

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, 2015



SMITH & KLACZKIEWICZ, PC
CERTIFIED PUBLIC ACCOUNTANTS

Ann Arbor Housing Commission

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A VETERAN OWNED BUSINESS

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Ann Arbor Housing Commission

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, 2015, 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.

Emphasis of Matter

As discussed in Note A to the basic financial statements, in 2014 / 2015, the Housing Commission adopted the new accounting guidance of GASB No. 68, *Accounting and Financial Reporting for Pensions*, which establishes accounting and financial reporting standards for defined benefit pensions provided to the employees of governmental employers through pension plans. Our opinion is not modified with respect to this matter.

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, 2015, 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 4-10 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 U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 19, 2015 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 + Klaczynski PC

Saginaw, Michigan

October 19, 2015

ANN ARBOR HOUSING COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015

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 11).

FINANCIAL HIGHLIGHTS

The Commission's net position decreased by \$5,600,164 (or 69%) during 2015. Since the Commission engages only in business-type activities, the decrease is all in the category of business-type net position. Net position was \$8,132,471 and \$2,532,307 for 2014 and 2015 respectively.

The business-type activities revenue increased by \$920,190(or 6%) during 2015, and were \$14,572,975 and \$15,493,165 for 2014 and 2015 respectively. This decrease 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 :

<p style="text-align: center;">MD&A Management Discussion and Analysis-pages 4-10</p>
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<p style="text-align: center;">Basic Financial Statements Commission-wide Financial Statements - pages 11-13 Notes to Financial Statements - pages 14-23</p>

ANN ARBOR HOUSING COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015

Other Required Supplementary Information
Required Supplementary Information - pages 24-33

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.

Commission-Wide Financial Statements

The Commission-wide financial statements (see pages 11-13) 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, 2015

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 11 "Statement of Net Position".

TABLE 1

STATEMENT OF NET POSITION

	<u>2015</u>	<u>2014</u>	<u>Change</u>	<u>Change</u>
Current and Other Assets	\$ 1,861,227	\$ 2,770,839	\$ (909,612)	-33%
Capital Assets	<u>1,606,155</u>	<u>6,151,559</u>	<u>(4,545,404)</u>	-74%
Total Assets	3,467,382	8,922,398	(5,455,016)	-61%
Deferred outflows of resources	<u>13,876</u>	<u>-</u>	<u>13,876</u>	100%
Other Liabilities	734,411	651,723	82,688	13%
Long-Term Liabilities	<u>214,540</u>	<u>138,204</u>	<u>76,336</u>	55%
Total Liabilities	948,951	789,927	159,024	20%
Net Position:				
Net Investment in Capital Assets	1,606,155	6,151,559	(4,545,404)	-74%
Restricted	336,515	260,402	76,113	29%
Unrestricted	<u>589,637</u>	<u>1,720,510</u>	<u>(1,130,873)</u>	-66%
Total Net Position	\$ <u>2,532,307</u>	\$ <u>8,132,471</u>	\$ <u>(5,600,164)</u>	-69%

ANN ARBOR HOUSING COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015

Major Factors Affecting the Statement of Net Position

Current assets decreased by \$909,612 which was mainly due to a reduction of cash funds that were spent on development.

Current liabilities increased by \$82,688 due mostly to an increase in Accounts Payable and Accrued Liabilities.

Table 2 presents details on the changes in Unrestricted Net Position

TABLE 2

CHANGE OF UNRESTRICTED NET POSITION

Unrestricted Net Position 6/30/14	\$	1,720,510
Results of Operations		(6,835,081)
Adjustments:		
Depreciation (1)		118,787
Decrease in Restricted Assets		
Disposal of Assets		<u>4,785,412</u>
Adjusted Results from Operations		(1,930,882)
Capital Expenditures		(358,795)
Non Operating Revenue		1,223,878
Increase in Restricted Assets		(76,113)
Prior Period Adjustment		<u>11,039</u>
Unrestricted Net Position 6/30/15	\$	<u><u>589,637</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, 2015

TABLE 3

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

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

	<u>2015</u>	<u>2014</u>	<u>Change</u>	<u>Percent Change</u>
Revenues				
Tenant Revenues - Rent and Other	\$ 330,983	\$ 830,905	\$ (499,922)	-60%
Operating Subsidies and Grants	13,329,477	12,509,980	819,497	7%
Capital Grants	1,223,878	140,523	1,083,355	771%
Other Government Grants	1,311,844	773,733	538,111	70%
Investment Income	5,585	13,857	(8,272)	-60%
Other Revenues	<u>525,927</u>	<u>303,977</u>	<u>221,950</u>	73%
Total Revenue	\$ <u>16,727,694</u>	\$ <u>14,572,975</u>	\$ <u>2,154,719</u>	15%
Expenses				
Administrative	\$ 2,278,136	\$ 2,466,865	\$ (188,729)	-8%
Tenant Services	278,998	139,475	139,523	100%
Utilities	149,047	408,122	(259,075)	-63%
Maintenance	869,049	878,383	(9,334)	-1%
General	60,005	178,260	(118,255)	-66%
Housing Assistance Payments	12,007,897	10,465,905	1,541,992	15%
Loss on disposal of capital assets	4,785,412	-	4,785,412	100%
Development costs	1,791,015	-	1,791,015	100%
Casualty losses	551	-	551	100%
Depreciation	<u>118,787</u>	<u>489,523</u>	<u>(370,736)</u>	-76%
Total Expenses	\$ <u>22,338,897</u>	\$ <u>15,026,533</u>	\$ <u>7,312,364</u>	49%
Net Increase(Decrease)	\$ <u>(5,611,203)</u>	\$ <u>(453,558)</u>	\$ <u>(5,157,645)</u>	1137%

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

The change in Unrestricted Net Position of (\$1,130,873) came from Operating Income and was mostly from Development costs.

Tenant revenues decreased as the Housing Commission transitioned to RAD beginning in September 2014. Revenue from Operating Subsidies and Grants increased by \$819,497 and was made up of an increase in S8 of \$1,127,339, an increase in Continuum of Care of \$1,050,361, a decrease in Low Rent of \$532,006 and a decrease in S8 New Construction of \$780,263. \$508,432 of the S8 Operating Subsidy was for RAD and almost offset the decrease of \$532,006 in Low Rent. An increase in Capital Grants of \$1,083,355 went to fund Colonial Oaks, our 3rd RAD project. Other Government grants increased by \$538,111 and was mostly additional revenue from the DDA(\$700,000)

Tenant Services expenses increased by \$139,523 and was mainly due to tenant expenses related to the RAD Conversion. Utilities decreased also due to the RAD Conversion. The decrease in general expenses was mainly due to lower insurance and the RAD Conversion. HAP expenses increased by \$1,541,992 mainly due to the RAD Conversion, but also a higher lease-up than 2014. Depreciation expense went down due to the large number of assets retired due to the RAD Conversion.

