</u>
	<u>36,796</u>	<u>42,119</u>	<u>0</u>	<u>16,249</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>943,979</u>
\$	<u>1,156,737</u>	<u>1,996,460</u>	<u>233,307</u>	<u>4,695,173</u>	<u>1,300,066</u>	<u>1,337,789</u>	<u>3,573,928</u>	<u>80,152,771</u>

**Mobile Housing Board
Mobile, Alabama**

**FINANCIAL DATA SUBMISSION SUMMARY
NET POSITION ACCOUNTS - AMPs
DECEMBER 31, 2016**

<u>Account Description</u>	<u>AL002-01</u>	<u>AL002-02</u>	<u>AL002-03</u>	<u>AL002-05</u>	<u>AL002-06</u>	<u>AL002-08</u>	<u>AL002-10</u>	<u>AL002-12</u>
LIABILITIES, DEFERRED INFLOWS, AND NET POSITION:								
LIABILITIES:								
CURRENT LIABILITIES:								
Cash overdraft	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Accounts payable < 90 days	2,625	19,706	100,870	13,060	10,745	359	46,971	57,817
Accrued salaries/payroll withholding	4,265	13,320	15,084	26,861	8,327	0	19,139	17,530
Accrued compensated absences	528	2,302	947	5,105	2,164	0	2,593	3,149
Accrued interest payable	0	0	0	0	0	0	0	0
Accounts payable - HUD PHA programs	0	0	0	0	0	0	0	0
Accounts payable - other gov.	0	10,908	0	0	0	0	0	14,565
Tenant security deposits	33,548	61,079	0	70,753	41,351	0	68,610	90,244
Unearned revenue	1,834	19,729	5,481	28,215	5,683	0	13,807	1,842
Current portion of L-T debt - capital projects	0	18,008	0	2,539	26,094	0	1,496	1,641
Other current liabilities	0	0	0	0	0	0	0	0
Accrued liabilities - other	4,317	0	1,402	20,746	9,963	0	21,113	0
Interprogram (due to)	786	1,942	3,553	6,257	1,563	0	3,537	3,655
TOTAL CURRENT LIABILITIES	47,903	146,994	127,337	173,536	105,890	359	177,266	190,443
NONCURRENT LIABILITIES:								
Long-term debt, net of current - capital projects	0	3,210,938	0	452,733	4,652,746	0	266,837	292,631
Long-term debt, net of current - operating	0	0	0	0	0	0	0	0
Noncurrent liabilities - other	0	8,634	0	37,339	7,402	0	3,718	0
Accrued comp. absences - long term	10,046	43,737	17,995	97,023	41,112	0	49,280	59,871
Accrued pension liabilities	33,663	102,102	68,940	233,993	73,171	0	154,253	169,173
TOTAL NONCURRENT LIABILITIES	43,709	3,365,411	86,935	821,088	4,774,431	0	474,088	521,675
TOTAL LIABILITIES	91,612	3,512,405	214,272	994,624	4,880,321	359	651,354	712,118
DEFERRED INFLOWS OF RESOURCES	18,618	56,470	38,129	129,415	40,469	0	85,314	93,565
NET POSITION:								
Net investment in capital assets	1,040,541	15,262,100	1,022,602	8,113,157	7,263,284	1,643,658	6,652,966	10,090,358
Restricted	0	298,903	0	166,569	433,119	0	86,551	27,241
Unrestricted	125,288	118,519	89,132	569,690	207,078	577,222	312,398	239,890
TOTAL NET POSITION	1,165,829	15,679,522	1,111,734	8,849,416	7,903,481	2,220,880	7,051,915	10,357,489
TOTAL LIABILITIES, DEFERRED INFLOWS, AND NET POSITION:	\$ 1,276,059	\$ 19,248,397	\$ 1,364,135	\$ 9,973,455	\$ 12,824,271	\$ 2,221,239	\$ 7,788,583	\$ 11,163,172

