

**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, 2019**



SMITH & KLACZKIEWICZ, PC  
CERTIFIED PUBLIC ACCOUNTANTS

# Ann Arbor Housing Commission

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SMITH & KLACZKIEWICZ, PC  
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A VETERAN OWNED BUSINESS

**INDEPENDENT AUDITOR'S REPORT**

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

**Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities of the *Ann Arbor Housing Commission*, a component unit of the City of Ann Arbor, as of and for the year ended June 30, 2019, 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, 2019, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

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

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

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 3, 2019 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 3, 2019

ANN ARBOR HOUSING COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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

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

**FINANCIAL HIGHLIGHTS**

The Commission's net position decreased by \$623,029 (23%) during 2019. This decrease in net position is primarily generated by the project and business activities due to the final RAD conversion that was completed in 2019. The overall net position was \$2,074,555 and \$2,697,584 for 2019 and 2018 respectively.

The overall revenue of the Commission decreased by \$2,696,292 (or 13%) during 2019, and was \$16,716,281 and \$19,412,573 for FY19 and FY18 respectively. The decrease in revenue is largely due to the reduction of grant funding in the Continuum of Care program due to existing grants having been transferred to the former sub-grantees, but also due to the losses related to asset transfers as part of the RAD conversion..

**USING THIS ANNUAL REPORT**

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

<p><b>MD&amp;A</b> Management Discussion and Analysis-pages 3-9</p>
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<p><b>Basic Financial Statements</b> Commission-wide Financial Statements - pages 10-12 Notes to Financial Statements - pages 13-22</p>
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<p><b>Other Required Supplementary Information</b> Financial Data Schedules - pages 23-32</p>
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ANN ARBOR HOUSING COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019

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 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 expenses, utilities, maintenance expenses and depreciation), and Non-Operating Revenues and Expenses (such as capital grant revenue, investment revenue 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, 2019

**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. In FY19 the remaining public housing units were eliminated under a RAD conversion.

**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>2019</u>	<u>2018</u>	<u>Change</u>	<u>Change</u>
Current and Other Assets	\$ 3,200,068	\$ 2,992,548	\$ 207,520	7%
Capital Assets	<u>158,187</u>	<u>665,158</u>	<u>(506,971)</u>	-76%
Total Assets	3,358,255	3,657,706	(299,451)	-8%
Other Liabilities	596,265	410,002	186,263	45%
Long-Term Liabilities	<u>687,435</u>	<u>550,120</u>	<u>137,315</u>	25%
Total Liabilities	1,283,700	960,122	323,578	34%
Net Position:				
Net Investment in Capital Assets	158,187	665,158	(506,971)	-76%
Restricted	-	1	(1)	-100%
Unrestricted	<u>1,916,368</u>	<u>2,032,425</u>	<u>(116,057)</u>	-6%
Total Net Position	\$ <u>2,074,555</u>	\$ <u>2,697,584</u>	\$ <u>(623,029)</u>	-23%

ANN ARBOR HOUSING COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019

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

Current assets increased by \$207,520 which is due to higher accounts receivable for FY19 than the prior year. The decrease in Capital Assets is the result of the transfer of assets under the final RAD conversion in FY19.

Short-Term Liabilities increased by \$186,263 as a result of higher accounts payable in FY19.

Long-Term Liabilities increased by \$137,315 due to increased participation and, therefore, increased escrow balances in the Family Self Sufficiency program.

Table 2 presents details on the changes in Unrestricted Net Position

**TABLE 2**

**CHANGE OF UNRESTRICTED NET POSITION**

Unrestricted Net Position 6/30/18	\$	2,032,425
Results of Operations		(724,764)
Adjustments:		
Depreciation (1)		16,302
Decrease in Restricted Assets		1
Disposal of Assets		<u>627,914</u>
Adjusted Results from Operations		(80,547)
Capital Expenditures		(137,245)
Non Operating Revenue		<u>101,735</u>
Unrestricted Net Position 6/30/19	\$	<u><u>1,916,368</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, 2019

**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>2019</u>		<u>2018</u>		<u>Change</u>	<u>Percent Change</u>
<b>Revenues</b>						
Tenant Revenues - Rent and Other	\$ 95,581	\$	166,636	\$	(71,055)	-43%
Operating Subsidies and Grants	15,201,070		15,248,349		(47,279)	0%
Capital Grants	101,735		72,746		28,989	40%
Other Government Grants	528,404		2,619,484		(2,091,080)	-80%
Investment Income	5,838		2,897		2,941	102%
Other Revenues	<u>1,411,567</u>		<u>1,302,461</u>		<u>109,106</u>	8%
Total Revenue	\$ <u>17,344,195</u>	\$	<u>19,412,573</u>	\$	<u>(2,068,378)</u>	-11%
<b>Expenses</b>						
Administrative	\$ 2,077,929	\$	2,027,056	\$	50,873	3%
Tenant Services	188,162		161,663		26,499	16%
Utilities	17,054		40,280		(23,226)	-58%
Maintenance	134,255		263,953		(129,698)	-49%
General and other	1,470,802		2,437,381		(966,579)	-40%
Development Costs	126,757		72,746		54,011	74%
Housing Assistance Payments	13,935,963		14,193,948		(257,985)	-2%
Depreciation	<u>16,302</u>		<u>122,772</u>		<u>(106,470)</u>	-87%
Total Expenses	\$ <u>17,967,224</u>	\$	<u>19,319,799</u>	\$	<u>(1,352,575)</u>	-7%
Net Increase(Decrease)	\$ <u>(623,029)</u>	\$	<u>92,774</u>	\$	<u>(715,803)</u>	-772%

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

The change in Unrestricted Net Position is reflects a loss of (\$623,029) for FY19. This loss is primarily the result of the elimination of assets that were formerly public housing under the final RAD conversion (included in Other Revenues).

- The decrease in Tenant Revenues is due to the elimination of public housing as part of the RAD conversion which was finalized in February 2019.
- The decrease in Other Government Grants is due to FY18 including the initial recognition of funding received that was passed on to the tax credit properties (West Arbor LDHA) as part of the RAD conversion at the North Maple site.
- Utility, Maintenance and General and Other expenses are lower in FY19 due to the elimination of the public housing properties.
- The decrease in Housing Assistance Payments from FY18 to FY19 is a result of transferring several CoC grants that were historically pass-through grants to the sub-grantees in FY19.
- The decrease is Depreciation Expense is due to the public housing related assets having been eliminated in FY19 and transferred to the Colonial Oaks and Swift Lane developments.