ANN ARBOR HOUSING COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015

CAPITAL ASSETS

As of year end, the Commission had \$1,606,155 invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease (addition, deductions and depreciation) of \$4,545,404. This large decrease was due to retiring assets for the first 3 RAD projects.

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

	<u>Business-Type Activities</u>			<u>Percent</u>
	<u>2015</u>	<u>2014</u>	<u>Change</u>	<u>Change</u>
Land and Land Rights	\$ 428,817	\$ 844,637	\$ (415,820)	0%
Buildings	5,208,160	21,707,856	(16,499,696)	-76%
Equipment - Dwelling	84,338	427,812	(343,474)	-80%
Equipment - Administrative	347,456	361,953	(14,497)	-4%
Leasehold Improvements	34,139	34,139	-	0%
Accumulated Depreciation	<u>(4,496,755)</u>	<u>(17,224,838)</u>	<u>12,728,083</u>	<u>-74%</u>
Total	<u>\$ 1,606,155</u>	<u>\$ 6,151,559</u>	<u>\$ (4,545,404)</u>	-74%

The following reconciliation summarizes the change in Capital Assets, which is presented in detail on page 20 of the notes.

TABLE 5
CHANGE IN CAPITAL ASSETS

	<u>Business-Type</u>
	<u>Activities</u>
Beginning Balance	\$ 6,151,559
Additions	358,795
Retirements	(4,785,412)
Net of Depreciation	
Depreciation	<u>(118,787)</u>
Ending Balance	<u>\$ 1,606,155</u>

This year's major additions are:

<u>Business - Type Activities</u>	
Capital Improvements Programs (modernization)	\$ 358,795
Land	\$ 195,173
Buildings	\$ 134,603
Administrative	
Equipment and	\$ 5,620
Furnishings	
Dwelling	
Equipment	\$ 23,399
Leasehold	
Improvements	<u>\$ -</u>
	<u>\$ 358,795</u>

ANN ARBOR HOUSING COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015

ECONOMIC FACTORS

Significant economic factors affecting the Commission are as follows:

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

FINANCIAL CONTACT

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

Ann Arbor Housing Commission
Statement of Net Position
June 30, 2015

Current assets	
Cash and cash equivalents	\$ 1,065,884
Cash and cash equivalents - restricted	282,051
Cash - tenant security deposits	22,479
Due from other governmental units	347,333
Accounts receivable, net	58,908
Prepaid expenses	58,496
Inventory	26,076
	<hr/>
Total current assets	1,861,227
Noncurrent assets	
Capital assets:	
Nondepreciable	428,817
Depreciable	5,674,093
Less: accumulated depreciation	(4,496,755)
	<hr/>
Net capital assets	1,606,155
	<hr/>
Total assets	3,467,382
	<hr/>
Deferred outflows of resources	13,876
	<hr/>
Current liabilities	
Accounts payable	367,150
Accrued liabilities	12,627
Tenant security deposits	23,479
Due to other governmental units	202,220
Unearned revenue	94,335
Accrued compensated absences, current portion	34,600
	<hr/>
Total current liabilities	734,411
Noncurrent liabilities	
Other noncurrent liabilities	125,537
Net pension liability	70,644
Accrued compensated absences	18,359
	<hr/>
Total noncurrent liabilities	214,540
	<hr/>
Total liabilities	948,951
	<hr/>
Net position	
Net investment in capital assets	1,606,155
Restricted	336,515
Unrestricted	589,637
	<hr/>
Total net position	\$ 2,532,307
	<hr/> <hr/>

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, 2015

Operating revenues	
Tenant revenue	\$ 330,983
Program grants - subsidies	13,329,477
Other governmental grants	1,311,844
Other revenue	<u>520,861</u>
Total operating revenues	<u>15,493,165</u>
Operating expenses	
Administration	2,278,136
Tenant services	278,998
Utilities	149,047
Maintenance	869,049
Insurance	48,343
General	11,662
Housing assistance payments	12,007,897
Depreciation	<u>118,787</u>
Total operating expenses	<u>15,761,919</u>
Operating income (loss)	<u>(268,754)</u>
Nonoperating revenues and (expenses)	
Fraud recovery	5,066
Gain (loss) on disposal of capital assets	(4,785,412)
Casualty losses - non-capitalized	(551)
Development costs	(1,791,015)
Interest income	<u>5,585</u>
Total nonoperating revenues and (expenses)	<u>(6,566,327)</u>
Income (loss) before contributions	(6,835,081)
Capital contribution	<u>1,223,878</u>
Change in net position	<u>(5,611,203)</u>
Net position - Beginning of year	8,132,471
Prior period adjustment	<u>11,039</u>
Net position - Beginning of year, as restated	<u>8,143,510</u>
Net position - End of year	<u><u>\$ 2,532,307</u></u>

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

Ann Arbor Housing Commission
Statement of Cash Flows
For the Year Ended June 30, 2015

Cash flows from operating activities	
Cash received from customers	\$ 744,513
Cash received from grants and subsidies	14,641,321
Cash payments to suppliers for goods and services	(13,679,760)
Cash payments for wages and related benefits	<u>(1,777,294)</u>
Net cash provided by (used in) operating activities	<u>(71,220)</u>
Cash flows from noncapital and related financing activities	
Fraud recovery	5,066
Development costs	(1,791,015)
Casualty Losses - Non-capitalized	<u>(551)</u>
	<u>(1,786,500)</u>
Cash flows from capital and related financing activities	
Capital grants	1,223,878
Acquisition of capital assets	<u>(358,795)</u>
Net cash provided by (used in) capital and related financing activities	<u>865,083</u>
Cash flows from investing activities	
Investment income	<u>5,585</u>
Net increase (decrease) in cash and cash equivalents	(987,052)
Cash and cash equivalents - beginning of year	<u>2,357,466</u>
Cash and cash equivalents - end of year	<u><u>\$ 1,370,414</u></u>
 Reconciliation of operating income (loss) to net cash provided by (used in) operating activities	
Operating income (loss)	\$ (268,754)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Depreciation	118,787
Changes in assets and liabilities	
Decrease (increase) in receivables	(77,495)
Decrease (increase) in prepaid expenses	2,640
Decrease (increase) in inventory	(2,585)
Decrease (increase) in deferred outflows of resources	(13,876)
Increase (decrease) in accounts payable	196,140
Increase (decrease) in accrued liabilities	3,759
Increase (decrease) in tenant security deposits	(47,659)
Increase (decrease) in unearned revenue	<u>17,823</u>
Net cash provided by (used in) operating activities	<u><u>\$ (71,220)</u></u>
 Reconciliation of cash and cash equivalents per the Statement of Net Position to the Statement of Cash Flows	
Cash and cash equivalents	\$ 1,065,884
Cash and cash equivalents - restricted	282,051
Cash - tenant security deposits	<u>22,479</u>
Cash and cash equivalents - end of year	<u><u>\$ 1,370,414</u></u>

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

Ann Arbor Housing Commission

Notes to Financial Statements

For the Year Ended June 30, 2015

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 (360 units), Section 8 Housing Choice Vouchers (1,483 units), Shelter Plus Care Program (98 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, 2015

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.

