

**Detroit Housing Commission**  
**(a component unit of the City of Detroit)**

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**Financial Report**  
**with Supplemental Information**  
**June 30, 2016**

# **Detroit Housing Commission**

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## Independent Auditor's Report

To the Board of Commissioners  
Detroit Housing Commission

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of the Detroit Housing Commission (the "Commission"), a component unit of the City of Detroit, Michigan, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Detroit 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 an opinion 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 and in accordance with the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the discretely presented component units, other than Woodbridge ILF Associates Limited Dividend Housing Limited Partnership. The discretely presented component units audited by other auditors represent 96 percent of the assets and 97 percent of the revenue of the aggregate discretely presented component units. Those financial statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for discretely presented component units, is based solely on the reports of the other auditors. We conducted our audit in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

To the Board of Commissioners  
Detroit Housing Commission

The discretely presented component unit financial statements of Alexandrine Square Limited Dividend Housing Association Limited Partnership, The Villages of Parkside II, LLC, The Villages of Parkside IV, LLC, Woodbridge Estates Apartments I, LLC, Woodbridge Estates Apartments II, LLC, Woodbridge ILF Associates Limited Dividend Housing Association Limited Partnership, Woodbridge VI Limited Dividend Housing Association, LLC, Gardenview Homes IV Limited Dividend Housing Association Limited Partnership, LLC, Gardenview Homes V Limited Dividend Housing Association Limited Partnership, LLC, Gardenview Homes VI Limited Dividend Housing Association Limited Partnership, LLC, Gardenview Homes IX Limited Dividend Housing Association Limited Partnership, LLC, Emerald Springs IA Limited Dividend Housing Association Limited Partnership, Emerald Springs IB Limited Dividend Housing Association Limited Partnership, Emerald Springs II Limited Dividend Housing Association Limited Partnership, Cornerstone I Limited Dividend Housing Association, LLC, Cornerstone II Limited Dividend Housing Association, LLC, and Cornerstone III Limited Dividend Housing Association, LLC were not audited in accordance with *Government Auditing Standards*.

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 opinion.

### ***Opinions***

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities and the aggregate discretely presented component units of the Detroit Housing Commission as of June 30, 2016 and the changes in its financial position and its business-type activities cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

### ***Required Supplemental Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in Commission net pension liability and related ratios, and schedule of Commission contributions, as identified in the table of contents, 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, which 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 supplemental 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.

To the Board of Commissioners  
Detroit Housing Commission

**Other Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Detroit Housing Commission's basic financial statements. The financial data schedules and closed grants and actual program costs and advances are presented for the purpose 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. 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 financial data schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The schedules of closed grants and actual program costs and advances have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 17, 2017 on our consideration of the Detroit Housing Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the 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 Detroit Housing Commission's internal control over financial reporting and compliance.

*Plante & Moran, PLLC*

March 21, 2017

# **Detroit Housing Commission**

## **Management's Discussion and Analysis (Unaudited)**

As management of the Detroit Housing Commission (the "Commission" or DHC), we offer the readers of our financial statements this narrative overview and analysis of the financial activities of the Commission for the year ended June 30, 2016. The purpose of this summary is to assist the reader in focusing on significant financial issues, to provide an overview of DHC's financial activities for the year, to highlight changes in DHC's financial position, and to identify individual fund or program issues or concerns. This MD&A does not include the information of the discretely presented component units.

Since the MD&A is designed to focus on the current year's activities, resulting changes, and currently known facts, we encourage readers to consider the information presented here in conjunction with the Commission's accompanying financial statements and notes.

Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Executive Director, Harold S. Ince, Jr., Detroit Housing Commission, 1301 E. Jefferson Avenue, Detroit, MI 48207.

### **Mission**

**The Detroit Housing Commission will effectively and efficiently develop, manage, and preserve quality affordable housing.**

On July 5, 2005, a Cooperative Endeavor Agreement (CEA) was entered into between the City of Detroit and the U.S. Department of Housing and Urban Development (HUD) due to the troubled status of the Commission.

In April 2015, the Mayor appointed a new Board of Commissioners for DHC and we are once again operating independently from HUD. No longer a troubled agency, DHC is striving for excellence in all program areas.

### **Financial Highlights**

- The assets of the Commission exceeded its liabilities as of June 30, 2016 by \$296,369,255 (net position).
- The Commission's unrestricted cash and cash equivalents totaled \$21,101,761 at June 30, 2016.
- The Commission had operating revenue from HUD of \$62,064,694 and HUD capital grants of \$1,913,038, which includes funds for redevelopment and capital asset activities.
- Public housing has maintained occupancy of an average of 94 percent for the fiscal year ended June 30, 2016.

# **Detroit Housing Commission**

## **Management's Discussion and Analysis (Unaudited) (Continued)**

- The Commission utilized 81 percent of its Section 8 baseline vouchers under the Housing Choice Voucher program, and spent 101 percent of its annual budget authority.
- HUD loans HOPE VI and Replacement Housing Factor (RHF) funds to discrete component units for the redevelopment and acquisition of housing. In addition, the Commission has other sources of funds that were loaned as well. The discrete component units are required to repay these funds of \$130,796,341 to the Commission, which are included in the notes, loans, and mortgages receivable at June 30, 2016.
- During fiscal year 2016, DHC complied with all the rules and provisions of asset management, which involves detailed budgeting, tracking, and reporting of all activities by development in the Low-income Public Housing Program.
- DHC also used the Central Office Cost Center to carry out the management and administrative activities required by all our programs.

### **The Commission's Programs**

The Commission's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America and follow the business-type activity reporting requirements of the Governmental Accounting Standards Board (GASB). All of the Commission's activities are presented in a single business activity enterprise fund, on the full accrual basis of accounting. The Enterprise Fund basis is similar to accounting used in the private sector. Many of the programs maintained by DHC are set up as required by HUD. Other programs are segregated to enhance accountability and control. The Commission's significant programs are described below.

**Low-income Public Housing (LIPH)** - Under this program, DHC rents units that it owns in 40 AMPs (one or more developments grouped for management purposes), which includes 24 component unit AMPS, and 364 scattered sites within the city of Detroit, to low-income households. This program is operated under the annual contributions contract (ACC) with HUD, and HUD provides operating subsidy to enable DHC to provide the housing at a cost that is based upon 30 percent of household income, adjusted for family composition and certain allowances. DHC currently owns and operates 3,468 subsidized units in this program.

**Section 8 Program** - Within the Assisted Housing division is our main Section 8 program, which is known as the Housing Choice Voucher (HCV) program. DHC administers contracts with private landlords that own and lease units within our community. DHC subsidizes the family's rent through a monthly housing assistance payment (HAP) made to the landlord. These programs are operated under annual contribution contracts (ACC) with HUD, which enables DHC to structure a lease that sets the "participants" housing costs at 30 percent of household income, adjusted for family composition and certain allowances. DHC currently administers 6,067 Housing Choice Vouchers and 305 moderate rehabilitation units (site-based program).

# **Detroit Housing Commission**

## **Management's Discussion and Analysis (Unaudited) (Continued)**

**Capital Fund Program** - Under this program, DHC receives funding for physical renovation and management improvements to its owned units within the Low-income Public Housing program. DHC uses many independent contractors to provide construction/rehab services. The Capital Fund Program is operated under the annual contributions contract (ACC) with HUD.

**Development Program** - DHC administers various development, Replacement Housing Factor (RHF) funds, and HOPE VI grants to continue adding new housing units to our community.

**Business Activities** - This area includes programs such as homeownership commissions, nonfederal activities, and developer fees from mixed-finance partnerships.

### **Overview of Financial Statements**

The entity-wide financial statements included in this annual report are those of a special-purpose government engaged in a single business-type activity prepared on an accrual basis as noted above. Over time, significant changes in the Commission's net position serve as a useful indicator of whether its financial health is improving or deteriorating. To fully assess the financial health of the Commission, the reader must also consider other nonfinancial factors such as changes in family composition, fluctuations in the local economy, HUD-mandated program administrative changes, proration of available funding, and the physical condition of capital assets.

The financial statements include two columns which present the activities of the Commission as the primary government and the Commission's discretely presented component units. The discrete component units are required to be presented, as the primary government is held to be financially accountable for these legally separate entities since the Commission provides significant specific financial benefits to these entities. The following financial statements are presented:

- **Statement of Net Position** - This is a balance sheet which reports the Commission's assets, liabilities, and net position at the end of the fiscal year. The Commission's net position is the difference between what the Commission owns (assets) and what the Commission owes (liabilities). Net position (formerly known as net assets) is reported in three broad categories: net investment in capital assets, restricted net position, and unrestricted net position.
- **Statement of Activities** - Similar to an income statement, this statement presents information showing how the Commission's net position increased or decreased during the current fiscal year. This statement includes operating revenue such as federal funding and rental income; operating expenses such as administrative, tenant services, utilities, maintenance, protective services, general, depreciation, and HAP expense; and nonoperating revenue and expense such as capital contributions revenue, interest income, and gains and losses on the disposal of fixed assets. The focus of this statement is the "change in net position," which is similar to net income or loss.