ANN ARBOR HOUSING COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019

**CAPITAL ASSETS**

As of year end FY19, the Commission had \$158,187 invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease (addition, deductions and depreciation) of \$506,971. The decrease from FY18 to FY19 is mainly due to the sale of the Evelyn Court property in FY19.

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

	<u>Business-Type Activities</u>			<u>Percent</u>
	<u>2019</u>	<u>2018</u>	<u>Change</u>	<u>Change</u>
Land and Land Rights	\$ -	\$ 324,914	\$ (324,914)	-100%
Construction in progress	92,000	-	92,000	
Buildings	10,192	2,945,035	(2,934,843)	-100%
Equipment - Dwelling	-	9,884	(9,884)	-100%
Equipment - Administrative	237,151	263,068	(25,917)	-10%
Leasehold Improvements	5,049	5,049	-	0%
Accumulated Depreciation	<u>(186,205)</u>	<u>(2,882,792)</u>	<u>2,696,587</u>	<u>-94%</u>
Total	\$ <u>158,187</u>	\$ <u>665,158</u>	\$ <u>(506,971)</u>	-76%

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	\$ 665,158
Additions	137,245
Disposals	(3,340,803)
Net of Depreciation	2,712,889
Depreciation	<u>(16,302)</u>
Ending Balance	\$ <u>158,187</u>

ANN ARBOR HOUSING COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019

This year's major additions are:

Business - Type Activities

Capital Improvements Programs ( modernization)	\$	137,245
Buildings		45,245
Construction in progress		92,000
		<hr/>
	\$	<u>137,245</u>

**ECONOMIC FACTORS**

Significant economic factors affecting the Commission are as follows:

- Federal funding of the Department of Housing and Urban Development which is the primary source of revenue
- City negotiated union contracts which affect staff wage and benefit rates.
- Local/state 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 of public housing to project-based vouchers and related development funding

**FINANCIAL CONTACT**

The individual to be contacted regarding this report is Jennifer Hall, Executive Director of the 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, 2019*

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<b>Current assets</b>	
Cash and cash equivalents	\$ 2,134,836
Cash and cash equivalents - restricted	547,940
Cash - tenant security deposits	1,000
Due from other governmental units	352,285
Accounts receivable, net	110,247
Prepaid expenses	44,484
	3,190,792
Total current assets	
<b>Noncurrent assets</b>	
Capital assets:	
Nondepreciable	92,000
Depreciable	252,392
Less: accumulated depreciation	(186,205)
	158,187
Net capital assets	158,187
Total assets	3,348,979
<b>Deferred outflows of resources</b>	
	9,276
<b>Current liabilities</b>	
Accounts payable	506,524
Accrued liabilities	44,682
Tenant security deposits	1,000
Accrued compensated absences, current portion	40,986
	593,192
Total current liabilities	
<b>Noncurrent liabilities</b>	
Other noncurrent liabilities - payable from restricted assets	547,940
Net pension liability	118,776
Accrued compensated absences	20,719
	687,435
Total noncurrent liabilities	
Total liabilities	1,280,627
<b>Deferred inflows of resources</b>	
	3,073
<b>Net position</b>	
Net investment in capital assets	158,187
Unrestricted	1,916,368
	2,074,555
Total net position	

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, 2019*

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<b>Operating revenues</b>	
Tenant revenue	\$ 95,581
Program grants - subsidies	15,201,070
Other governmental grants	528,404
Other revenue	1,379,127
	17,204,182
Total operating revenues	17,204,182
<b>Operating expenses</b>	
Administration	2,077,929
Tenant services	188,162
Utilities	17,054
Maintenance	134,255
Insurance	61,933
General	780,955
Housing assistance payments	13,933,355
Depreciation	16,302
	17,209,945
Total operating expenses	17,209,945
Operating income (loss)	(5,763)
<b>Nonoperating revenues and (expenses)</b>	
Fraud recovery	32,440
Gain / (loss) on sale of capital assets	(627,914)
HAP Portability - In	(2,608)
Development costs	(126,757)
Interest revenue	5,838
	(719,001)
Total nonoperating revenues and (expenses)	(719,001)
Income (loss) before contributions	(724,764)
<b>Capital contribution</b>	101,735
Change in net position	(623,029)
<b>Net position - Beginning of year</b>	2,697,584
<b>Net position - End of year</b>	\$ 2,074,555

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, 2019*

<b>Cash flows from operating activities</b>	
Cash received from customers	\$ 1,212,191
Cash received from grants and subsidies	15,729,474
Cash payments to suppliers for goods and services	(15,259,525)
Cash payments for wages and related benefits	<u>(1,558,743)</u>
Net cash provided by (used in) operating activities	<u>123,397</u>
<b>Cash flows from noncapital and related financing activities</b>	
Fraud recovery	32,440
HAP Portability - In	(2,608)
Development costs	<u>(126,757)</u>
Net cash provided by (used in) noncapital and related financing activities	<u>(96,925)</u>
<b>Cash flows from capital and related financing activities</b>	
Capital grants	101,735
Acquisition of capital assets	<u>(137,245)</u>
Net cash provided by (used in) capital and related financing activities	<u>(35,510)</u>
<b>Cash flows from investing activities</b>	
Interest revenue	<u>5,838</u>
Net increase (decrease) in cash and cash equivalents	(3,200)
<b>Cash and cash equivalents - beginning of year</b>	<u>2,686,976</u>
<b>Cash and cash equivalents - end of year</b>	<u><u>\$ 2,683,776</u></u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities</b>	
Operating income (loss)	\$ (5,763)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Depreciation	16,302
Changes in assets and liabilities	
Decrease (increase) in receivables	(252,893)
Decrease (increase) in prepaid expenses	8,603
Decrease (increase) in inventory	6,628
Decrease (increase) in deferred outflows of resources	26,942
Increase (decrease) in accounts payable	237,061
Increase (decrease) in accrued liabilities	111,868
Increase (decrease) in tenant security deposits	(5,054)
Increase (decrease) in unearned revenue	(4,570)
Increase (decrease) in deferred inflows of resources	<u>(15,727)</u>
Net cash provided by (used in) operating activities	<u><u>\$ 123,397</u></u>
<b>Reconciliation of cash and cash equivalents per the Statement of Net Position to the Statement of Cash Flows</b>	
Cash and cash equivalents	\$ 2,134,836
Cash and cash equivalents - restricted	547,940
Cash - tenant security deposits	<u>1,000</u>
<b>Total</b>	<u><u>\$ 2,683,776</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, 2019*

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### **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 that was discontinued prior to year end, Section 8 Housing Choice Vouchers (1,923 units which include 287 RAD Project Based Voucher units and 226 VASH vouchers) and a Continuum of Care program (52 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, 2019*

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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 which has been discontinued and converted to RAD properties before year-end.