	AL002-13	AL002-16	AL002-19	AL002-20	AL002-21	AL002-23	Other Project	TOTAL							
\$	0	\$	0	\$	0	\$	0	\$	0						
	6,524	26,419	0	2,762	0	0	0	287,858							
	3,692	5,978	0	1,775	0	0	0	115,971							
	618	969	0	222	0	0	0	18,597							
	0	0	0	0	0	0	0	0							
	0	0	0	0	0	0	0	0							
	3,668	5,325	0	4,739	0	0	0	39,205							
	21,378	24,746	0	24,746	0	0	0	436,455							
	3,309	1,777	0	2,274	0	0	0	83,951							
	50	55	0	0	0	0	0	49,883							
	0	0	0	0	0	0	0	0							
	0	0	0	0	0	0	0	57,541							
	2,769	958	0	376	0	0	0	25,396							
	42,008	66,227	0	36,894	0	0	0	1,114,857							
	8,895	9,784	0	0	0	0	0	8,894,564							
	0	0	0	0	0	0	0	0							
	0	0	0	8,843	0	0	0	65,936							
	11,739	18,459	0	4,245	0	0	0	353,507							
	36,210	41,448	0	15,991	0	0	0	928,944							
	56,844	69,691	0	29,079	0	0	0	10,242,951							
	98,852	135,918	0	65,973	0	0	0	11,357,808							
	20,027	22,924	0	8,843	0	0	0	513,774							
	975,722	1,697,854	233,307	4,494,472	1,300,066	0	3,572,426	63,362,513							
	828	910	0	0	0	1,337,789	0	2,351,910							
	61,308	138,854	0	125,885	0	0	1,502	2,566,766							
	1,037,858	1,837,618	233,307	4,620,357	1,300,066	1,337,789	3,573,928	68,281,189							
\$	1,156,737	\$	1,996,460	\$	233,307	\$	4,695,173	\$	1,300,066	\$	1,337,789	\$	3,573,928	\$	80,152,771

**Mobile Housing Board
Mobile, Alabama**

**FINANCIAL DATA SUBMISSION SUMMARY
REVENUES, EXPENSES AND CHANGES IN
NET POSITION ACCOUNTS - COMBINED SCHEDULE - AMP'S
FOR THE YEAR ENDED DECEMBER 31, 2016**

