

Ann Arbor Housing Commission

Financial Statement Highlights For the Period Ending March 31, 2019

Below is a summary of the financial activity for AAHC for the third quarter ending March 31, 2019.

CONSOLIDATED RESULTS	<u>YTD Actual</u>	<u>YTD Budget</u>	<u>YTD Variance</u>
Total Revenue	12,084,873	11,291,402	793,471
Total Expenses	12,284,658	11,289,631	(995,027)
Total Net Income	(199,785)	1,771	(201,556)

Notable Variances:

- Revenue overall is higher than budgeted which is mainly the result of increased **Voucher Program** rent subsidies. **These funds** are largely pass-through funding which means the expenses for these programs are also higher than budgeted because they are primarily rent payments to landlords.
- Total **Administrative Expenses** are higher than budget due to several factors including higher than budgeted staff training, overtime, consultant and legal expenses.
- **Tenant Services Expenses** are below budget which is related to the **Continuum of Care** program for pass-through payments to non-profit service providers. The rent subsidies are paid in advance and the support services are paid retroactively.
- **Utilities, Total Maintenance and Total General Expenses** are over budget because the budget assumed that the remaining public housing portfolio (**West and East AMP**) would have been converted under RAD to Swift Lane earlier and were, therefore, not included in the AAHC budget. Conversion happened in February 2019.
- Total **Housing Assistance Payments** are higher than budgeted for **Section 8** as well as **Continuum of Care** and are off-set by higher than budgeted revenue in related to this category.
- Total **Non-Operating Items** represent transfers to the Swift Lane project as well as transfers from **AAHDC** for necessary infrastructure repairs that were made at the Oakwood and Broadway properties. The repairs were significant and are, therefore, being capitalized as assets on the balance sheet.

Net Operating Income

- * **Net loss overall** is higher than budgeted and is primarily from **Section 8**. The loss reflected for Section 8 is related to the administrative portion of the program and is due to lower administrative fee payments received from HUD.
- * These losses will be covered by year-end primarily through a city rebate of \$144,877 from the Risk Fund due to better than expected performance over the last 4 years, as well as an additional \$60,000 in city general funds approved by city council in May 2019.