

**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, 2017**



SMITH & KLACZKIEWICZ, PC  
CERTIFIED PUBLIC ACCOUNTANTS

# Ann Arbor Housing Commission

## Table of Contents

---

	<b><u>Page</u></b>
<b>Independent Auditor's Report</b>	1-2
<b>Management's Discussion and Analysis</b>	3-9
<b>Financial Statements for the Year Ended June 30, 2017</b>	
Statement of Net Position	10
Statement of Revenues, Expenses and Changes in Fund Net Position	11
Statement of Cash Flows	12
Notes to Financial Statements	13-22
<b>Other Supplementary Information</b>	
Financial Data Schedules	23-32
<b>Single Audit</b>	
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 <i>Government Auditing Standards</i>	33-34
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Required by the Uniform Guidance	35-36
Schedule of Expenditures of Federal Awards	37
Notes to Schedule of Expenditures of Federal Awards	38
Schedule of Findings and Questioned Costs	39-40



SMITH & KLACZKIEWICZ, PC  
CERTIFIED PUBLIC ACCOUNTANTS

THOMAS J. SMITH, CPA  
(989) 751-1167

ROBERT R. KLACZKIEWICZ, CPA  
(989) 751-3064

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, 2017, 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, 2017, 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 November 13, 2017 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 + Klaychewicz PC*

***Saginaw, Michigan***  
November 13, 2017

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 increased by \$727,486 (or 39%) during 2017. Since the Commission engages only in business-type activities, the increase is all in the category of business-type net position. Net position was \$2,604,810 and \$1,877,324 for 2017 and 2016 respectively.

The business-type activities revenue increased by \$4,205,381 (or 23%) during 2017, and were \$22,698,617 and \$18,493,236 for 2017 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**  
Financial Data Schedules - 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**

**SUMMARY SCHEDULE OF NET POSITION**

	<u>2017</u>		<u>2016</u>		<u>Change</u>	<u>Change</u>
Current and Other Assets	\$ 2,667,468	\$	2,001,480	\$	665,988	33%
Capital Assets	<u>790,308</u>		<u>862,814</u>		<u>(72,506)</u>	-8%
Total Assets	3,457,776		2,864,294		593,482	21%
Other Liabilities	463,444		645,205		(181,761)	-28%
Long-Term Liabilities	<u>389,522</u>		<u>341,765</u>		<u>47,757</u>	14%
Total Liabilities	852,966		986,970		(134,004)	-14%
Net Position:						
Net Investment in Capital Assets	790,308		862,814		(72,506)	-8%
Restricted	176		273,106		(272,930)	-100%
Unrestricted	<u>1,814,326</u>		<u>741,404</u>		<u>1,072,922</u>	145%
Total Net Position	\$ <u>2,604,810</u>	\$	<u>1,877,324</u>	\$	<u>727,486</u>	39%

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

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

Current assets increased by \$665,988 which is partly due to higher cash balances for FY17 as well as an increase in the receivables. While the receivables related to HUD went down from the prior year, a receivable for accrued interest was established in FY17 which is due from tax credit entities for loans that were provided. The decrease in Capital Assets represents in a large part the retirement of the property on Evelyn Court in preparation for its sale which occurred subsequent to year-end.

Current liabilities decreased by \$181,761 mostly as a result of lower accounts payable for FY17. This is mostly due to the Rapid Rehousing program grant being given to SOS Community Services to administer, as well as a timing difference from the prior year.

Table 2 presents details on the changes in Unrestricted Net Position

**TABLE 2**

**CHANGE OF UNRESTRICTED NET POSITION**

Unrestricted Net Position 6/30/16	\$	741,404
Results of Operations		571,056
Adjustments:		
Depreciation (1)		57,067
Decrease in Restricted Assets		272,930
Disposal of Assets		<u>29,835</u>
Adjusted Results from Operations		930,888
Capital Expenditures		(14,396)
Non Operating Revenue		<u>156,430</u>
Unrestricted Net Position 6/30/17	\$	<u><u>1,814,326</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**

**SUMMARY SCHEDULE 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>2017</u>		<u>2016</u>		<u>Change</u>	<u>Percent</u> <u>Change</u>
<b>Revenues</b>						
Tenant Revenues - Rent and Other	\$ 117,895	\$	176,749	\$	(58,854)	-33%
Operating Subsidies and Grants	15,754,109		16,783,456		(1,029,347)	-6%
Capital Grants	156,430		23,145		133,285	576%
Other Government Grants	4,547,383		520,407		4,026,976	774%
Investment Income	4,869		4,136		733	18%
Other Revenues	<u>2,117,931</u>		<u>985,343</u>		<u>1,132,588</u>	115%
<b>Total Revenue</b>	<b>\$ <u>22,698,617</u></b>	<b>\$</b>	<b><u>18,493,236</u></b>	<b>\$</b>	<b><u>4,205,381</u></b>	<b>23%</b>
<b>Expenses</b>						
Administrative	\$ 2,008,364	\$	2,019,676	\$	(11,312)	-1%
Tenant Services	159,181		217,565		(58,384)	-27%
Utilities	46,874		41,887		4,987	12%
Maintenance	242,980		194,444		48,536	25%
General	4,844,125		53,067		4,791,058	9028%
Loss on disposal of assets	29,835		721,098		(691,263)	-96%
Development Costs	156,430		417,104		(260,674)	-62%
Casualty Losses	-		35,177		(35,177)	-100%
Housing Assistance Payments	14,426,276		15,387,495		(961,219)	-6%
Depreciation	<u>57,066</u>		<u>60,706</u>		<u>(3,640)</u>	-6%
<b>Total Expenses</b>	<b>\$ <u>21,971,131</u></b>	<b>\$</b>	<b><u>19,148,219</u></b>	<b>\$</b>	<b><u>2,822,912</u></b>	<b>15%</b>
<b>Net Increase(Decrease)</b>	<b>\$ <u>727,486</u></b>	<b>\$</b>	<b><u>(654,983)</u></b>	<b>\$</b>	<b><u>1,382,469</u></b>	<b>-211%</b>

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

The change in Unrestricted Net Position is \$727,486. This is mainly due to the recognition of developer fee revenue for Business Activities (included in Other Revenues). The significant increase in Other Government Grants is a result of funding received that was passed on to the tax credit properties as part of the RAD conversion, and is offset by the corresponding increase in General Expenses. The amount for Capital Grants also increased in FY17 and are being used for the West Arbor development. The Operating Subsidies and Grants revenues decreased as HUD funding declined for Section 8, which consequently resulted in lower related expenditures (Housing Assistance Payments). The significant decrease in Loss on Disposal of Assets is a result of the disposal of the Colonial Oaks properties from the public housing portfolio. The property became its own entity in FY16. Development Costs have also decreased due to the RAD conversion being 87% leaving less units left to develop.

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

**CAPITAL ASSETS**

As of year end, the Commission had \$790,308 invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease (addition, deductions and depreciation) of \$72,506. This large decrease was due to retiring miscellaneous assets that are no longer in use.