14.182 Section 8 New Construction Program accounts for the revenue and related operations of the Section 8 New Construction and Substantial Rehabilitation 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, 2015

Assets, Liabilities, Deferred Outflows / Inflows and Equity

Cash and Cash Equivalents

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

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

Receivables and Payables

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

Prepaid Expenses

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

Inventory

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

Capital Assets

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

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

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

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

Ann Arbor Housing Commission

Notes to Financial Statements

For the Year Ended June 30, 2015

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 Outflows/Inflows of Resources

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

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.

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

Ann Arbor Housing Commission

Notes to Financial Statements

For the Year Ended June 30, 2015

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.

New Accounting Standard

During the year, the Housing Commission implemented Governmental Accounting Standards Board Statement (GASB) No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27*. The objective of this statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. As a result of implementing this statement, the beginning net position of business-type activities was reduced by \$55,775.

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	\$ 1,065,884
Cash and cash equivalents – restricted	282,051
Cash – tenant security deposits	<u>22,479</u>
Total	<u>\$ 1,370,414</u>
Notes to Financial Statements	
Cash on hand	\$ 100
Deposits	<u>1,370,314</u>
Total	<u>\$ 1,370,414</u>

Ann Arbor Housing Commission

Notes to Financial Statements

For the Year Ended June 30, 2015

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

Interest Rate Risk

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

Credit Risk

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

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Housing Commission's deposits may not be returned. State law does not require and the Housing Commission does not have a policy for deposit custodial credit risk. At year-end, \$1,011,465 of the Housing Commission's bank balance of \$1,511,465 was exposed to custodial credit risk because it was uninsured, however, it was collateralized with government securities with a market value of \$1,830,685.

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, 2015

Accounts Receivable

The accounts receivable balance is comprised of the following:

Tenant receivables	\$ 6,382
PHA Projects	293
Accounts receivable – miscellaneous	53,233
Lease receivable from tax credits	2,680,000
Allowance for doubtful accounts	<u>(2,681,000)</u>
Total receivables, net	<u>\$ 58,908</u>

Capital Assets

Capital asset activity for the year was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Capital assets not being depreciated				
Land	\$ 844,637	\$ 195,173	\$ (610,993)	\$ 428,817
Capital assets being depreciated				
Buildings	21,707,856	134,603	(16,634,299)	5,208,160
Furniture, equipment and machinery – dwelling	427,812	23,399	(366,873)	84,338
Furniture, equipment and machinery – administration	361,954	5,620	(20,118)	347,456
Leasehold improvements	<u>34,139</u>	<u>-</u>	<u>-</u>	<u>34,139</u>
Total capital assets being depreciated	<u>22,531,761</u>	<u>163,622</u>	<u>(17,021,290)</u>	<u>5,674,093</u>
Less accumulated depreciation				
Buildings	(16,701,542)	(89,532)	12,573,399	(4,217,675)
Furniture, equipment and machinery – dwelling	(288,181)	(11,255)	253,420	(46,016)
Furniture, equipment and machinery – administration	(226,386)	(17,049)	20,052	(223,383)
Leasehold improvements	<u>(8,730)</u>	<u>(951)</u>	<u>-</u>	<u>(9,681)</u>
Total accumulated depreciation	<u>(17,224,839)</u>	<u>(118,787)</u>	<u>12,846,871</u>	<u>(4,496,755)</u>
Net capital assets being depreciated	<u>5,306,922</u>	<u>44,835</u>	<u>(4,174,419)</u>	<u>1,177,338</u>
Total net capital assets	<u>\$ 6,151,559</u>	<u>\$ 240,008</u>	<u>\$ (4,785,412)</u>	<u>\$ 1,606,155</u>

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

Ann Arbor Housing Commission

Notes to Financial Statements

For the Year Ended June 30, 2015

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	\$ 57,304	\$ 75,568	\$ (79,913)	\$ 52,959	\$ 34,600

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 the Department of Housing and Urban Development for the fiscal year ended June 30, 2015 and 2014 was \$15,144,507 or 91% and \$12,723,551 or 87% of revenue.

Risk Management

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

Pension Plan

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

The Housing Commission is invoiced by the City of Ann Arbor on a monthly basis for its required contributions. For the fiscal year ended June 30, 2015, the Housing Commission was invoiced at 25.90% 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.

As a result of implementing GASB 68, the Housing Commission recorded deferred outflows of \$13,876 and a net pension liability of \$70,644 for pension benefits offered to the Executive Director.

Ann Arbor Housing Commission

Notes to Financial Statements

For the Year Ended June 30, 2015

As described in footnote A above, the Housing Commission implemented GASB 68 during the year. This standard 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, 2015, the Housing Commission was invoiced and contributed \$67,068 which equated to approximately \$8,384 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.

The Housing Commission is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (workers compensation). The Township has purchased commercial insurance for these types of claims. Settled claims relating to commercial insurance have not exceeded the amount of insurance coverage in any of the past three years.

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

Ann Arbor Housing Commission

Notes to Financial Statements

For the Year Ended June 30, 2015

NOTE E – RESTATEMENTS / PRIOR PERIOD ADJUSTMENTS

During the year ended June 30, 2015, restatements in the amount of \$(55,775) and \$66,814 were necessary to properly account for the implementation of GASB 68 and to properly account for the beginning equity of the non-profit organization of the Ann Arbor Housing Development Corporation. The restatements have been made and had the following effect on beginning net position:

Beginning net position, as previously stated	\$ 8,132,471
Implementation of GASB 68	(55,775)
Inclusion of non-profit	<u>66,814</u>
Beginning net position, as restated	<u>\$ 8,143,510</u>



Ann Arbor Housing Commission
Financial Data Schedule
Project Balance Sheet
June 30, 2015

