

ANN ARBOR
HOUSING COMMISSION
(A Component Unit of the City of Ann Arbor, Michigan)

Financial Statements
(With Supplementary Information)
For the Year Ended June 30, 2016



SMITH & KLACZKIEWICZ, PC
CERTIFIED PUBLIC ACCOUNTANTS

Ann Arbor Housing Commission

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SMITH & KLACZKIEWICZ, PC
CERTIFIED PUBLIC ACCOUNTANTS

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A VETERAN OWNED BUSINESS

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Ann Arbor Housing Commission
Ann Arbor, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the *Ann Arbor Housing Commission*, a component unit of the City of Ann Arbor as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Housing Commission's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the *Ann Arbor Housing Commission*, as of June 30, 2016, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the ***Ann Arbor Housing Commission's*** basic financial statements. The financial data schedules and schedule of federal expenditures are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The financial data schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance), and is also not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 2016 on our consideration of the ***Ann Arbor Housing Commission's*** control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 ***Ann Arbor Housing Commission's*** internal control over financial reporting and compliance.

Smith + Klawnsky PC

Saginaw, Michigan

October 21, 2016

ANN ARBOR HOUSING COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Ann Arbor Housing Commission's (the Commission) management's discussion and analysis is designed to {a} assist the reader in focusing on significant financial issues, {b} provide an overview of the Commission's financial activity, {c} identify change in the Commission's financial position (its ability to address the next and subsequent year challenges), and {d} identify individual fund issues or concerns.

Since the Management Discussion and Analysis (MD&A) is designed to focus on the current years activities, resulting changes and currently known facts, please read it in conjunction with the Commission's financial statements (beginning on page 10).

FINANCIAL HIGHLIGHTS

The Commission's net position decreased by \$654,983 (or 26%) during 2016. Since the Commission engages only in business-type activities, the decrease is all in the category of business-type net position. Net position was \$2,532,307 and \$1,877,324 for 2015 and 2016 respectively.

The business-type activities revenue increased by \$1,765,542(or 11%) during 2016, and were \$16,727,694 and \$18,493,236 for 2015 and 2016 respectively. This increase in revenue is explained later in this section of the financial statements.

USING THIS ANNUAL REPORT

The following is a graphic outline of the Commission's financial statement presentation :

MD&A
Management Discussion and Analysis-pages 3-9

Basic Financial Statements
Commission-wide Financial Statements - pages 10-12
Notes to Financial Statements - pages 13-22

Other Required Supplementary Information
Required Supplementary Information - pages 23-32

The current presentation focuses on both the Commission as a whole (Commission-wide) and the major individual funds. Both perspectives (Commission-wide and major fund) allow the user to address relevant questions, broaden a basis for comparison (year to year or Commission to Commission) and enhance the Commission's accountability.

ANN ARBOR HOUSING COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016

Commission-Wide Financial Statements

The Commission-wide financial statements (see pages 10-12) are designed to be corporate-like in that all business type activities are consolidated into columns which add to a total for the entire Commission.

These Statements include a Statement of Net Position, which is similar to a Balance Sheet. The Statement of Net Position reports all financial and capital resources for the Commission. The statement is presented in the format where assets, minus liabilities, equals "Net Position", formerly known as equity. Assets and liabilities are presented in order of liquidity.

The focus of the Statement of Net Position (the "Unrestricted Net Position") is designed to represent the net available liquid (non-capital) assets, net of liabilities for the entire Commission. Net Position (formerly equity) are reported in three broad categories:

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

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

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

The Commission-wide financial statements also include a Statement of Revenues, Expenses, and Changes in Fund Net Position, 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 Revenues and Expenses, such as capital grant revenue, investment or interest expense.

The focus of the Statement of Revenues, Expenses, and Changes in Fund Net Position is the "Change in Net Position", which is similar to Net Income or Loss.

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

Fund Financial Statements

Traditional users of governmental financial statements will find the Fund Financial Statements presentation more familiar. The focus is now on Major Funds, rather than fund types. The Commission consists of one major fund and is shown here as an Enterprise Fund. Enterprise Funds utilize the full accrual basis of accounting. The Enterprise method of accounting is similar to accounting utilized by the private sector accounting. Many of the funds maintained by the Commission are required by the U. S. Department of Housing and Urban Development (HUD). Others are segregated to enhance accountability and control.

ANN ARBOR HOUSING COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2016

The Commission's Programs

Enterprise Funds, using Business-Type Presentation Format-

Conventional Public Housing - Under the Conventional Public Housing Program (CFDA #14.850), the Commission owns and manages dwelling units, which it rents to low-income households. The Conventional Public Housing Program is operated under an Annual Contributions Contract (ACC # C-3001) with HUD. HUD provides Operating Subsidy and Capital Grant funding to enable the PHA to provide the housing at a flat rate or a rate based upon 30% of household income, depending on the circumstances and choice of the renter. The Conventional Public Housing Program also includes the Capital Fund Program (CFDA # 14.872), which is the primary funding source for physical and management improvements to the Commission owned properties and its operations.

Section 8 Housing Choice Voucher Program - Under the Housing Choice Voucher Program, the Commission administers contracts with independent landlords that own rental property. The Commission subsidizes the family's rental contribution through a Housing Assistance Payment (HAP) made to the landlord. The program is administered under an Annual Contributions Contract (ACC) with HUD. HUD provides funding to cover the HAP and administrative costs for the number of subsidy allocations awarded, with participants paying up to 40% of income at initial lease-up.

Continuum of Care - These programs are designed to provide affordable housing and a full range of services to individuals who meet the HUD criteria for homelessness and disability. The Commission acts as the Grantee and works with many non-profit sponsors/housing providers who coordinate the provisions of housing and matching necessary services under the requirements of 24CFR part 85 (administrative requirements as detailed in the *OMB Circular A-102*, and *OMB Circular A-87*) and 24CFR part 24 (the use of disbarred or suspended contractors).

COMMISSION-WIDE STATEMENT

The following table reflects the condensed Statement of Net Position compared to prior year. The Commission is engaged in Business-Type Activities. For more detailed information and breakdown, see page 10 "Statement of Net Position".

TABLE 1

STATEMENT OF NET POSITION

	<u>2016</u>		<u>2015</u>		<u>Change</u>	<u>Change</u>
Current and Other Assets	\$ 2,001,480	\$	1,875,103	\$	126,377	7%
Capital Assets	<u>862,814</u>		<u>1,606,155</u>		<u>(743,341)</u>	-46%
Total Assets	2,864,294		3,481,258		(616,964)	-18%
Other Liabilities	645,205		734,411		(89,206)	-12%
Long-Term Liabilities	<u>341,765</u>		<u>214,540</u>		<u>127,225</u>	59%
Total Liabilities	986,970		948,951		38,019	4%
Net Position:						
Net Investment in Capital Assets	862,814		1,606,155		(743,341)	-46%
Restricted	273,106		336,515		(63,409)	-19%
Unrestricted	<u>741,404</u>		<u>589,637</u>		<u>151,767</u>	26%
Total Net Position	\$ <u>1,877,324</u>	\$	<u>2,532,307</u>	\$	<u>(654,983)</u>	-26%

ANN ARBOR HOUSING COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016

Major Factors Affecting the Statement of Net Position

Current assets increased by \$126,377 mostly due to a higher receivable(From HUD) in the Continuum of Care Program. The decrease in Capital Assets was the retirement of Colonial Oaks assets from the Public Housing Ledger.

Current liabilities decreased by \$89,206 due mostly to a decrease in Deferred Revenue(payment of \$90,859 was received in late June 2015 which was due to Green Road Fire and was transferred to River Run in July 2015)

Table 2 presents details on the changes in Unrestricted Net Position

TABLE 2

CHANGE OF UNRESTRICTED NET POSITION

Unrestricted Net Position 6/30/15	\$	589,637
Results of Operations		(678,128)
Adjustments:		
Depreciation (1)		60,706
Decrease in Restricted Assets		63,409
Disposal of Assets		<u>721,098</u>
Adjusted Results from Operations		167,085
Capital Expenditures		(38,463)
Non Operating Revenue		23,145
Gain from sale of asset		
Increase in Restricted Assets		
Prior Period Adjustment		
Unrestricted Net Position 6/30/16	\$	<u><u>741,404</u></u>

(1) Depreciation is treated as an expense and reduces the results of operations but does not have an impact on Unrestricted Net Position.

While the results of operations is a significant measure of the Commission's activities, the analysis of the changes in Unrestricted Net Position provides a clearer change in financial well-being.

ANN ARBOR HOUSING COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016

TABLE 3

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

The following schedule compares the revenues and expenses for the current and previous fiscal year. The Commission is engaged only in Business-Type Activities.