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 which has been discontinued and converted to RAD properties before year-end.

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.

14.267 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, 2019

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### **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.

#### **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.

#### **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, 2019

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### **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 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 a separate account in accordance with the grant requirements.

### **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.

*Unrestricted* – Consists of all other equity that does not meet the definition of “restricted” or “net investment in capital assets”. Amounts that are legally restricted by externally imposed constraints that are placed on the use of resources by grantors, contributors, or laws or regulations of other governments are reported as restricted. At the end of the year, no portion of the Housing Commission's net position was restricted.

# Ann Arbor Housing Commission

## Notes to Financial Statements

For the Year Ended June 30, 2019

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### 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	\$ 2,134,836
Cash and cash equivalents – restricted	547,940
Cash – tenant security deposits	<u>1,000</u>
Total	<u>\$ 2,683,776</u>
Notes to Financial Statements	
Deposits	<u>\$ 2,683,776</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
- 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

# Ann Arbor Housing Commission

## Notes to Financial Statements

For the Year Ended June 30, 2019

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- 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, \$1,746,337 of the Housing Commission's bank balance of \$2,746,337 was exposed to custodial credit risk because it was uninsured, however, it was partially collateralized with government securities with a market value of \$495,540.

### *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.

### **Accounts Receivable**

The accounts receivable balance is comprised of the following:

Accounts receivable – miscellaneous	\$ 110,245
Notes receivable from tax credits	8,832,575
Interest receivable	1,637,717
Allowance for doubtful accounts	<u>(10,470,290)</u>
Total receivables, net	<u>\$ 110,247</u>

# Ann Arbor Housing Commission

## Notes to Financial Statements

For the Year Ended June 30, 2019

### 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	\$ 324,914	\$ -	\$ (324,914)	\$ -
Construction in progress	<u>-</u>	<u>92,000</u>	<u>-</u>	<u>92,000</u>
Total capital assets not being Depreciated	<u>324,914</u>	<u>92,000</u>	<u>(324,914)</u>	<u>92,000</u>
Capital assets being depreciated				
Buildings	2,945,035	45,245	(2,980,087)	10,193
Furniture, equipment and machinery – dwelling	9,884	-	(9,884)	-
Furniture, equipment and machinery – administration	263,068	-	(25,918)	237,150
Leasehold improvements	<u>5,049</u>	<u>-</u>	<u>-</u>	<u>5,049</u>
Total capital assets being depreciated	<u>3,223,036</u>	<u>45,245</u>	<u>(3,015,889)</u>	<u>252,392</u>
Less accumulated depreciation				
Buildings	(2,684,685)	(680)	2,684,006	(1,359)
Furniture, equipment and machinery – dwelling	(2,965)	-	2,965	-
Furniture, equipment and machinery – administration	(194,737)	(15,420)	25,918	(184,239)
Leasehold improvements	<u>(405)</u>	<u>(202)</u>	<u>-</u>	<u>(607)</u>
Total accumulated depreciation	<u>(2,882,792)</u>	<u>(16,302)</u>	<u>2,712,889</u>	<u>(186,205)</u>
Net capital assets being depreciated	<u>340,244</u>	<u>28,943</u>	<u>(303,000)</u>	<u>66,187</u>
Total net capital assets	<u>\$ 665,158</u>	<u>\$ 120,943</u>	<u>\$ (627,914)</u>	<u>\$ 158,187</u>

# Ann Arbor Housing Commission

## Notes to Financial Statements

For the Year Ended June 30, 2019

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### **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>\$ 63,258</u>	<u>\$ 98,561</u>	<u>\$ (100,114)</u>	<u>\$ 61,705</u>	<u>\$ 20,719</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, 2019 and 2018 was \$15,302,805 or 88% and \$15,402,288 or 79% of revenue respectively.

#### **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, 2019*

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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, 2019, the Housing Commission was invoiced at 22.60% 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 \$9,276, deferred inflows of \$3,073 and a net pension liability of \$18,776 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, 2019, the Housing Commission was invoiced and contributed \$102,648 which equated to approximately \$15,592 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, 2019*

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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.

In fiscal year 2017, 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 4 for-profit limited partnerships (Maple Tower, River Run, West Arbor and Swift Lane) 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.

### **Discontinued Operations**

Effective June 30, 2019, each of the public housing programs has discontinued its operations and all assets, liabilities and equity have been converted to either RAD or tax credit programs.





**Ann Arbor Housing Commission**  
**Financial Data Schedule**  
**Project Balance Sheet**  
*June 30, 2019*

Line Item #	Account Description	Total Projects	Project MI064000100	Project MI064000200	Other Project
111	Cash - Unrestricted	\$ 190,369	\$ -	\$ 333	\$ 190,036
114	Cash - Tenant Security Deposits	1,000	-	-	1,000
100	Total Cash	<u>191,369</u>	<u>-</u>	<u>333</u>	<u>191,036</u>
150	Total Current Assets	<u>191,369</u>	<u>-</u>	<u>333</u>	<u>191,036</u>
290	Total Assets	<u>\$ 191,369</u>	<u>\$ -</u>	<u>\$ 333</u>	<u>\$ 191,036</u>
312	Accounts Payable <= 90 Days	\$ 2,338	\$ -	\$ 333	\$ 2,005
321	Accrued Wage/Payroll Taxes Payable	140	-	-	140
322	Accrued Compensated Absences - Current Portion	210	-	-	210
341	Tenant Security Deposits	1,000	-	-	1,000
310	Total Current Liabilities	<u>3,688</u>	<u>-</u>	<u>333</u>	<u>3,355</u>
354	Accrued Compensated Absences - Non-Current	89	-	-	89
350	Total Non-Current Liabilities	<u>89</u>	<u>-</u>	<u>-</u>	<u>89</u>
300	Total Liabilities	<u>3,777</u>	<u>-</u>	<u>333</u>	<u>3,444</u>
512.4	Unrestricted Net Position (Deficit)	<u>187,592</u>	<u>-</u>	<u>-</u>	<u>187,592</u>
513	Total Equity - Net Assets / Position	<u>187,592</u>	<u>-</u>	<u>-</u>	<u>187,592</u>
600	Total Liab., Def. Inflow of Res., and Equity - Net Assets / Position	<u>\$ 191,369</u>	<u>\$ -</u>	<u>\$ 333</u>	<u>\$ 191,036</u>