Line Item #	Account Description	Total Projects	Project MI064000100
111	Cash - Unrestricted	\$ 249,364	\$ 31,196
113	Cash - Other Restricted	9,236	5,428
114	Cash - Tenant Security Deposits	22,479	11,361
100	Total Cash	<u>281,079</u>	<u>47,985</u>
121	Accounts Receivable - PHA Projects	293	-
124	Accounts Receivable - Other Government	123,808	-
125	Accounts Receivable - Miscellaneous	12,468	12,379
126	Accounts Receivable - Tenants	6,382	1,690
126.1	Allowance for Doubtful Accounts -Tenants	(1,000)	-
120	Total Receivables, Net of Allowances for Doubtful Accounts	<u>141,951</u>	<u>14,069</u>
142	Prepaid Expenses and Other Assets	3,577	1,399
143	Inventories	26,076	26,076
150	Total Current Assets	<u>452,683</u>	<u>89,529</u>
161	Land	233,644	74,862
162	Buildings	5,208,160	2,099,420
163	Furniture, Equipment & Machinery - Dwellings	84,338	36,602
164	Furniture, Equipment & Machinery - Administration	199,185	195,161
166	Accumulated Depreciation	(4,398,841)	(1,693,367)
160	Total Capital Assets, Net of Accumulated Depreciation	<u>1,326,486</u>	<u>712,678</u>
180	Total Non-Current Assets	<u>1,326,486</u>	<u>712,678</u>
190	Total Assets	<u>\$ 1,779,169</u>	<u>\$ 802,207</u>
312	Accounts Payable <= 90 Days	\$ 57,651	\$ 26,130
313	Accounts Payable > 90 Days	6,158	5,173
321	Accrued Wage/Payroll Taxes Payable	1,154	305
322	Accrued Compensated Absences - Current Portion	4,800	1,426
333	Accounts Payable - Other Government	34,334	16,391
341	Tenant Security Deposits	23,479	11,361
342	Unearned Revenues	94,335	1,851
346	Accrued Liabilities - Other	157	-
347	Inter Program - Due To	439	-
310	Total Current Liabilities	<u>222,507</u>	<u>62,637</u>
353	Non-current Liabilities - Other	9,236	5,428
354	Accrued Compensated Absences - Non Current	1,002	484
350	Total Non-Current Liabilities	<u>10,238</u>	<u>5,912</u>
300	Total Liabilities	<u>232,745</u>	<u>68,549</u>
508.4	Net Investment in Capital Assets	1,326,486	712,678
512.4	Unrestricted Net Position	219,938	20,980
513	Total Equity - Net Assets / Position	<u>1,546,424</u>	<u>733,658</u>
600	Total Liab., Def. Inflow of Res., and Equity - Net Assets / Position	<u>\$ 1,779,169</u>	<u>\$ 802,207</u>

Project		Other Project	
MI064000200			
\$	15,243	\$	202,925
	3,808		-
	11,118		-
	<u>30,169</u>		<u>202,925</u>
	-		293
	123,808		-
	89		-
	4,692		-
	(1,000)		-
	<u>127,589</u>		<u>293</u>
	2,170		8
	-		-
	<u>159,928</u>		<u>203,226</u>
	158,782		-
	3,108,740		-
	47,736		-
	4,024		-
	(2,705,474)		-
	<u>613,808</u>		<u>-</u>
	613,808		-
\$	<u>773,736</u>	\$	<u>203,226</u>
\$	28,756	\$	2,765
	985		-
	785		64
	3,374		-
	17,943		-
	11,118		1,000
	92,484		-
	157		-
	-		439
	<u>155,602</u>		<u>4,268</u>
	3,808		-
	518		-
	<u>4,326</u>		<u>-</u>
	<u>159,928</u>		<u>4,268</u>
	613,808		-
	-		198,958
	<u>613,808</u>		<u>198,958</u>
\$	<u>773,736</u>	\$	<u>203,226</u>

Ann Arbor Housing Commission
Financial Data Schedule
Project Income Statement
For the Year Ended June 30, 2015

Line Item #	Account Description	Total Projects	Project MI064000100	Operating Fund Program	Capital Fund Program
70300	Net Tenant Rental Revenue	\$ 316,778	\$ 116,740	\$ 116,740	\$ -
70400	Tenant Revenue - Other	5,705	3,603	3,603	-
70500	Total Tenant Revenue	322,483	120,343	120,343	-
70600	HUD PHA Operating Grants	655,200	345,648	345,648	-
70610	Capital Grants	1,223,878	991,462	-	991,462
70800	Other Government Grants	916,530	69,664	69,664	-
71100	Investment Income - Unrestricted	85	8	8	-
71500	Other Revenue	3,568	1,720	1,720	-
71600	Gain (Loss) on Sale of Capital Assets	(4,785,412)	(2,686,206)	(2,686,206)	-
70000	Total Revenue	(1,663,668)	(1,157,361)	(2,148,823)	991,462
91100	Administrative Salaries	180,588	98,461	98,461	-
91200	Auditing Fees	10,440	5,220	5,220	-
91600	Office Expenses	22,255	10,207	10,207	-
91700	Legal Expense	11,918	6,697	6,697	-
91000	Total Operating - Administrative	225,201	120,585	120,585	-
92000	Asset Management Fee	88,963	36,850	36,850	-
92400	Tenant Services - Other	3,634	1,589	1,589	-
92500	Total Tenant Services	3,634	1,589	1,589	-
93100	Water	92,229	50,361	50,361	-
93200	Electricity	46,602	28,261	28,261	-
93300	Gas	10,210	2,701	2,701	-
93000	Total Utilities	149,041	81,323	81,323	-
94100	Ordinary Maintenance and Operations - Labor	226,091	103,828	103,828	-
94200	Ordinary Maintenance and Operations - Materials and Other	49,273	23,710	23,710	-
94300	Ordinary Maintenance and Operations Contracts	473,127	147,597	147,597	-
94000	Total Maintenance	748,491	275,135	275,135	-
96110	Property Insurance	26,910	13,685	13,685	-
96120	Liability Insurance	13,301	6,580	6,580	-
96100	Total Insurance Premiums	40,211	20,265	20,265	-
96210	Compensated Absences	(15,182)	(11,446)	(11,446)	-
96400	Bad debt - Tenant Rents	131	-	-	-
96000	Total Other General Expenses	(15,051)	(11,446)	(11,446)	-
96900	Total Operating Expenses	1,240,490	524,301	524,301	-
97000	Excess of Operating Revenue over Operating Expenses	(2,904,158)	(1,681,662)	(2,673,124)	991,462
97200	Casualty Losses - Non-capitalized	551	3,637	3,637	-
97300	Housing Assistance Payments	309,905	175,828	175,828	-
97400	Depreciation Expense	106,538	53,881	41,000	12,881
90000	Total Expenses	1,657,484	757,647	744,766	12,881
10040	Operating Transfer from/to Component Unit	(1,791,015)	(872,812)	-	(872,812)
10100	Total Other Financing Sources (Uses)	(1,791,015)	(872,812)	-	(872,812)
10000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	(5,112,167)	(2,787,820)	(2,893,589)	105,769
11030	Beginning Equity	6,658,591	3,521,478	3,521,478	-
11190	Unit Months Available	2,028	948	948	-
11210	Number of Unit Months Leased	1,791	836	836	-
11270	Excess Cash	75,294	(49,702)	(49,702)	-
11620	Building Purchases	132,863	118,650	-	118,650
11630	Furniture & Equipment - Dwelling Purchases	25,484	19,709	19,709	-