	<u>2016</u>		<u>2015</u>		<u>Change</u>		<u>Percent Change</u>
Revenues							
Tenant Revenues - Rent and Other	\$ 176,749	\$	330,983	\$	(154,234)		-47%
Operating Subsidies and Grants	16,783,456		13,329,477		3,453,979		26%
Capital Grants	23,145		1,223,878		(1,200,733)		-98%
Other Government Grants	520,407		1,311,844		(791,437)		-60%
Investment Income	4,136		5,585		(1,449)		-26%
Other Revenues	<u>985,343</u>		<u>525,927</u>		<u>459,416</u>		87%
Total Revenue	\$ <u>18,493,236</u>	\$	<u>16,727,694</u>	\$	<u>1,765,542</u>		11%
Expenses							
Administrative	\$ 2,019,676	\$	2,278,136	\$	(258,460)		-11%
Tenant Services	217,565		278,998		(61,433)		-22%
Utilities	41,887		149,047		(107,160)		-72%
Maintenance	194,444		869,049		(674,605)		-78%
General	53,067		60,005		(6,938)		-12%
Loss on disposal of assets	721,098		4,785,412		(4,064,314)		-85%
Development Costs	417,104		1,791,015		(1,373,911)		-77%
Casualty Losses	35,177		551		34,626		6284%
Housing Assistance Payments	15,387,495		12,007,897		3,379,598		28%
Depreciation	<u>60,706</u>		<u>118,787</u>		<u>(58,081)</u>		-49%
Total Expenses	\$ <u>19,148,219</u>	\$	<u>22,338,897</u>	\$	<u>(3,190,678)</u>		-14%
Net Increase(Decrease)	\$ <u>(654,983)</u>	\$	<u>(5,611,203)</u>	\$	<u>4,956,220</u>		-88%

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

The change in Unrestricted Net Position is (\$654,983). The change in our structure is showing up in big variances on the above table on almost every line item. The reason for the decrease in expenses above is largely due to fewer payroll costs, as we are now spreading this cost out to the tax credits and other RAD projects which are not reflected in this audit. As we continue to convert the remaining projects to RAD, we will be mainly reporting on Section 8, Business Activities and Central Office.

Tenant Revenues continue to decrease as we convert our PH properties to RAD. \$176,749 reflect tenant rent from 2 West Side units and 47 East Side units. Operating Subsidies increased by \$3,453,979 but there was also an increase in Housing Assistance Payments of \$3,379,598, the difference being a net increase of \$74,381. This is a change of PH (\$365,000), S8 Admin +\$179,000, S8 HAP +\$1,677,000 and Continuum of Care +\$2,029,000 and SPC +\$3,000 on the income side. Correlating HAP expenses Capital Fund revenue decreased by (\$1,201,000) and the annual award is around \$83,000. Other Government Income decreased mainly by the DDA Revenue we received last year of \$700,000. And other income increased mainly due to recouped development costs.

All expenses are decreasing due to the Public Housing Units being converted to RAD and so related costs are moving to the tax credits and other RAD properties with those units. The large loss on disposal of assets was for Colonial Oaks, which is now its own reporting entity. The casualty loss was for the West Washington Fire. While development costs decreased, we did recoup a lot of previously expensed items booked in prior years(\$501,000).

ANN ARBOR HOUSING COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016

CAPITAL ASSETS

As of year end, the Commission had \$862,414 invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease (addition, deductions and depreciation) of \$743,341. This large decrease was due to retiring assets for Colonial Oaks.

TABLE 4
CAPITAL ASSETS AT YEAR-END
(NET OF DEPRECIATION)

	<u>Business-Type Activities</u>			<u>Percent</u>
	<u>2016</u>	<u>2015</u>	<u>Change</u>	<u>Change</u>
Land and Land Rights	\$ 343,627	\$ 428,817	\$ (85,190)	-20%
Buildings	3,103,435	5,208,160	(2,104,725)	-40%
Equipment - Dwelling	57,571	84,338	(26,767)	-32%
Equipment - Administrative	343,450	347,456	(4,006)	-1%
Leasehold Improvements	34,139	34,139	-	0%
Accumulated Depreciation	<u>(3,019,408)</u>	<u>(4,496,755)</u>	<u>1,477,347</u>	<u>-33%</u>
Total	<u>\$ 862,814</u>	<u>\$ 1,606,155</u>	<u>\$ (743,341)</u>	<u>-46%</u>

The following reconciliation summarizes the change in Capital Assets, which is presented in detail on page 19 of the notes.

TABLE 5
CHANGE IN CAPITAL ASSETS

	<u>Business-Type</u>
	<u>Activities</u>
Beginning Balance	\$ 1,606,155
Additions	38,463
Retirements	(721,098)
Net of Depreciation	
Depreciation	<u>(60,706)</u>
Ending Balance	<u>\$ 862,814</u>

ANN ARBOR HOUSING COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016

This year's major additions are:

Business - Type Activities

Capital Improvements Programs (modernization)	\$	38,463
Land	\$	-
Buildings	\$	23,145
Administrative Equipment and Furnishings	\$	1,224
Dwelling Equipment	\$	14,094
Leasehold Improvements	\$	-
		<hr/>
	<u>\$</u>	<u>38,463</u>

ECONOMIC FACTORS

Significant economic factors affecting the Commission are as follows:

- Federal funding of the Department of Housing and Urban Development.
- City negotiated union contracts which affect staff wage and benefit rates.
- Local/state declining economic conditions and employment trends, impacting resident incomes and therefore, the amount of rental income.
- Inflationary pressure on utility rates, supplies, and other costs.
- RAD Conversion

FINANCIAL CONTACT

The individual to be contacted regarding this report is Jennifer Hall, Executive Director of Ann Arbor Housing Commission at (734) 794-6721. Specific requests may be submitted to Jennifer Hall, Executive Director of Ann Arbor Housing Commission, 727 Miller Avenue, Ann Arbor, MI 48103.

Ann Arbor Housing Commission
Statement of Net Position
June 30, 2016

Current assets	
Cash and cash equivalents	\$ 757,899
Cash and cash equivalents - restricted	452,227
Cash - tenant security deposits	10,967
Due from other governmental units	381,947
Accounts receivable, net	281,120
Prepaid expenses	51,660
Inventory	21,912
Total current assets	1,957,732
Noncurrent assets	
Capital assets:	
Nondepreciable	343,627
Depreciable	3,538,595
Less: accumulated depreciation	(3,019,408)
Net capital assets	862,814
Total assets	2,820,546
Deferred outflows of resources	
	43,748
Current liabilities	
Accounts payable	363,887
Accrued liabilities	46,301
Tenant security deposits	10,694
Due to other governmental units	186,089
Unearned revenue	1,082
Accrued compensated absences, current portion	37,152
Total current liabilities	645,205
Noncurrent liabilities	
Other noncurrent liabilities	199,022
Net pension liability	122,402
Accrued compensated absences	16,727
Total noncurrent liabilities	338,151
Total liabilities	983,356
Deferred inflows of resources	
	3,614
Net position	
Net investment in capital assets	862,814
Restricted	273,106
Unrestricted	741,404
Total net position	\$ 1,877,324

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

Ann Arbor Housing Commission
Statement of Revenues, Expenses and Changes in Fund Net Position
For the Year Ended June 30, 2016

Operating revenues	
Tenant revenue	\$ 176,749
Program grants - subsidies	16,783,456
Other governmental grants	520,407
Other revenue	<u>1,005,901</u>
Total operating revenues	<u>18,486,513</u>
Operating expenses	
Administration	2,107,134
Tenant services	353,286
Utilities	41,887
Maintenance	385,099
Protective services	6,737
Insurance	28,976
General	20,624
Housing assistance payments	15,387,495
Depreciation	<u>60,706</u>
Total operating expenses	<u>18,391,944</u>
Operating income (loss)	<u>94,569</u>
Nonoperating revenues and (expenses)	
Fraud recovery	9,800
HAP Portability - In	(30,358)
Casualty losses - non-capitalized	(35,177)
Net book value of capital assets transferred to tax credit	(721,098)
Interest income	<u>4,136</u>
Total nonoperating revenues and (expenses)	<u>(772,697)</u>
Income (loss) before contribution:	(678,128)
Capital contribution	<u>23,145</u>
Change in net position	(654,983)
Net position - Beginning of year	<u>2,532,307</u>
Net position - End of year	<u><u>\$ 1,877,324</u></u>

The accompanying notes are an integral part of these financial statement:

Ann Arbor Housing Commission
Statement of Cash Flows
For the Year Ended June 30, 2016

Cash flows from operating activities:	
Cash received from customers	\$ 819,786
Cash received from grants and subsidies:	17,303,863
Cash payments to suppliers for goods and services:	(16,572,455)
Cash payments for wages and related benefits:	<u>(1,633,598)</u>
Net cash provided by (used in) operating activities	<u>(82,404)</u>
Cash flows from noncapital and related financing activities:	
Fraud recovery	9,800
HAP Portability - Ir	(30,358)
Casualty Losses - Non-capitalized:	<u>(35,177)</u>
Net cash provided by (used in) noncapital and related financing activities	<u>(55,735)</u>
Cash flows from capital and related financing activities:	
Capital grants	23,145
Proceeds from sale of capital assets	(1,224)
Acquisition of capital assets:	<u>(37,239)</u>
Net cash provided by (used in) capital and related financing activities	<u>(15,318)</u>
Cash flows from investing activities:	
Investment income:	<u>4,136</u>
Net increase (decrease) in cash and cash equivalents	(149,321)
Cash and cash equivalents - beginning of year	<u>1,370,414</u>
Cash and cash equivalents - end of year	<u>\$ 1,221,093</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:	
Operating income (loss):	\$ 94,569
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Depreciation	60,706
Changes in assets and liabilities:	
Decrease (increase) in receivables:	(256,826)
Decrease (increase) in prepaid expenses:	6,836
Decrease (increase) in inventory:	4,164
Decrease (increase) in deferred outflows of resources:	(29,872)
Increase (decrease) in accounts payable:	(19,394)
Increase (decrease) in accrued liabilities:	159,837
Increase (decrease) in tenant security deposits:	(12,785)
Increase (decrease) in unearned revenue:	(93,253)
Increase (decrease) in deferred inflows of resources:	<u>3,614</u>
Net cash provided by (used in) operating activities	<u>\$ (82,404)</u>
Reconciliation of cash and cash equivalents per the Statement of Net Position to the Statement of Cash Flows:	
Cash and cash equivalents:	\$ 757,899
Cash and cash equivalents - restricted:	452,227
Cash - tenant security deposits:	<u>10,967</u>
Cash and cash equivalents - end of year	<u>\$ 1,221,093</u>

The accompanying notes are an integral part of these financial statements

Ann Arbor Housing Commission

Notes to Financial Statements

For the Year Ended June 30, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted by the *Ann Arbor Housing Commission* (the “*Housing Commission*”) conform to accounting principles generally accepted in the United States of America (U.S. GAAP) as applied to governmental entities.