<u>Account Description</u>	<u>AL002-01</u>	<u>AL002-02</u>	<u>AL002-03</u>	<u>AL002-05</u>	<u>AL002-06</u>	<u>AL002-08</u>	<u>AL002-10</u>	<u>AL002-12</u>
REVENUES:								
Net tenant rental revenue	\$ 61,776	\$ 653,527	\$ 135,484	\$ 478,707	\$ 284,001	\$ 0	\$ 498,497	\$ 1,166,161
Tenant revenue - other	18,122	65,511	10,740	105,129	47,647	0	128,240	21,297
Total tenant revenue	79,898	719,038	146,224	583,836	331,648	0	626,737	1,187,458
HUD PHA grants - operating	563,920	677,641	1,303,874	2,658,730	1,171,772	960,359	2,202,096	989,275
HUD PHA grants - capital	12,276	629,740	0	144,788	898,968	0	118,417	96,754
Management fee	0	0	0	0	0	0	0	0
Asset management fee	0	0	0	0	0	0	0	0
Bookkeeping fee	0	0	0	0	0	0	0	0
Front line service fee	0	0	0	0	0	0	0	0
Other government grants	0	0	0	0	0	0	0	0
Investment income - unrestricted	326	721	1,467	2,571	580	0	1,416	1,490
Mortgage interest income	0	0	0	0	0	0	0	0
Fraud income	0	0	0	0	0	0	0	0
Proceeds from Disposition of Assets Held for Sale	0	0	0	0	0	0	0	0
Cost of Sale of Assets	0	0	0	0	0	0	0	0
Other revenue	3,050	5,942	12,376	39,387	4,279	1,176	67,097	40,741
Gain/(loss) on disposition	0	(246)	0	(746)	(246)	425	0	(289)
Investment income - restricted	0	0	0	0	0	0	0	0
TOTAL REVENUES	\$ 659,470	\$ 2,032,836	\$ 1,463,941	\$ 3,428,566	\$ 2,407,001	\$ 961,960	\$ 3,015,763	\$ 2,315,429
EXPENSES:								
Administrative								
Administrative salaries	\$ 28,053	\$ 132,405	\$ 72,062	\$ 132,429	\$ 62,012	\$ 1,714	\$ 150,888	\$ 99,648
Auditing fees	1,966	1,966	1,966	1,966	1,966	0	1,966	1,966
Management fees	67,549	189,919	136,062	490,611	153,471	132,171	325,534	312,862
Bookkeeping fees	6,885	20,160	7,980	48,367	16,305	18,081	33,930	31,845
Advertising & marketing	0	0	0	0	0	0	0	0
Employee benefits - administrative	19,342	49,932	39,530	57,275	28,426	342	62,530	49,380
Office expense	29,374	89,316	89,710	159,518	50,122	545	94,837	116,623
Legal expense	13,280	27,453	28,628	45,832	24,168	0	44,871	31,367
Travel expense	1,016	2,619	2,359	6,858	3,444	6	4,168	5,893
Other operating - administrative	2,215	6,130	4,658	13,362	3,970	1,127	8,887	8,706
Total Administrative Expense	169,680	519,900	382,955	956,218	343,884	153,986	727,611	658,290
Asset management fee	12,000	0	54,240	95,520	0	35,040	54,000	0
Tenant services								
Tenant services - salaries	5,040	12,910	23,616	40,727	9,536	0	22,241	23,243
Relocation Costs	0	0	209,873	0	0	0	0	0
Employee benefits - tenant services	1,704	4,665	7,371	13,593	3,174	0	7,453	7,947
Other tenant services	9,013	8,223	46,105	43,622	16,906	0	74,677	31,814
Total Tenant Services	15,757	25,798	286,965	97,942	29,616	0	104,371	63,004
Utilities								
Water	25,861	44,681	160,186	4,482	176,328	4,509	137,923	60,592
Electricity	23,959	62,220	60,357	67,825	28,997	4,448	127,702	425,688
Gas	71,521	0	90,599	300,416	153,027	20,600	317,191	38,986
Sewer	57,234	93,966	360,357	6,649	332	0	308,282	124,241
Other utilities expense	0	0	0	0	36,000	0	0	0
Total Utilities Expense	178,575	200,867	671,499	379,372	394,684	29,557	891,098	649,507
Ordinary Maintenance & Operation								
Labor	63,204	150,316	104,147	495,502	122,147	260	293,286	287,857
Materials	33,484	116,248	21,743	112,517	118,981	29	120,747	90,834
Employee benefit contributions	30,375	76,568	47,920	234,862	60,814	25	137,321	142,093
Contract costs - garbage and trash removal	9,001	1,559	32,476	32,586	24,290	0	45,517	22,169
Contract costs - heating and cooling	119	80,698	6,588	92,342	95,838	0	44,129	23,708
Contract costs - snow removal	0	0	0	0	63,515	0	0	0
Contract costs - elevator maintenance	0	0	0	0	0	0	0	43,234
Contract costs - landscape and grounds	15,308	46,723	62,324	171,339	0	67,438	97,563	22,785
Contract costs - unit turnaround	0	0	0	0	0	0	0	0
Contract costs - electrical	629	6,337	1,916	11,249	3,433	0	11,257	3,169
Contract costs - plumbing	5,767	6,119	30,734	12,676	25,595	1,690	26,694	18,719
Contract costs - extermination	3,754	9,212	20,349	26,720	7,580	766	16,260	17,330
Contract costs - janitorial	353	6,254	1,594	3,122	701	0	2,136	119,254
Contract costs - routine maintenance	17	43	879	138	35	0	78	120
Contract costs - miscellaneous	7,406	90,003	9,993	56,585	13,883	583	31,476	119,572
Total Ordinary Maintenance & Operation	169,417	590,080	340,663	1,249,638	536,812	70,791	826,464	910,844