# **Detroit Housing Commission**

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## **Management's Discussion and Analysis (Unaudited) (Continued)**

- Statement of Cash Flows - This statement presents information showing the total cash receipts and cash disbursements of the Commission during the current fiscal year. The statement reflects the net changes in cash resulting from operations plus any other cash requirements during the current year (i.e., capital additions, debt service, prior period obligations, etc.). In addition, this statement reflects the receipt of cash that was obligated to the Commission in prior periods and subsequently received during the current fiscal year (i.e., accounts receivable, notes receivable, etc.).
- Notes to the Financial Statements - The notes to the financial statements provide additional information that is essential to a full understanding of the data provided. These notes give greater understanding on the overall activity of the Commission and how values are assigned to certain assets and liabilities and the longevity of these values. In addition, the notes reflect the impact (if any) of any uncertainties the Commission may face.

In addition to the basic financial statements listed above, our report includes supplemental information which we feel will assist the reader in understanding the financial statements. This information is provided in order to provide more detail on the Commission's various programs and also includes the required information mandated by regulatory bodies that fund the Commission's various programs.

The following statements are condensed versions of our full financial statements, for the purpose of analysis and discussion. See the full financial statements for more details on the results of operations and the Commission's financial position.

# Detroit Housing Commission

## Management's Discussion and Analysis (Unaudited) (Continued)

### Financial Analysis

The following table represents the condensed statement of net position compared to the prior year for all of DHC's programs combined:

	Statement of Net Position		
	2016	2015	Net Change
<b>Assets and Deferred Outflows</b>			
Current assets	\$ 32,150,219	\$ 28,407,758	\$ 3,742,461
Capital assets - Net	126,153,763	131,226,072	(5,072,309)
Other noncurrent assets	148,244,056	145,677,106	2,566,950
Total assets and deferred outflows	<u>\$ 306,548,038</u>	<u>\$ 305,310,936</u>	<u>\$ 1,237,102</u>
<b>Liabilities</b>			
Current liabilities	\$ 7,658,579	\$ 8,170,412	\$ (511,833)
Other noncurrent liabilities	2,520,204	225,046	2,295,158
Total liabilities	10,178,783	8,395,458	1,783,325
<b>Net Position</b>			
Net investment in capital assets	126,153,763	131,226,072	(5,072,309)
Restricted	135,878,379	129,563,112	6,315,267
Unrestricted	34,337,113	36,126,294	(1,789,182)
Total net position	296,369,255	296,915,478	(546,224)
Total liabilities and net position	<u>\$ 306,548,038</u>	<u>\$ 305,310,936</u>	<u>\$ 1,237,102</u>

Current assets increased by 13.2 percent primarily due to a increase in the restricted cash (NRA for HCV program), and in the HUD receivable for capital grants.

The Commission's net investment in capital assets decreased by 3.9 percent or approximately \$5 million. This was primarily due to completion of several large projects last year, offset by annual depreciation expense.

Other noncurrent assets increased by 1.7 percent due to an increase of deferred outflows for the net pension liability recorded.

Total assets increased by \$1.2 million or .5 percent, due mostly to the increases in deferred outflows for the net pension liability and the change in net capital assets noted above. Total liabilities increased by \$1.7 million (21.2 percent increase) primarily due to the liability recorded for the pension (GASB 68).

# Detroit Housing Commission

## Management's Discussion and Analysis (Unaudited) (Continued)

**Net Position** - The difference between an organization's assets and its liabilities is its net position. Net position is categorized as one of three types:

1. Net investment in capital assets - Capital assets, net of accumulated depreciation and related debt, are due to the capital asset and long-term debt activity;
2. Restricted - The Commission's assets whose use is subject to constraints imposed by law or agreement (consisting primarily of HAP equity and restricted notes receivable related to the HOPE VI loans);
3. Unrestricted - The Commission's assets that are neither invested in capital assets nor restricted, which increase principally due to operations. These resources are available to meet the Commission's ongoing obligations to its residents and creditors.

Restricted net position had a slight decrease due to development activity. The decrease in net capital assets is primarily due to the completion of many development and CFP projects and the write-off of 24 scattered sites units. Unrestricted net position increase or decrease is a function of the net result of operations and items not classified as restricted, or changes in net investment in capital assets.

The following schedule compares the revenue and expenses for the current and previous fiscal years for all DHC's programs:

	2016	2015	Net Change
<b>Operating Revenue</b>			
HUD operating revenue	\$ 62,064,694	\$ 62,671,262	\$ (606,568)
Tenant revenue - Net	5,167,316	4,630,227	537,089
Other operating revenue	<u>927,042</u>	<u>1,737,984</u>	<u>(810,942)</u>
Total revenue	68,159,052	69,039,473	(880,421)
<b>Operating Expenses</b>			
Administrative	10,731,048	10,356,136	374,912
Tenant services	159,412	233,956	(74,544)
Utilities	4,161,486	4,928,431	(766,945)
Maintenance	10,457,519	11,637,466	(1,179,947)
Protective services	991,485	925,795	65,690
General	5,309,550	5,403,458	(93,908)
Depreciation	5,324,749	5,566,849	(242,100)
Housing assistance payments	<u>35,322,006</u>	<u>36,419,721</u>	<u>(1,097,715)</u>
Total expenses	<u>72,457,255</u>	<u>75,471,812</u>	<u>(3,014,557)</u>
<b>Operating Loss</b>	(4,298,203)	(6,432,339)	2,134,136

# Detroit Housing Commission

## Management's Discussion and Analysis (Unaudited) (Continued)

	2016	2015	Net Change
<b>Nonoperating Revenue</b>			
Loss on disposal of fixed assets	\$ (251,734)	\$ (855,521)	\$ 603,787
Investment income - Unrestricted	126,062	179,076	(53,014)
Interest income - Restricted	<u>1,964,611</u>	<u>1,792,995</u>	<u>171,616</u>
Total nonoperating revenue	<u>1,838,939</u>	<u>1,116,550</u>	<u>722,389</u>
Change in net position before capital contributions	(2,459,264)	(5,315,789)	2,856,525
<b>Capital Contributions - HUD</b>	<u>1,913,038</u>	<u>8,695,614</u>	<u>(6,782,576)</u>
Change in net position	(546,226)	3,379,825	(3,926,051)
<b>Net Position - Beginning of year</b>	<u>296,915,481</u>	<u>293,535,656</u>	<u>3,379,825</u>
<b>Net Position - End of year</b>	<u><b>\$ 296,369,255</b></u>	<u><b>\$ 296,915,481</b></u>	<u><b>\$ (546,226)</b></u>

Total operating revenue decreased by \$880,000 for the fiscal year ended June 30, 2016, primarily due to the decrease in other income. This year's subsidy formula for Low-income Housing Program included an 85 percent funding level for calendar year 2015 (affecting six months of DHC's fiscal year funding). This was an increase from the prior calendar year level of approximately 82 percent pro-ration.

Operating expenses are categorized by the Commission as administrative, tenant services, utilities, maintenance, protective services, general, depreciation expense, and housing assistance payments. The net decrease of \$3.0 million (3.9%) in total operating expenses is primarily due to a decrease in HAP expenditures, while keeping most other expenses within budget.

Non-operating revenue increased by \$722,389 primarily due to the loss on disposal of fixed assets of (\$251,734), which was the write-off of 24 scattered sites homes which were demolished (in prior year, Douglass Homes was written off at a much higher amount).

Capital contributions decreased by \$6,782,500 due mainly to receiving additional capital contributions in the previous year from the Douglass Emergency Demolition grant received from HUD. There was no donated property from the City of Detroit for the year ended June 30, 2016, and the city no longer holds any properties that are yet to be legally transferred to DHC.

The Commission has no long-term debt as of June 30, 2016.

# Detroit Housing Commission

## Management's Discussion and Analysis (Unaudited) (Continued)

### Capital Asset and Debt Activity

After the Commission became independent from the City of Detroit, the City signed over the HUD properties to DHC. DHC recorded these donated assets at fair market value based on appraisals. These original capital assets are adjusted annually by depreciation. Subsequent additional capital assets are recorded at cost.

	2016	2015	Change in Capital Assets
<b>Nondepreciable</b>			
Land	\$ 71,771,529	\$ 71,626,584	\$ 144,945
Construction in progress	4,225,088	3,865,792	359,296
Total nondepreciable	75,996,617	75,492,376	504,241
<b>Depreciated</b>			
Structures and improvements	84,778,465	85,447,467	(669,002)
Equipment	7,435,579	7,435,579	-
Total depreciated	92,214,044	92,883,046	(669,002)
Total capital assets	168,210,661	168,375,422	(164,761)
Total accumulated depreciation	(42,056,898)	(37,149,350)	(4,907,548)
Capital assets - Net	<u>\$ 126,153,763</u>	<u>\$ 131,226,072</u>	<u>\$ (5,072,309)</u>

### Factors Affecting Next Year's Budget

The Commission is primarily dependent upon HUD for the funding of its Low-income Public Housing, Housing Choice Voucher, and Public Housing Capital Fund programs; therefore, the Commission is affected more by the federal budget than by local economic conditions. The proration of funding of these programs in the future could be significantly affected by the 2017 and 2018 federal budgets. The federal deficit and budgetary restrictions at the congressional level can have a great impact on our local activities.