Project MI064000200	Operating Fund Program	Capital Fund Program	Other Project
\$ 199,252	\$ 199,252	\$ -	\$ 786
2,082	2,082	-	20
201,334	201,334	-	806
309,552	309,552	-	-
232,416	-	232,416	-
846,866	846,866	-	-
12	12	-	65
1,848	1,848	-	-
(2,099,206)	(2,099,206)	-	-
(507,178)	(739,594)	232,416	871
81,394	81,394	-	733
5,220	5,220	-	-
12,048	12,048	-	-
5,221	5,221	-	-
103,883	103,883	-	733
51,784	51,784	-	329
2,045	2,045	-	-
2,045	2,045	-	-
41,804	41,804	-	64
18,210	18,210	-	131
7,118	7,118	-	391
67,132	67,132	-	586
111,535	111,535	-	10,728
24,320	24,320	-	1,243
314,661	314,661	-	10,869
450,516	450,516	-	22,840
12,993	12,993	-	232
6,674	6,674	-	47
19,667	19,667	-	279
(3,736)	(3,736)	-	-
-	-	-	131
(3,736)	(3,736)	-	131
691,291	691,291	-	24,898
(1,198,469)	(1,430,885)	232,416	(24,027)
(3,086)	(3,086)	-	-
134,077	134,077	-	-
52,657	46,862	5,795	-
874,939	869,144	5,795	24,898
(918,203)	(700,000)	(218,203)	-
(918,203)	(700,000)	(218,203)	-
(2,300,320)	(2,308,738)	8,418	(24,027)
2,914,128	2,914,128	-	222,985
1,068	1,068	-	12
947	947	-	8
(71,880)	(71,880)	-	196,876
14,213	-	14,213	-
5,775	5,775	-	-

Ann Arbor Housing Commission
Financial Data Schedule
Program Financials - Balance Sheet
June 30, 2015

Line Item #	Account Description	Central Office Cost Center
111	Cash - Unrestricted	\$ 191,041
100	Total Cash	<u>191,041</u>
125	Accounts Receivable - Miscellaneous	40,765
120	Total Receivables, Net of Allowances for Doubtful Accounts	<u>40,765</u>
142	Prepaid Expenses and Other Assets	54,729
144	Inter Program Due From	<u>51,536</u>
150	Total Current Assets	<u>338,071</u>
164	Furniture, Equipment & Machinery - Administration	142,651
165	Leasehold Improvements	34,139
166	Accumulated Depreciation	(97,352)
160	Total Capital Assets, Net of Accumulated Depreciation	<u>79,438</u>
180	Total Non-Current Assets	<u>79,438</u>
200	Deferred Outflow of Resources	<u>13,876</u>
190	Total Assets and Deferred Outflow of Resources	<u>\$ 431,385</u>
312	Accounts Payable <= 90 Days	\$ 45,451
321	Accrued Wage/Payroll Taxes Payable	2,960
322	Accrued Compensated Absences - Current Portion	12,426
333	Accounts Payable - Other Government	53,279
310	Total Current Liabilities	<u>114,116</u>
354	Accrued Compensated Absences - Non Current	9,361
357	Accrued Pension and OPEB Liabilities	70,644
350	Total Non-Current Liabilities	<u>80,005</u>
300	Total Liabilities	<u>194,121</u>
508.4	Net Investment in Capital Assets	79,438
512.4	Unrestricted Net Position	<u>157,826</u>
513	Total Equity - Net Assets / Position	<u>237,264</u>
600	Total Liab., Def. Inflow of Res., and Equity - Net Assets / Position	<u>\$ 431,385</u>

**Ann Arbor Housing Commission
Financial Data Schedule
Program Financials - Income Statement
For the Year Ended June 30, 2015**

Line Item #	Account Description	Central Office Cost Center
70710	Management Fee	\$ 69,792
70720	Asset Management Fee	288,278
70700	Total Fee Revenue	<u>358,070</u>
70800	Other Government Grants	369,633
71100	Investment Income - Unrestricted	5,366
71500	Other Revenue	<u>237,640</u>
70000	Total Revenue	<u>970,709</u>
91100	Administrative Salaries	412,947
91200	Auditing Fees	870
91500	Employee Benefit contributions - Administrative	96,987
91600	Office Expenses	288,557
91700	Legal Expense	3,681
91900	Other	239,004
91000	Total Operating - Administrative	<u>1,042,046</u>
92400	Tenant Services - Other	<u>269,928</u>
92500	Total Tenant Services	<u>269,928</u>
93100	Water	<u>6</u>
93000	Total Utilities	<u>6</u>
94100	Ordinary Maintenance and Operations - Labor	123
94200	Ordinary Maintenance and Operations - Materials and Other	68,253
94300	Ordinary Maintenance and Operations - Contracts	49,672
94000	Total Maintenance	<u>118,048</u>
96110	Property Insurance	198
96120	Liability Insurance	70
96130	Workmen's Compensation	38
96100	Total Insurance Premiums	<u>306</u>
96210	Compensated Absences	<u>2,540</u>
96000	Total Other General Expenses	<u>2,540</u>
96900	Total Operating Expenses	<u>1,432,874</u>
97000	Excess of Operating Revenue over Operating Expenses	<u>(462,165)</u>
97400	Depreciation Expense	<u>11,687</u>
90000	Total Expenses	<u>1,444,561</u>
10010	Operating Transfer In	<u>217,774</u>
10100	Total Other Financing Sources (Uses)	<u>217,774</u>
10000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	(256,078)
11030	Beginning Equity	549,117
11040	Prior Period Adjustment, Equity Transfer and Correction of Errors	(55,775)

Ann Arbor Housing Commission
Financial Data Schedule
Program Financials - Balance Sheet
June 30, 2015

Line Item #	Account Description	Total Programs
111	Cash - Unrestricted	\$ 625,479
113	Cash - Other Restricted	272,815
100	Total Cash	<u>898,294</u>
122	Accounts Receivable - HUD Other Projects	223,525
125	Accounts Receivable - Miscellaneous	2,680,000
126.2	Allowance for Doubtful Accounts - Other	<u>(2,680,000)</u>
120	Total Receivables, Net of Allowances for Doubtful Accounts	<u>223,525</u>
142	Prepaid Expenses and Other Assets	<u>190</u>
150	Total Current Assets	<u>1,122,009</u>
161	Land	195,173
164	Furniture, Equipment & Machinery - Administration	5,620
166	Accumulated Depreciation	<u>(562)</u>
160	Total Capital Assets, Net of Accumulated Depreciation	<u>200,231</u>
180	Total Non-Current Assets	<u>200,231</u>
190	Total Assets	<u>\$ 1,322,240</u>
312	Accounts Payable <= 90 Days	\$ 257,890
321	Accrued Wage/Payroll Taxes Payable	6,145
322	Accrued Compensated Absences - Current Portion	17,374
333	Accounts Payable - Other Government	114,607
346	Accrued Liabilities - Other	2,211
347	Inter Program - Due To	<u>51,097</u>
310	Total Current Liabilities	<u>449,324</u>
353	Non-current Liabilities - Other	116,301
354	Accrued Compensated Absences - Non Current	<u>7,996</u>
350	Total Non-Current Liabilities	<u>124,297</u>
300	Total Liabilities	<u>573,621</u>
508.4	Net Investment in Capital Assets	200,231
511.4	Restricted Net Position	336,515
512.4	Unrestricted Net Position	<u>211,873</u>
513	Total Equity - Net Assets / Position	<u>748,619</u>
600	Total Liab., Def. Inflow of Res., and Equity - Net Assets / Position	<u>\$ 1,322,240</u>