	AL002-13	AL002-16	AL002-19	AL002-20	AL002-21	AL002-23	Other Project	TOTAL
\$	190,552	\$ 397,584	\$ 0	\$ 184,108	\$ 0	\$ 0	\$ 0	\$ 4,050,397
	5,042	5,442	0	7,830	0	0	0	415,000
	195,594	403,026	0	191,938	0	0	0	4,465,397
	249,394	343,750	133,788	120,816	173,724	35,659	0	11,584,798
	13,466	13,348	0	7,918	0	0	0	1,935,675
	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0
	334	365	0	140	0	66	0	9,476
	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0
	2,722	8,424	0	1,030	0	0	1,166	187,390
	0	0	0	0	0	0	(937)	(2,039)
	0	0	0	0	0	0	0	0
\$	461,510	\$ 768,913	\$ 133,788	\$ 321,842	\$ 173,724	\$ 35,725	\$ 229	\$ 18,180,697

\$	30,535	\$ 37,714	\$ 0	\$ 5,118	\$ 0	\$ 0	\$ 0	\$ 752,578
	1,966	1,966	0	1,966	0	0	0	19,660
	77,161	95,415	6,294	38,697	0	0	0	2,025,746
	8,340	10,177	0	4,162	0	0	0	206,232
	0	0	0	0	0	0	0	0
	20,836	21,788	0	2,833	0	0	0	352,214
	51,612	27,850	0	20,726	0	258	0	730,491
	5,898	6,898	0	4,145	0	5,964	0	238,504
	885	468	0	369	0	0	0	28,085
	2,176	1,472	0	2,664	0	0	0	55,367
	199,409	203,748	6,294	80,680	0	6,222	0	4,408,877

	11,280	14,640	0	5,760	0	0	0	282,480
--	--------	--------	---	-------	---	---	---	---------

	4,291	5,984	0	2,466	0	0	0	150,054
	0	0	0	0	0	0	0	209,873
	1,391	1,993	0	846	0	0	0	50,137
	7,297	10,506	0	904	0	0	0	249,067
	12,979	18,483	0	4,216	0	0	0	659,131

	13,341	11,908	0	9,427	0	0	0	649,238
	23,529	162,680	0	2,724	0	0	0	990,129
	1,089	9,464	0	601	0	0	0	1,003,494
	28,175	26,012	0	761	0	0	0	1,006,009
	0	0	0	0	0	0	0	36,000
	66,134	210,064	0	13,513	0	0	0	3,684,870

	60,180	77,271	0	28,918	0	0	0	1,683,088
	30,443	48,032	0	36,520	0	0	0	729,578
	29,030	37,022	0	14,454	0	0	0	810,484
	940	3,585	0	20	0	0	0	172,143
	18,725	16,523	0	9,432	0	0	0	388,102
	0	0	0	0	0	0	0	63,515
	0	28,604	0	0	0	0	0	71,838
	15,558	11,701	0	22,816	0	0	0	533,555
	0	0	0	0	0	0	0	0
	700	9,449	0	1,309	0	0	0	49,448
	8,868	2,121	0	2,709	0	0	0	141,692
	4,488	4,472	0	4,612	0	0	0	115,543
	1,489	25,119	0	1,029	0	0	0	161,051
	16	21	0	8	0	0	0	1,355
	6,013	31,759	0	3,772	0	1,515	0	372,560
	176,450	295,679	0	125,599	0	1,515	0	5,293,952

**Mobile Housing Board
Mobile, Alabama**

**FINANCIAL DATA SUBMISSION SUMMARY
REVENUES, EXPENSES AND CHANGES IN
NET POSITION ACCOUNTS - COMBINED SCHEDULE - AMP's
FOR THE YEAR ENDED DECEMBER 31, 2016**