**Ann Arbor Housing Commission**  
**Financial Data Schedule**  
**Project Income Statement**  
*For the Year Ended June 30, 2019*

Line Item #	Account Description	Total Projects	Project MI064000100	Operating Fund Program	Capital Fund Program	Project MI064000200	Operating Fund Program	Capital Fund Program	Other Project
70300	Net Tenant Rental Revenue	\$ 43,613	\$ 441	\$ 441	\$ -	\$ 35,337	\$ 35,337	\$ -	\$ 7,835
70400	Tenant Revenue - Other	816	-	-	-	736	-	-	80
70500	Total Tenant Revenue	44,429	441	441	-	36,073	36,073	-	7,915
70600	HUD PHA Operating Grants	69,029	4,733	4,733	-	64,296	64,296	-	-
70610	Capital Grants	101,735	101,735	-	101,735	-	-	-	-
71500	Other Revenue	50	-	-	-	50	50	-	-
71600	Gain or Loss on Sale of Capital Assets	(471,368)	(67,615)	(67,615)	-	(403,753)	(403,753)	-	-
71100	Investment Income - Unrestricted	1,337	-	-	-	-	-	-	1,337
70000	Total Revenue	(254,788)	39,294	(62,441)	101,735	(303,334)	(303,334)	-	9,252
91100	Administrative Salaries	31,877	15,505	15,505	-	14,453	14,453	-	1,919
91200	Auditing Fees	5,940	2,970	2,970	-	2,970	-	-	-
91300	Management fee	614	-	-	-	-	-	-	614
91310	Bookkeeping Fee	90	-	-	-	-	-	-	90
91600	Office Expenses	11,344	3,402	3,402	-	5,727	5,727	-	2,215
91700	Legal Expense	2,511	2,000	2,000	-	511	511	-	-
91800	Travel	3	2	2	-	-	-	-	1
91000	Total Operating - Administrative	52,379	23,879	23,879	-	23,661	23,661	-	4,839
92400	Tenant Services - Other	50	50	50	-	-	-	-	-
92500	Total Tenant Services	50	50	50	-	-	-	-	-
93100	Water	9,712	577	577	-	8,411	8,411	-	724
93200	Electricity	1,231	145	145	-	1,086	1,086	-	-
93300	Gas	461	-	-	-	461	-	-	-
93000	Total Utilities	11,404	722	722	-	9,958	9,958	-	724
94100	Ordinary Maintenance and Operations - Labor	22,231	8,824	8,824	-	11,510	11,510	-	1,897
94200	Ordinary Maintenance and Operations - Materials and Other	15,151	2,035	2,035	-	10,411	10,411	-	2,705
94300	Ordinary Maintenance and Operations Contracts	35,485	2,643	2,643	-	31,177	31,177	-	1,665
94000	Total Maintenance	72,867	13,502	13,502	-	53,098	53,098	-	6,267
96110	Property Insurance	11,157	936	936	-	9,956	9,956	-	265
96120	Liability Insurance	1,731	625	625	-	932	932	-	174
96100	Total Insurance Premiums	12,888	1,561	1,561	-	10,888	10,888	-	439
96200	Other General Expenses	30	30	30	-	-	-	-	-
96210	Compensated Absences	178	-	-	-	-	-	-	178
96000	Total Other General Expenses	208	30	30	-	-	-	-	178
96900	Total Operating Expenses	149,796	39,744	39,744	-	97,605	97,605	-	12,447
97000	Excess of Operating Revenue over (under) Operating Expenses	(404,584)	(450)	(102,185)	101,735	(400,939)	(400,939)	-	(3,195)
90000	Total Expenses	149,796	39,744	39,744	-	97,605	97,605	-	12,447
10093	Transfers between Program and Project - In	45,245	-	-	-	45,245	45,245	-	-
10100	Total Other Financing Sources (Uses)	45,245	-	-	-	45,245	45,245	-	-
10000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	(359,339)	(450)	(102,185)	101,735	(355,694)	(355,694)	-	(3,195)
11030	Beginning Equity	648,666	102,185	102,185	-	355,694	355,694	-	190,787
11040	Prior Period Adjustment, Equity Transfers and Correction of Errors	(101,735)	(101,735)	-	(101,735)	-	-	-	-
11190	Unit Months Available	404	16	16	-	376	376	-	12
11210	Number of Unit Months Leased	284	16	16	-	256	256	-	12
11270	Excess Cash	175,199	(3,312)	(3,312)	-	(8,133)	(8,133)	-	186,644

**Ann Arbor Housing Commission**  
**Financial Data Schedule**  
**Program Financials - Balance Sheet**  
*June 30, 2019*

Line Item #	Account Description	Central Office Cost Center
111	Cash - Unrestricted	\$ 135,051
100	Total Cash	<u>135,051</u>
124	Accounts Receivable - Other Government	72,320
125	Accounts Receivable - Miscellaneous	103,059
120	Total Receivables, Net of Allowances for Doubtful Accounts	<u>175,379</u>
142	Prepaid Expenses and Other Assets	38,655
144	Inter Program Due From	<u>48,295</u>
150	Total Current Assets	<u>397,380</u>
162	Buildings	10,193
164	Furniture, Equipment & Machinery - Administration	226,450
165	Leasehold Improvements	5,049
166	Accumulated Depreciation	(181,871)
167	Construction in Progress	92,000
160	Total Capital Assets, Net of Accumulated Depreciation	<u>151,821</u>
180	Total Non-Current Assets	<u>151,821</u>
200	Deferred Outflow of Resources	<u>9,276</u>
290	Total Assets and Deferred Outflow of Resources	<u>\$ 558,477</u>
312	Accounts Payable <= 90 Days	\$ 214,787
321	Accrued Wage/Payroll Taxes Payable	9,960
322	Accrued Compensated Absences - Current Portion	19,198
346	Accrued Liabilities - Other	125
310	Total Current Liabilities	<u>244,070</u>
354	Accrued Compensated Absences - Non-Current	12,064
357	Accrued Pension and OPEB Liabilities	118,776
350	Total Non-Current Liabilities	<u>130,840</u>
300	Total Liabilities	<u>374,910</u>
400	Deferred Inflows of Resources	<u>3,073</u>
508.4	Net Investment in Capital Assets	151,821
512.4	Unrestricted Net Position	<u>28,673</u>
513	Total Equity - Net Assets / Position	<u>180,494</u>
600	Total Liab., Def. Inflow of Res., and Equity - Net Assets / Position	<u>\$ 558,477</u>

**Ann Arbor Housing Commission**  
**Financial Data Schedule**  
**Program Financials - Income Statement**  
*For the Year Ended June 30, 2019*