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

	<u>Business-Type Activities</u>			<u>Percent</u>
	<u>2017</u>	<u>2016</u>	<u>Change</u>	<u>Change</u>
Land and Land Rights	\$ 343,627	\$ 343,627	\$ -	0%
Buildings	3,101,642	3,101,642	-	0%
Equipment - Dwelling	62,065	59,365	2,700	5%
Equipment - Administrative	296,109	343,450	(47,341)	-14%
Leasehold Improvements	5,049	34,138	(29,089)	-85%
Accumulated Depreciation	<u>(3,018,184)</u>	<u>(3,019,408)</u>	<u>1,224</u>	<u>0%</u>
Total	\$ <u>790,308</u>	\$ <u>862,814</u>	\$ <u>(72,506)</u>	-8%

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	\$ 862,814
Additions	14,395
Retirements	(29,835)
Net of Depreciation	
Depreciation	<u>(57,066)</u>
Ending Balance	\$ <u>790,308</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)	\$	14,395
Administrative Equipment and Furnishings	2,700	
Dwelling Equipment	6,645	
Leasehold Improvements	5,050	
		<hr/>
	<u>\$</u>	<u>14,395</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 and related funding

**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, 2000 S. Industrial Hwy, Ann Arbor, MI 48104.

**Ann Arbor Housing Commission**  
**Statement of Net Position**  
*June 30, 2017*

<b>Current assets</b>		
Cash and cash equivalents	\$ 1,009,979	
Cash and cash equivalents - restricted	427,012	
Cash - tenant security deposits	7,563	
Due from other governmental units	165,087	
Accounts receivable, net	957,486	
Prepaid expenses	55,385	
Inventory	8,132	
	<u>2,630,644</u>	
<b>Noncurrent assets</b>		
Capital assets:		
Nondepreciable	343,627	
Depreciable	3,464,865	
Less: accumulated depreciation	<u>(3,018,184)</u>	
Net capital assets	<u>790,308</u>	
Total assets	<u>3,420,952</u>	
<b>Deferred outflows of resources</b>		<u>36,824</u>
<b>Current liabilities</b>		
Accounts payable	42,217	
Accrued liabilities	134,517	
Tenant security deposits	7,663	
Due to other governmental units	198,541	
Unearned revenue	4,398	
Accrued compensated absences, current portion	<u>47,283</u>	
Total current liabilities		<u>434,619</u>
<b>Noncurrent liabilities</b>		
Other noncurrent liabilities	264,158	
Net pension liability	99,434	
Accrued compensated absences	<u>25,930</u>	
Total noncurrent liabilities		<u>389,522</u>
Total liabilities		<u>824,141</u>
<b>Deferred inflows of resources</b>		<u>28,825</u>
<b>Net position</b>		
Net investment in capital assets		790,308
Restricted		176
Unrestricted		<u>1,814,326</u>
Total net position		<u>\$ 2,604,810</u>

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, 2017*

---

<b>Operating revenues</b>	
Tenant revenue	\$ 117,895
Program grants - subsidies	15,754,109
Other governmental grants	4,547,383
Other revenue	<u>2,105,685</u>
Total operating revenues	<u>22,525,072</u>
<b>Operating expenses</b>	
Administration	2,008,364
Tenant services	159,181
Utilities	46,874
Maintenance	242,980
Protective services	5,744
Insurance	34,277
General	4,804,104
Housing assistance payments	14,426,276
Depreciation	<u>57,066</u>
Total operating expenses	<u>21,784,866</u>
Operating income (loss)	<u>740,206</u>
<b>Nonoperating revenues and (expenses)</b>	
Fraud recovery	12,246
Gain / (loss) on sale of capital assets	(29,835)
Development costs	(156,430)
Interest income	<u>4,869</u>
Total nonoperating revenues and (expenses)	<u>(169,150)</u>
Income (loss) before contribution:	571,056
<b>Capital contribution</b>	<u>156,430</u>
Change in net position	727,486
<b>Net position</b> - Beginning of year	<u>1,877,324</u>
<b>Net position</b> - End of year	<u><u>\$ 2,604,810</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, 2017*

<b>Cash flows from operating activities:</b>	
Cash received from customers	\$ 1,615,038
Cash received from grants and subsidies	20,301,492
Cash payments to suppliers for goods and services	(20,345,137)
Cash payments for wages and related benefits	(1,499,973)
Net cash provided by (used in) operating activities	71,420
<b>Cash flows from noncapital and related financing activities</b>	
Fraud recovery	12,246
Development costs	(156,430)
Net cash provided by (used in) noncapital and related financing activities	(144,184)
<b>Cash flows from capital and related financing activities</b>	
Capital grants	156,430
Acquisition of capital assets	(14,395)
Net cash provided by (used in) capital and related financing activities	142,035
<b>Cash flows from investing activities</b>	
Investment income	4,869
Net increase (decrease) in cash and cash equivalents	74,140
<b>Cash and cash equivalents - beginning of year</b>	1,370,414
<b>Cash and cash equivalents - end of year</b>	\$ 1,444,554
 <b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities</b>	
Operating income (loss)	\$ 740,206
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Depreciation	57,066
Changes in assets and liabilities:	
Decrease (increase) in receivables	(608,827)
Decrease (increase) in prepaid expenses	(3,725)
Decrease (increase) in inventory	13,780
Decrease (increase) in deferred outflows of resources	6,924
Increase (decrease) in accounts payable	(309,218)
Increase (decrease) in accrued liabilities	149,718
Increase (decrease) in tenant security deposit	(3,031)
Increase (decrease) in unearned revenue	3,316
Increase (decrease) in deferred inflows of resources	25,211
Net cash provided by (used in) operating activities	\$ 71,420
 <b>Reconciliation of cash and cash equivalents per the Statement of Financial Position to the Statement of Cash Flows</b>	
Cash and cash equivalents	\$ 1,009,979
Cash and cash equivalents - restricted	427,012
Cash - tenant security deposits	7,563
Net cash and cash equivalents - end of year	\$ 1,444,554

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, 2017*

---

### **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 (1,851 units which include 292 RAD Project Based Voucher 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, 2017*

---

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, 2017

---

### **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 \$5,000 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, 2017

---

### **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 financial statements.

### **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.

### **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.

*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.

# Ann Arbor Housing Commission

## Notes to Financial Statements

For the Year Ended June 30, 2017

---

*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	\$ 1,009,979
Cash and cash equivalents – restricted	427,012
Cash – tenant security deposits	<u>7,563</u>
Total	<u>\$ 1,444,554</u>
Notes to Financial Statements	
Cash on hand	\$ 100
Deposits	<u>1,444,454</u>
Total	<u>\$ 1,444,554</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.

- 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

# Ann Arbor Housing Commission

## Notes to Financial Statements

For the Year Ended June 30, 2017

---

- 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, \$606,989 of the Housing Commission's bank balance of \$1,497,767 was exposed to custodial credit risk because it was uninsured, however, it was collateralized with government securities with a market value of \$772,463.