14.871 Housing Choice Vouchers	14.182 N/C C/R Section 8 Programs	14.238 Shelter Plus Care	14.267 Continuum of Care Program	Business Activities
\$ 304,517	\$ -	\$ -	\$ 48,818	\$ 272,144
272,815	-	-	-	-
577,332	-	-	48,818	272,144
-	-	104	223,421	-
-	-	-	-	2,680,000
-	-	-	-	(2,680,000)
-	-	104	223,421	-
190	-	-	-	-
577,522	-	104	272,239	272,144
-	-	-	-	195,173
-	-	-	5,620	-
-	-	-	(562)	-
-	-	-	5,058	195,173
-	-	-	5,058	195,173
<u>\$ 577,522</u>	<u>\$ -</u>	<u>\$ 104</u>	<u>\$ 277,297</u>	<u>\$ 467,317</u>
\$ 70,118	\$ -	\$ 104	\$ 186,868	\$ 800
6,145	-	-	-	-
17,374	-	-	-	-
114,607	-	-	-	-
2,211	-	-	-	-
10,317	-	-	40,780	-
220,772	-	104	227,648	800
116,301	-	-	-	-
7,996	-	-	-	-
124,297	-	-	-	-
345,069	-	104	227,648	800
-	-	-	5,058	195,173
156,515	-	-	-	180,000
75,938	-	-	44,591	91,344
232,453	-	-	49,649	466,517
<u>\$ 577,522</u>	<u>\$ -</u>	<u>\$ 104</u>	<u>\$ 277,297</u>	<u>\$ 467,317</u>

Ann Arbor Housing Commission
Financial Data Schedule
Program Financials - Income Statement
For the Year Ended June 30, 2015

Line Item #	Account Description	Total Programs
70300	Net Tenant Rental Revenue	\$ 8,500
70600	HUD PHA Operating Grants	12,674,277
70800	Other Government Grants	25,681
71100	Investment Income - Unrestricted	134
71400	Fraud Recovery	5,066
71500	Other Revenue	209,861
70000	Total Revenue	<u>12,923,519</u>
91100	Administrative Salaries	827,429
91200	Auditing Fees	6,090
91310	Bookkeeping Fee	1,400
91500	Employee Benefit contributions - Administrative	27,356
91600	Office Expenses	135,350
91700	Legal Expense	13,264
91000	Total Operating - Administrative	<u>1,010,889</u>
92000	Asset Management Fee	199,315
92400	Tenant Services - Other	5,436
92500	Total Tenant Services	<u>204,751</u>
94200	Ordinary Maintenance and Operations - Materials and Other	1,298
94300	Ordinary Maintenance and Operations Contracts	1,212
94000	Total Maintenance	<u>2,510</u>
96120	Liability Insurance	7,826
96100	Total Insurance Premiums	<u>7,826</u>
96200	Other General Expenses	15,875
96210	Compensated Absences	8,298
96000	Total Other General Expenses	<u>24,173</u>
96900	Total Operating Expenses	<u>1,250,149</u>
97000	Excess of Operating Revenue over Operating Expenses	<u>11,673,370</u>
97300	Housing Assistance Payments	11,697,992
97400	Depreciation Expense	562
90000	Total Expenses	<u>12,948,703</u>

14.871 Housing Choice Vouchers	14.182 N/C C/R Section 8 Programs	14.238 Shelter Plus Care	14.267 Continuum of Care Program	Business Activities
\$ -	\$ -	\$ -	\$ -	\$ 8,500
10,795,862	-	15,835	1,862,580	-
25,681	-	-	-	-
23	14	-	-	97
5,066	-	-	-	-
6	-	-	-	209,855
<u>10,826,638</u>	<u>14</u>	<u>15,835</u>	<u>1,862,580</u>	<u>218,452</u>
823,085	-	-	-	4,344
5,220	870	-	-	-
-	-	-	-	1,400
27,356	-	-	-	-
131,455	-	-	2,000	1,895
13,264	-	-	-	-
<u>1,000,380</u>	<u>870</u>	<u>-</u>	<u>2,000</u>	<u>7,639</u>
199,315	-	-	-	-
26	-	-	-	5,410
<u>199,341</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,410</u>
1,225	-	-	-	73
412	-	-	-	800
<u>1,637</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>873</u>
7,826	-	-	-	-
<u>7,826</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
15,875	-	-	-	-
8,298	-	-	-	-
<u>24,173</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1,233,357	870	-	2,000	13,922
9,593,281	(856)	15,835	1,860,580	204,530
9,871,788	-	15,835	1,810,369	-
-	-	-	562	-
<u>11,105,145</u>	<u>870</u>	<u>15,835</u>	<u>1,812,931</u>	<u>13,922</u>

Ann Arbor Housing Commission
Financial Data Schedule
Program Financials - Income Statement
For the Year Ended June 30, 2015

Line Item #	Account Description	Total Programs
10010	Operating Transfer In	\$ 195,173
10020	Operating Transfer Out	(412,947)
10100	Total Other Financing Sources (Uses)	<u>(217,774)</u>
10000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	(242,958)
11030	Beginning Equity	924,763
11040	Prior Period Adjustment, Equity Transfer and Correction of Errors	66,814
11170	Administrative Fee Equity	75,938
11180	Housing Assistance Payments Equity	156,515
11190	Unit Months Available	24,391
11210	Number of Unit Months Leased	18,797

14.871 Housing Choice Vouchers	14.182 N/C C/R Section 8 Programs	14.238 Shelter Plus Care	14.267 Continuum of Care Program	Business Activities
\$ -	\$ -	\$ -	\$ -	\$ 195,173
-	(412,947)	-	-	-
-	(412,947)	-	-	195,173
(278,507)	(413,803)	-	49,649	399,703
510,960	413,803	-	-	-
-	-	-	-	66,814
75,938	-	-	-	-
156,515	-	-	-	-
21,444	-	36	2,901	10
17,106	-	36	1,645	10

Ann Arbor Housing Commission
Financial Data Schedule
PHA Financial Data - Balance Sheet
June 30, 2015