Line Item #	Account Description	Central Office Cost Center
70600	HUD PHA Operating Grants	\$ 25,022
70710	Management Fee	238,266
70730	Bookkeeping Fee	147,706
70750	Other Fees	215,921
70700	Total Fee Revenue	<u>601,893</u>
70800	Other Government Grants	232,650
71100	Investment Income - Unrestricted	3,111
71500	Other Revenue	178,193
71600	Gain or Loss on Sale of Capital Assets	<u>38,627</u>
70000	Total Revenue	<u>1,079,496</u>
91100	Administrative Salaries	565,878
91200	Auditing Fees	10,541
91500	Employee Benefit Contributions - Administrative	122,932
91600	Office Expenses	102,176
91700	Legal Expense	1,095
91800	Travel	2,609
91000	Total Operating - Administrative	<u>805,231</u>
92400	Tenant Services - Other	<u>69,214</u>
92500	Total Tenant Services	<u>69,214</u>
93100	Water	<u>15</u>
93000	Total Utilities	<u>15</u>
94200	Ordinary Maintenance and Operations - Materials and Other	860
94300	Ordinary Maintenance and Operations - Contracts	7,263
94000	Total Maintenance	<u>8,123</u>
96120	Liability Insurance	<u>25,434</u>
96100	Total Insurance Premiums	<u>25,434</u>
96210	Compensated Absences	<u>1,697</u>
96000	Total Other General Expenses	<u>1,697</u>
96900	Total Operating Expenses	<u>909,714</u>
97000	Excess of Operating Revenue over (under) Operating Expenses	<u>169,782</u>
97400	Depreciation Expense	<u>15,232</u>
90000	Total Expenses	<u>924,946</u>
10000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	154,550
11030	Beginning Equity	50,966
11040	Prior Period Adjustment, Equity Transfer and Correction of Errors	(25,022)

**Ann Arbor Housing Commission**  
**Financial Data Schedule**  
**Program Financials - Balance Sheet**  
*June 30, 2019*

Line Item #	Account Description	Total Programs	14.871 Housing Choice Vouchers	14.238 Shelter Plus Care	14.267 Continuum of Care Program	Business Activities
111	Cash - Unrestricted	\$ 1,809,416	\$ 99,362	\$ 150	\$ -	\$ 1,709,904
113	Cash - Other Restricted	547,940	547,940	-	-	-
100	Total Cash	<u>2,357,356</u>	<u>647,302</u>	<u>150</u>	<u>-</u>	<u>1,709,904</u>
121	Accounts Receivable - PHA Projects	1,841	1,841	-	-	-
122	Accounts Receivable - HUD Other Projects	167,528	142,636	-	24,892	-
124	Accounts Receivable - Other Government	110,596	110,596	-	-	-
125	Accounts Receivable - Miscellaneous	8,839,761	3,952	-	3,234	8,832,575
126.2	Allowance for Doubtful Accounts - Other	(10,470,290)	-	-	-	(10,470,290)
129	Accrued Interest Receivable	1,637,717	-	-	-	1,637,717
120	Total Receivables, Net of Allowances for Doubtful Accounts	<u>287,153</u>	<u>259,025</u>	<u>-</u>	<u>28,126</u>	<u>2</u>
142	Prepaid Expenses and Other Assets	5,829	5,829	-	-	-
150	Total Current Assets	<u>2,650,338</u>	<u>912,156</u>	<u>150</u>	<u>28,126</u>	<u>1,709,906</u>
164	Furniture, Equipment & Machinery - Administration	10,700	-	-	10,700	-
166	Accumulated Depreciation	(4,334)	-	-	(4,334)	-
160	Total Capital Assets, Net of Accumulated Depreciation	<u>6,366</u>	<u>-</u>	<u>-</u>	<u>6,366</u>	<u>-</u>
180	Total Non-Current Assets	<u>6,366</u>	<u>-</u>	<u>-</u>	<u>6,366</u>	<u>-</u>
290	Total Assets	<u>\$ 2,656,704</u>	<u>\$ 912,156</u>	<u>\$ 150</u>	<u>\$ 34,492</u>	<u>\$ 1,709,906</u>
312	Accounts Payable <= 90 Days	\$ 33,225	\$ 20,147	\$ -	\$ 1,906	\$ 11,172
321	Accrued Wage/Payroll Taxes Payable	13,207	13,070	-	137	-
322	Accrued Compensated Absences - Current Portion	21,578	21,252	-	326	-
333	Accounts Payable - Other Government	256,174	253,827	-	2,347	-
346	Accrued Liabilities - Other	21,250	6,958	-	14,292	-
347	Inter Program - Due To	48,295	40,436	-	7,859	-
310	Total Current Liabilities	<u>393,729</u>	<u>355,690</u>	<u>-</u>	<u>26,867</u>	<u>11,172</u>
353	Non-current Liabilities - Other	547,940	547,940	-	-	-
354	Accrued Compensated Absences - Non-Current	8,566	8,526	-	40	-
350	Total Non-Current Liabilities	<u>556,506</u>	<u>556,466</u>	<u>-</u>	<u>40</u>	<u>-</u>
300	Total Liabilities	<u>950,235</u>	<u>912,156</u>	<u>-</u>	<u>26,907</u>	<u>11,172</u>
508.4	Net Investment in Capital Assets	6,366	-	-	6,366	-
512.4	Unrestricted Net Position	1,700,103	-	150	1,219	1,698,734
513	Total Equity - Net Assets / Position	<u>1,706,469</u>	<u>-</u>	<u>150</u>	<u>7,585</u>	<u>1,698,734</u>
600	Total Liab., Def. Inflow of Res., and Equity - Net Assets / Position	<u>\$ 2,656,704</u>	<u>\$ 912,156</u>	<u>\$ 150</u>	<u>\$ 34,492</u>	<u>\$ 1,709,906</u>

**Ann Arbor Housing Commission**  
**Financial Data Schedule**  
**Program Financials - Income Statement**  
*For the Year Ended June 30, 2019*