<u>Account Description</u>	<u>AL002-01</u>	<u>AL002-02</u>	<u>AL002-03</u>	<u>AL002-05</u>	<u>AL002-06</u>	<u>AL002-08</u>	<u>AL002-10</u>	<u>AL002-12</u>
Protective services								
Protective services - salaries	0	0	0	0	0	0	0	0
Other contract costs	5,848	46,578	41,902	46,593	0	11,500	26,342	84,192
Employee benefits - protective services	0	0	0	0	0	0	0	0
Other protective services	0	0	0	0	0	0	0	0
Total Protective Services	5,848	46,578	41,902	46,593	0	11,500	26,342	84,192
Insurance Premiums								
Property insurance	20,962	223,670	204,187	238,859	59,407	20,784	141,781	205,438
Liability insurance	2,256	8,286	17,612	30,372	7,553	164,322	17,935	25,193
Workmen's compensation	5,328	15,253	10,856	36,145	10,881	10	24,698	24,333
Insurance - other	1,892	5,321	4,803	13,399	3,895	25	7,844	8,757
Total Insurance Premiums	30,438	252,530	237,458	318,775	81,736	185,141	192,258	263,721
General Expenses								
Other general expense	0	3,823	0	10,091	3,303	0	1,890	0
Compensated absences	214	8,730	2,882	2,203	4,395	0	1,025	3,986
Payments in lieu of taxes	0	10,897	0	0	0	0	0	14,565
Bad debt - tenant rents	3,356	89,537	0	152,443	21,820	0	63,302	33,433
Bad debt - mortgages	0	0	0	0	0	0	3,190	0
Severance expense	0	0	0	0	0	0	0	0
Total General Expenses	3,570	112,987	2,882	164,737	29,518	0	69,407	51,984
Financial Expenses								
Interest expense - Mortgage Payable	0	116,810	0	16,470	169,261	0	9,707	10,646
Interest expense - Notes Payable	0	0	0	0	0	0	0	0
Amortization - issuance costs	0	0	0	0	0	0	0	0
Total Financial Expenses	0	116,810	0	16,470	169,261	0	9,707	10,646
TOTAL OPERATING EXPENSE	585,285	1,865,550	2,018,564	3,325,265	1,585,511	486,015	2,901,258	2,692,188
EXCESS OPERATING REVENUE	74,185	167,286	(554,623)	103,301	821,490	475,945	114,505	(376,759)
Other Expenses								
Extraordinary maintenance	0	0	0	0	0	0	0	0
Casualty losses	0	1,048	0	0	0	0	375	7,176
Housing assistance payments	0	0	0	0	0	0	0	0
Depreciation expense	95,596	1,662,225	78,953	1,330,371	1,255,508	198,953	1,040,315	821,417
Total Other Expenses	95,596	1,663,273	78,953	1,330,371	1,255,508	198,953	1,040,690	828,593
TOTAL EXPENSES	\$ 680,881	\$ 3,528,823	\$ 2,097,517	\$ 4,655,636	\$ 2,841,019	\$ 684,968	\$ 3,941,948	\$ 3,520,781
EXCESS OF REVENUE OVER EXPENSES	\$ (21,411)	\$ (1,495,987)	\$ (633,576)	\$ (1,227,070)	\$ (434,018)	\$ 276,992	\$ (926,185)	\$ (1,205,352)
Operating transfer - in	15,000	696,525	18,000	415,518	1,098,874	0	66,404	232,276
Operating transfer - out	(15,000)	(696,525)	(18,000)	(415,518)	(1,098,874)	0	(66,404)	(232,276)
Inter project excess cash transfer - in	0	250,000	0	75,000	0	0	0	594,000
Inter project excess cash transfer - out	0	0	(425,000)	0	0	(735,000)	0	0
Transfer of equity	0	0	0	0	0	0	0	0
Prior period adjustments	0	0	0	0	0	0	0	0
Beginning Net Position	1,187,240	16,925,509	2,170,310	10,001,486	8,337,499	2,678,888	7,978,100	10,968,841
Ending Net Position	\$ 1,165,829	\$ 15,679,522	\$ 1,111,734	\$ 8,849,416	\$ 7,903,481	\$ 2,220,880	\$ 7,051,915	\$ 10,357,489
Units Available	1,200	2,940	1,028	8,119	2,388	-	5,052	5,580
Units Leased	918	2,664	1,028	5,016	2,174	-	4,176	4,246