The Housing Commission reports as a business-type activity, as defined by the Governmental Accounting Standards Board Statement No. 34, with programs and projects.

Financial Reporting Entity

The *Ann Arbor Housing Commission* is a discrete component unit of the City of Ann Arbor, Michigan. The Housing Commission is considered to be a component unit of the City because the City Council has the ability to impose its will upon the Housing Commission by appointing and removing a member of the Housing Commission’s Board of Commissioners before the expiration of his or her term.

The Housing Commission’s financial reporting entity is comprised of the special purpose government. In determining the financial reporting entity, the Housing Commission complies with the provisions of GASB Statement No. 14, as amended by GASB Statement No. 39, “*The Financial Reporting Entity*” and includes all component units, if any, of which the Housing Commission appoints a voting majority of the units’ Board; the Housing Commission is either able to impose its will on the unit or a financial benefit or burden relationship exists. There are no agencies, organizations or activities that meet the criteria.

The *Ann Arbor Housing Commission* was formed by the City of Ann Arbor, Michigan under Public Act 18 of 1933 of the State of Michigan. The Housing Commission operates under a Board of Commissioners appointed by the City Mayor.

These financial statements include all activities of the Housing Commission, which include a Low Income Housing Program (49 units), Section 8 Housing Choice Vouchers (1,559 units), Shelter Plus Care Program (3 units) and a Continuum of Care program (341 of units). These programs receive subsidies and annual contributions from the Department of Housing and Urban Development (“HUD”).

Basis of Presentation

The economic resources measurement focus and the accrual basis of accounting are used in preparing the financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Ann Arbor Housing Commission

Notes to Financial Statements

For the Year Ended June 30, 2016

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Housing Commission are Federal grants and charges to customers for services. Operating expenses include housing assistance payments, administrative expenses, maintenance, utilities and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Following is a description of the Housing Commission's programs:

Project MI064000100 accounts for the revenue and related operations of the Public and Indian Housing grant and the Capital Fund Program of the West Side properties.

Project MI064000200 accounts for the revenue and related operations of the Public and Indian Housing grant and the Capital Fund Program of the East Side properties.

Other Project accounts for the revenue and related operations of the EHPA-NRMR Turnkey III Home buyer program.

14.871 Section 8 Housing Choice Vouchers Program accounts for the revenue and related operations of the Section 8 Housing Choice Vouchers grant program.

14.238 Shelter Plus Care accounts for the revenue and related operations of the grant program.

14.267 Continuum of Care accounts for the revenue and related operations of the grant program.

Business Activities accounts for the revenue and related operations of the Ann Arbor Housing Development Corporation, a 501c3 nonprofit organization.

Central Office Cost Center accounts for the revenue and related operations of the administrative offices.

When both restricted and unrestricted resources are available for use, it is the Housing Commission's policy to use restricted resources first, then unrestricted resources as they are needed.

Ann Arbor Housing Commission

Notes to Financial Statements

For the Year Ended June 30, 2016

Assets, Liabilities, Deferred Outflows / Inflows of Resources and Equity

Cash and Cash Equivalents

The Housing Commission's cash and cash equivalents are considered to be cash on hand, demand deposits and certificates of deposit with an original maturity of 90 days or less.

The entire amount of cash and cash equivalents – restricted recorded on the Statement of Net Position has been restricted for FSS escrow and excess HAP payments received.

Receivables and Payables

All receivables and payables are reported at their gross value and where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid expenses.

Inventory

Inventory is valued at cost which approximates market value. Inventory consists of expendable supplies held for consumption. The cost of supplies is recorded as an expense at the time the inventory is consumed.

Capital Assets

Capital assets, which include property, buildings, equipment and leasehold improvements are reported in the financial statements. Capital assets are defined by the Housing Commission as assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Donated capital assets are recorded at estimated fair market value at the date of donation.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Depreciation is recorded over the estimated useful lives of the assets, using the straight-line method as follows:

Buildings	40 years
Equipment	5 – 10 years
Leasehold improvements	15 – 40 years

Ann Arbor Housing Commission

Notes to Financial Statements

For the Year Ended June 30, 2016

Deferred Outflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense) until then. The Housing Commission has one item that qualifies for reporting in this category, which is the deferred outflows of resources related to the defined benefit pension plan. The deferred outflows of resources related to the defined benefit pension plan are reported in the government-wide financial statements. The deferred outflows of resources result from one transaction: the variance between the plan's actual investment earnings compared to the plan's assumed investment earnings.

Compensated Absences

It is the Housing Commission's policy to permit employees to accumulate a limited amount of earned but unused sick leave and vacation days. The liability for these compensated absences is recorded as short-term and long-term liabilities based on historical trends. In accordance with the provision of GASB Statement No. 16, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

Other Noncurrent Liabilities

This balance consists of amounts held in the Family Self Sufficiency Escrow account. These deposits are held in separate account in accordance with the grant requirements of the EHPA-NRMR Homebuyer program and the resident advisory Board.

Unearned Revenue

Unearned revenue represents tenant revenue for the subsequent year that was collected prior to the end of the current fiscal year and insurance proceeds received during the year that have not been earned.

Deferred Inflows of Resources

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents a decrease in net position that applies to one or more future periods and so will not be recognized as an inflow of resources (revenues) until that time. The Housing Commission has one item that qualifies for reporting in this category, which is the deferred inflows of resources related to the defined benefit pension plan. The Housing Commission reports deferred inflows of resources for changes in assumptions to the defined benefit pension plan.

Equity

Equity is classified as net position and reported as the following components:

Net investment in capital assets – Consists of capital assets at historical cost, net of accumulated depreciation.

Ann Arbor Housing Commission

Notes to Financial Statements

For the Year Ended June 30, 2016

Restricted – Consists of Housing Assistance Payments received from HUD in excess of payments made to landlords. These excess funds may only be used for future payments to landlords.

Unrestricted – Consists of all other equity that does not meet the definition of “restricted” or “net investment in capital assets”.

Revenues and Expenses

Operating revenues and expenses are those that result from providing services. Also included, all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities. Expenses are classified as operating and nonoperating.

Estimates

In preparing financial statements in conformity with U.S. GAAP, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE B - DETAILED NOTES ON TRANSACTIONS CLASSES / ACCOUNTS

The following notes present detailed information to support the amounts reported in the basic financial statements for the Housing Commission’s various assets, liabilities, equity, revenues and expenses.

Cash and Cash Equivalents

At year-end, the carrying amount of the Housing Commission’s deposits was as follows:

	<u>Carrying Amount</u>
Financial Statement Captions	
Cash and cash equivalents	\$ 757,899
Cash and cash equivalents – restricted	452,227
Cash – tenant security deposits	<u>10,967</u>
Total	<u>\$ 1,221,093</u>
Notes to Financial Statements	
Cash on hand	\$ 100
Deposits	<u>1,220,993</u>
Total	<u>\$ 1,221,093</u>

Deposit and Investment Risk

State law limits the allowable investments and the maturities of some of the allowable investments as identified in the following list of authorized investments.

Ann Arbor Housing Commission

Notes to Financial Statements

For the Year Ended June 30, 2016

- Bonds, securities, other obligations and repurchase agreements of the United States, or an agency or instrumentality of the United States
- Certificates of deposit, savings accounts, deposit accounts or depository receipts of a qualified financial institution
- Commercial paper rated at the time of purchase within the 2 highest classifications established by not less than 2 standard rating services and that matures not more than 270 days after the date of purchase
- Bankers acceptances of United States banks
- Obligations of the State of Michigan and its political subdivisions that, at the time of purchase are rated as investment grade by at least one standard rating service
- Mutual funds registered under the investment company act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation
- External investment pools as authorized by Public Act 20 as amended through December 31, 1997

Interest Rate Risk

The Housing Commission's investment policy does not have specific limits in excess of State law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The Housing Commission's investment policy does not have specific limits in excess of State law on investment credit risk. At year-end, the Housing Commission had no investments and was therefore, not exposed to credit risk.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Housing Commission's deposits may not be returned. State law does not require and the Housing Commission does not have a policy for deposit custodial credit risk. At year-end, \$1,041,932 of the Housing Commission's bank balance of \$1,541,932 was exposed to custodial credit risk because it was uninsured, however, it was collateralized with government securities with a market value of \$1,234,642.