Line Item #	Account Description	Total Programs	14.871 Housing Choice Vouchers	14.238 Shelter Plus Care	14.267 Continuum of Care Program	Business Activities
70300	Net Tenant Rental Revenue	\$ 6,894	\$ -	\$ -	\$ -	\$ 6,894
70400	Tenant Revenue - Other	44,258	-	-	-	44,258
70500	Total Tenant Revenue	<u>51,152</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>51,152</u>
70600	HUD PHA Operating Grants	15,107,019	14,331,768	-	775,251	-
70800	Other Government Grants	295,754	295,754	-	-	-
71100	Investment Income - Unrestricted	1,390	-	-	-	1,390
71400	Fraud Recovery	32,440	32,440	-	-	-
71500	Other Revenue	984,963	75,752	-	-	909,211
71600	Gain or Loss on Sale of Capital Assets	<u>(195,173)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(195,173)</u>
70000	Total Revenue	<u>16,277,545</u>	<u>14,735,714</u>	<u>-</u>	<u>775,251</u>	<u>766,580</u>
91100	Administrative Salaries	1,007,145	956,666	-	16,757	33,722
91200	Auditing Fees	9,310	8,250	-	-	1,060
91300	Management Fee	237,652	232,355	-	-	5,297
91310	Bookkeeping Fee	147,616	147,233	-	-	383
91500	Employee Benefit Contributions - Administrative	33,730	31,644	-	2,086	-
91600	Office Expenses	161,784	154,033	-	-	7,751
91700	Legal Expense	8,374	8,191	-	-	183
91800	Travel	680	672	-	-	8
91000	Total Operating - Administrative	<u>1,606,291</u>	<u>1,539,044</u>	<u>-</u>	<u>18,843</u>	<u>48,404</u>
92400	Tenant Services - Other	118,898	-	-	-	118,898
92500	Total Tenant Services	<u>118,898</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>118,898</u>
93100	Water	2,250	-	-	-	2,250
93200	Electricity	2,957	-	-	-	2,957
93300	Gas	428	-	-	-	428
93000	Total Utilities	<u>5,635</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,635</u>
94100	Ordinary Maintenance and Operations - Labor	35,655	-	-	-	35,655
94200	Ordinary Maintenance and Operations - Materials and Other	1,693	-	-	-	1,693
94300	Ordinary Maintenance and Operations Contracts	15,917	-	-	-	15,917
94000	Total Maintenance	<u>53,265</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>53,265</u>
96110	Property Insurance	2,443	-	-	-	2,443
96120	Liability Insurance	21,168	18,071	-	2,287	810
96100	Total Insurance Premiums	<u>23,611</u>	<u>18,071</u>	<u>-</u>	<u>2,287</u>	<u>3,253</u>
96200	Other General Expenses	158,782	9,336	-	-	149,446
96210	Compensated Absences	4,022	4,022	-	-	-
96600	Bad Debt - Other	616,246	-	-	-	616,246
96000	Total Other General Expenses	<u>779,050</u>	<u>13,358</u>	<u>-</u>	<u>-</u>	<u>765,692</u>
96900	Total Operating Expenses	<u>2,586,750</u>	<u>1,570,473</u>	<u>-</u>	<u>21,130</u>	<u>995,147</u>
97000	Excess of Operating Revenue over (under) Operating Expenses	<u>13,690,795</u>	<u>13,165,241</u>	<u>-</u>	<u>754,121</u>	<u>(228,567)</u>

**Ann Arbor Housing Commission**  
**Financial Data Schedule**  
**Program Financials - Income Statement**  
*For the Year Ended June 30, 2019*

Line Item #	Account Description	Total Programs	14.871 Housing Choice Vouchers	14.238 Shelter Plus Care	14.267 Continuum of Care Program	Business Activities
97300	Housing Assistance Payments	\$ 13,933,355	\$ 13,180,045	\$ -	\$ 753,310	\$ -
97350	HAP Portability-In	2,608	2,608	-	-	-
97400	Depreciation Expense	1,070	-	-	1,070	-
90000	Total Expenses	<u>16,523,783</u>	<u>14,753,126</u>	<u>-</u>	<u>775,510</u>	<u>995,147</u>
10094	Transfers between Program and Project - Out	<u>(45,245)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(45,245)</u>
10100	Total Other Financing Sources (Uses)	<u>(45,245)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(45,245)</u>
10000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	(291,483)	(17,412)	-	(259)	(273,812)
11030	Beginning Equity	1,997,952	17,412	150	7,844	1,972,546
11190	Unit Months Available	23,629	22,704	-	861	64
11210	Number of Unit Months Leased	20,561	19,675	-	835	51

**Ann Arbor Housing Commission**  
**Financial Data Schedule**  
**PHA Financial Data - Balance Sheet**  
**June 30, 2019**