### Economic Factors

Significant economic factors that can potentially affect the Commission are as follows:

- Federal funding provided by Congress to the Department of Housing and Urban Development
- Economic factors such as prevailing interest rates and related banking fees
- Local labor supply and demand, which can affect salary and wage rates
- Increased regulatory requirements
- Local inflationary, recessionary, and employment trends, which can affect resident incomes and therefore the amount of rental income
- Inflationary pressure on utility rates, housing costs, supplies, and other costs

# Detroit Housing Commission

## Statement of Net Position June 30, 2016

	Primary Government - Business-type Activities	Total Discrete Component Units
<b>Assets and Deferred Outflows of Resources</b>		
<b>Current Assets</b>		
Cash and cash equivalents - Unrestricted (Note 2)	\$ 21,101,761	\$ 3,795,335
Cash and cash equivalents - Restricted (Note 2)	7,784,417	10,074,417
Receivables - Net	634,770	227,252
Prepaid expenses	529,040	222,117
Due from other governments	2,100,231	-
Total current assets	32,150,219	14,319,121
<b>Noncurrent Assets</b>		
Capital assets - Nondepreciable (Notes 3 and 10)	75,996,617	22,596,965
Capital assets - Depreciable - Net (Notes 3 and 10)	50,157,146	195,628,316
Accrued interest receivable - Unrestricted (Note 6)	1,802,128	-
Accrued interest receivable - Restricted (Note 6)	13,458,121	-
Other noncurrent assets	-	2,737,347
Notes, loans, and mortgages receivable - Net (Note 6) - Due from discrete component units with the exception of \$649,178, which is due from the Homeownership program	130,796,341	-
Total assets	304,360,572	235,281,749
<b>Deferred Outflows of Resources -</b>		
Deferred outflows related to pensions (Note 7)	2,187,466	-
Total assets and deferred outflows of resources	<b>\$ 306,548,038</b>	<b>\$ 235,281,749</b>
<b>Liabilities and Net Position</b>		
<b>Current Liabilities</b>		
Current portion of long-term debt (Note 10)	\$ -	\$ 1,084,632
Accounts payable	1,299,168	2,020,091
Accrued interest payable	-	15,896,119
Accrued salaries and benefits	119,371	-
Accrued compensated absences	72,501	-
Due to other governments	123,719	-
Tenant security deposits	341,033	326,673
Unearned revenue	4,887,843	73,951
Other current liabilities	814,944	1,310,534
Total current liabilities	7,658,579	20,712,000
<b>Noncurrent Liabilities</b>		
Long-term debt - Includes \$130,549,025 which is due to Detroit Housing Commission (Note 10)	-	177,170,621
Accrued compensated absences	341,012	-
Net pension liability (Note 7)	2,179,192	-
Other noncurrent liabilities	-	2,789,577
Total liabilities	10,178,783	200,672,198
<b>Net Position</b>		
Net investment in capital assets	126,153,763	39,970,028
Restricted for reserves	7,103,873	9,872,321
Restricted for housing assistance payment	564,145	-
Restricted for housing projects (notes receivable)	128,210,361	-
Unrestricted net position	34,337,113	(15,232,798)
Total net position	296,369,255	34,609,551
Total liabilities and net position	<b>\$ 306,548,038</b>	<b>\$ 235,281,749</b>

The Notes to Financial Statements are an  
Integral Part of this Statement.

# Detroit Housing Commission

## Statement of Activities Year Ended June 30, 2016

	Primary Government - Business-type Activities	Total Discrete Component Units
<b>Operating Revenue</b>		
HUD operating revenue	\$ 62,064,694	\$ -
Tenant revenue - Net	5,167,316	11,426,081
Other operating revenue	927,042	33,639
	<hr/>	<hr/>
Total operating revenue	68,159,052	11,459,720
<b>Operating Expenses</b>		
Administrative	10,731,048	3,426,940
Tenant services	159,412	-
Utilities	4,161,486	1,856,065
Maintenance	10,457,519	2,664,535
Protective services	991,485	149,679
General	5,309,550	1,704,444
Depreciation and amortization	5,324,749	11,289,725
Housing assistance payments	35,322,006	-
	<hr/>	<hr/>
Total operating expenses	72,457,255	21,091,388
<b>Operating Loss Before Nonoperating Revenue (Expense)</b>	(4,298,203)	(9,631,668)
<b>Nonoperating Revenue (Expense)</b>		
Loss on disposal of fixed assets	(251,734)	-
Investment income - Unrestricted	126,062	116,439
Investment income - Restricted	1,964,611	475,461
Interest expense	-	(3,868,834)
	<hr/>	<hr/>
Total nonoperating revenue (expense)	1,838,939	(3,276,934)
<b>Decrease in Net Position Before Capital Contributions and Distributions</b>	(2,459,264)	(12,908,602)
<b>Capital Contributions and Distributions</b>		
Capital contributions - HUD	1,913,038	-
Partner contributions	-	9,952,922
Partner distributions and syndication costs	-	(414,344)
	<hr/>	<hr/>
<b>Decrease in Net Position</b>	(546,226)	(3,370,024)
<b>Net Position - Beginning of year</b>	296,915,481	37,979,575
	<hr/>	<hr/>
<b>Net Position - End of year</b>	<u>\$ 296,369,255</u>	<u>\$ 34,609,551</u>

# Detroit Housing Commission

## Statement of Cash Flows Year Ended June 30, 2016

### Cash Flows from Operating Activities

Cash received from HUD operating subsidies and grants	\$ 61,092,451
Cash received from local grants	-
Cash received from tenants	5,269,409
Other receipts	648,854
Cash payments for housing assistance	(35,177,492)
Cash payments to employees	(10,742,388)
Cash payments to suppliers	<u>(20,067,764)</u>

Net cash and cash equivalents provided by in operating activities 1,023,070

### Cash Flows from Investing Activities

Investment in notes receivable - Net	1,012,882
Interest received	<u>121,831</u>

Net cash and cash equivalents provided by investing activities 1,134,713

### Cash Flows from Capital and Related Financing Activities

HUD capital grants	940,795
Purchase of property and equipment	<u>(504,174)</u>

Net cash and cash equivalents provided by capital and related financing activities 436,621

**Net Increase in Cash and Cash Equivalents** 2,594,404

**Cash and Cash Equivalents - Beginning of year** 26,291,774

**Cash and Cash Equivalents - End of year** \$ 28,886,178

### Cash Reconciliation

Current cash and cash equivalents - Unrestricted	\$ 21,101,761
Current cash and cash equivalents - Restricted	<u>7,784,417</u>

Total cash and cash equivalents \$ 28,886,178



# Detroit Housing Commission

## Statement of Cash Flows (Continued) Year Ended June 30, 2016

Reconciliation of Operating Loss to Net Cash from Operating Activities	
Operating loss	\$ (4,298,203)
Adjustments to reconcile operating loss to net cash and cash equivalents from operating activities:	
Depreciation	5,324,749
Bad debt	241,891
Change in pension liability and deferrals	568,205
(Increase) decrease in operating assets:	
Receivables - Net	(139,798)
Prepaid expenses and other assets	(277,907)
(Decrease) increase in operating liabilities:	
Accounts payable	91,231
Accrued salaries and benefits	(116,029)
Tenant security deposits	(6,073)
Deferred revenue and other liabilities	<u>(364,996)</u>
Net cash used in operating activities	<u><u>\$ 1,023,070</u></u>