Concentration of Credit Risk

State law limits allowable investments but does not limit concentration of credit risk. The Housing Commission's investment policy does not have specific limits in excess of State law on concentration of credit risk. At year-end, The Housing Commission had no investments and was therefore, not exposed to concentration of credit risk.

Ann Arbor Housing Commission

Notes to Financial Statements

For the Year Ended June 30, 2016

Accounts Receivable

The accounts receivable balance is comprised of the following:

Tenant receivables	\$ 2,169
Accounts receivable – miscellaneous	279,251
Lease receivable from tax credits	2,680,000
Allowance for doubtful accounts	<u>(2,680,300)</u>
Total receivables, net	<u>\$ 281,120</u>

Capital Assets

Capital asset activity for the year was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Capital assets not being depreciated				
Land	\$ 428,817	\$ -	\$ (85,190)	\$ 343,627
Capital assets being depreciated				
Buildings	5,208,160	24,940	(2,129,665)	3,103,435
Furniture, equipment and machinery – dwelling	84,338	12,299	(39,066)	57,571
Furniture, equipment and machinery – administration	347,456	-	(4,006)	343,450
Leasehold improvements	<u>34,139</u>	<u>-</u>	<u>-</u>	<u>34,139</u>
Total capital assets being depreciated	<u>5,674,093</u>	<u>37,239</u>	<u>(2,172,737)</u>	<u>3,538,595</u>
Less accumulated depreciation				
Buildings	(4,217,675)	(39,463)	1,519,282	(2,737,856)
Furniture, equipment and machinery – dwelling	(46,016)	(4,222)	17,633	(32,605)
Furniture, equipment and machinery – administration	(223,383)	(16,070)	1,138	(238,315)
Leasehold improvements	<u>(9,681)</u>	<u>(951)</u>	<u>-</u>	<u>(10,632)</u>
Total accumulated depreciation	<u>(4,496,755)</u>	<u>(60,706)</u>	<u>1,538,053</u>	<u>(3,019,408)</u>
Net capital assets being depreciated	<u>1,177,338</u>	<u>(23,467)</u>	<u>(634,684)</u>	<u>519,187</u>
Total net capital assets	<u>\$ 1,606,155</u>	<u>\$ (23,467)</u>	<u>\$ (719,874)</u>	<u>\$ 862,814</u>

The disposal of capital assets during the year was attributed to the Housing Commission transferring ownership of these capital assets to the Limited Dividend Housing Association Limited Partnerships.

Ann Arbor Housing Commission

Notes to Financial Statements

For the Year Ended June 30, 2016

Compensated Absences

The following is a summary of changes in accrued compensated absences for the year.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>	<u>Amount Due Within One Year</u>
Accrued compensated absences	\$ 52,959	\$ 77,790	\$ (76,870)	\$ 53,879	\$ 37,152

NOTE D - OTHER INFORMATION

Concentration of Revenue

The Housing Commission is dependent upon the Department of Housing and Urban Development to fund its operations through operating subsidies and capital funding grants. Total revenue received from HUD for the fiscal year ended June 30, 2016 and 2015 was \$15,144,507 or 91% and \$12,723,551 or 87% of revenue.

Risk Management

The Housing Commission is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Housing Commission manages risk through the purchase of commercial insurance. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Housing Commission. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

Pension Plan

The Housing Commission participates in the City of Ann Arbor Employees Retirement Plan ("CAAERS"). The City of Ann Arbor's defined benefit pension plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Ann Arbor City Code Chapter 17.1 of the Ann Arbor Charter assigns the authority to establish and amend benefit provisions to the City Council. CAAERS issues a publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to the City of Ann Arbor Employees' Retirement System, 532 S. Maple Road, Ann Arbor, Michigan, 48103 or by calling (877) 994-4590.

The Housing Commission is invoiced by the City of Ann Arbor on a monthly basis for its required contributions. For the fiscal year ended June 30, 2016, the Housing Commission was invoiced at 23.70% of gross wages. Housing Commission employees are required to contribute 6% of their annual compensation. The contribution requirements of plan members are established and may be amended by the City Council.

Ann Arbor Housing Commission

Notes to Financial Statements

For the Year Ended June 30, 2016

As a result of implementing GASB 68, the Housing Commission recorded deferred outflows of \$43,748, deferred inflows of \$3,614 and a net pension liability of \$122,402 for pension benefits offered to the Executive Director.

GASB 68 requires additional disclosures related to pension benefits; those required additional disclosures are included only in the financial statements of the City of Ann Arbor.

Postemployment Benefits

The Housing Commission participates in the City's postemployment benefits plan. The City of Ann Arbor Retiree Health Care Benefits Plan is a single-employer defined benefit healthcare plan administered by the City of Ann Arbor Employees' Retirement System. The plan provides certain health care and life insurance benefits for eligible retired employees and their dependents in accordance with Ann Arbor City Code Chapter 21. Health insurance benefits are provided through an administrative service contract which the City reimburses the administrator for claims paid plus an administration fee. The City of Ann Arbor Retiree Health Care Benefits Plan issues a publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to the City of Ann Arbor Employees' Retirement System, 532 S. Maple Rd., Ann Arbor, Michigan, 48103 or by calling (877) 994-4590.

For the year ended June 30, 2016, the Housing Commission was invoiced and contributed \$160,171 which equated to approximately \$13,441 per enrollee. This plan has been closed to new hires.

Contingencies

Under the terms of certain Federal and State grants, periodic audits are required and certain costs may be questioned as not representing appropriate expenditures under the terms of the grants. Such audits could lead to reimbursement to the grantor agencies. Housing Commission management believes disallowances, if any, would be minimal.

During the year, the Housing Commission entered into a contractual agreement to transfer all employees of the Housing Commission, except the Executive Director, to the General Fund of the City of Ann Arbor. The Housing Commission is invoiced by the City of Ann Arbor on a monthly basis for all costs related to those former employees. The liabilities related to pension and other postemployment benefits of the transferred employees are not reported in the Housing Commission's financial statements because the amount of those liabilities cannot be reasonably estimated. Future costs related to pension and other postemployment benefits of the employees that were transferred to the City will be invoiced to the Housing Commission as they come due.

Ann Arbor Housing Commission

Notes to Financial Statements

For the Year Ended June 30, 2016

Limited Partnerships / Low Income Housing Credits

The Housing Commission created a nonprofit entity, the Ann Arbor Housing Development Corporation for which the Housing Commission is the sole member. The Housing Commission has also created 3 for-profit limited partnerships (Maple Tower, River Run and West Arbor) for the purposes of transferring the rights to use income tax credits available on low-income housing to investor limited partners. The Ann Arbor Housing Development Corporation is the single member entity of the for-profit general partnership members of the limited partnerships. The investor limited partners have paid in amounts to the Ann Arbor Housing Development Corporation (the general partner) for the right to use these low income housing credits. None of the equity of the limited partnerships is included in the financial statements of the Housing Commission.



Ann Arbor Housing Commission
Financial Data Schedule
Project Balance Sheet
June 30, 2016

Line Item #	Account Description	Total Projects	Project MI064000100
111	Cash - Unrestricted	\$ 274,830	\$ 841
114	Cash - Tenant Security Deposits	9,768	669
100	Total Cash	<u>284,598</u>	<u>1,510</u>
125	Accounts Receivable - Miscellaneous	27,286	27,286
126	Accounts Receivable - Tenants	2,169	-
126.1	Allowance for Doubtful Accounts -Tenants	(300)	-
120	Total Receivables, Net of Allowances for Doubtful Accounts	<u>29,155</u>	<u>27,286</u>
142	Prepaid Expenses and Other Assets	585	248
143	Inventories	21,912	21,912
144	Inter Program Due From	352	-
150	Total Current Assets	<u>336,602</u>	<u>50,956</u>
161	Land	148,454	20,415
162	Buildings	3,101,641	64,185
163	Furniture, Equipment & Machinery - Dwellings	57,571	10,633
164	Furniture, Equipment & Machinery - Administration	193,956	192,732
166	Accumulated Depreciation	(2,909,097)	(173,225)
160	Total Capital Assets, Net of Accumulated Depreciation	<u>592,525</u>	<u>114,740</u>
180	Total Non-Current Assets	<u>592,525</u>	<u>114,740</u>
290	Total Assets	<u>\$ 929,127</u>	<u>\$ 165,696</u>
312	Accounts Payable <= 90 Days	\$ 3,360	\$ 1,175
321	Accrued Wage/Payroll Taxes Payable	1,377	213
322	Accrued Compensated Absences - Current Portion	2,218	90
333	Accounts Payable - Other Government	12,007	1,900
341	Tenant Security Deposits	9,495	669
342	Unearned Revenues	1,036	-
345	Other Current Liabilities	5,516	5,478
346	Accrued Liabilities - Other	138	138
347	Inter Program - Due To	49,262	19,439
310	Total Current Liabilities	<u>84,409</u>	<u>29,102</u>
353	Non-current Liabilities - Other	19,901	16,225
354	Accrued Compensated Absences - Non-Current	581	24
350	Total Non-Current Liabilities	<u>20,482</u>	<u>16,249</u>
300	Total Liabilities	<u>104,891</u>	<u>45,351</u>
508.4	Net Investment in Capital Assets	592,525	114,740
512.4	Unrestricted Net Position	<u>231,711</u>	<u>5,605</u>
513	Total Equity - Net Assets / Position	<u>824,236</u>	<u>120,345</u>
600	Total Liab., Def. Inflow of Res., and Equity - Net Assets / Position	<u>\$ 929,127</u>	<u>\$ 165,696</u>