AL002-13	AL002-16	AL002-19	AL002-20	AL002-21	AL002-23	Other Project	TOTAL
0	0	0	0	0	0	0	0
5,501	73,005	0	9,056	0	0	0	350,517
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
<u>5,501</u>	<u>73,005</u>	<u>0</u>	<u>9,056</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>350,517</u>
20,505	36,028	0	22,347	0	0	0	1,193,968
2,712	4,587	0	2,724	0	0	0	283,552
5,692	6,568	0	2,193	0	0	0	141,957
1,942	2,266	0	785	0	0	0	50,929
<u>30,851</u>	<u>49,449</u>	<u>0</u>	<u>28,049</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,670,406</u>
0	0	119,576	2,551	165,381	0	0	306,615
1,221	420	0	205	0	0	0	25,281
3,668	5,325	0	4,739	0	0	0	39,194
1,699	8,683	0	13,938	0	0	0	388,211
0	0	0	0	0	0	0	3,190
0	0	0	0	0	0	0	0
<u>6,588</u>	<u>14,428</u>	<u>119,576</u>	<u>21,433</u>	<u>165,381</u>	<u>0</u>	<u>0</u>	<u>762,491</u>
324	356	0	0	0	0	0	323,574
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
<u>324</u>	<u>356</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>323,574</u>
509,516	879,852	125,870	288,306	165,381	7,737	0	17,436,298
<u>(48,006)</u>	<u>(110,939)</u>	<u>7,918</u>	<u>33,536</u>	<u>8,343</u>	<u>27,988</u>	<u>229</u>	<u>744,399</u>
0	0	0	0	0	0	0	0
0	9,510	0	0	0	0	0	18,109
0	0	0	0	0	0	0	0
179,915	204,252	0	151,936	0	0	80	7,019,521
<u>179,915</u>	<u>213,762</u>	<u>0</u>	<u>151,936</u>	<u>0</u>	<u>0</u>	<u>80</u>	<u>7,037,630</u>
\$ 689,431	\$ 1,093,614	\$ 125,870	\$ 440,242	\$ 165,381	\$ 7,737	\$ 80	\$ 24,473,928
\$ (227,921)	\$ (324,701)	\$ 7,918	\$ (118,400)	\$ 8,343	\$ 27,988	\$ 149	\$ (6,293,231)
11,680	102,848	0	30,559	0	0	0	2,687,684
(11,680)	(102,848)	0	(30,559)	0	0	0	(2,687,684)
60,000	200,000	0	0	0	0	0	1,179,000
0	0	0	0	0	0	(19,000)	(1,179,000)
0	0	(7,918)	0	(8,343)	0	0	(16,261)
0	0	0	0	0	0	0	0
<u>1,205,779</u>	<u>1,962,319</u>	<u>233,307</u>	<u>4,738,757</u>	<u>1,300,066</u>	<u>1,309,801</u>	<u>3,592,779</u>	<u>74,590,681</u>
\$ 1,037,858	\$ 1,837,618	\$ 233,307	\$ 4,620,357	\$ 1,300,066	\$ 1,337,789	\$ 3,573,928	\$ 68,281,189
1,128	1,464	-	576	-	-	-	29,475
1,112	1,357	-	555	-	-	-	23,246