Line Item #	Account Description	Project Totals	Program Totals
111	Cash - Unrestricted	\$ 249,364	\$ 625,479
113	Cash - Other Restricted	9,236	272,815
114	Cash - Tenant Security Deposits	22,479	-
100	Total Cash	<u>281,079</u>	<u>898,294</u>
121	Accounts Receivable - PHA Projects	293	-
122	Accounts Receivable - HUD Other Projects	-	223,525
124	Accounts Receivable - Other Government	123,808	-
125	Accounts Receivable - Miscellaneous	12,468	2,680,000
126	Accounts Receivable - Tenants	6,382	-
126.1	Allowance for Doubtful Accounts - Tenants	(1,000)	-
126.2	Allowance for Doubtful Accounts - Other	-	(2,680,000)
120	Total Receivables, Net of Allow. for Doubtful Accounts	<u>141,951</u>	<u>223,525</u>
142	Prepaid Expenses and Other Assets	3,577	190
143	Inventories	26,076	-
144	Inter Program Due From	-	-
150	Total Current Assets	<u>452,683</u>	<u>1,122,009</u>
161	Land	233,644	195,173
162	Buildings	5,208,160	-
163	Furniture, Equipment & Machinery - Dwellings	84,338	-
164	Furniture, Equipment & Machinery - Administration	199,185	5,620
165	Leasehold Improvements	-	-
166	Accumulated Depreciation	(4,398,841)	(562)
160	Total Capital Assets, Net of Accumulated Depreciation	<u>1,326,486</u>	<u>200,231</u>
180	Total Non-Current Assets	<u>1,326,486</u>	<u>200,231</u>
200	Deferred Outflow of Resources	-	-
190	Total Assets	<u>\$ 1,779,169</u>	<u>\$ 1,322,240</u>
312	Accounts Payable <= 90 Days	\$ 57,651	\$ 257,890
313	Accounts Payable > 90 Days	6,158	-
321	Accrued Wage/Payroll Taxes Payable	1,154	6,145
322	Accrued Compensated Absences - Current Portion	4,800	17,374
333	Accounts Payable - Other Government	34,334	114,607
341	Tenant Security Deposits	23,479	-
342	Unearned Revenues	94,335	-
346	Accrued Liabilities - Other	157	2,211
347	Inter Program - Due To	439	51,097
310	Total Current Liabilities	<u>222,507</u>	<u>449,324</u>
353	Non-current Liabilities - Other	9,236	116,301
354	Accrued Compensated Absences - Non Current	1,002	7,996
357	Accrued Pension and OPEB Liabilities	-	-
350	Total Non-Current Liabilities	<u>10,238</u>	<u>124,297</u>
300	Total Liabilities	<u>232,745</u>	<u>573,621</u>
508.4	Net Investment in Capital Assets	1,326,486	200,231
511.4	Restricted Net Position	-	336,515
512.4	Unrestricted Net Position	219,938	211,873
513	Total Equity - Net Assets / Position	<u>1,546,424</u>	<u>748,619</u>
600	Total Liab., Def. Inflow of Res., and Equity - Net Assets / Position	<u>\$ 1,779,169</u>	<u>\$ 1,322,240</u>

Central Office			
Cost Center	Subtotal	Elimination	Total
\$ 191,041	\$ 1,065,884	\$ -	\$ 1,065,884
-	282,051	-	282,051
-	22,479	-	22,479
191,041	1,370,414	-	1,370,414
-	293	-	293
-	223,525	-	223,525
-	123,808	-	123,808
40,765	2,733,233	-	2,733,233
-	6,382	-	6,382
-	(1,000)	-	(1,000)
-	(2,680,000)	-	(2,680,000)
40,765	406,241	-	406,241
54,729	58,496	-	58,496
-	26,076	-	26,076
51,536	51,536	(51,536)	-
338,071	1,912,763	(51,536)	1,861,227
-	428,817	-	428,817
-	5,208,160	-	5,208,160
-	84,338	-	84,338
142,651	347,456	-	347,456
34,139	34,139	-	34,139
(97,352)	(4,496,755)	-	(4,496,755)
79,438	1,606,155	-	1,606,155
79,438	1,606,155	-	1,606,155
13,876	13,876	-	13,876
\$ 431,385	\$ 3,532,794	\$ (51,536)	\$ 3,481,258
\$ 45,451	\$ 360,992	\$ -	\$ 360,992
-	6,158	-	6,158
2,960	10,259	-	10,259
12,426	34,600	-	34,600
53,279	202,220	-	202,220
-	23,479	-	23,479
-	94,335	-	94,335
-	2,368	-	2,368
-	51,536	(51,536)	-
114,116	785,947	(51,536)	734,411
-	125,537	-	125,537
9,361	18,359	-	18,359
70,644	70,644	-	70,644
80,005	214,540	-	214,540
194,121	1,000,487	(51,536)	948,951
79,438	1,606,155	-	1,606,155
-	336,515	-	336,515
157,826	589,637	-	589,637
237,264	2,532,307	-	2,532,307
\$ 431,385	\$ 3,532,794	\$ (51,536)	\$ 3,481,258

Ann Arbor Housing Commission
Financial Data Schedule
PHA Financial Data - Income Statement
For the Year Ended June 30, 2015

Line Item #	Account Description	Project Totals	Program Totals
70300	Net Tenant Rental Revenue	\$ 316,778	\$ 8,500
70400	Tenant Revenue - Other	5,705	-
70500	Total Tenant Revenue	<u>322,483</u>	<u>8,500</u>
70600	HUD PHA Operating Grants	655,200	12,674,277
70610	Capital Grants	1,223,878	-
70710	Management Fee	-	-
70720	Asset Management Fee	-	-
70700	Total Fee Revenue	<u>-</u>	<u>-</u>
70800	Other Government Grants	916,530	25,681
71100	Investment Income - Unrestricted	85	134
71400	Fraud Recovery	-	5,066
71500	Other Revenue	3,568	209,861
71600	Gain (Loss) on Sale of Capital Assets	<u>(4,785,412)</u>	<u>-</u>
70000	Total Revenue	<u>(1,663,668)</u>	<u>12,923,519</u>
91100	Administrative Salaries	180,588	827,429
91200	Auditing Fees	10,440	6,090
91310	Bookkeeping Fee	-	1,400
91500	Employee Benefit contributions - Administrative	-	27,356
91600	Office Expenses	22,255	135,350
91700	Legal Expense	11,918	13,264
91900	Other	-	-
91000	Total Operating - Administrative	<u>225,201</u>	<u>1,010,889</u>
92000	Asset Management Fee	<u>88,963</u>	<u>199,315</u>
92400	Tenant Services - Other	<u>3,634</u>	<u>5,436</u>
92500	Total Tenant Services	<u>3,634</u>	<u>5,436</u>
93100	Water	92,229	-
93200	Electricity	46,602	-
93300	Gas	10,210	-
93000	Total Utilities	<u>149,041</u>	<u>-</u>

Central Office			
Cost Center	Subtotal	Elimination	Total
\$ -	\$ 325,278	\$ -	\$ 325,278
-	5,705	-	5,705
	330,983	-	330,983
-	13,329,477	-	13,329,477
-	1,223,878	-	1,223,878
69,792	69,792	-	69,792
288,278	288,278	(288,278)	-
358,070	358,070	(288,278)	69,792
369,633	1,311,844	-	1,311,844
5,366	5,585	-	5,585
-	5,066	-	5,066
237,640	451,069	-	451,069
-	(4,785,412)	-	(4,785,412)
970,709	12,230,560	(288,278)	11,942,282
412,947	1,420,964	-	1,420,964
870	17,400	-	17,400
-	1,400	-	1,400
96,987	124,343	-	124,343
288,557	446,162	-	446,162
3,681	28,863	-	28,863
239,004	239,004	-	239,004
1,042,046	2,278,136	-	2,278,136
-	288,278	(288,278)	-
269,928	278,998	-	278,998
269,928	278,998	-	278,998
6	92,235	-	92,235
-	46,602	-	46,602
-	10,210	-	10,210
6	149,047	-	149,047