Project MI064000200	Other Project
\$ 84,222	\$ 189,767
8,099	1,000
<u>92,321</u>	<u>190,767</u>
-	-
1,658	511
(300)	-
<u>1,358</u>	<u>511</u>
328	9
-	-
-	352
<u>94,007</u>	<u>191,639</u>
128,039	-
3,037,456	-
46,938	-
1,224	-
(2,735,872)	-
<u>477,785</u>	<u>-</u>
477,785	-
<u>\$ 571,792</u>	<u>\$ 191,639</u>
\$ 1,890	\$ 295
1,164	-
2,128	-
10,107	-
7,826	1,000
1,036	-
38	-
-	-
29,823	-
<u>54,012</u>	<u>1,295</u>
3,676	-
557	-
<u>4,233</u>	<u>-</u>
58,245	1,295
477,785	-
<u>35,762</u>	<u>190,344</u>
513,547	190,344
<u>\$ 571,792</u>	<u>\$ 191,639</u>

Ann Arbor Housing Commission
Financial Data Schedule
Project Income Statement
For the Year Ended June 30, 2016

Line Item #	Account Description	Total Projects	Project MI064000100	Operating Fund Program	Capital Fund Program
70300	Net Tenant Rental Revenue	\$ 119,662	\$ 6,786	\$ 6,786	\$ -
70400	Tenant Revenue - Other	4,460	818	818	-
70500	Total Tenant Revenue	<u>124,122</u>	<u>7,604</u>	<u>7,604</u>	<u>-</u>
70600	HUD PHA Operating Grants	289,946	119,726	119,726	-
70610	Capital Grants	23,145	23,145	-	23,145
70800	Other Government Grants	107,000	107,000	107,000	-
71100	Investment Income - Unrestricted	104	-	-	-
71400	Fraud Recovery	1,043	1,043	1,043	-
71500	Other Revenue	1,217	17	17	-
70000	Total Revenue	<u>546,577</u>	<u>258,535</u>	<u>235,390</u>	<u>23,145</u>
91100	Administrative Salaries	43,135	4,941	4,941	-
91200	Auditing Fees	10,440	5,220	5,220	-
91310	Bookkeeping Fee	4,042	465	465	-
91600	Office Expenses	12,313	3,857	3,857	-
91700	Legal Expense	2,846	1,244	1,244	-
91800	Travel	938	426	426	-
91000	Total Operating - Administrative	<u>73,714</u>	<u>16,153</u>	<u>16,153</u>	<u>-</u>
92000	Asset Management Fee	25,596	2,142	2,142	-
92200	Relocation Costs	1,160	96	96	-
92400	Tenant Services - Other	1,142	1,004	1,004	-
92500	Total Tenant Services	<u>2,302</u>	<u>1,100</u>	<u>1,100</u>	<u>-</u>
93100	Water	19,287	1,541	1,541	-
93200	Electricity	11,179	1,761	1,761	-
93300	Gas	4,882	537	537	-
93000	Total Utilities	<u>35,348</u>	<u>3,839</u>	<u>3,839</u>	<u>-</u>
94100	Ordinary Maintenance and Operations - Labor	61,224	18,042	18,042	-
94200	Ordinary Maintenance and Operations - Materials and Other	18,173	7,554	7,554	-
94300	Ordinary Maintenance and Operations Contracts	100,980	40,493	40,493	-
94000	Total Maintenance	<u>180,377</u>	<u>66,089</u>	<u>66,089</u>	<u>-</u>
95200	Protective Services - Other Contract Costs	6,737	843	843	-
95000	Total Protective Services	<u>6,737</u>	<u>843</u>	<u>843</u>	<u>-</u>
96110	Property Insurance	14,687	3,923	3,923	-
96120	Liability Insurance	4,062	810	810	-
96100	Total Insurance Premiums	<u>18,749</u>	<u>4,733</u>	<u>4,733</u>	<u>-</u>
96400	Bad Debt - Tenant Rents	858	158	158	-
96000	Total Other General Expenses	<u>858</u>	<u>158</u>	<u>158</u>	<u>-</u>
96900	Total Operating Expenses	<u>343,681</u>	<u>95,057</u>	<u>95,057</u>	<u>-</u>
97000	Excess of Operating Revenue over (under) Operating Expenses	<u>202,896</u>	<u>163,478</u>	<u>140,333</u>	<u>23,145</u>
97200	Casualty Losses - Non-capitalized	35,177	35,091	35,091	-
97300	Housing Assistance Payments	120,501	110,732	110,732	-
97400	Depreciation Expense	48,308	7,942	7,016	926
90000	Total Expenses	<u>547,667</u>	<u>248,822</u>	<u>247,896</u>	<u>926</u>
10080	Special Items (Net Gain/Loss)	<u>(721,098)</u>	<u>(623,026)</u>	<u>(623,026)</u>	<u>-</u>
10100	Total Other Financing Sources (Uses)	<u>(721,098)</u>	<u>(623,026)</u>	<u>(623,026)</u>	<u>-</u>
10000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	<u>(722,188)</u>	<u>(613,313)</u>	<u>(635,532)</u>	<u>22,219</u>
11030	Beginning Equity	1,546,424	733,658	733,658	-
11040	Prior Period Adjustment, Equity Transfer and Correction of Errors	-	-	245,126	(245,126)
11190	Unit Months Available	711	99	99	-
11210	Number of Unit Months Leased	560	83	83	-
11270	Excess Cash	201,070	(8,214)	(8,214)	-
11620	Building Purchases	23,145	23,145	-	23,145
11630	Furniture & Equipment - Dwelling Purchases	2,415	-	-	-
11640	Furniture & Equipment - Administrative Purchases	2,802	2,802	2,802	-

Project MI064000200	Operating Fund Program	Capital Fund Program	Other Project
\$ 104,152	\$ 104,152	\$ -	\$ 8,724
3,642	3,642	-	-
107,794	107,794	-	8,724
170,220	170,220	-	-
-	-	-	-
-	-	-	-
2	2	-	102
-	-	-	-
-	-	-	1,200
278,016	278,016	-	10,026
38,194	38,194	-	-
5,220	5,220	-	-
3,487	3,487	-	90
8,456	8,456	-	-
1,602	1,602	-	-
512	512	-	-
57,471	57,471	-	90
22,864	22,864	-	590
1,064	1,064	-	-
138	138	-	-
1,202	1,202	-	-
16,861	16,861	-	885
9,418	9,418	-	-
4,391	4,391	-	(46)
30,670	30,670	-	839
40,657	40,657	-	2,525
10,461	10,461	-	158
46,413	46,413	-	14,074
97,531	97,531	-	16,757
5,894	5,894	-	-
5,894	5,894	-	-
10,448	10,448	-	316
3,204	3,204	-	48
13,652	13,652	-	364
700	700	-	-
700	700	-	-
229,984	229,984	-	18,640
48,032	48,032	-	(8,614)
86	86	-	-
9,769	9,769	-	-
40,366	40,366	-	-
280,205	280,205	-	18,640
(98,072)	(98,072)	-	-
(98,072)	(98,072)	-	-
(100,261)	(100,261)	-	(8,614)
613,808	613,808	-	198,958
-	84,434	(84,434)	-
600	600	-	12
465	465	-	12
20,502	20,502	-	188,782
-	-	-	-
2,415	2,415	-	-
-	-	-	-

Ann Arbor Housing Commission
Financial Data Schedule
Program Financials - Balance Sheet
June 30, 2016

Line Item #	Account Description	Central Office Cost Center
111	Cash - Unrestricted	\$ 16,261
100	Total Cash	<u>16,261</u>
125	Accounts Receivable - Miscellaneous	250,522
120	Total Receivables, Net of Allowances for Doubtful Accounts	<u>250,522</u>
142	Prepaid Expenses and Other Assets	50,839
144	Inter Program Due From	<u>156,743</u>
150	Total Current Assets	<u>474,365</u>
164	Furniture, Equipment & Machinery - Administration	142,651
165	Leasehold Improvements	34,139
166	Accumulated Depreciation	(108,886)
160	Total Capital Assets, Net of Accumulated Depreciation	<u>67,904</u>
180	Total Non-Current Assets	<u>67,904</u>
200	Deferred Outflow of Resources	<u>43,748</u>
290	Total Assets and Deferred Outflow of Resources	<u>\$ 586,017</u>
312	Accounts Payable <= 90 Days	\$ 124,549
321	Accrued Wage/Payroll Taxes Payable	8,623
322	Accrued Compensated Absences - Current Portion	12,669
333	Accounts Payable - Other Government	50,036
346	Accrued Liabilities - Other	1,481
310	Total Current Liabilities	<u>197,358</u>
354	Accrued Compensated Absences - Non-Current	10,577
357	Accrued Pension and OPEB Liabilities	122,402
350	Total Non-Current Liabilities	<u>132,979</u>
300	Total Liabilities	<u>330,337</u>
400	Deferred Inflows of Resources	<u>3,614</u>
508.4	Net Investment in Capital Assets	67,904
512.4	Unrestricted Net Position	<u>184,162</u>
513	Total Equity - Net Assets / Position	<u>252,066</u>
600	Total Liab., Def. Inflow of Res., and Equity - Net Assets / Position	<u>\$ 586,017</u>