### *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, 2017*

#### **Accounts Receivable**

The accounts receivable balance is comprised of the following:

Tenant receivables	\$ 53,606
Allowance for doubtful accounts – tenants	(300)
Accounts receivable – miscellaneous	229,300
Lease receivable from tax credits	7,390,911
Interest receivable	734,928
Allowance for doubtful accounts	<u>(7,450,959)</u>
Total receivables, net	<u>\$ 957,486</u>

#### **Capital Assets**

Capital asset activity for the year was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Capital assets not being depreciated				
Land	\$ 343,627	\$ -	\$ -	\$ 343,627
Capital assets being depreciated				
Buildings	3,101,642	-	-	3,101,642
Furniture, equipment and machinery – dwelling	59,365	2,700	-	62,065
Furniture, equipment and machinery – administration	343,450	6,645	(53,986)	296,109
Leasehold improvements	<u>34,138</u>	<u>5,050</u>	<u>(34,139)</u>	<u>5,049</u>
Total capital assets being depreciated	<u>3,538,595</u>	<u>14,395</u>	<u>(88,125)</u>	<u>3,464,865</u>
Less accumulated depreciation				
Buildings	(2,737,856)	(1,471)	-	(2,739,327)
Furniture, equipment and machinery – dwelling	(32,605)	(4,389)	-	(36,994)
Furniture, equipment and machinery – administration	(238,315)	(51,006)	47,660	(241,661)
Leasehold improvements	<u>(10,632)</u>	<u>(200)</u>	<u>10,630</u>	<u>(202)</u>
Total accumulated depreciation	<u>(3,019,408)</u>	<u>(57,066)</u>	<u>58,290</u>	<u>(3,018,184)</u>
Net capital assets being depreciated	<u>519,187</u>	<u>(42,671)</u>	<u>(29,835)</u>	<u>446,681</u>
Total net capital assets	<u>\$ 862,814</u>	<u>\$ (42,671)</u>	<u>\$ (29,835)</u>	<u>\$ 790,308</u>

# Ann Arbor Housing Commission

## Notes to Financial Statements

For the Year Ended June 30, 2017

---

### **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	<u>\$ 53,879</u>	<u>\$ 92,151</u>	<u>\$ (72,817)</u>	<u>\$ 73,213</u>	<u>\$ 47,283</u>

### **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, 2017 and 2016 was \$15,910,539 or 73% and \$15,144,507 or 91% 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. Housing Commission employees that were hired after January 1, 2017 are required to participate in a hybrid pension plan administered by the City of Ann Arbor Employees' Retirement System. The hybrid pension plan is comprised of two components: a defined benefit plan and a defined contribution plan. Under the defined benefit plan, the Housing Commission contributes 6% of the employee's wages with a 3% contribution from the employee. Retirement benefits under the defined benefit plan within the hybrid are calculated as 1.25% of the employee's final five-year average compensation multiplied by the years of service for General members (non-Safety personnel). Employees vest 100% in the defined benefit plan after 10 years of service.

## **Ann Arbor Housing Commission**

### **Notes to Financial Statements**

*For the Year Ended June 30, 2017*

---

Under the defined contribution plan, the employees contribute 3% of their wages and the employer contributes 5.2% for General members. Employees vest 100% in the defined contribution plan after five years of service. 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, 2017, the Housing Commission was invoiced at 23.20% 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.

The Housing Commission recorded deferred outflows of \$36,824, deferred inflows of \$28,825 and a net pension liability of \$99,434 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, 2017, the Housing Commission was invoiced and contributed \$117,144 which equated to approximately \$14,643 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.

# Ann Arbor Housing Commission

## Notes to Financial Statements

For the Year Ended June 30, 2017

---

In fiscal year 2015, 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.

During the year, the Housing Commission obtained loans from the Federal Home Loan Bank ("FHLB"). The terms of the FHLB loans bear 0% interest and there is no payment due on the loans unless the Housing Commission fails to perform or keep any obligation or agreement of the Borrower provided in the application, regulations, policies and procedures, implementation plan or loan documents, within the next 15 years, therefore no debt is recorded on the financial statements..

### **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, 2017*

Line Item #	Account Description	Total Projects	Project MI064000100
111	Cash - Unrestricted	\$ 275,000	\$ 25,522
114	Cash - Tenant Security Deposits	6,585	669
100	Total Cash	<u>281,585</u>	<u>26,191</u>
125	Accounts Receivable - Miscellaneous	13,035	11,676
126	Accounts Receivable - Tenants	3,185	-
126.1	Allowance for Doubtful Accounts -Tenants	(300)	-
120	Total Receivables, Net of Allowances for Doubtful Accounts	<u>15,920</u>	<u>11,676</u>
143	Inventories	8,132	8,132
150	Total Current Assets	<u>305,637</u>	<u>45,999</u>
161	Land	129,741	1,702
162	Buildings	3,099,378	61,921
163	Furniture, Equipment & Machinery - Dwellings	59,522	9,884
164	Furniture, Equipment & Machinery - Administration	164,187	163,474
166	Accumulated Depreciation	(2,924,130)	(150,907)
160	Total Capital Assets, Net of Accumulated Depreciation	<u>528,698</u>	<u>86,074</u>
180	Total Non-Current Assets	<u>528,698</u>	<u>86,074</u>
290	Total Assets	<u>\$ 834,335</u>	<u>\$ 132,073</u>
312	Accounts Payable <= 90 Days	\$ 3,453	\$ 450
321	Accrued Wage/Payroll Taxes Payable	2,216	74
322	Accrued Compensated Absences - Current Portion	3,113	114
333	Accounts Payable - Other Government	14,969	465
341	Tenant Security Deposits	6,585	669
342	Unearned Revenues	1,333	-
347	Inter Program - Due To	7,131	1,712
310	Total Current Liabilities	<u>38,800</u>	<u>3,484</u>
353	Non-current Liabilities - Other	17,322	15,492
354	Accrued Compensated Absences - Non-Current	1,349	47
350	Total Non-Current Liabilities	<u>18,671</u>	<u>15,539</u>
300	Total Liabilities	<u>57,471</u>	<u>19,023</u>
508.4	Net Investment in Capital Assets	528,698	86,074
512.4	Unrestricted Net Position	248,166	26,976
513	Total Equity - Net Assets / Position	<u>776,864</u>	<u>113,050</u>
600	Total Liab., Def. Inflow of Res., and Equity - Net Assets / Position	<u>\$ 834,335</u>	<u>\$ 132,073</u>

<b>Project MI064000200</b>	<b>Other Project</b>
\$ 55,970	\$ 193,508
4,916	1,000
<u>60,886</u>	<u>194,508</u>
1,359	-
2,458	727
(300)	-
<u>3,517</u>	<u>727</u>
-	-
<u>64,403</u>	<u>195,235</u>
128,039	-
3,037,457	-
49,638	-
713	-
(2,773,223)	-
<u>442,624</u>	<u>-</u>
<u>442,624</u>	<u>-</u>
<u>\$ 507,027</u>	<u>\$ 195,235</u>
\$ 2,946	\$ 57
2,089	53
2,915	84
14,023	481
4,916	1,000
1,333	-
5,067	352
<u>33,289</u>	<u>2,027</u>
1,830	-
1,257	45
<u>3,087</u>	<u>45</u>
<u>36,376</u>	<u>2,072</u>
442,624	-
28,027	193,163
<u>470,651</u>	<u>193,163</u>
<u>\$ 507,027</u>	<u>\$ 195,235</u>