# Detroit Housing Commission

## Combining Balance Sheet for Discretely Presented Component Units

	The Villages of Parkside II, LLC Year Ended June 30, 2016	The Villages of Parkside IV, LLC Year Ended June 30, 2016	Woodbridge Estates Apartments I, LLC Year Ended December 31, 2015	Woodbridge Estates Apartments II, LLC Year Ended December 31, 2015	Woodbridge Estates Apartments III, Limited Dividend Housing Association, LLC Year Ended December 31, 2015	Woodbridge Estates Apartments IV, Limited Dividend Housing Association, LLC Year Ended December 31, 2015	Woodbridge Estates Apartments V, Limited Dividend Housing Association, LLC Year Ended December 31, 2015
<b>Assets</b>							
<b>Current Assets</b>							
Cash and cash equivalents - Unrestricted	\$ 259,026	\$ 196,694	\$ 6,847	\$ 124,733	\$ 313	\$ 852	\$ 19,967
Cash and cash equivalents - Restricted	243,283	168,994	131,885	191,072	256,813	353,520	440,313
Receivables - Net	7,224	7,335	8,913	4,379	4,503	3,280	7,981
Prepaid expenses	4,675	4,788	6,640	9,683	5,810	7,055	9,682
Total current assets	514,208	377,811	154,285	329,867	267,439	364,707	477,943
<b>Noncurrent Assets</b>							
Capital assets - Net	9,720,676	8,356,748	4,437,200	5,810,024	4,755,241	5,763,872	8,394,779
Other noncurrent assets	-	-	209,073	287,111	104,446	96,471	120,761
Total assets	<b>\$ 10,234,884</b>	<b>\$ 8,734,559</b>	<b>\$ 4,800,558</b>	<b>\$ 6,427,002</b>	<b>\$ 5,127,126</b>	<b>\$ 6,225,050</b>	<b>\$ 8,993,483</b>
<b>Liabilities and Net Position</b>							
<b>Current Liabilities</b>							
Current portion of long-term debt	\$ -	\$ -	\$ 24,300	\$ 35,000	\$ 34,800	\$ 42,450	\$ 57,000
Accounts payable	239,997	281,635	7,711	2,763	25,445	29,708	67,996
Accrued interest payable	3,619,884	1,680,271	986,866	1,478,797	798,736	912,225	1,057,659
Tenant security deposits	21,277	17,948	9,485	14,124	7,054	12,684	8,596
Deferred revenue	-	-	6,928	2,902	3,289	4,231	2,455
Other current liabilities	11,935	9,938	-	-	10,373	12,798	19,262
Total current liabilities	3,893,093	1,989,792	1,035,290	1,533,586	879,697	1,014,096	1,212,968
<b>Noncurrent Liabilities</b>							
Long-term debt	25,514,772	20,990,363	3,532,001	4,713,547	3,480,116	4,155,644	5,622,625
Other noncurrent liabilities	-	-	-	-	75,868	60,058	237,353
Total liabilities	29,407,865	22,980,155	4,567,291	6,247,133	4,435,681	5,229,798	7,072,946
<b>Net Position</b>							
Net investment in capital assets	(15,794,096)	(12,633,615)	880,899	1,061,477	1,240,325	1,565,778	2,715,154
Restricted net assets	217,388	148,854	131,885	191,072	248,035	339,520	431,313
Unrestricted net assets	(3,596,273)	(1,760,835)	(779,517)	(1,072,680)	(796,915)	(910,046)	(1,225,930)
Total net position	(19,172,981)	(14,245,596)	233,267	179,869	691,445	995,252	1,920,537
Total liabilities and net position	<b>\$ 10,234,884</b>	<b>\$ 8,734,559</b>	<b>\$ 4,800,558</b>	<b>\$ 6,427,002</b>	<b>\$ 5,127,126</b>	<b>\$ 6,225,050</b>	<b>\$ 8,993,483</b>

The Notes to Financial Statements are an  
Integral Part of this Statement.

# Detroit Housing Commission

## Combining Balance Sheet for Discretely Presented Component Units (Continued)

	Woodbridge Estates Apartments VI, Limited Dividend Housing Association, LLC Year Ended December 31, 2015	Woodbridge ILF Associates Limited Dividend Housing Association Limited Partnership Year Ended December 31, 2015	Alexandrine Square Limited Dividend Housing Association Limited Partnership Year Ended December 31, 2015	Gardenview Homes I Limited Dividend Housing Association, LLC Year Ended December 31, 2015	Gardenview Homes II Limited Dividend Housing Association, LLC Year Ended December 31, 2015	Gardenview Homes III Limited Dividend Housing Association, LLC Year Ended December 31, 2015
<b>Assets</b>						
<b>Current Assets</b>						
Cash and cash equivalents - Unrestricted	\$ 178,807	\$ 32,104	\$ 1,952	\$ 118,472	\$ 63,474	\$ 35,590
Cash and cash equivalents - Restricted	270,636	820,023	3,475	676,472	556,514	585,390
Receivables - Net	3,631	21,827	7,281	14,367	1,431	5,931
Prepaid expenses	87,079	21,406	1,991	13,144	6,147	6,147
Total current assets	540,153	895,360	14,699	822,455	627,566	633,058
<b>Noncurrent Assets</b>						
Capital assets - Net	9,220,247	9,582,879	1,359,754	16,380,820	7,357,701	7,267,309
Other noncurrent assets	242,901	34,597	57	28,222	-	-
Total assets	<u>\$ 10,003,301</u>	<u>\$ 10,512,836</u>	<u>\$ 1,374,510</u>	<u>\$ 17,231,497</u>	<u>\$ 7,985,267</u>	<u>\$ 7,900,367</u>
<b>Liabilities and Net Position</b>						
<b>Current Liabilities</b>						
Current portion of long-term debt	\$ -	\$ -	\$ -	\$ 20,746	\$ -	\$ -
Accounts payable	2,608	56,107	126,049	300	-	-
Accrued interest payable	461,117	2,269,923	289,031	9,297	-	-
Tenant security deposits	2,656	26,509	3,475	22,508	3,555	4,999
Deferred revenue	9,009	7,060	7,035	2,656	747	492
Other current liabilities	29,743	24,509	372,234	44,208	21,616	20,493
Total current liabilities	505,133	2,384,108	797,824	99,715	25,918	25,984
<b>Noncurrent Liabilities</b>						
Long-term debt	2,522,553	3,713,014	265,780	11,740,397	8,837,440	8,871,508
Other noncurrent liabilities	-	-	702,087	-	-	-
Total liabilities	3,027,686	6,097,122	1,765,691	11,840,112	8,863,358	8,897,492
<b>Net Position</b>						
Net investment in capital assets	6,697,694	5,869,865	1,093,974	4,619,677	(1,479,739)	(1,604,199)
Restricted net assets	267,826	779,284	-	653,964	552,014	579,790
Unrestricted net assets	10,095	(2,233,435)	(1,485,155)	117,744	49,634	27,284
Total net position	6,975,615	4,415,714	(391,181)	5,391,385	(878,091)	(997,125)
Total liabilities and net position	<u>\$ 10,003,301</u>	<u>\$ 10,512,836</u>	<u>\$ 1,374,510</u>	<u>\$ 17,231,497</u>	<u>\$ 7,985,267</u>	<u>\$ 7,900,367</u>

The Notes to Financial Statements are an  
Integral Part of this Statement.

# Detroit Housing Commission

## Combining Balance Sheet for Discretely Presented Component Units (Continued)

	Gardenview Homes IV Limited Dividend Housing Association, LLC Year Ended December 31, 2015	Gardenview Homes V Limited Dividend Housing Association, LLC Year Ended December 31, 2015	Gardenview Homes VI Limited Dividend Housing Association, LLC Year Ended December 31, 2015	Gardenview Homes VII Limited Dividend Housing Association, LLC Year Ended December 31, 2015	Gardenview Homes VIII Limited Dividend Housing Association, LLC Year Ended December 31, 2015	Gardenview Homes IX Limited Dividend Housing Association, LLC Year Ended December 31, 2015
<b>Assets</b>						
<b>Current Assets</b>						
Cash and cash equivalents - Unrestricted	\$ 126,437	\$ 166,581	\$ 126,763	\$ 48,881	\$ 71,965	\$ 16,722
Cash and cash equivalents - Restricted	443,464	390,860	435,703	516,048	488,579	8,000
Receivables - Net	10,092	3,796	4,071	3,766	1,573	8,629
Prepaid expenses	2,521	2,521	2,416	4,412	4,307	5,663
Total current assets	582,514	563,758	568,953	573,107	566,424	39,014
<b>Noncurrent Assets</b>						
Capital assets - Net	8,349,953	11,662,056	10,487,105	13,366,114	12,945,112	9,418,196
Other noncurrent assets	-	-	-	-	-	55,560
Total assets	<u>\$ 8,932,467</u>	<u>\$ 12,225,814</u>	<u>\$ 11,056,058</u>	<u>\$ 13,939,221</u>	<u>\$ 13,511,536</u>	<u>\$ 9,512,770</u>
<b>Liabilities and Net Assets</b>						
<b>Current Liabilities</b>						
Current portion of long-term debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 870,336
Accounts payable	-	-	395	75,500	78,500	755,262
Accrued interest payable	147,178	-	-	640,550	-	17,868
Tenant security deposits	4,940	5,473	5,471	12,878	11,230	7,853
Deferred revenue	634	2,804	2,972	2,819	3,370	354
Other current liabilities	20,598	23,352	31,847	166,249	166,218	17,359
Total current liabilities	173,350	31,629	40,685	897,996	259,318	1,669,032
<b>Noncurrent Liabilities</b>						
Long-term debt	3,887,485	5,428,002	4,855,011	10,230,000	10,031,000	4,643,652
Other noncurrent liabilities	28,813	93,386	81,099	192,628	833,850	464,968
Total liabilities	4,089,648	5,553,017	4,976,795	11,320,624	11,124,168	6,777,652
<b>Net Assets</b>						
Invested in capital assets - Net of related debt	4,462,468	6,234,054	5,632,094	3,136,114	2,914,112	3,904,208
Restricted net assets	443,464	384,660	430,232	503,048	476,599	-
Unrestricted net assets	(63,113)	54,083	16,937	(1,020,565)	(1,003,343)	(1,169,090)
Total net assets	4,842,819	6,672,797	6,079,263	2,618,597	2,387,368	2,735,118
Total liabilities and net assets	<u>\$ 8,932,467</u>	<u>\$ 12,225,814</u>	<u>\$ 11,056,058</u>	<u>\$ 13,939,221</u>	<u>\$ 13,511,536</u>	<u>\$ 9,512,770</u>

The Notes to Financial Statements are an  
Integral Part of this Statement.