Ann Arbor Housing Commission
Financial Data Schedule
Program Financials - Income Statement
For the Year Ended June 30, 2016

Line Item #	Account Description	Central Office Cost Center
70710	Management Fee	\$ 123,405
70720	Asset Management Fee	267,423
70730	Bookkeeping Fee	4,042
70700	Total Fee Revenue	<u>394,870</u>
70800	Other Government Grants	268,561
71100	Investment Income - Unrestricted	3,989
71500	Other Revenue	<u>626,728</u>
70000	Total Revenue	<u>1,294,148</u>
91100	Administrative Salaries	339,144
91200	Auditing Fees	1,601
91500	Employee Benefit Contributions - Administrative	118,160
91600	Office Expenses	249,743
91700	Legal Expense	50
91800	Travel	2,154
91900	Other	124,704
91000	Total Operating - Administrative	<u>835,556</u>
92200	Relocation Costs	43,626
92400	Tenant Services - Other	219,958
92500	Total Tenant Services	<u>263,584</u>
93100	Water	51
93200	Electricity	42
93300	Gas	11
93000	Total Utilities	<u>104</u>
94200	Ordinary Maintenance and Operations - Materials and Other	75,634
94300	Ordinary Maintenance and Operations - Contracts	116,228
94000	Total Maintenance	<u>191,862</u>
96140	All Other Insurance	475
96100	Total Insurance Premiums	<u>475</u>
96200	Other General Expenses	3,270
96210	Compensated Absences	1,460
96000	Total Other General Expenses	<u>4,730</u>
96900	Total Operating Expenses	<u>1,296,311</u>
97000	Excess of Operating Revenue over (under) Operating Expenses	<u>(2,163)</u>
97400	Depreciation Expense	<u>11,535</u>
90000	Total Expenses	<u>1,307,846</u>
10010	Operating Transfer In	<u>28,500</u>
10100	Total Other Financing Sources (Uses)	<u>28,500</u>
10000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	14,802
11030	Beginning Equity	237,264

Ann Arbor Housing Commission
Financial Data Schedule
Program Financials - Balance Sheet
June 30, 2016

Line Item #	Account Description	Total Programs	14.871 Housing Choice Vouchers
111	Cash - Unrestricted	\$ 466,808	\$ 178,112
113	Cash - Other Restricted	452,227	272,227
114	Cash - Tenant Security Deposits	1,199	-
100	Total Cash	<u>920,234</u>	<u>450,339</u>
121	Accounts Receivable - PHA Projects	2,775	2,775
122	Accounts Receivable - HUD Other Projects	363,164	-
124	Accounts Receivable - Other Government	18,783	18,783
125	Accounts Receivable - Miscellaneous	2,681,443	-
126.2	Allowance for Doubtful Accounts - Other	<u>(2,680,000)</u>	<u>-</u>
120	Total Receivables, Net of Allowances for Doubtful Accounts	<u>386,165</u>	<u>21,558</u>
142	Prepaid Expenses and Other Assets	<u>236</u>	<u>223</u>
150	Total Current Assets	<u>1,306,635</u>	<u>472,120</u>
161	Land	195,173	-
162	Buildings	1,794	-
164	Furniture, Equipment & Machinery - Administration	6,843	-
166	Accumulated Depreciation	<u>(1,425)</u>	<u>-</u>
160	Total Capital Assets, Net of Accumulated Depreciation	<u>202,385</u>	<u>-</u>
180	Total Non-Current Assets	<u>202,385</u>	<u>-</u>
290	Total Assets	<u>\$ 1,509,020</u>	<u>\$ 472,120</u>
312	Accounts Payable <= 90 Days	\$ 235,810	\$ 29,516
321	Accrued Wage/Payroll Taxes Payable	24,505	24,416
322	Accrued Compensated Absences - Current Portion	22,265	21,903
331	Accounts Payable - HUD PHA Programs	168	-
333	Accounts Payable - Other Government	124,046	109,355
341	Tenant Security Deposits	1,199	-
342	Unearned Revenue	46	-
345	Other Current Liabilities	2,775	-
346	Accrued Liabilities - Other	4,661	4,661
347	Inter Program - Due To	<u>107,833</u>	<u>4,507</u>
310	Total Current Liabilities	<u>523,308</u>	<u>194,358</u>
353	Non-current Liabilities - Other	179,121	179,121
354	Accrued Compensated Absences - Non-Current	<u>5,569</u>	<u>5,474</u>
350	Total Non-Current Liabilities	<u>184,690</u>	<u>184,595</u>
300	Total Liabilities	<u>707,998</u>	<u>378,953</u>
508.4	Net Investment in Capital Assets	202,385	-
511.4	Restricted Net Position	273,106	93,106
512.4	Unrestricted Net Position	<u>325,531</u>	<u>61</u>
513	Total Equity - Net Assets / Position	<u>801,022</u>	<u>93,167</u>
600	Total Liab., Def. Inflow of Res., and Equity - Net Assets / Position	<u>\$ 1,509,020</u>	<u>\$ 472,120</u>

14.238 Shelter Plus Care	14.267 Continuum of Care Program	Business Activities
\$ 150	\$ 15,995	\$ 272,551
-	-	180,000
-	-	1,199
<u>150</u>	<u>15,995</u>	<u>453,750</u>
-	-	-
-	363,164	-
-	-	-
-	1,443	2,680,000
-	-	(2,680,000)
-	<u>364,607</u>	<u>-</u>
-	-	13
<u>150</u>	<u>380,602</u>	<u>453,763</u>
-	-	195,173
-	-	1,794
-	6,843	-
-	(1,246)	(179)
-	<u>5,597</u>	<u>196,788</u>
-	5,597	196,788
<u>\$ 150</u>	<u>\$ 386,199</u>	<u>\$ 650,551</u>
\$ 52	\$ 204,515	\$ 1,727
-	89	-
-	-	362
-	168	-
-	14,209	482
-	-	1,199
-	-	46
-	-	2,775
-	-	-
-	103,326	-
<u>52</u>	<u>322,307</u>	<u>6,591</u>
-	-	-
-	-	95
-	-	95
<u>52</u>	<u>322,307</u>	<u>6,686</u>
-	5,597	196,788
-	-	180,000
<u>98</u>	<u>58,295</u>	<u>267,077</u>
98	63,892	643,865
<u>\$ 150</u>	<u>\$ 386,199</u>	<u>\$ 650,551</u>

Ann Arbor Housing Commission
Financial Data Schedule
Program Financials - Income Statement
For the Year Ended June 30, 2016

Line Item #	Account Description	Total Programs	14.871 Housing Choice Vouchers
70300	Net Tenant Rental Revenue	\$ 52,627	\$ -
70600	HUD PHA Operating Grants	16,493,510	12,589,672
70800	Other Government Grants	144,846	144,846
71100	Investment Income - Unrestricted	37	18
71400	Fraud Recovery	8,757	8,757
71500	Other Revenue	254,551	92
72000	Investment Income - Restricted	6	6
70000	Total Revenue	<u>16,954,334</u>	<u>12,743,391</u>
91100	Administrative Salaries	975,242	951,298
91200	Auditing Fees	5,980	5,220
91500	Employee Benefit Contributions - Administrative	39,874	35,672
91600	Office Expenses	165,336	134,034
91700	Legal Expense	15,187	12,625
91800	Travel	287	287
91000	Total Operating - Administrative	<u>1,201,906</u>	<u>1,139,136</u>
92000	Asset Management Fee	<u>241,827</u>	<u>241,827</u>
92400	Tenant Services - Other	87,400	93
92500	Total Tenant Services	<u>87,400</u>	<u>93</u>
93100	Water	1,942	-
93200	Electricity	2,145	-
93300	Gas	2,348	-
93000	Total Utilities	<u>6,435</u>	<u>-</u>
94200	Ordinary Maintenance and Operations - Materials and Other	3,292	-
94300	Ordinary Maintenance and Operations Contracts	9,568	-
94000	Total Maintenance	<u>12,860</u>	<u>-</u>
96110	Property Insurance	542	-
96120	Liability Insurance	9,210	9,210
96100	Total Insurance Premiums	<u>9,752</u>	<u>9,210</u>
96200	Other General Expenses	12,572	11,713
96210	Compensated Absences	2,464	2,007
96000	Total Other General Expenses	<u>15,036</u>	<u>13,720</u>
96900	Total Operating Expenses	<u>1,575,216</u>	<u>1,403,986</u>
97000	Excess of Operating Revenue over (under) Operating Expenses	<u>15,379,118</u>	<u>11,339,405</u>

14.238 Shelter Plus Care	14.267 Continuum of Care Program	Business Activities
\$ -	\$ -	\$ 52,627
12,714	3,891,124	-
-	-	-
-	-	19
-	-	-
-	-	254,459
-	-	-
12,714	3,891,124	307,105
-	23,944	-
-	-	760
-	4,202	-
-	13,506	17,796
-	-	2,562
-	-	-
-	41,652	21,118
-	-	-
-	-	87,307
-	-	87,307
-	-	1,942
-	-	2,145
-	-	2,348
-	-	6,435
-	-	3,292
-	-	9,568
-	-	12,860
-	-	542
-	-	-
-	-	542
-	-	859
-	-	457
-	-	1,316
-	41,652	129,578
12,714	3,849,472	177,527