**Ann Arbor Housing Commission**  
**Financial Data Schedule**  
**Project Income Statement**  
**For the Year Ended June 30, 2017**

Line Item #	Account Description	Total Projects	Project MI064000100	Operating Fund Program	Capital Fund Program
70300	Net Tenant Rental Revenue	\$ 106,376	\$ 5,408	\$ 5,408	\$ -
70400	Tenant Revenue - Other	1,170	-	-	-
70500	Total Tenant Revenue	<u>107,546</u>	<u>5,408</u>	<u>5,408</u>	<u>-</u>
70600	HUD PHA Operating Grants	157,043	27,991	27,991	-
70610	Capital Grants	156,430	156,430	-	156,430
70800	Other Government Grants	49,165	-	-	-
71100	Investment Income - Unrestricted	234	-	-	-
71400	Fraud Recovery	2,000	2,000	2,000	-
71600	Gain or Loss on Sale of Capital Assets	(1,222)	(1,222)	(1,222)	-
70000	Total Revenue	<u>471,196</u>	<u>190,607</u>	<u>34,177</u>	<u>156,430</u>
91100	Administrative Salaries	67,827	1,855	1,855	-
91200	Auditing Fees	2,720	720	720	-
91310	Bookkeeping Fee	3,053	180	180	-
91600	Office Expenses	6,055	410	410	-
91700	Legal Expense	1,007	164	164	-
91800	Travel	127	-	-	-
91000	Total Operating - Administrative	<u>80,789</u>	<u>3,329</u>	<u>3,329</u>	<u>-</u>
92000	Asset Management Fee	20,012	1,180	1,180	-
92400	Tenant Services - Other	3,635	-	-	-
92500	Total Tenant Services	<u>3,635</u>	<u>-</u>	<u>-</u>	<u>-</u>
93100	Water	21,890	630	630	-
93200	Electricity	9,468	263	263	-
93300	Gas	5,718	(18)	(18)	-
93000	Total Utilities	<u>37,076</u>	<u>875</u>	<u>875</u>	<u>-</u>
94100	Ordinary Maintenance and Operations - Labor	57,341	2,331	2,331	-
94200	Ordinary Maintenance and Operations - Materials and Other	12,192	433	433	-
94300	Ordinary Maintenance and Operations Contracts	57,289	4,838	4,838	-
94000	Total Maintenance	<u>126,822</u>	<u>7,602</u>	<u>7,602</u>	<u>-</u>
95200	Protective Services - Other Contract Costs	5,744	-	-	-
95000	Total Protective Services	<u>5,744</u>	<u>-</u>	<u>-</u>	<u>-</u>
96110	Property Insurance	11,955	1,156	1,156	-
96120	Liability Insurance	9,047	506	506	-
96100	Total Insurance Premiums	<u>21,002</u>	<u>1,662</u>	<u>1,662</u>	<u>-</u>
96210	Compensated Absences	1,664	47	47	-
96400	Bad Debt - Tenant Rents	94	-	-	-
96000	Total Other General Expenses	<u>1,758</u>	<u>47</u>	<u>47</u>	<u>-</u>
96900	Total Operating Expenses	<u>296,838</u>	<u>14,695</u>	<u>14,695</u>	<u>-</u>
97000	Excess of Operating Revenue over (under) Operating Expenses	<u>174,358</u>	<u>175,912</u>	<u>19,482</u>	<u>156,430</u>
97300	Housing Assistance Payments	(5)	(667)	(667)	-
97400	Depreciation Expense	45,009	7,148	6,222	926
90000	Total Expenses	<u>341,842</u>	<u>21,176</u>	<u>20,250</u>	<u>926</u>
10020	Operating Transfer Out	(20,296)	(20,296)	(20,296)	-
10040	Operating Transfer from / to Component Unit	(156,430)	(156,430)	-	(156,430)
10100	Total Other Financing Sources (Uses)	<u>(176,726)</u>	<u>(176,726)</u>	<u>(20,296)</u>	<u>(156,430)</u>
10000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	<u>(47,372)</u>	<u>(7,295)</u>	<u>(6,369)</u>	<u>(926)</u>
11030	Beginning Equity	824,236	120,345	120,345	-
11190	Unit Months Available	588	24	24	-
11210	Number of Unit Months Leased	395	24	24	-
11270	Excess Cash	233,970	33,159	33,159	-
11630	Furniture & Equipment - Dwelling Purchases	2,700	-	-	-

Project MI064000200	Operating Fund Program	Capital Fund Program	Other Project
\$ 92,244	\$ 92,244	\$ -	\$ 8,724
1,130	1,130	-	40
<u>93,374</u>	<u>93,374</u>	<u>-</u>	<u>8,764</u>
129,052	129,052	-	-
-	-	-	-
49,165	49,165	-	-
-	-	-	234
-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
271,591	271,591	-	8,998
64,176	64,176	-	1,796
2,000	2,000	-	-
2,783	2,783	-	90
5,645	5,645	-	-
843	843	-	-
127	127	-	-
<u>75,574</u>	<u>75,574</u>	<u>-</u>	<u>1,886</u>
18,242	18,242	-	590
3,635	3,635	-	-
<u>3,635</u>	<u>3,635</u>	<u>-</u>	<u>-</u>
20,573	20,573	-	687
9,205	9,205	-	-
5,736	5,736	-	-
<u>35,514</u>	<u>35,514</u>	<u>-</u>	<u>687</u>
53,867	53,867	-	1,143
11,697	11,697	-	62
51,316	51,316	-	1,135
<u>116,880</u>	<u>116,880</u>	<u>-</u>	<u>2,340</u>
5,744	5,744	-	-
<u>5,744</u>	<u>5,744</u>	<u>-</u>	<u>-</u>
10,474	10,474	-	325
8,320	8,320	-	221
<u>18,794</u>	<u>18,794</u>	<u>-</u>	<u>546</u>
1,487	1,487	-	130
94	94	-	-
<u>1,581</u>	<u>1,581</u>	<u>-</u>	<u>130</u>
275,964	275,964	-	6,179
<u>(4,373)</u>	<u>(4,373)</u>	<u>-</u>	<u>2,819</u>
662	662	-	-
<u>37,861</u>	<u>37,861</u>	<u>-</u>	<u>-</u>
314,487	314,487	-	6,179
-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(42,896)	(42,896)	-	2,819
513,547	513,547	-	190,344
564	564	-	-
371	371	-	-
8,117	8,117	-	192,694
2,700	2,700	-	-

**Ann Arbor Housing Commission**  
**Financial Data Schedule**  
**Program Financials - Balance Sheet**  
*June 30, 2017*