Ann Arbor Housing Commission
Financial Data Schedule
PHA Financial Data - Income Statement
For the Year Ended June 30, 2015

Line Item #	Account Description	Project Totals	Program Totals
94100	Ordinary Maintenance and Operations - Labor	\$ 226,091	\$ -
94200	Ordinary Maintenance and Operations - Materials and Other	49,273	1,298
94300	Ordinary Maintenance and Operations Contracts	473,127	1,212
94000	Total Maintenance	<u>748,491</u>	<u>2,510</u>
96110	Property Insurance	26,910	-
96120	Liability Insurance	13,301	7,826
96130	Workmen's Compensation	-	-
96100	Total insurance Premiums	<u>40,211</u>	<u>7,826</u>
96200	Other General Expenses	-	15,875
96210	Compensated Absences	(15,182)	8,298
96400	Bad debt - Tenant Rents	131	-
96000	Total Other General Expenses	<u>(15,051)</u>	<u>24,173</u>
96900	Total Operating Expenses	<u>1,240,490</u>	<u>1,250,149</u>
97000	Excess of Operating Revenue over Operating Expenses	<u>(2,904,158)</u>	<u>11,673,370</u>
97200	Casualty Losses - Non-capitalized	551	-
97300	Housing Assistance Payments	309,905	11,697,992
97400	Depreciation Expense	106,538	562
90000	Total Expenses	1,657,484	12,948,703
10010	Operating Transfer In	-	195,173
10020	Operating Transfer Out	-	(412,947)
10040	Operating Transfer from/to Component Unit	(1,791,015)	-
10100	Total Other Financing Sources (Uses)	<u>(1,791,015)</u>	<u>(217,774)</u>
10000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	(5,112,167)	(242,958)
11030	Beginning Equity	6,658,591	924,763
11040	Prior Period Adjustment, Equity Transfer and Correction of Errors	-	66,814
11170	Administrative Fee Equity	-	75,938
11180	Housing Assistance Payments Equity	-	156,515
11190	Unit Months Available	2,028	24,391
11210	Number of Unit Months Leased	1,791	18,797
11270	Excess Cash	75,294	-
11620	Building Purchases	132,863	-
11630	Furniture & Equipment - Dwelling Purchases	25,484	-

Central Office			
Cost Center	Subtotal	Elimination	Total
\$ 123	\$ 226,214	\$ -	\$ 226,214
68,253	118,824	-	118,824
49,672	524,011	-	524,011
118,048	869,049	-	869,049
198	27,108	-	27,108
70	21,197	-	21,197
38	38	-	38
306	48,343	-	48,343
-	15,875	-	15,875
2,540	(4,344)	-	(4,344)
-	131	-	131
2,540	11,662	-	11,662
1,432,874	3,923,513	(288,278)	3,635,235
(462,165)	8,307,047	-	8,307,047
-	551	-	551
-	12,007,897	-	12,007,897
11,687	118,787	-	118,787
1,444,561	16,050,748	(288,278)	15,762,470
217,774	412,947	-	412,947
-	(412,947)	-	(412,947)
-	(1,791,015)	-	(1,791,015)
217,774	(1,791,015)	-	(1,791,015)
(256,078)	(5,611,203)	-	(5,611,203)
549,117	8,132,471	-	8,132,471
(55,775)	11,039	-	11,039
-	75,938	-	75,938
-	156,515	-	156,515
-	26,419	-	26,419
-	20,588	-	20,588
-	75,294	-	75,294
-	132,863	-	132,863
-	25,484	-	25,484



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A VETERAN OWNED BUSINESS

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

To the Board of Commissioners
Ann Arbor Housing Commission

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, 2015, and the related notes to the financial statements, which collectively comprise the *Ann Arbor Housing Commission's* basic financial statements and have issued our report thereon dated October 19, 2015.

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.

A handwritten signature in black ink that reads "Smith + Klayhewicz PC". The signature is written in a cursive, slightly slanted style.

Saginaw, Michigan

October 19, 2015



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the Board of Commissioners
Ann Arbor Housing Commission

Report on Compliance for Each Major Federal Program

We have audited the *Ann Arbor Housing Commission's*, a component unit of the City of Ann Arbor, Michigan compliance with the types of compliance requirements described in the *OMB Circular A-133 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, 2015. 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 the requirements of laws, regulations, contracts, and grants 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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, 2015.

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 OMB Circular A-133, 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Smith + Klaczynski PC

Saginaw, Michigan

October 19, 2015

Ann Arbor Housing Commission
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2015

Federal Agency / Pass Through Agency / Program Title	Federal CFDA Number	Amount Expended
Department of Housing and Urban Development		
Direct programs:		
Shelter Plus Care	14.238	\$ 15,835
Continuum of Care	14.267	1,862,580
Rental Assistance Demonstration	14.326	508,432
Public and Indian Housing	14.850	655,200
Resident Opportunity & Self Sufficiency	14.870	82,720
Section 8 Housing Choice Vouchers	14.871	10,761,942
Section 8 Housing Choice Vouchers - Family Self Sufficiency	14.871	33,920
Public Housing Capital Fund	14.872	1,223,878
Total Department of Housing and Urban Development		<u>\$ 15,144,507</u>
Reconciliation to Statement of Activities		
Federal revenue reported on the Statement of Activities:		
Program grants - subsidies		\$ 13,329,477
Capital grants		1,223,878
Other governmental grants		508,432
Decrease in net position pertaining to HAP		82,720
Total expenditures per Schedule of Expenditures of Federal Awards		<u>\$ 15,144,507</u>

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the Federal grant activity of the **Ann Arbor Housing Commission** under programs of the Federal government for the year ended June 30, 2015. The information in this schedule is presented in accordance with the requirements of Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. 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 or changes in net position 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 OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

Note 3 - Subrecipients

Approximately \$1,810,369 of expenses reported for CFDA #14.267 were passed-through to subrecipients.

Ann Arbor Housing Commission
Schedule of Findings and Questioned Costs (continued)
For the Year Ended June 30, 2015

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes X None reported

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Type of auditor's report issued on compliance for major program(s): Unmodified

Internal control over major program(s)

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes X None reported

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? _____ Yes X No

Identification of major program(s):

CFDA Number	Name of Federal Program(s) or Cluster(s)
14.267	Continuum of Care
14.326	Rental Assistance Demonstration
14.871	Section 8 Housing Choice Vouchers

Dollar threshold used to distinguish between type A and type B programs: \$ 454,335

Auditee qualify as a low-risk auditee? X Yes _____ No

Ann Arbor Housing Commission
Schedule of Findings and Questioned Costs (*concluded*)
For the Year Ended June 30, 2015

Section II - Financial Statement Audit Findings

None

Section III - Federal Program Audit Findings and Questioned Costs

None

Section IV - Prior Year Findings

None