Ann Arbor Housing Commission
Financial Data Schedule
Program Financials - Income Statement
For the Year Ended June 30, 2016

Line Item #	Account Description	Total Programs	14.871 Housing Choice Vouchers
97300	Housing Assistance Payments	\$ 15,266,994	\$ 11,448,333
97350	HAP Portability - In	30,358	30,358
97400	Depreciation Expense	863	-
90000	Total Expenses	<u>16,873,431</u>	<u>12,882,677</u>
10020	Operating Transfer Out	(28,500)	-
10100	Total Other Financing Sources (Uses)	<u>(28,500)</u>	<u>-</u>
10000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	52,403	(139,286)
11030	Beginning Equity	748,619	232,453
11170	Administrative Fee Equity	61	61
11180	Housing Assistance Payments Equity	93,106	93,106
11190	Unit Months Available	21,968	21,860
11210	Number of Unit Months Leased	19,460	19,366

14.238 Shelter Plus Care	14.267 Continuum of Care Program	Business Activities
\$ 12,616	\$ 3,806,045	\$ -
-	-	-
-	684	179
12,616	3,848,381	129,757
-	(28,500)	-
-	(28,500)	-
98	14,243	177,348
-	49,649	466,517
-	-	-
-	-	-
36	72	-
36	58	-

Ann Arbor Housing Commission
Financial Data Schedule
PHA Financial Data - Balance Sheet
June 30, 2016

Line Item #	Account Description	Project Totals	Program Totals
111	Cash - Unrestricted	\$ 274,830	\$ 466,808
113	Cash - Other Restricted	-	452,227
114	Cash - Tenant Security Deposits	9,768	1,199
100	Total Cash	<u>284,598</u>	<u>920,234</u>
121	Accounts Receivable - PHA Projects	-	2,775
122	Accounts Receivable - HUD Other Projects	-	363,164
124	Accounts Receivable - Other Government	-	18,783
125	Accounts Receivable - Miscellaneous	27,286	2,681,443
126	Accounts Receivable - Tenants	2,169	-
126.1	Allowance for Doubtful Accounts - Tenants	(300)	-
126.2	Allowance for Doubtful Accounts - Other	-	(2,680,000)
120	Total Receivables, Net of Allow. for Doubtful Accounts	<u>29,155</u>	<u>386,165</u>
142	Prepaid Expenses and Other Assets	585	236
143	Inventories	21,912	-
144	Inter Program Due From	352	-
150	Total Current Assets	<u>336,602</u>	<u>1,306,635</u>
161	Land	148,454	195,173
162	Buildings	3,101,641	1,794
163	Furniture, Equipment & Machinery - Dwellings	57,571	-
164	Furniture, Equipment & Machinery - Administration	193,956	6,843
165	Leasehold Improvements	-	-
166	Accumulated Depreciation	(2,909,097)	(1,425)
160	Total Capital Assets, Net of Accumulated Depreciation	<u>592,525</u>	<u>202,385</u>
180	Total Non-Current Assets	<u>592,525</u>	<u>202,385</u>
200	Deferred Outflow of Resources	-	-
290	Total Assets	<u>\$ 929,127</u>	<u>\$ 1,509,020</u>
312	Accounts Payable <= 90 Days	\$ 3,360	\$ 235,810
321	Accrued Wage/Payroll Taxes Payable	1,377	24,505
322	Accrued Compensated Absences - Current Portion	2,218	22,265
331	Accounts Payable - HUD PHA Programs	-	168
333	Accounts Payable - Other Government	12,007	124,046
341	Tenant Security Deposits	9,495	1,199
342	Unearned Revenues	1,036	46
345	Other Current Liabilities	5,516	2,775
346	Accrued Liabilities - Other	138	4,661
347	Inter Program - Due To	49,262	107,833
310	Total Current Liabilities	<u>84,409</u>	<u>523,308</u>
353	Non-Current Liabilities - Other	19,901	179,121
354	Accrued Compensated Absences - Non-Current	581	5,569
357	Accrued Pension and OPEB Liabilities	-	-
350	Total Non-Current Liabilities	<u>20,482</u>	<u>184,690</u>
300	Total Liabilities	<u>104,891</u>	<u>707,998</u>
400	Deferred Inflows of Resources	-	-
508.4	Net Investment in Capital Assets	592,525	202,385
511.4	Restricted Net Position	-	273,106
512.4	Unrestricted Net Position	231,711	325,531
513	Total Equity - Net Assets / Position	<u>824,236</u>	<u>801,022</u>
600	Total Liab., Def. Inflow of Res., and Equity - Net Assets / Position	<u>\$ 929,127</u>	<u>\$ 1,509,020</u>

Central Office			
Cost Center	Subtotal	Elimination	Total
\$ 16,261	\$ 757,899	\$ -	\$ 757,899
-	452,227	-	452,227
-	10,967	-	10,967
16,261	1,221,093	-	1,221,093
-	2,775	(2,775)	-
-	363,164	-	363,164
-	18,783	-	18,783
250,522	2,959,251	-	2,959,251
-	2,169	-	2,169
-	(300)	-	(300)
-	(2,680,000)	-	(2,680,000)
250,522	665,842	(2,775)	663,067
50,839	51,660	-	51,660
-	21,912	-	21,912
156,743	157,095	(157,095)	-
474,365	2,117,602	(159,870)	1,957,732
-	343,627	-	343,627
-	3,103,435	-	3,103,435
-	57,571	-	57,571
142,651	343,450	-	343,450
34,139	34,139	-	34,139
(108,886)	(3,019,408)	-	(3,019,408)
67,904	862,814	-	862,814
67,904	862,814	-	862,814
43,748	43,748	-	43,748
<u>\$ 586,017</u>	<u>\$ 3,024,164</u>	<u>\$ (159,870)</u>	<u>\$ 2,864,294</u>
\$ 124,549	\$ 363,719	\$ -	\$ 363,719
8,623	34,505	-	34,505
12,669	37,152	-	37,152
-	168	-	168
50,036	186,089	-	186,089
-	10,694	-	10,694
-	1,082	-	1,082
-	8,291	(2,775)	5,516
1,481	6,280	-	6,280
-	157,095	(157,095)	-
197,358	805,075	(159,870)	645,205
-	199,022	-	199,022
10,577	16,727	-	16,727
122,402	122,402	-	122,402
132,979	338,151	-	338,151
330,337	1,143,226	(159,870)	983,356
3,614	3,614	-	3,614
67,904	862,814	-	862,814
-	273,106	-	273,106
184,162	741,404	-	741,404
252,066	1,877,324	-	1,877,324
<u>\$ 586,017</u>	<u>\$ 3,024,164</u>	<u>\$ (159,870)</u>	<u>\$ 2,864,294</u>

Ann Arbor Housing Commission
Financial Data Schedule
PHA Financial Data - Income Statement
For the Year Ended June 30, 2016

Line Item #	Account Description	Project Totals	Program Totals
70300	Net Tenant Rental Revenue	\$ 119,662	\$ 52,627
70400	Tenant Revenue - Other	4,460	-
70500	Total Tenant Revenue	<u>124,122</u>	<u>52,627</u>
70600	HUD PHA Operating Grants	289,946	16,493,510
70610	Capital Grants	23,145	-
70710	Management Fee	-	-
70720	Asset Management Fee	-	-
70730	Bookkeeping Fee	-	-
70700	Total Fee Revenue	<u>-</u>	<u>-</u>
70800	Other Government Grants	107,000	144,846
71100	Investment Income - Unrestricted	104	37
71400	Fraud Recovery	1,043	8,757
71500	Other Revenue	1,217	254,551
72000	Investment Income - Restricted	<u>-</u>	<u>6</u>
70000	Total Revenue	<u>546,577</u>	<u>16,954,334</u>
91100	Administrative Salaries	43,135	975,242
91200	Auditing Fees	10,440	5,980
91310	Bookkeeping Fee	4,042	-
91500	Employee Benefit Contributions - Administrative	-	39,874
91600	Office Expenses	12,313	165,336
91700	Legal Expense	2,846	15,187
91800	Travel	938	287
91900	Other	-	-
91000	Total Operating - Administrative	<u>73,714</u>	<u>1,201,906</u>
92000	Asset Management Fee	<u>25,596</u>	<u>241,827</u>
92200	Relocation Costs	1,160	-
92400	Tenant Services - Other	1,142	87,400
92500	Total Tenant Services	<u>2,302</u>	<u>87,400</u>
93100	Water	19,287	1,942
93200	Electricity	11,179	2,145
93300	Gas	4,882	2,348
93000	Total Utilities	<u>35,348</u>	<u>6,435</u>