MOBILE HOUSING BOARD
Mobile, Alabama

SCHEDULE OF EXPENDITURES OF FEDERAL FINANCIAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2016

	Type	Federal CFDA #	Expenditures
<u>FEDERAL GRANTOR</u>			
<u>U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT:</u>			
Public Housing:			
Low Rent Public Housing - subsidy	A - Major	14.850	\$ 9,840,097
Resident Opportunity & Supportive Services	B - Nonmajor	14.870	207,622
Capital Fund Program	A - Major	14.872	3,680,376
Choice Neighborhood Planning Grant Program	B - Nonmajor	14.892	240,188
Section 8 Housing Assistance Program:			
Housing Choice Voucher Program	A - Major	14.871	25,593,881
Supportive Housing for Persons with Disabilities	B - Nonmajor	14.181	619,745
Other Programs:			
Housing Counseling Assistance Program	B - Nonmajor	14.169	4,272
ROSS/Family Self Sufficiency Program	B - Nonmajor	14.896	209,062
<u>U.S. DEPARTMENT OF AGRICULTURE:</u>			
Child and Adult Care Food Program	B - Nonmajor	10.558	64,216
Specialty Crop Block Grant Program <i>(State of Alabama pass-through)</i>	B - Nonmajor	10.170	110,129
TOTAL FEDERAL FINANCIAL AWARDS			\$ <u>40,569,588</u>
Threshold for Type A & Type B			\$ <u>1,217,088</u>

The accompanying notes are an integral part of this schedule.

MOBILE HOUSING BOARD
Mobile, Alabama

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2016

NOTE A - BASIS OF PRESENTATION:

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Mobile Housing Board and is presented on the full accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance.

NOTE B - SUBRECIPIENTS:

The Mobile Housing Board provided no federal awards to subrecipients during the fiscal year ending December 31, 2016.

NOTE C - DISCLOSURE OF OTHER FORMS OF ASSISTANCE:

- The Mobile Housing Board received no federal awards of non-monetary assistance that are required to be disclosed for the year ended December 31, 2016.
- The Mobile Housing Board had no loans, loan guarantees, or federally restricted endowment funds required to be disclosed for the fiscal year ended December 31, 2016.
- The Mobile Housing Board maintains the following limits of insurance as of December 31, 2016:

Property	\$	400,193,416
Liability	\$	3,000,000
Commercial Auto	\$	1,000,000
Crime	\$	250,000
Worker Compensation		Statutory
Directors & Officers	\$	2,000,000
Flood		Replacement Cost

Settled claims have not exceeded the above commercial insurance coverage limits over the past three years.

MOBILE HOUSING BOARD
Mobile, Alabama

SUPPLEMENTAL INFORMATION
SPECIAL REPORTS

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016

**MOBILE HOUSING BOARD
Mobile, Alabama**

**STATEMENT AND CERTIFICATION OF ACTUAL GRANT COSTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Annual Contributions Contract A-4108

PHASE AL002FSH251A015

1 The Actual Grant Costs of Phase AL002FSH251A015 were:

Funds Approved	\$ 209,062
Funds Expended	<u>209,062</u>
Excess of Funds Approved	<u>\$ -</u>
Funds Advanced	\$ 209,062
Funds Expended	<u>209,062</u>
Excess of Funds Advanced	<u>\$ -</u>

- 2 Audit period additions were \$209,062 and accordingly were audited by Rector, Reeder & Lofton, P.C.
- 3 The total costs as shown on the SF-425 and Financial Status Report dated January 30, 2017 is in agreement with the PHA's records.
- 4 All grant costs have been paid and all related liabilities have been discharged through payment.

**MOBILE HOUSING BOARD
Mobile, Alabama**

**STATEMENT AND CERTIFICATION OF ACTUAL GRANT COSTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Annual Contributions Contract A-4108

PHASE HC150421028

1 The Actual Grant Costs of Phase HC150421028 were:

Funds Approved	\$ 18,291
Funds Expended	<u>18,291</u>
Excess of Funds Approved	<u>\$ -</u>
Funds Advanced	\$ 18,291
Funds Expended	<u>18,291</u>
Excess of Funds Advanced	<u>\$ -</u>

- 2 Audit period additions were \$5,952.28 and accordingly were audited by Rector, Reeder & Lofton, P.C.
- 3 The total costs as shown on the SF-425 and Financial Status Report dated April 4, 2016 is in agreement with the PHA's records.
- 4 All grant costs have been paid and all related liabilities have been discharged through payment.