# Detroit Housing Commission

## Combining Balance Sheet for Discretely Presented Component Units (Continued)

	Emerald Springs IA Limited Dividend Housing Association Limited Partnership Year Ended December 31, 2015	Emerald Springs IB Limited Dividend Housing Association Limited Partnership Year Ended December 31, 2015	Emerald Springs II Limited Dividend Housing Association Limited Partnership Year Ended June 30, 2016	Cornerstone Estates I Limited Dividend Housing Association, LLC Year Ended December 31, 2015	Cornerstone Estates II Limited Dividend Housing Association, LLC Year Ended December 31, 2015	Cornerstone Estates III Limited Dividend Housing Association, LLC Year Ended December 31, 2015	Total Discrete Component Units
<b>Assets</b>							
<b>Current Assets</b>							
Cash and cash equivalents - Unrestricted	\$ 39,522	\$ 115,240	\$ 494,841	\$ 887,109	\$ 133,894	\$ 528,549	\$ 3,795,335
Cash and cash equivalents - Restricted	729,100	773,177	514,580	541,731	190,624	344,161	10,074,417
Receivables - Net	19,507	30,211	3,332	2,722	2,914	38,556	227,252
Prepaid expenses	2,686	3,438	1,536	2,697	2,790	2,883	222,117
Total current assets	790,815	922,066	1,014,289	1,434,259	330,222	914,149	14,319,121
<b>Noncurrent Assets</b>							
Capital assets - Net	11,208,355	10,815,454	8,363,561	7,290,157	7,840,468	8,071,500	218,225,281
Other noncurrent assets	332,635	329,629	323,617	269,546	14,941	287,780	2,737,347
Total assets	<u>\$ 12,331,805</u>	<u>\$ 12,067,149</u>	<u>\$ 9,701,467</u>	<u>\$ 8,993,962</u>	<u>\$ 8,185,631</u>	<u>\$ 9,273,429</u>	<u>\$ 235,281,749</u>
<b>Liabilities and Net Position</b>							
<b>Current Liabilities</b>							
Current portion of long-term debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,084,632
Accounts payable	67,632	24,350	11,441	25	-	166,667	2,020,091
Accrued interest payable	67,390	59,392	94,361	798,269	-	507,305	15,896,119
Tenant security deposits	29,578	30,083	15,872	13,139	22,715	12,571	326,673
Deferred revenue	3,813	5,282	3,784	257	70	988	73,951
Other current liabilities	80,397	84,503	81,138	16,478	14,846	30,440	1,310,534
Total current liabilities	248,810	203,610	206,596	828,168	37,631	717,971	20,712,000
<b>Noncurrent Liabilities</b>							
Long-term debt	5,292,434	4,644,006	7,436,466	4,366,809	9,086,048	3,309,948	177,170,621
Other noncurrent liabilities	-	-	-	-	19,467	-	2,789,577
Total liabilities	5,541,244	4,847,616	7,643,062	5,194,977	9,143,146	4,027,919	200,672,198
<b>Net Position</b>							
Net investment in capital assets	5,915,921	6,171,448	927,095	2,923,348	(1,245,580)	4,761,552	39,970,028
Restricted net assets	729,100	773,177	514,580	541,731	190,624	344,161	9,872,321
Unrestricted net assets	145,540	274,908	616,730	333,906	97,441	139,797	(15,232,798)
Total net position	6,790,561	7,219,533	2,058,405	3,798,985	(957,515)	5,245,510	34,609,551
Total liabilities and net position	<u>\$ 12,331,805</u>	<u>\$ 12,067,149</u>	<u>\$ 9,701,467</u>	<u>\$ 8,993,962</u>	<u>\$ 8,185,631</u>	<u>\$ 9,273,429</u>	<u>\$ 235,281,749</u>

The Notes to Financial Statements are an  
Integral Part of this Statement.

# Detroit Housing Commission

## Combining Statement of Activities for Discretely Presented Component Units

	The Villages of Parkside II, LLC Year Ended June 30, 2016	The Villages of Parkside IV, LLC Year Ended June 30, 2016	Woodbridge Estates Apartments I, LLC Year Ended December 31, 2015	Woodbridge Estates Apartments II, LLC Year Ended December 31, 2015	Woodbridge Estates Apartments III Limited Dividend Housing Association, LLC Year Ended December 31, 2015	Woodbridge Estates Apartments IV, Limited Dividend Housing Association, LLC Year Ended December 31, 2015	Woodbridge Estates Apartments V, Limited Dividend Housing Association, LLC Year Ended December 31, 2015
<b>Operating Revenue</b>							
Tenant revenue - Net	\$ 1,080,317	\$ 996,606	\$ 381,444	\$ 582,991	\$ 311,936	\$ 375,097	\$ 548,597
Other operating revenue	-	-	-	-	-	-	-
Total operating revenue	1,080,317	996,606	381,444	582,991	311,936	375,097	548,597
<b>Operating Expenses</b>							
Administrative	173,404	171,977	97,790	144,907	87,963	104,378	143,397
Utilities	230,371	202,724	38,637	32,780	68,598	83,041	111,633
Maintenance	554,686	387,252	67,612	82,486	63,323	75,272	106,804
Protective services	32,637	68,688	-	-	-	-	-
General	56,250	54,765	44,229	60,442	44,023	53,949	70,694
Depreciation and amortization	982,475	846,627	168,164	220,991	160,214	190,484	276,141
Total operating expenses	2,029,823	1,732,033	416,432	541,606	424,121	507,124	708,669
<b>Operating (Loss) Income</b>	(949,506)	(735,427)	(34,988)	41,385	(112,185)	(132,027)	(160,072)
<b>Nonoperating Revenue (Expense)</b>							
Investment income - Unrestricted	821	993	-	-	-	-	-
Investment income - Restricted	-	-	-	-	-	-	-
Interest expense	(390,167)	(94,457)	(208,888)	(307,294)	(156,255)	(187,015)	(249,046)
Total nonoperating (expenses) revenue	(389,346)	(93,464)	(208,888)	(307,294)	(156,255)	(187,015)	(249,046)
<b>Decrease in Net Assets Before Capital Contributions and Distributions</b>	(1,338,852)	(828,891)	(243,876)	(265,909)	(268,440)	(319,042)	(409,118)
<b>Capital Contributions and Distributions</b>							
Partner contributions	-	-	-	-	-	-	-
Partner distributions and syndication costs	-	-	(30,000)	(60,000)	(13,467)	-	(3,013)
<b>Change in Net Position</b>	(1,338,852)	(828,891)	(273,876)	(325,909)	(281,907)	(319,042)	(412,131)
<b>Net Position - Beginning of year</b>	(17,834,129)	(13,416,705)	507,143	505,778	973,352	1,314,294	2,332,668
<b>Net Position - End of year</b>	<b>\$ (19,172,981)</b>	<b>\$ (14,245,596)</b>	<b>\$ 233,267</b>	<b>\$ 179,869</b>	<b>\$ 691,445</b>	<b>\$ 995,252</b>	<b>\$ 1,920,537</b>

The Notes to Financial Statements are an  
Integral Part of this Statement.