Line Item #	Account Description	Central Office Cost Center
111	Cash - Unrestricted	\$ 19,270
100	Total Cash	<u>19,270</u>
125	Accounts Receivable - Miscellaneous	176,549
120	Total Receivables, Net of Allowances for Doubtful Accounts	<u>176,549</u>
142	Prepaid Expenses and Other Assets	55,239
144	Inter Program Due From	<u>61,258</u>
150	Total Current Assets	<u>312,316</u>
161	Land	18,713
162	Buildings	2,264
163	Furniture, Equipment & Machinery - Dwellings	749
164	Furniture, Equipment & Machinery - Administration	118,432
165	Leasehold Improvements	5,049
166	Accumulated Depreciation	(90,944)
160	Total Capital Assets, Net of Accumulated Depreciation	<u>54,263</u>
180	Total Non-Current Assets	<u>54,263</u>
200	Deferred Outflow of Resources	<u>36,824</u>
290	Total Assets and Deferred Outflow of Resources	<u>\$ 403,403</u>
312	Accounts Payable <= 90 Days	\$ 13,887
321	Accrued Wage/Payroll Taxes Payable	12,606
322	Accrued Compensated Absences - Current Portion	26,568
333	Accounts Payable - Other Government	80,225
346	Accrued Liabilities - Other	738
310	Total Current Liabilities	<u>134,024</u>
354	Accrued Compensated Absences - Non-Current	15,055
357	Accrued Pension and OPEB Liabilities	99,434
350	Total Non-Current Liabilities	<u>114,489</u>
300	Total Liabilities	<u>248,513</u>
400	Deferred Inflows of Resources	<u>28,825</u>
508.4	Net Investment in Capital Assets	54,263
512.4	Unrestricted Net Position	<u>71,802</u>
513	Total Equity - Net Assets / Position	<u>126,065</u>
600	Total Liab., Def. Inflow of Res., and Equity - Net Assets / Position	<u>\$ 403,403</u>

**Ann Arbor Housing Commission**  
**Financial Data Schedule**  
**Program Financials - Income Statement**  
*For the Year Ended June 30, 2017*

Line Item #	Account Description	Central Office Cost Center
70600	HUD PHA Operating Grants	\$ 1,050
70710	Management Fee	148,113
70720	Asset Management Fee	273,162
70730	Bookkeeping Fee	148,306
70750	Other Fees	1,657
70700	Total Fee Revenue	<u>571,238</u>
70800	Other Government Grants	268,009
71100	Investment Income - Unrestricted	4,584
71500	Other Revenue	56,520
71600	Gain or Loss on Sale of Capital Assets	<u>(28,613)</u>
70000	Total Revenue	<u>872,788</u>
91100	Administrative Salaries	551,454
91200	Auditing Fees	14,436
91500	Employee Benefit Contributions - Administrative	121,137
91600	Office Expenses	176,887
91700	Legal Expense	3,713
91800	Travel	2,958
91000	Total Operating - Administrative	<u>870,585</u>
92400	Tenant Services - Other	<u>75,604</u>
92500	Total Tenant Services	<u>75,604</u>
93100	Water	189
93200	Electricity	94
93300	Gas	147
93000	Total Utilities	<u>430</u>
94200	Ordinary Maintenance and Operations - Materials and Other	20,602
94300	Ordinary Maintenance and Operations - Contracts	22,639
94000	Total Maintenance	<u>43,241</u>
96200	Other General Expenses	475
96210	Compensated Absences	18,377
96000	Total Other General Expenses	<u>18,852</u>
96900	Total Operating Expenses	<u>1,008,712</u>
97000	Excess of Operating Revenue over (under) Operating Expenses	<u>(135,924)</u>
97400	Depreciation Expense	<u>10,373</u>
90000	Total Expenses	<u>1,019,085</u>
10010	Operating Transfer In	<u>20,296</u>
10100	Total Other Financing Sources (Uses)	<u>20,296</u>
10000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	(126,001)
11030	Beginning Equity	252,066

**Ann Arbor Housing Commission**  
**Financial Data Schedule**  
**Program Financials - Balance Sheet**  
*June 30, 2017*

Line Item #	Account Description	Total Programs	14.871 Housing Choice Vouchers
111	Cash - Unrestricted	\$ 715,709	\$ 68,951
113	Cash - Other Restricted	427,012	247,012
114	Cash - Tenant Security Deposits	978	-
100	Total Cash	<u>1,143,699</u>	<u>315,963</u>
122	Accounts Receivable - HUD Other Projects	160,337	-
124	Accounts Receivable - Other Government	4,750	4,750
125	Accounts Receivable - Miscellaneous	7,430,627	32,826
126	Accounts Receivable - Tenants	50,421	50,226
126.2	Allowance for Doubtful Accounts - Other	(7,450,959)	-
129	Accrued Interest Receivable	734,928	-
120	Total Receivables, Net of Allowances for Doubtful Accounts	<u>930,104</u>	<u>87,802</u>
142	Prepaid Expenses and Other Assets	146	-
144	Inter Program Due From	32,607	32,607
150	Total Current Assets	<u>2,106,556</u>	<u>436,372</u>
161	Land	195,173	-
163	Furniture, Equipment & Machinery - Dwellings	1,794	-
164	Furniture, Equipment & Machinery - Administration	13,490	1,567
166	Accumulated Depreciation	(3,110)	(313)
160	Total Capital Assets, Net of Accumulated Depreciation	<u>207,347</u>	<u>1,254</u>
180	Total Non-Current Assets	<u>207,347</u>	<u>1,254</u>
290	Total Assets	<u>\$ 2,313,903</u>	<u>\$ 437,626</u>
312	Accounts Payable <= 90 Days	\$ 24,877	\$ 16,038
321	Accrued Wage/Payroll Taxes Payable	15,246	13,826
322	Accrued Compensated Absences - Current Portion	17,602	17,130
333	Accounts Payable - Other Government	103,347	94,071
341	Tenant Security Deposits	1,078	-
342	Unearned Revenue	3,065	3,045
346	Accrued Liabilities - Other	103,711	21,990
347	Inter Program - Due To	86,734	-
310	Total Current Liabilities	<u>355,660</u>	<u>166,100</u>
353	Non-current Liabilities - Other	246,836	246,836
354	Accrued Compensated Absences - Non-Current	9,526	9,338
350	Total Non-Current Liabilities	<u>256,362</u>	<u>256,174</u>
300	Total Liabilities	<u>612,022</u>	<u>422,274</u>
508.4	Net Investment in Capital Assets	207,347	1,254
511.4	Restricted Net Position	176	176
512.4	Unrestricted Net Position	1,494,358	13,922
513	Total Equity - Net Assets / Position	<u>1,701,881</u>	<u>15,352</u>
600	Total Liab., Def. Inflow of Res., and Equity - Net Assets / Position	<u>\$ 2,313,903</u>	<u>\$ 437,626</u>