Line Item #	Account Description	Project Totals	Program Totals	Central Office Cost Center	Subtotal	Elimination	Total
111	Cash - Unrestricted	\$ 190,369	\$ 1,809,416	\$ 135,051	\$ 2,134,836	\$ -	\$ 2,134,836
113	Cash - Other Restricted	-	547,940	-	547,940	-	547,940
114	Cash - Tenant Security Deposits	1,000	-	-	1,000	-	1,000
100	Total Cash	<u>191,369</u>	<u>2,357,356</u>	<u>135,051</u>	<u>2,683,776</u>	<u>-</u>	<u>2,683,776</u>
121	Accounts Receivable - PHA Projects	-	1,841	-	1,841	-	1,841
122	Accounts Receivable - HUD Other Projects	-	167,528	-	167,528	-	167,528
124	Accounts Receivable - Other Government	-	110,596	72,320	182,916	-	182,916
125	Accounts Receivable - Miscellaneous	-	8,839,761	103,059	8,942,820	-	8,942,820
126.2	Allowance for Doubtful Accounts - Other	-	(10,470,290)	-	(10,470,290)	-	(10,470,290)
129	Accrued Interest Receivable	-	1,637,717	-	1,637,717	-	1,637,717
120	Total Receivables, Net of Allow. for Doubtful Accounts	<u>-</u>	<u>287,153</u>	<u>175,379</u>	<u>462,532</u>	<u>-</u>	<u>462,532</u>
142	Prepaid Expenses and Other Assets	-	5,829	38,655	44,484	-	44,484
144	Inter Program Due From	-	-	48,295	48,295	(48,295)	-
150	Total Current Assets	<u>191,369</u>	<u>2,650,338</u>	<u>397,380</u>	<u>3,239,087</u>	<u>(48,295)</u>	<u>3,190,792</u>
162	Buildings	-	-	10,193	10,193	-	10,193
164	Furniture, Equipment & Machinery - Administration	-	10,700	226,450	237,150	-	237,150
165	Leasehold Improvements	-	-	5,049	5,049	-	5,049
166	Accumulated Depreciation	-	(4,334)	(181,871)	(186,205)	-	(186,205)
167	Construction in Progress	-	-	92,000	92,000	-	92,000
160	Total Capital Assets, Net of Accumulated Depreciation	<u>-</u>	<u>6,366</u>	<u>151,821</u>	<u>158,187</u>	<u>-</u>	<u>158,187</u>
180	Total Non-Current Assets	<u>-</u>	<u>6,366</u>	<u>151,821</u>	<u>158,187</u>	<u>-</u>	<u>158,187</u>
200	Deferred Outflow of Resources	-	-	9,276	9,276	-	9,276
290	Total Assets	<u>\$ 191,369</u>	<u>\$ 2,656,704</u>	<u>\$ 558,477</u>	<u>\$ 3,406,550</u>	<u>\$ (48,295)</u>	<u>\$ 3,358,255</u>
312	Accounts Payable <= 90 Days	\$ 2,338	\$ 33,225	\$ 214,787	\$ 250,350	\$ -	\$ 250,350
321	Accrued Wage/Payroll Taxes Payable	140	13,207	9,960	23,307	-	23,307
322	Accrued Compensated Absences - Current Portion	210	21,578	19,198	40,986	-	40,986
333	Accounts Payable - Other Government	-	256,174	-	256,174	-	256,174
341	Tenant Security Deposits	1,000	-	-	1,000	-	1,000
346	Accrued Liabilities - Other	-	21,250	125	21,375	-	21,375
347	Inter Program - Due To	-	48,295	-	48,295	(48,295)	-
310	Total Current Liabilities	<u>3,688</u>	<u>393,729</u>	<u>244,070</u>	<u>641,487</u>	<u>(48,295)</u>	<u>593,192</u>
353	Non-Current Liabilities - Other	-	547,940	-	547,940	-	547,940
354	Accrued Compensated Absences - Non-Current	89	8,566	12,064	20,719	-	20,719
357	Accrued Pension and OPEB Liabilities	-	-	118,776	118,776	-	118,776
350	Total Non-Current Liabilities	<u>89</u>	<u>556,506</u>	<u>130,840</u>	<u>687,435</u>	<u>-</u>	<u>687,435</u>
300	Total Liabilities	<u>3,777</u>	<u>950,235</u>	<u>374,910</u>	<u>1,328,922</u>	<u>(48,295)</u>	<u>1,280,627</u>
400	Deferred Inflows of Resources	-	-	3,073	3,073	-	3,073
508.4	Net Investment in Capital Assets	-	6,366	151,821	158,187	-	158,187
512.4	Unrestricted Net Position	187,592	1,700,103	28,673	1,916,368	-	1,916,368
513	Total Equity - Net Assets / Position	<u>187,592</u>	<u>1,706,469</u>	<u>180,494</u>	<u>2,074,555</u>	<u>-</u>	<u>2,074,555</u>
600	Total Liab., Def. Inflow of Res., and Equity - Net Assets / Position	<u>\$ 191,369</u>	<u>\$ 2,656,704</u>	<u>\$ 558,477</u>	<u>\$ 3,406,550</u>	<u>\$ (48,295)</u>	<u>\$ 3,358,255</u>



**Ann Arbor Housing Commission**  
**Financial Data Schedule**  
**PHA Financial Data - Income Statement**  
*For the Year Ended June 30, 2019*

Line Item #	Account Description	Project Totals	Program Totals	Central Office Cost Center	Subtotal	Elimination	Total
70300	Net Tenant Rental Revenue	\$ 43,613	\$ 6,894	\$ -	\$ 50,507	\$ -	\$ 50,507
70400	Tenant Revenue - Other	816	44,258	-	45,074	-	45,074
70500	Total Tenant Revenue	<u>44,429</u>	<u>51,152</u>	<u>-</u>	<u>95,581</u>	<u>-</u>	<u>95,581</u>
70600	HUD PHA Operating Grants	<u>69,029</u>	<u>15,107,019</u>	<u>25,022</u>	<u>15,201,070</u>	<u>-</u>	<u>15,201,070</u>
70610	Capital Grants	<u>101,735</u>	<u>-</u>	<u>-</u>	<u>101,735</u>	<u>-</u>	<u>101,735</u>
70710	Management Fee	-	-	238,266	238,266	(238,266)	-
70730	Bookkeeping Fee	-	-	147,706	147,706	(147,706)	-
70750	Other Fees	-	-	215,921	215,921	-	215,921
70700	Total Fee Revenue	<u>-</u>	<u>-</u>	<u>601,893</u>	<u>601,893</u>	<u>(385,972)</u>	<u>215,921</u>
70800	Other Government Grants	-	295,754	232,650	528,404	-	528,404
71100	Investment Income - Unrestricted	1,337	1,390	3,111	5,838	-	5,838
71400	Fraud Recovery	-	32,440	-	32,440	-	32,440
71500	Other Revenue	50	984,963	178,193	1,163,206	-	1,163,206
71600	Gain or Loss on Sale of Capital Assets	<u>(471,368)</u>	<u>(195,173)</u>	<u>38,627</u>	<u>(627,914)</u>	<u>-</u>	<u>(627,914)</u>
70000	Total Revenue	<u>(254,788)</u>	<u>16,277,545</u>	<u>1,079,496</u>	<u>17,102,253</u>	<u>(385,972)</u>	<u>16,716,281</u>
91100	Administrative Salaries	31,877	1,007,145	565,878	1,604,900	-	1,604,900
91200	Auditing Fees	5,940	9,310	10,541	25,791	-	25,791
91300	Management Fee	614	237,652	-	238,266	(238,266)	-
91310	Bookkeeping Fee	90	147,616	-	147,706	(147,706)	-
91500	Employee Benefit Contributions - Administrative	-	33,730	122,932	156,662	-	156,662
91600	Office Expenses	11,344	161,784	102,176	275,304	-	275,304
91700	Legal Expense	2,511	8,374	1,095	11,980	-	11,980
91800	Travel	3	680	2,609	3,292	-	3,292
91000	Total Operating - Administrative	<u>52,379</u>	<u>1,606,291</u>	<u>805,231</u>	<u>2,463,901</u>	<u>(385,972)</u>	<u>2,077,929</u>
92400	Tenant Services - Other	<u>50</u>	<u>118,898</u>	<u>69,214</u>	<u>188,162</u>	<u>-</u>	<u>188,162</u>
92500	Total Tenant Services	<u>50</u>	<u>118,898</u>	<u>69,214</u>	<u>188,162</u>	<u>-</u>	<u>188,162</u>
93100	Water	9,712	2,250	15	11,977	-	11,977
93200	Electricity	1,231	2,957	-	4,188	-	4,188
93300	Gas	461	428	-	889	-	889
93000	Total Utilities	<u>11,404</u>	<u>5,635</u>	<u>15</u>	<u>17,054</u>	<u>-</u>	<u>17,054</u>