Central Office Cost Center	Subtotal	Elimination	Total
\$ -	\$ 172,289	\$ -	\$ 172,289
-	4,460	-	4,460
	<u>176,749</u>	<u>-</u>	<u>176,749</u>
-	16,783,456	-	16,783,456
-	23,145	-	23,145
123,405	123,405	-	123,405
267,423	267,423	(267,423)	-
4,042	4,042	(4,042)	-
<u>394,870</u>	<u>394,870</u>	<u>(271,465)</u>	<u>123,405</u>
268,561	520,407	-	520,407
3,989	4,130	-	4,130
-	9,800	-	9,800
626,728	882,496	-	882,496
-	6	-	6
<u>1,294,148</u>	<u>18,795,059</u>	<u>(271,465)</u>	<u>18,523,594</u>
339,144	1,357,521	-	1,357,521
1,601	18,021	-	18,021
-	4,042	(4,042)	-
118,160	158,034	-	158,034
249,743	427,392	-	427,392
50	18,083	-	18,083
2,154	3,379	-	3,379
<u>124,704</u>	<u>124,704</u>	<u>-</u>	<u>124,704</u>
<u>835,556</u>	<u>2,111,176</u>	<u>(4,042)</u>	<u>2,107,134</u>
-	267,423	(267,423)	-
43,626	44,786	-	44,786
219,958	308,500	-	308,500
<u>263,584</u>	<u>353,286</u>	<u>-</u>	<u>353,286</u>
51	21,280	-	21,280
42	13,366	-	13,366
11	7,241	-	7,241
<u>104</u>	<u>41,887</u>	<u>-</u>	<u>41,887</u>

Ann Arbor Housing Commission
Financial Data Schedule
PHA Financial Data - Income Statement
For the Year Ended June 30, 2016

Line Item #	Account Description	Project Totals	Program Totals
94100	Ordinary Maintenance and Operations - Labor	\$ 61,224	\$ -
94200	Ordinary Maintenance and Operations - Materials and Other	18,173	3,292
94300	Ordinary Maintenance and Operations Contracts	100,980	9,568
94000	Total Maintenance	<u>180,377</u>	<u>12,860</u>
95200	Protective Services - Other Contract Costs	6,737	-
95000	Total Protective Services	<u>6,737</u>	<u>-</u>
96110	Property Insurance	14,687	542
96120	Liability Insurance	4,062	9,210
96140	All Other Insurance	-	-
96100	Total Insurance Premiums	<u>18,749</u>	<u>9,752</u>
96200	Other General Expenses	-	12,572
96210	Compensated Absences	-	2,464
96400	Bad Debt - Tenant Rents	858	-
96000	Total Other General Expenses	<u>858</u>	<u>15,036</u>
96900	Total Operating Expenses	<u>343,681</u>	<u>1,575,216</u>
97000	Excess of Operating Revenue over (under) Operating Expenses	<u>202,896</u>	<u>15,379,118</u>
97200	Casualty Losses - Non-capitalized	35,177	-
97300	Housing Assistance Payments	120,501	15,266,994
97350	HAP Portability - In	-	30,358
97400	Depreciation Expense	48,308	863
90000	Total Expenses	<u>547,667</u>	<u>16,873,431</u>
10010	Operating Transfer In	-	-
10020	Operating Transfer Out	-	(28,500)
10080	Special Items (Net Gain/Loss)	(721,098)	-
10100	Total Other Financing Sources (Uses)	<u>(721,098)</u>	<u>(28,500)</u>
10000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	(722,188)	52,403
11030	Beginning Equity	1,546,424	748,619
11040	Prior Period Adjustment, Equity Transfer and Correction of Errors	-	-
11170	Administrative Fee Equity	-	61
11180	Housing Assistance Payments Equity	-	93,106
11190	Unit Months Available	711	21,968
11210	Number of Unit Months Leased	560	19,460
11270	Excess Cash	201,070	-
11620	Building Purchases	23,145	-
11630	Furniture & Equipment - Dwelling Purchases	2,415	-
11640	Furniture & Equipment - Administrative Purchases	2,802	-

Central Office			
Cost Center	Subtotal	Elimination	Total
\$ -	\$ 61,224	\$ -	\$ 61,224
75,634	97,099	-	97,099
116,228	226,776	-	226,776
191,862	385,099	-	385,099
-	6,737	-	6,737
-	6,737	-	6,737
-	15,229	-	15,229
-	13,272	-	13,272
475	475	-	475
475	28,976	-	28,976
3,270	15,842	-	15,842
1,460	3,924	-	3,924
-	858	-	858
4,730	20,624	-	20,624
1,296,311	3,215,208	(271,465)	2,943,743
(2,163)	15,579,851	-	15,579,851
-	35,177	-	35,177
-	15,387,495	-	15,387,495
-	30,358	-	30,358
11,535	60,706	-	60,706
1,307,846	18,728,944	(271,465)	18,457,479
28,500	28,500	-	28,500
-	(28,500)	-	(28,500)
-	(721,098)	-	(721,098)
28,500	(721,098)	-	(721,098)
14,802	(654,983)	-	(654,983)
237,264	2,532,307	-	2,532,307
-	-	-	-
-	61	-	61
-	93,106	-	93,106
-	22,679	-	22,679
-	20,020	-	20,020
-	201,070	-	201,070
-	23,145	-	23,145
-	2,415	-	2,415
-	2,802	-	2,802



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A VETERAN OWNED BUSINESS

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Commissioners
Ann Arbor Housing Commission
Ann Arbor, Michigan

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 business-type activities of the *Ann Arbor Housing Commission*, a component unit of the City of Ann Arbor, Michigan as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the *Ann Arbor Housing Commission's* basic financial statements and have issued our report thereon dated October 21, 2016.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the *Ann Arbor Housing Commission's* financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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.

Smith + Klauszewicz PC

Saginaw, Michigan

October 21, 2016



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A VETERAN OWNED BUSINESS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Commissioners
Ann Arbor Housing Commission
Ann Arbor, Michigan

Report on Compliance for Each Major Federal Program

We have audited the *Ann Arbor Housing Commission'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 *Ann Arbor Housing Commission's* major federal programs for the year ended June 30, 2016. The *Ann Arbor Housing Commission'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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the *Ann Arbor Housing Commission'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 *Ann Arbor Housing Commission's* compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the ***Ann Arbor Housing Commission*** complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Report on Internal Control over Compliance

Management of the ***Ann Arbor Housing Commission*** is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the ***Ann Arbor Housing Commission's*** internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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 ***Ann Arbor Housing Commission's*** internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Smith + Klauszewicz PC

Saginaw, Michigan

October 21, 2016

Ann Arbor Housing Commission
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2016

<u>Federal Agency / Pass Through Agency / Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Expended</u>	<u>Total Amount Provided to Subrecipients</u>
Department of Housing and Urban Development			
Direct programs:			
Shelter Plus Care	14.238	\$ 12,616	\$ -
Continuum of Care	14.267	3,806,045	2,824,786
Public and Indian Housing	14.850	289,946	-
Resident Opportunity & Self Sufficiency	14.870	<u>137,425</u>	<u>-</u>
Section 8 Housing Choice Vouchers	14.871	12,761,533	-
Section 8 Housing Choice Vouchers - Family Self Sufficiency	14.871	<u>121,144</u>	<u>-</u>
Total Section 8 Housing Choice Vouchers		<u>12,882,677</u>	<u>-</u>
Public Housing Capital Fund	14.872	<u>23,145</u>	<u>-</u>
Total Department of Housing and Urban Development		<u>\$ 17,151,854</u>	<u>\$ 2,824,786</u>
Reconciliation to Statement of Activities			
Federal revenue reported on the Statement of Activities:			
Program grants - subsidies			\$ 16,783,456
Capital grants			23,145
Other governmental grants			520,407
Decrease in net position pertaining to HAP			<u>(175,154)</u>
Total expenditures per Schedule of Expenditures of Federal Awards			<u>\$ 17,151,854</u>

See accompanying notes to schedule of expenditures of federal awards

Ann Arbor Housing Commission
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2016

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the ***Ann Arbor Housing Commission*** under programs of the federal government for the year ended June 30, 2016. The information in this schedule is presented in accordance with the 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). Because the schedule presents only a selected portion of the operations of the ***Ann Arbor Housing Commission***, it is not intended to and does not present the financial position, changes in net position or cash flows of the ***Ann Arbor Housing Commission***.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Ann Arbor Housing Commission
Schedule of Findings and Questioned Costs (continued)
For the Year Ended June 30, 2016

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued				Unmodified
Internal control over financial reporting				
• Material weakness(es) identified?	_____	Yes	_____ X _____	No
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	_____	Yes	_____ X _____	None reported
Noncompliance material to financial statements noted?	_____	Yes	_____ X _____	No

Federal Awards

Type of auditor's report issued on compliance for major program(s)				Unmodified
Internal control over major program(s)				
• Material weakness(es) identified?	_____	Yes	_____ X _____	No
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	_____	Yes	_____ X _____	None reported
Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516.(a)?	_____	Yes	_____ X _____	No

Identification of major program(s):

CFDA Number	Name of Federal Program(s) or Cluster(s)
14.871	Section 8 Housing Choice Vouchers
Dollar threshold used to distinguish between type A and type B programs	\$ 750,000
Auditee qualify as a low-risk auditee?	_____ X _____ Yes _____ No

Ann Arbor Housing Commission
Schedule of Findings and Questioned Costs *(concluded)*
For the Year Ended June 30, 2016

Section II - Financial Statement Audit Findings

None

Section III - Federal Program Audit Findings and Questioned Costs

None

Section IV - Prior Year Findings

None