<b>14.238 Shelter Plus Care</b>	<b>14.267 Continuum of Care Program</b>	<b>Business Activities</b>
\$ 150	\$ 12	\$ 646,596
-	-	180,000
-	-	978
<u>150</u>	<u>12</u>	<u>827,574</u>
102	160,235	-
-	-	-
-	6,890	7,390,911
-	-	195
-	-	(7,450,959)
-	-	734,928
<u>102</u>	<u>167,125</u>	<u>675,075</u>
-	-	146
-	-	-
<u>252</u>	<u>167,137</u>	<u>1,502,795</u>
-	-	195,173
-	-	1,794
-	11,923	-
-	(2,438)	(359)
-	<u>9,485</u>	<u>196,608</u>
-	9,485	196,608
<u>\$ 252</u>	<u>\$ 176,622</u>	<u>\$ 1,699,403</u>
\$ -	\$ -	\$ 8,839
-	1,110	310
-	-	472
-	6,782	2,494
-	-	1,078
-	-	20
102	81,619	-
-	86,734	-
<u>102</u>	<u>176,245</u>	<u>13,213</u>
-	-	-
-	-	188
-	-	188
<u>102</u>	<u>176,245</u>	<u>13,401</u>
-	9,485	196,608
-	-	-
<u>150</u>	<u>(9,108)</u>	<u>1,489,394</u>
150	377	1,686,002
<u>\$ 252</u>	<u>\$ 176,622</u>	<u>\$ 1,699,403</u>

**Ann Arbor Housing Commission**  
**Financial Data Schedule**  
**Program Financials - Income Statement**  
*For the Year Ended June 30, 2017*

Line Item #	Account Description	Total Programs	14.871 Housing Choice Vouchers
70300	Net Tenant Rental Revenue	\$ 10,269	\$ -
70400	Tenant Revenue - Other	80	-
70500	Total Tenant Revenue	<u>10,349</u>	<u>-</u>
70600	HUD PHA Operating Grants	15,596,016	13,038,154
70800	Other Government Grants	4,230,209	121,358
71100	Investment Income - Unrestricted	51	51
71400	Fraud Recovery	10,246	10,246
71500	Other Revenue	<u>1,899,395</u>	<u>150</u>
70000	Total Revenue	<u>21,746,266</u>	<u>13,169,959</u>
91100	Administrative Salaries	820,040	723,738
91200	Auditing Fees	12,320	8,000
91310	Book-keeping Fee	145,253	144,570
91500	Employee Benefit Contributions - Administrative	54,747	45,067
91600	Office Expenses	158,361	132,167
91700	Legal Expense	12,149	12,149
91800	Travel	2,426	2,426
91000	Total Operating - Administrative	<u>1,205,296</u>	<u>1,068,117</u>
92000	Asset Management Fee	<u>253,150</u>	<u>244,637</u>
92400	Tenant Services - Other	<u>79,942</u>	<u>21</u>
92500	Total Tenant Services	<u>79,942</u>	<u>21</u>
93100	Water	2,636	-
93200	Electricity	3,762	-
93300	Gas	2,970	-
93000	Total Utilities	<u>9,368</u>	<u>-</u>
94100	Ordinary Maintenance and Operations - Labor	9,280	-
94200	Ordinary Maintenance and Operations - Materials and Other	10,933	6,169
94300	Ordinary Maintenance and Operations Contracts	52,704	550
94000	Total Maintenance	<u>72,917</u>	<u>6,719</u>
96110	Property Insurance	2,564	-
96120	Liability Insurance	10,711	9,263
96100	Total Insurance Premiums	<u>13,275</u>	<u>9,263</u>
96200	Other General Expenses	13,240	7,343
96210	Compensated Absences	(706)	(909)
96600	Bad Debt - Other	4,770,960	-
96000	Total Other General Expenses	<u>4,783,494</u>	<u>6,434</u>
96900	Total Operating Expenses	<u>6,417,442</u>	<u>1,335,191</u>
97000	Excess of Operating Revenue over (under) Operating Expenses	<u>15,328,824</u>	<u>11,834,768</u>

14.238 Shelter Plus Care	14.267 Continuum of Care Program	Business Activities
\$ -	\$ -	\$ 10,269
-	-	80
-	-	10,349
4,348	2,553,514	-
-	-	4,108,851
-	-	-
-	-	-
-	84	1,899,161
4,348	2,553,598	6,018,361
-	87,117	9,185
-	-	4,320
-	-	683
-	9,680	-
-	7,018	19,176
-	-	-
-	-	-
-	103,815	33,364
-	-	8,513
-	2,359	77,562
-	2,359	77,562
-	-	2,636
-	-	3,762
-	-	2,970
-	-	9,368
-	-	9,280
-	32	4,732
-	-	52,154
-	32	66,166
-	-	2,564
-	-	1,448
-	-	4,012
-	-	5,897
-	-	203
-	-	4,770,960
-	-	4,777,060
-	106,206	4,976,045
4,348	2,447,392	1,042,316

**Ann Arbor Housing Commission**  
**Financial Data Schedule**  
**Program Financials - Income Statement**  
*For the Year Ended June 30, 2017*

---

Line Item #	Account Description	Total Programs	14.871 Housing Choice Vouchers
97300	Housing Assistance Payments	\$ 14,426,281	\$ 11,912,270
97400	Depreciation Expense	1,684	313
90000	Total Expenses	<u>20,845,407</u>	<u>13,247,774</u>
10000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	900,859	(77,815)
11030	Beginning Equity	801,022	93,167
11170	Administrative Fee Equity	15,176	15,176
11180	Housing Assistance Payments Equity	176	176
11190	Unit Months Available	24,948	22,392
11210	Number of Unit Months Leased	21,578	19,276

<b>14.238 Shelter Plus Care</b>	<b>14.267 Continuum of Care Program</b>	<b>Business Activities</b>
\$ 4,296	\$ 2,509,715	\$ -
-	1,192	179
<u>4,296</u>	<u>2,617,113</u>	<u>4,976,224</u>
52	(63,515)	1,042,137
98	63,892	643,865
-	-	-
-	-	-
12	2,448	96
8	2,203	91

**Ann Arbor Housing Commission**  
**Financial Data Schedule**  
**PHA Financial Data - Balance Sheet**  
*June 30, 2017*