**Ann Arbor Housing Commission**  
**Financial Data Schedule**  
**PHA Financial Data - Income Statement**  
*For the Year Ended June 30, 2019*

Line Item #	Account Description	Project Totals	Program Totals	Central Office Cost Center	Subtotal	Elimination	Total
94100	Ordinary Maintenance and Operations - Labor	\$ 22,231	\$ 35,655	\$ -	\$ 57,886	\$ -	\$ 57,886
94200	Ordinary Maintenance and Operations - Materials and Other	15,151	1,693	860	17,704	-	17,704
94300	Ordinary Maintenance and Operations Contracts	35,485	15,917	7,263	58,665	-	58,665
94000	Total Maintenance	<u>72,867</u>	<u>53,265</u>	<u>8,123</u>	<u>134,255</u>	<u>-</u>	<u>134,255</u>
96110	Property Insurance	11,157	2,443	-	13,600	-	13,600
96120	Liability Insurance	1,731	21,168	25,434	48,333	-	48,333
96100	Total Insurance Premiums	<u>12,888</u>	<u>23,611</u>	<u>25,434</u>	<u>61,933</u>	<u>-</u>	<u>61,933</u>
96200	Other General Expenses	30	158,782	-	158,812	-	158,812
96210	Compensated Absences	178	4,022	1,697	5,897	-	5,897
96600	Bad Debt - Other	-	616,246	-	616,246	-	616,246
96000	Total Other General Expenses	<u>208</u>	<u>779,050</u>	<u>1,697</u>	<u>780,955</u>	<u>-</u>	<u>780,955</u>
96900	Total Operating Expenses	<u>149,796</u>	<u>2,586,750</u>	<u>909,714</u>	<u>3,646,260</u>	<u>(385,972)</u>	<u>3,260,288</u>
97000	Excess of Operating Revenue over (under) Operating Expenses	<u>(404,584)</u>	<u>13,690,795</u>	<u>169,782</u>	<u>13,455,993</u>	<u>-</u>	<u>13,455,993</u>
97300	Housing Assistance Payments	-	13,933,355	-	13,933,355	-	13,933,355
97350	HAP Portability-In	-	2,608	-	2,608	-	2,608
97400	Depreciation Expense	-	1,070	15,232	16,302	-	16,302
90000	Total Expenses	<u>149,796</u>	<u>16,523,783</u>	<u>924,946</u>	<u>17,598,525</u>	<u>(385,972)</u>	<u>17,212,553</u>
10093	Transfers between Program and Project - In	45,245	-	-	45,245	(45,245)	-
10094	Transfers between Program and Project - Out	-	(45,245)	-	(45,245)	45,245	(45,245)
10100	Total Other Financing Sources (Uses)	<u>45,245</u>	<u>(45,245)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(45,245)</u>
10000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	<u>(359,339)</u>	<u>(291,483)</u>	<u>154,550</u>	<u>(496,272)</u>	<u>-</u>	<u>(541,517)</u>
11030	Beginning Equity	648,666	1,997,952	50,966	2,697,584	-	2,697,584
11040	Prior Period Adjustment, Equity Transfers and Correction of Errors	(101,735)	-	(25,022)	(126,757)	-	(126,757)
11190	Unit Months Available	404	23,629	-	24,033	-	24,033
11210	Number of Unit Months Leased	284	20,561	-	20,845	-	20,845
11270	Excess Cash	175,199	-	-	175,199	-	175,199



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A VETERAN OWNED BUSINESS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the *Ann Arbor Housing Commission*, a component unit of the City of Ann Arbor, Michigan as of and for the year ended June 30, 2019, 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 3, 2019.

**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 + Klaehowitz PC*

*Saginaw, Michigan*

October 3, 2019



SMITH & KLACZKIEWICZ, PC  
CERTIFIED PUBLIC ACCOUNTANTS

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A VETERAN OWNED BUSINESS

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

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

**Report on Compliance for Each Major Federal Program**

We have audited the *Ann Arbor Housing Commission's* compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the *Ann Arbor Housing Commission's* major federal programs for the year ended June 30, 2019. 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, 2019.

### **Report on Internal Control over Compliance**

Management of the ***Ann Arbor Housing Commission*** is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the ***Ann Arbor Housing Commission's*** internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the ***Ann Arbor Housing Commission's*** internal control over compliance.

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

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

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

*Smith + Klauszewicz PC*

***Saginaw, Michigan***

October 3, 2019

**Ann Arbor Housing Commission**  
**Schedule of Expenditures of Federal Awards**  
*For the Year Ended June 30, 2019*

<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:			
Continuum of Care	14.267	\$ 774,440	\$ 756,666
Public and Indian Housing	14.850	94,051	-
Section 8 Housing Choice Vouchers	14.871	14,495,562	-
Section 8 Housing Choice Vouchers - Family Self Sufficiency	14.871	257,564	-
Total Section 8 Housing Choice Vouchers		<u>14,753,126</u>	<u>-</u>
Public Housing Capital Fund	14.872	101,735	-
Total Department of Housing and Urban Development		<u>\$ 15,723,352</u>	<u>\$ 756,666</u>
<b>Reconciliation to Statement of Revenues, Expenses and Changes in Fund Net Position</b>			
Federal revenue reported on the Statement of Revenues, Expenses and			
Changes in Fund Net Position:			
Program grants - subsidies		\$ 15,201,070	
Capital contributions		101,735	
Other governmental grants		528,404	
Change in net position pertaining to HAP		<u>(107,857)</u>	
Total expenditures per Schedule of Expenditures of Federal Awards		<u>\$ 15,723,352</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, 2019***

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*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, 2019. 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.

For purposes of charging indirect costs to federal awards, the ***Ann Arbor Housing Commission*** has elected not to use the 10 percent de minimis cost rate as permitted by 2 CFR section 200.414 of the Uniform Guidance.



**Ann Arbor Housing Commission**  
**Schedule of Findings and Questioned Costs (continued)**  
*For the Year Ended June 30, 2019*

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**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting

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

Noncompliance material to financial statements noted?            Yes       X       No

**Federal Awards**

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

Internal control over major program(s)

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516.(a)?            Yes       X       No

**Identification of major program(s):**

CFDA Number	Name of Federal Program(s) or Cluster(s)
14.871	Section 8 Housing Choice Vouchers

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

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

**Ann Arbor Housing Commission**  
**Schedule of Findings and Questioned Costs** (*concluded*)  
*For the Year Ended June 30, 2019*

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**Section II - Financial Statement Audit Findings**

*None*

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

*None*

**Section IV - Prior Year Findings**

*None*