

Ann Arbor Housing Commission

Financial Statement Highlights For the Period Ending June 30, 2017

*** DRAFT - UNAUDITED ***

| CONSOLIDATED RESULTS | YTD Actual | YTD Budget | YTD Variance |
|----------------------|------------|------------|--------------|
| Total Revenue | 16,854,334 | 18,543,337 | (1,689,003) |
| Total Expenses | 17,093,370 | 18,545,928 | 1,452,558 |
| Total Net Income | (239,036) | (2,591) | (236,445) |

Notable Revenue Variances:

- Higher than budgeted revenue in the **COCC cost center** is largely related to a new Bookkeeping Fee charge that is allowed by HUD to cover financial expenses of managing public housing and the voucher programs.
- **West AMP's** revenue is higher than budgeted due to a HUD formula providing in excess of \$1,000 per unit per month in operating subsidy which is appr. 3x higher than East AMP - remains unexplained by HUD.
- **East AMP's** City General Fund revenue increased to cover higher expenses.
- Overall revenue is very close to budget for **Section 8** but there are individual line item variances which include VASH HAP being lower than budgeted, regular HAP higher, RAD HAP lower and the administrative fee higher than budgeted. HUD retroactively increased admin fee pro-rata from 82% to 84% for 2016, an approximate increase of \$35,000. City General Fund revenue has been reduced to just cover admin expenses. AAHC stopped accepting port-ins, which increased port-in HAP and admin fees from outside agencies over budgeted amount.
- **Continuum of Care** revenue is lower than budgeted overall because Avalon, IHN and SOS took over the administration of some of their grants with lower corresponding expenses. FY16 reflected a positive fund balance which we are drawing down to zero in FY17 which is causing the negative net income in FY17.

Notable Expense Variances:

- **Administrative Expenses** are higher than budgeted for **COCC** due to the overlap of Ulli and Betsy, legal and architect services related to the renovations at S. Industrial as well as retiree insurance benefits.
- **Administrative Expenses** are lower than budgeted overall for **Section 8** with lower than budgeted salary expenses due to four staff vacancies but unbudgeted expenses for the new Bookkeeping Fee being charged by the COCC cost center.
- **Maintenance Expenses** for **COCC** are higher than budgeted due to the admin office move to S. Industrial and subsequent renovation work.
- **Tenant services** expenses are higher than budgeted for **East AMP** as a result of transferring tenants to other properties and covering moving expenses.
- **Utility** expenses are higher for East AMP due to AAHC paying utilities for a high number of vacant units.
- **Maintenance Expenses** for **East AMP** are higher than budgeted due to the poor condition of the White, State and Henry property.
- **Housing Assistance Payments** for **Section 8** are higher than budgeted mostly due to RAD PBV vacancy payments that were unbudgeted.

Net Operating Income

- * **Net loss** is primarily from development (-\$56,150), Section 8 (-\$92,200) and Continuum of Care (-\$61,500) as a result of drawing down the restricted fund balance for the program.