Line Item #	Account Description	Project Totals	Program Totals
111	Cash - Unrestricted	\$ 275,000	\$ 715,709
113	Cash - Other Restricted	-	427,012
114	Cash - Tenant Security Deposits	6,585	978
100	Total Cash	<u>281,585</u>	<u>1,143,699</u>
122	Accounts Receivable - HUD Other Projects	-	160,337
124	Accounts Receivable - Other Government	-	4,750
125	Accounts Receivable - Miscellaneous	13,035	7,430,627
126	Accounts Receivable - Tenants	3,185	50,421
126.1	Allowance for Doubtful Accounts -Tenants	(300)	-
126.2	Allowance for Doubtful Accounts - Other	-	(7,450,959)
129	Accrued Interest Receivable	-	734,928
120	Total Receivables, Net of Allow. for Doubtful Accounts	<u>15,920</u>	<u>930,104</u>
142	Prepaid Expenses and Other Assets	-	146
143	Inventories	8,132	-
144	Inter Program Due From	-	32,607
150	Total Current Assets	<u>305,637</u>	<u>2,106,556</u>
161	Land	129,741	195,173
162	Buildings	3,099,378	-
163	Furniture, Equipment & Machinery - Dwellings	59,522	1,794
164	Furniture, Equipment & Machinery - Administration	164,187	13,490
165	Leasehold Improvements	-	-
166	Accumulated Depreciation	(2,924,130)	(3,110)
160	Total Capital Assets, Net of Accumulated Depreciation	<u>528,698</u>	<u>207,347</u>
180	Total Non-Current Assets	<u>528,698</u>	<u>207,347</u>
200	Deferred Outflow of Resources	-	-
290	Total Assets	<u>\$ 834,335</u>	<u>\$ 2,313,903</u>
312	Accounts Payable <= 90 Days	\$ 3,453	\$ 24,877
321	Accrued Wage/Payroll Taxes Payable	2,216	15,246
322	Accrued Compensated Absences - Current Portion	3,113	17,602
333	Accounts Payable - Other Government	14,969	103,347
341	Tenant Security Deposits	6,585	1,078
342	Unearned Revenues	1,333	3,065
346	Accrued Liabilities - Other	-	103,711
347	Inter Program - Due To	7,131	86,734
310	Total Current Liabilities	<u>38,800</u>	<u>355,660</u>
353	Non-Current Liabilities - Other	17,322	246,836
354	Accrued Compensated Absences - Non-Current	1,349	9,526
357	Accrued Pension and OPEB Liabilities	-	-
350	Total Non-Current Liabilities	<u>18,671</u>	<u>256,362</u>
300	Total Liabilities	<u>57,471</u>	<u>612,022</u>
400	Deferred Inflows of Resources	-	-
508.4	Net Investment in Capital Assets	528,698	207,347
511.4	Restricted Net Position	-	176
512.4	Unrestricted Net Position	248,166	1,494,358
513	Total Equity - Net Assets / Position	<u>776,864</u>	<u>1,701,881</u>
600	Total Liab., Def. Inflow of Res., and Equity - Net Assets / Position	<u>\$ 834,335</u>	<u>\$ 2,313,903</u>

<b>Central Office</b>			
<b>Cost Center</b>	<b>Subtotal</b>	<b>Elimination</b>	<b>Total</b>
\$ 19,270	\$ 1,009,979	\$ -	\$ 1,009,979
-	427,012	-	427,012
-	7,563	-	7,563
<u>19,270</u>	<u>1,444,554</u>	<u>-</u>	<u>1,444,554</u>
-	160,337	-	160,337
-	4,750	-	4,750
176,549	7,620,211	-	7,620,211
-	53,606	-	53,606
-	(300)	-	(300)
-	(7,450,959)	-	(7,450,959)
-	734,928	-	734,928
<u>176,549</u>	<u>1,122,573</u>	<u>-</u>	<u>1,122,573</u>
55,239	55,385	-	55,385
-	8,132	-	8,132
61,258	93,865	(93,865)	-
<u>312,316</u>	<u>2,724,509</u>	<u>(93,865)</u>	<u>2,630,644</u>
18,713	343,627	-	343,627
2,264	3,101,642	-	3,101,642
749	62,065	-	62,065
118,432	296,109	-	296,109
5,049	5,049	-	5,049
(90,944)	(3,018,184)	-	(3,018,184)
<u>54,263</u>	<u>790,308</u>	<u>-</u>	<u>790,308</u>
54,263	790,308	-	790,308
<u>36,824</u>	<u>36,824</u>	<u>-</u>	<u>36,824</u>
<u>\$ 403,403</u>	<u>\$ 3,551,641</u>	<u>\$ (93,865)</u>	<u>\$ 3,457,776</u>
\$ 13,887	\$ 42,217	\$ -	\$ 42,217
12,606	30,068	-	30,068
26,568	47,283	-	47,283
80,225	198,541	-	198,541
-	7,663	-	7,663
-	4,398	-	4,398
738	104,449	-	104,449
-	93,865	(93,865)	-
<u>134,024</u>	<u>528,484</u>	<u>(93,865)</u>	<u>434,619</u>
-	264,158	-	264,158
15,055	25,930	-	25,930
99,434	99,434	-	99,434
<u>114,489</u>	<u>389,522</u>	<u>-</u>	<u>389,522</u>
248,513	918,006	(93,865)	824,141
<u>28,825</u>	<u>28,825</u>	<u>-</u>	<u>28,825</u>
54,263	790,308	-	790,308
-	176	-	176
71,802	1,814,326	-	1,814,326
<u>126,065</u>	<u>2,604,810</u>	<u>-</u>	<u>2,604,810</u>
<u>\$ 403,403</u>	<u>\$ 3,551,641</u>	<u>\$ (93,865)</u>	<u>\$ 3,457,776</u>

**Ann Arbor Housing Commission**  
**Financial Data Schedule**  
**PHA Financial Data - Income Statement**  
*For the Year Ended June 30, 2017*

Line Item #	Account Description	Project Totals	Program Totals
70300	Net Tenant Rental Revenue	\$ 106,376	\$ 10,269
70400	Tenant Revenue - Other	1,170	80
70500	Total Tenant Revenue	<u>107,546</u>	<u>10,349</u>
70600	HUD PHA Operating Grants	<u>157,043</u>	<u>15,596,016</u>
70610	Capital Grants	<u>156,430</u>	<u>-</u>
70710	Management Fee	-	-
70720	Asset Management Fee	-	-
70730	Bookkeeping Fee	-	-
70750	Other Fees	-	-
70700	Total Fee Revenue	<u>-</u>	<u>-</u>
70800	Other Government Grants	49,165	4,230,209
71100	Investment Income - Unrestricted	234	51
71400	Fraud Recovery	2,000	10,246
71500	Other Revenue	-	1,899,395
71600	Gain or Loss on Sale of Capital Assets	<u>(1,222)</u>	<u>-</u>
70000	Total Revenue	<u>471,196</u>	<u>21,746,266</u>
91100	Administrative Salaries	67,827	820,040
91200	Auditing Fees	2,720	12,320
91310	Bookkeeping Fee	3,053	145,253
91500	Employee Benefit Contributions - Administrative	-	54,747
91600	Office Expenses	6,055	158,361
91700	Legal Expense	1,007	12,149
91800	Travel	127	2,426
91000	Total Operating - Administrative	<u>80,789</u>	<u>1,205,296</u>
92000	Asset Management Fee	<u>20,012</u>	<u>253,150</u>
92400	Tenant Services - Other	<u>3,635</u>	<u>79,942</u>
92500	Total Tenant Services	<u>3,635</u>	<u>79,942</u>
93100	Water	21,890	2,636
93200	Electricity	9,468	3,762
93300	Gas	5,718	2,970
93000	Total Utilities	<u>37,076</u>	<u>9,368</u>