# Detroit Housing Commission

## Combining Statement of Activities for Discretely Presented Component Units (Continued)

	Woodbridge Estates Apartments VI, Limited Dividend Housing Association, LLC Year Ended December 31, 2015	Woodbridge ILF Associates Limited Dividend Housing Association Limited Partnership Year Ended December 31, 2015	Alexandrine Square Limited Dividend Housing Association Limited Partnership Year Ended December 31, 2015	Gardenview Homes I Limited Dividend Housing Association, LLC Year Ended December 31, 2015	Gardenview Homes II Limited Dividend Housing Association, LLC Year Ended December 31, 2015	Gardenview Homes III Limited Dividend Housing Association, LLC Year Ended December 31, 2015
<b>Operating Revenue</b>						
Tenant revenue - Net	\$ 374,024	\$ 596,671	\$ 108,033	\$ 750,555	\$ 321,533	\$ 306,219
Other operating revenue	-	-	814	-	-	-
Total operating revenue	374,024	596,671	108,847	750,555	321,533	306,219
<b>Operating Expenses</b>						
Administrative	104,234	332,985	72,534	185,728	89,786	90,333
Utilities	36,677	151,103	41,698	89,711	38,296	44,508
Maintenance	46,436	30,773	33,921	137,094	77,560	70,275
Protective services	-	48,354	-	-	-	-
General	53,986	84,168	18,232	107,737	33,822	34,450
Depreciation and amortization	640,388	367,706	110,202	533,009	484,708	493,700
Total operating expenses	881,721	1,015,089	276,587	1,053,279	724,172	733,266
<b>Operating (Loss) Income</b>	(507,697)	(418,418)	(167,740)	(302,724)	(402,639)	(427,047)
<b>Nonoperating Revenue (Expense)</b>						
Investment income - Unrestricted	-	-	2	33,871	35,397	37,450
Investment income - Restricted	-	-	-	-	-	-
Interest expense	(46,538)	(296,139)	(38,247)	(108,695)	-	-
Total nonoperating (expenses) revenue	(46,538)	(296,139)	(38,245)	(74,824)	35,397	37,450
<b>Decrease in Net Assets Before Capital Contributions and Distributions</b>	(554,235)	(714,557)	(205,985)	(377,548)	(367,242)	(389,597)
<b>Capital Contributions and Distributions</b>						
Partner contributions	6,696,798	-	-	-	-	-
Partner distributions and syndication costs	-	-	-	(66,248)	(51,393)	(46,588)
<b>Change in Net Position</b>	6,142,563	(714,557)	(205,985)	(443,796)	(418,635)	(436,185)
<b>Net Position - Beginning of year</b>	833,052	5,130,271	(185,196)	5,835,181	(459,456)	(560,940)
<b>Net Position - End of year</b>	<b>\$ 6,975,615</b>	<b>\$ 4,415,714</b>	<b>\$ (391,181)</b>	<b>\$ 5,391,385</b>	<b>\$ (878,091)</b>	<b>\$ (997,125)</b>

The Notes to Financial Statements are an  
Integral Part of this Statement.

# Detroit Housing Commission

## Combining Statement of Activities for Discretely Presented Component Units (Continued)

	Gardenview Homes IV Limited Dividend Housing Association, LLC Year Ended December 31, 2015	Gardenview Homes V Limited Dividend Housing Association, LLC Year Ended December 31, 2015	Gardenview Homes VI Limited Dividend Housing Association, LLC Year Ended December 31, 2015	Gardenview Homes VII Limited Dividend Housing Association, LLC Year Ended December 31, 2015	Gardenview Homes VIII Limited Dividend Housing Association, LLC Year Ended December 31, 2015	Gardenview Homes IX Limited Dividend Housing Association, LLC Year Ended December 31, 2015
<b>Operating Revenue</b>						
Tenant revenue - Net	\$ 360,509	\$ 330,337	\$ 332,149	\$ 510,186	\$ 482,500	\$ 90,892
Other operating revenue	-	-	-	-	1,785	-
Total operating revenue	360,509	330,337	332,149	510,186	484,285	90,892
<b>Operating Expenses</b>						
Administrative	95,654	91,874	92,835	170,631	166,710	41,237
Utilities	40,064	42,040	41,505	93,128	82,967	4,504
Maintenance	70,285	58,921	64,149	127,091	126,622	13,370
Protective services	-	-	-	-	-	-
General	79,922	80,420	65,486	100,098	99,554	30,692
Depreciation and amortization	477,761	519,675	494,923	693,090	673,254	93,242
Total operating expenses	763,686	792,930	758,898	1,184,038	1,149,107	183,045
<b>Operating Loss</b>	(403,177)	(462,593)	(426,749)	(673,852)	(664,822)	(92,153)
<b>Nonoperating Revenue (Expense)</b>						
Investment income - Unrestricted	419	262	262	4,169	-	-
Investment income - Restricted	-	-	-	239,798	235,663	-
Interest expense	(29,156)	-	-	(702,113)	(676,100)	(35,736)
Total nonoperating (expenses) revenue	(28,737)	262	262	(458,146)	(440,437)	(35,736)
<b>Decrease in Net Assets Before Capital Contributions and Distributions</b>	(431,914)	(462,331)	(426,487)	(1,131,998)	(1,105,259)	(127,889)
<b>Capital Contributions and Distributions</b>						
Partner contributions	-	-	-	489,066	312,116	2,313,345
Partner distributions and syndication costs	(111,541)	-	-	-	-	-
<b>Change in Net Position</b>	(543,455)	(462,331)	(426,487)	(642,932)	(793,143)	2,185,456
<b>Net Position - Beginning of year</b>	5,386,274	7,135,128	6,505,750	3,261,529	3,180,511	549,662
<b>Net Position - End of year</b>	<u>\$ 4,842,819</u>	<u>\$ 6,672,797</u>	<u>\$ 6,079,263</u>	<u>\$ 2,618,597</u>	<u>\$ 2,387,368</u>	<u>\$ 2,735,118</u>

The Notes to Financial Statements are an  
Integral Part of this Statement.



# Detroit Housing Commission

## Combining Statement of Activities for Discretely Presented Component Units (Continued)

	Emerald Springs IA Limited Dividend Housing Association Limited Partnership Year Ended December 31, 2015	Emerald Springs IB Limited Dividend Housing Association Limited Partnership Year Ended December 31, 2015	Emerald Springs II Limited Dividend Housing Association Limited Partnership Year Ended June 30, 2016	Cornerstone Estates I Limited Dividend Housing Association, LLC Year Ended December 31, 2015	Cornerstone Estates II Limited Dividend Housing Association, LLC Year Ended December 31, 2015	Cornerstone Estates III Limited Dividend Housing Association, LLC Year Ended December 31, 2015	Total Discrete Component Units
<b>Operating Revenue</b>							
Tenant revenue - Net	\$ 521,392	\$ 557,867	\$ 313,919	\$ 328,567	\$ 402,336	\$ 461,404	\$ 11,426,081
Other operating revenue	18,096	12,944	-	-	-	-	33,639
Total operating revenue	539,488	570,811	313,919	328,567	402,336	461,404	11,459,720
<b>Operating Expenses</b>							
Administrative	167,359	171,931	113,436	145,618	215,597	154,642	3,426,940
Utilities	98,536	89,967	55,805	45,124	44,437	48,211	1,856,065
Maintenance	121,847	112,749	62,376	57,381	56,123	60,127	2,664,535
Protective services	-	-	-	-	-	-	149,679
General	127,771	120,121	105,545	47,921	24,373	105,794	1,704,444
Depreciation and amortization	565,778	533,776	415,218	428,299	447,212	472,688	11,289,725
Total operating expenses	1,081,291	1,028,544	752,380	724,343	787,742	841,462	21,091,388
<b>Operating Loss</b>	(541,803)	(457,733)	(438,461)	(395,776)	(385,406)	(380,058)	(9,631,668)
<b>Nonoperating Revenue (Expense)</b>							
Investment income - Unrestricted	872	911	566	444	-	-	116,439
Investment income - Restricted	-	-	-	-	-	-	475,461
Interest expense	(26,462)	(23,220)	(37,182)	(91,902)	-	(164,222)	(3,868,834)
Total nonoperating (expenses) revenue	(25,590)	(22,309)	(36,616)	(91,458)	-	(164,222)	(3,276,934)
<b>Decrease in Net Assets Before Capital Contributions and Distributions</b>	(567,393)	(480,042)	(475,077)	(487,234)	(385,406)	(544,280)	(12,908,602)
<b>Capital Contributions and Distributions</b>							
Partner contributions	-	-	-	141,597	-	-	9,952,922
Partner distributions and syndication costs	-	-	-	-	-	(32,094)	(414,344)
<b>Change in Net Position</b>	(567,393)	(480,042)	(475,077)	(345,637)	(385,406)	(576,374)	(3,370,024)
<b>Net Position - Beginning of year</b>	7,357,954	7,699,575	2,533,482	4,144,622	(572,109)	5,821,884	37,979,575
<b>Net Position - End of year</b>	<u>\$ 6,790,561</u>	<u>\$ 7,219,533</u>	<u>\$ 2,058,405</u>	<u>\$ 3,798,985</u>	<u>\$ (957,515)</u>	<u>\$ 5,245,510</u>	<u>\$ 34,609,551</u>

The Notes to Financial Statements are an  
Integral Part of this Statement.