<b>Central Office Cost Center</b>	<b>Subtotal</b>	<b>Elimination</b>	<b>Total</b>
\$ -	\$ 116,645	\$ -	\$ 116,645
-	1,250	-	1,250
	117,895	-	117,895
1,050	15,754,109	-	15,754,109
-	156,430	-	156,430
148,113	148,113	-	148,113
273,162	273,162	(273,162)	-
148,306	148,306	(148,306)	-
1,657	1,657	-	1,657
571,238	571,238	(421,468)	149,770
268,009	4,547,383	-	4,547,383
4,584	4,869	-	4,869
-	12,246	-	12,246
56,520	1,955,915	-	1,955,915
(28,613)	(29,835)	-	(29,835)
872,788	23,090,250	(421,468)	22,668,782
551,454	1,439,321	-	1,439,321
14,436	29,476	-	29,476
-	148,306	(148,306)	-
121,137	175,884	-	175,884
176,887	341,303	-	341,303
3,713	16,869	-	16,869
2,958	5,511	-	5,511
870,585	2,156,670	(148,306)	2,008,364
-	273,162	(273,162)	-
75,604	159,181	-	159,181
75,604	159,181	-	159,181
189	24,715	-	24,715
94	13,324	-	13,324
147	8,835	-	8,835
430	46,874	-	46,874

**Ann Arbor Housing Commission**  
**Financial Data Schedule**  
**PHA Financial Data - Income Statement**  
**For the Year Ended June 30, 2017**

Line Item #	Account Description	Project Totals	Program Totals
94100	Ordinary Maintenance and Operations - Labor	\$ 57,341	\$ 9,280
94200	Ordinary Maintenance and Operations - Materials and Other	12,192	10,933
94300	Ordinary Maintenance and Operations Contracts	57,289	52,704
94000	Total Maintenance	<u>126,822</u>	<u>72,917</u>
95200	Protective Services - Other Contract Costs	5,744	-
95000	Total Protective Services	<u>5,744</u>	<u>-</u>
96110	Property Insurance	11,955	2,564
96120	Liability Insurance	9,047	10,711
96100	Total Insurance Premiums	<u>21,002</u>	<u>13,275</u>
96200	Other General Expenses	-	13,240
96210	Compensated Absences	1,664	(706)
96400	Bad Debt - Tenant Rents	94	-
96600	Bad Debt - Other	-	4,770,960
96000	Total Other General Expenses	<u>1,758</u>	<u>4,783,494</u>
96900	Total Operating Expenses	<u>296,838</u>	<u>6,417,442</u>
97000	Excess of Operating Revenue over (under) Operating Expenses	<u>174,358</u>	<u>15,328,824</u>
97300	Housing Assistance Payments	(5)	14,426,281
97400	Depreciation Expense	45,009	1,684
90000	Total Expenses	<u>341,842</u>	<u>20,845,407</u>
10010	Operating Transfer In	-	-
10020	Operating Transfer Out	(20,296)	-
10040	Operating Transfer from / to Component Unit	(156,430)	-
10100	Total Other Financing Sources (Uses)	<u>(176,726)</u>	<u>-</u>
10000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	(47,372)	900,859
11030	Beginning Equity	824,236	801,022
11170	Administrative Fee Equity	-	15,176
11180	Housing Assistance Payments Equity	-	176
11190	Unit Months Available	588	24,948
11210	Number of Unit Months Leased	395	21,578
11270	Excess Cash	233,970	-
11630	Furniture & Equipment - Dwelling Purchases	2,700	-

<b>Central Office</b>			
<b>Cost Center</b>	<b>Subtotal</b>	<b>Elimination</b>	<b>Total</b>
\$ -	\$ 66,621	\$ -	\$ 66,621
20,602	43,727	-	43,727
22,639	132,632	-	132,632
43,241	242,980	-	242,980
-	5,744	-	5,744
-	5,744	-	5,744
-	14,519	-	14,519
-	19,758	-	19,758
-	34,277	-	34,277
475	13,715	-	13,715
18,377	19,335	-	19,335
-	94	-	94
-	4,770,960	-	4,770,960
18,852	4,804,104	-	4,804,104
1,008,712	7,722,992	(421,468)	7,301,524
(135,924)	15,367,258	-	15,367,258
-	14,426,276	-	14,426,276
10,373	57,066	-	57,066
1,019,085	22,206,334	(421,468)	21,784,866
20,296	20,296	-	20,296
-	(20,296)	-	(20,296)
-	(156,430)	-	(156,430)
20,296	(156,430)	-	(156,430)
(126,001)	727,486	-	727,486
252,066	1,877,324	-	1,877,324
-	15,176	-	15,176
-	176	-	176
-	25,536	-	25,536
-	21,973	-	21,973
-	233,970	-	233,970
-	2,700	-	2,700



SMITH & KLACZKIEWICZ, PC  
CERTIFIED PUBLIC ACCOUNTANTS

THOMAS J. SMITH, CPA  
(989) 751-1167

ROBERT R. KLACZKIEWICZ, CPA  
(989) 751-3064

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, 2017, 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 November 13, 2017.

**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*  
November 13, 2017



SMITH & KLACZKIEWICZ, PC  
CERTIFIED PUBLIC ACCOUNTANTS

THOMAS J. SMITH, CPA  
(989) 751-1167

ROBERT R. KLACZKIEWICZ, CPA  
(989) 751-3064

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, 2017. 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, 2017.

### **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***  
November 13, 2017

**Ann Arbor Housing Commission**  
**Schedule of Expenditures of Federal Awards**  
*For the Year Ended June 30, 2017*

<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>
<b>Department of Housing and Urban Development</b>			
Direct programs:			
Shelter Plus Care	14.238	\$ 4,296	\$ -
Continuum of Care	14.267	2,615,921	2,444,946
Public and Indian Housing	14.850	<u>157,043</u>	<u>-</u>
Section 8 Housing Choice Vouchers	14.871	13,126,317	-
Section 8 Housing Choice Vouchers - Family Self Sufficiency	14.871	<u>121,144</u>	<u>-</u>
Total Section 8 Housing Choice Vouchers		<u>13,247,461</u>	<u>-</u>
Public Housing Capital Fund	14.872	<u>156,430</u>	<u>-</u>
Total Department of Housing and Urban Development		<u>\$ 16,181,151</u>	<u>\$ 2,444,946</u>
<b>Reconciliation to Statement of Activities</b>			
Federal revenue reported on the Statement of Activities:			
Program grants - subsidies			\$ 15,754,109
Capital grants			156,430
Other governmental grants			170,523
Change in net position pertaining to HAP			<u>100,089</u>
Total expenditures per Schedule of Expenditures of Federal Awards			<u>\$ 16,181,151</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, 2017***

---

*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, 2017. 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, 2017*

---

**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	_____ <b>X</b> _____	No
• Significant deficiency(ies) identified that are not considered to be material weaknesses	_____	Yes	_____ <b>X</b> _____	None reported
Noncompliance material to financial statements noted?	_____	Yes	_____ <b>X</b> _____	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	_____ <b>X</b> _____	No
• Significant deficiency(ies) identified that are not considered to be material weaknesses	_____	Yes	_____ <b>X</b> _____	None reported
Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516.(a)?	_____	Yes	_____ <b>X</b> _____	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	_____ <b>X</b> _____ Yes      _____ No

**Ann Arbor Housing Commission**  
**Schedule of Findings and Questioned Costs** *(concluded)*  
*For the Year Ended June 30, 2017*

---

**Section II - Financial Statement Audit Findings**

*None*

**Section III - Federal Program Audit Findings and Questioned Costs**

*None*

**Section IV - Prior Year Findings**

*None*