# Detroit Housing Commission

## Notes to Financial Statements June 30, 2016

### Note I - Organization and Summary of Significant Accounting Policies

#### Organization and Program Descriptions

The Detroit Housing Commission (the "Commission" or DHC) is a Michigan public body corporation operating as a public housing authority under the Michigan Housing Facilities Act, MCL 125.653. The Commission was established in 1933 under the Public Facilities Act by the City of Detroit (the "City"). The Commission's mission statement is to effectively and efficiently develop, manage, and preserve quality affordable housing. To achieve this mission, the Commission promotes the development and provides property management for affordable housing; provides facilities and supportive services to nurture neighborhoods; and provides economic development and self-sufficiency activities for residents while also assuring equal access to safe, quality housing for low- and moderate-income families throughout the community. For the year ended June 30, 2016, the Commission is considered a component unit of the City. The Commission's board independently oversees the Commission's operations. The Commission is operated by a five-member board appointed by the mayor and the City of Detroit's city council may remove a member of the commission from the board.

The Commission owns and provides subsidy and operating support to housing units located throughout the City. The Commission's assets, liabilities, net position, and changes in net position are included in its primary government fund and are segregated by program activity. A summary of each significant program or activity is provided below:

**Low Rent Housing Program** - The Low Rent Housing Program is the Commission's primary source of operating funds. The program is designed to provide subsidized housing to low-income residents and includes the following activities: asset management projects (AMPs), including public housing operations funded through the operating subsidy and components of the Capital Fund; HOPE VI grant programs; Replacement Housing Factor Programs; and various other related HUD grant programs.

The purpose of the low-income public housing program is to provide decent, safe, and affordable housing to low-income families at reduced rental rates. The housing units are owned, maintained, and managed by the Commission or other private landlords and/or managed by other unrelated property management firms.

In addition to the funding of the program operations and development by federal annual contributions, operating subsidies, and grants as disclosed above, the Commission also collects tenant rents (determined as a percentage of family income, adjusted for family composition and other allowances).

### **Note 1 - Organization and Summary of Significant Accounting Policies (Continued)**

**Housing Assistance Programs** - The Commission administers the leasing of privately owned units in the City through the housing assistance programs. These programs utilize existing privately owned family rental housing units to provide decent and affordable housing to low-income families. Funding of the programs is provided by federal housing assistance contributions from HUD for the difference between the approved landlord contract rent and the rent paid by the tenants. In addition, the Commission receives an administrative fee to cover operating expenses. These programs include the Section 8 Housing Choice Voucher program, Section 8 New Construction, and Section 8 Moderate Rehabilitation programs.

**HOPE VI Programs and Mixed Financing** - HOPE VI programs support the acquisition and redevelopment of affordable housing units through the use of HUD financing and other public and private sources. The Commission provides loans to the discretely presented component units utilizing HOPE VI, Replacement Housing Funds (RHF), and capital funds. Repayment of the mortgage notes is based on availability of net cash flows from operations as defined in the note agreements.

The Commission also has Mixed-Finance Annual Contributions Contracts approved by HUD provided to the discretely presented component units.

**Central Office Cost Center** - The Central Office Cost Center (COCC) is a business unit within the Commission that generates revenue through fees for services from various Commission programs and activities.

**Business Activities** - The Commission also participates in other development and component unit management activities that are not funded by HUD that are classified as business activities. These activities are reported in the total programs.

#### **Reporting Entity**

The reporting entity of the Commission includes its primary government and discretely presented component units. The primary government consists of all of the programs, COCC, and business activities described above as well as blended component units.

**Component Units** - The definition of the reporting entity, as defined by GASB No. 14, as amended, is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and/or it is able to impose its will on that organization, or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government.

**Note 1 - Organization and Summary of Significant Accounting Policies**  
**(Continued)**

**Blended Component Units** - Some component units, despite being legally separate, are so integrated with the primary government that they are in substance, part of the primary government. The Commission's primary government includes five blended component units. These blended component units controlled by the Commission and for which it is financially accountable are as follows:

- Detroit Resident Empowerment and Asset Management Services, Inc. (D.R.E.A.M.S.)
- DHC Parkside (DHCP)
- Parkside Development Corporation, Inc. (PDC)
- DHC Woodbridge
- Detroit Housing Finance Corporation

These component units are related entities created as instrumentalities of the Commission for the purpose of providing and developing affordable housing opportunities and implementing housing policies and programs for the Commission.

**Discretely Presented Component Units** - The following component units meet the criteria for discrete component unit presentation and are presented separately from the primary government in the basic financial statements to clearly distinguish the component unit balances and transactions from the primary government.

### **Note I - Organization and Summary of Significant Accounting Policies (Continued)**

The discretely presented component units are as follow:

- The Villages at Parkside II, LLC (TVP II)
- The Villages at Parkside IV, LLC (TVP IV)
- Woodbridge Estates Apartments I, LLC (WEA I)
- Woodbridge Estates Apartments II, LLC (WEA II)
- Woodbridge Estates Apartments III, Limited Dividend Housing Association, LLC (WEA III)
- Woodbridge Estates Apartments IV, Limited Dividend Housing Association, LLC (WEA IV)
- Woodbridge Estates Apartments V, Limited Dividend Housing Association, LLC (WEA V)
- Woodbridge Estates VI Limited Dividend Housing Association, LLC
- Woodbridge ILF Associates Limited Dividend Housing Association, Limited Partnership (WILF)
- Alexandrine Square Limited Dividend Housing Association, Limited Partnership
- Gardenview Homes I Limited Dividend Housing Association, LLC
- Gardenview Homes II Limited Dividend Housing Association, LLC
- Gardenview Homes III Limited Dividend Housing Association, LLC
- Gardenview Homes IV Limited Dividend Housing Association, LLC
- Gardenview Homes V Limited Dividend Housing Association, LLC
- Gardenview Homes VI Limited Dividend Housing Association, LLC
- Gardenview Homes VII Limited Dividend Housing Association, LLC
- Gardenview Homes VIII Limited Dividend Housing Association, LLC
- Gardenview Homes IX Limited Dividend Housing Association, LLC
- Emerald Springs IA Limited Dividend Housing Association Limited Partnership
- Emerald Springs IB Limited Dividend Housing Association Limited Partnership
- Emerald Springs II Limited Dividend Housing Association Limited Partnership
- Cornerstone Estates I Limited Dividend Housing Association, LLC
- Cornerstone Estates II Limited Dividend Housing Association, LLC
- Cornerstone Estates III Limited Dividend Housing Association, LLC

All of these discrete component units are either for-profit limited liability corporations or partnerships that were created for the development, ownership, and management of affordable housing properties in the City of Detroit. These entities follow all applicable FASB standards regardless of issue date. Since they do not follow governmental accounting, for presentation purposes, certain transactions may be reflected differently in these financial statements than in the separately issued discrete component unit financial statements in order for them to conform to the presentation of the primary government.

# Detroit Housing Commission

## Notes to Financial Statements June 30, 2016

### **Note I - Organization and Summary of Significant Accounting Policies (Continued)**

All of the discrete component units, with the exception of TVP II and IV, and Emerald Springs II which have the same year end as the Commission, have a calendar year end of December 31, which differs from the Commission's year end of June 30, 2016. For reporting purposes, the information reported in the basic financial statements is presented for the 12-month period ended and as of December 31, 2015 for these discrete component units.

Due to fiscal year-end differences between the Commission and the discrete component units, certain related receivables of the Commission do not have offsetting equal liabilities reflected in the discrete component units. Each of the discrete component units is independent of the Commission; however, the Commission has an economic interest in each of the respective properties. Separately issued financial statements for each discrete component unit can be obtained by contacting the Commission located at 1301 E. Jefferson Avenue, Detroit, MI 48226.

**Other Component Units** - The following component units have been created by the Commission but had little or no activity during the year ended June 30, 2016, and therefore are not included in the basic financial statements:

- DHC Marwood, Inc.
- Parkside Services, Inc.
- TVP Residents Association I, Inc.
- TVP Residents Association II, Inc.
- TVP Residents Association III, Inc.
- TVP Residents Association IV, Inc.
- TVP Residents, Inc.
- The Villages at Parkside, LLC
- The Outer Drive Housing Finance Corporation
- The Villages at Parkside I, LLC
- The Villages at Parkside III, LLC

#### **Basis of Presentation**

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). The Commission follows the business-type activities reporting requirements of GASB Statement No. 34, which provides a comprehensive one-line look at the Authority's financial activities. The Commission reports all of its operations as a single business activity in a single enterprise fund. The enterprise fund is a proprietary fund, which distinguishes operating revenue and expenses from nonoperating items.

# Detroit Housing Commission

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## Notes to Financial Statements June 30, 2016

### **Note 1 - Organization and Summary of Significant Accounting Policies (Continued)**

The operating revenue of the Commission consists primarily of rental charges to tenants, operating grants from HUD, and other operating revenue that offset operating expenses. Operating expenses include the cost of administrative, tenant services, utilities, maintenance, protective services, general operations, depreciation, and housing assistance payments. All revenue and expenses not meeting the operating definitions under GASB are reported as nonoperating, with the exception of the HUD capital contributions, which are reported separately as a capital activity.

#### **Basis of Accounting**

The Commission's basis of accounting is determined by the measurement focus. A proprietary fund uses the flow of economic resources measurement focus. As a proprietary fund, the Commission's financial activities operate in a manner similar to private business enterprises and are financed through fees and charges assessed primarily to the users of the services. For financial reporting purposes, the Commission considers its grants associated with operations as operating revenue because these funds more closely represent revenue generated from operating activities rather than nonoperating activities. Grants associated with capital acquisition and improvements are considered capital contributions and are presented after nonoperating activity as capital contributions on the accompanying statement of activities.

#### **Assets, Liabilities, and Net Position**

**Cash and Cash Equivalents** - The Commission considers all highly liquid investments with an original maturity of three months or less to be cash and cash equivalents. The Commission also considers U.S. government money market funds to be cash and cash equivalents.

**Investments** - Investments are reported at fair value or estimated fair value.

**Receivables - Net** - Current receivables consist of revenue earned at year end and not yet received. As of June 30, 2016, there is an allowance for uncollectible tenant receivables of approximately \$48,000. Allowances are determined by management based on periodic aging and prior experience. Tenant bad debt expense, netted with tenant revenue, for the year ended June 30, 2016 was approximately \$243,000.

**Due from Other Governments** - These amounts are due from HUD principally as a result of grant revenue being accrued for allowable program expenses not yet funded. The amount due from HUD for the Capital Fund is approximately \$1.2 million and the amount due from HUD for rental subsidies is approximately \$934,000.

# Detroit Housing Commission

## Notes to Financial Statements June 30, 2016

### Note 1 - Organization and Summary of Significant Accounting Policies (Continued)

**Notes, Loans, and Mortgages Receivable - Net** - These receivables consist of amounts due under agreements from the discrete component units, primarily utilizing HOPE VI funds, as well as from tenants in the Homeownership Program. HOPE VI notes mature several years into the future and management has estimated that these notes are fully collectible and that there is no basis for a bad debt reserve as of June 30, 2016. The homeownership loans are presented net of their related amortization.

**Accrued Interest Receivable - Restricted** - Restricted interest receivable is related to the mortgage loans made to the discrete component units. Interest is not due within the next 12 months and therefore is classified as noncurrent. The accrued interest receivable is considered restricted since the related loans were funded through the HOPE VI program and the interest is restricted upon receipt by HUD guidelines.

**Capital Assets - Net** - The Commission's policy is to capitalize purchased assets with a value in excess of \$1,000 and self-constructed assets with a value in excess of \$5,000, and a useful life in excess of one year. The Commission capitalizes the costs of site acquisition and improvement, structures, equipment, and direct development costs meeting the capitalization policy. Charges for maintenance and repairs are expensed when incurred, and capital improvements extending the lives of assets are capitalized. Assets are valued at historical cost, or estimated historical cost if actual historical cost is not available, and contributed assets are valued at acquisition value on the date of donation.

Depreciation has been provided using the straight-line method over the estimated useful lives of the assets, which range as follows:

Structures and improvements	15-40 years
Equipment - Dwelling and administrative	5-10 years

If an indicator of impairment is identified and the decline in service utility was unexpected and significant, an impairment loss is calculated in consideration of whether the capital asset will continue to be used by the Commission. An impairment loss is generally measured by identifying the historical cost of the service utility of the capital asset that cannot be used due to the impairment event or circumstance.

Impaired capital assets that will no longer be used by the Commission are reported at the lower of carrying value or fair value, or written off entirely. During 2016, no impairments were recorded.



### **Note I - Organization and Summary of Significant Accounting Policies (Continued)**

**Compensated Absences** - Full-time permanent employees are granted leave benefits up to a maximum of 400 hours, depending on tenure with the Commission. Generally, after six months of service, employees are entitled to all accrued vacation leave upon termination. Employees are entitled to 60 percent of accrued sick leave upon retirement after 25 years of service. The estimated liability for vested leave benefits is recorded as an expense when it is earned in the basic financial statements. The compensated absences at June 30, 2016 totaled approximately \$414,000, of which, \$73,000 is reported as current and \$341,000 as noncurrent liabilities.

**Deferred Revenue** - The Commission's deferred revenue balance represents receipt of HUD or other intergovernmental program funding applicable to future periods. Deferred revenue also includes money received in full for future land leases which are recognized as revenue over the lives of the leases.

**Net Position** - Net position is comprised of three categories: (1) invested in capital assets - net of related debt, (2) restricted, and (3) unrestricted. The Commission's positive value of unrestricted net position in the primary government may be used to meet ongoing obligations. When an expense is incurred for purposes for which both restricted and unrestricted net position is available, the Commission's policy is to first apply restricted resources. Each component of net position is reported separately on the statement of net position.

- i. *Net Investment in Capital Assets* - This category consists of capital assets (including restricted capital assets), net of accumulated depreciation and reduced by any outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, and improvements of those assets.
- ii. *Restricted* - This category equals the restricted cash of the Commission and consists of net assets restricted in their use by (1) external groups such as grantors, creditors, or laws and regulations of other governments or (2) law through constitutional provisions or enabling legislation. Restricted assets in the primary government consist of reserves, housing assistance payments (HAP) equity, and HOPE VI notes receivable that are restricted upon collection by HUD guidelines.
- iii. *Unrestricted* - This category includes all of the remaining net position that does not meet the definition of the other two categories.

### **Note 1 - Organization and Summary of Significant Accounting Policies (Continued)**

**Operating Revenue and Expenses** - The Commission's operating revenue includes HUD funding and other amounts received from tenants for rent and other charges for services provided. Operating expenses are costs incurred during the operation of its primary housing activities. Such revenue and expenses are reported when earned or incurred, respectively.

**Nonoperating Revenue and Expenses** - Nonoperating revenue and expenses are derived from transactions other than those associated with the Commission's primary housing operations and are reported as incurred, including investment activity.

**Capital Grants** - The Commission records grants received for capital outlay as contributions from HUD.

**Eliminations** - Certain accounts are eliminated from the Commission's primary government financial statements. The accounts that are eliminated are:

- *Interprogram Due to/from* - In the normal course of operations, certain programs pay for common costs that create interprogram receivables or payables. These interprogram receivables or payables are eliminated for the presentation of the Commission as a whole. For the year ended June 30, 2016, \$2,199,972 was eliminated.
- *Management and Other Fees* - The Commission's Central Office Cost Center internally charges operating fees to the AMPs in the Low Rent Housing Program, including management fees, bookkeeping fees, and asset management fees. For financial reporting purposes, \$4,352,472 of fees has been eliminated for the year ended June 30, 2016.
- *Fees for Service* - The Commission's Central Office Cost Center internally charges fees to other programs and projects of the Commission for legal and specialized maintenance services. For financial reporting purposes, \$111,199 of internal charges has been eliminated for the year ended June 30, 2016.

# Detroit Housing Commission

## Notes to Financial Statements June 30, 2016

### Note 1 - Organization and Summary of Significant Accounting Policies (Continued)

**Pensions** - The Commission offers a defined benefit pension plan to its employees. The Commission records a net pension asset or liability for the difference between the total pension liability calculated by the actuary and the pension plan's fiduciary net position. For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plan and additions to/deductions from the pension plan's fiduciary net position have been determined on the same basis as they are reported by the pension plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Use of Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

### Note 2 - Deposits and Investments

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The Commission's deposits are included at their carrying values on the statement of net position under the following classifications:

	Primary Government - Business-type Activities	Total Discretely Presented Component Units
Cash and cash equivalents - Unrestricted	\$ 21,101,761	3,795,335
Cash and cash equivalents - Restricted (current)	7,784,417	10,074,417
Total	<u>\$ 28,886,178</u>	<u>\$ 13,869,752</u>

# Detroit Housing Commission

## Notes to Financial Statements June 30, 2016

### Note 2 - Deposits and Investments (Continued)

The above amounts are classified by Governmental Accounting Standards Board Statements No. 3 and No. 40 in the following categories as of June 30, 2016:

Bank desposits	\$ 5,229,464
Sweep accounts - Less than two months	<u>23,656,714</u>
Total	<u>\$ 28,886,178</u>

As of June 30, 2016, the Commission's cash and cash equivalents consist of cash in banks of \$29,965,836.

The Commission's cash and cash equivalents are subject to several types of risk, which are examined in more detail below.

#### Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Commission's deposits may not be returned to it. As of June 30, 2016, the Commission had approximately \$5,800,000 in bank deposits (certificates of deposit and checking and savings accounts) of the primary government that were uninsured and uncollateralized. The discrete component units had approximately \$13.9 million in deposits, of which approximately \$6.2 million was uninsured and uncollateralized.

#### Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates.

The Commission's investment policy is to limit its exposure to declines in fair values of its investment portfolio by only investing in HUD-allowed investments and by monitoring any such investments. At June 30, 2016, the Commission has investments in a sweep account with a fair value of \$23,646,131 and a weighted average maturity of two months.

# Detroit Housing Commission

## Notes to Financial Statements June 30, 2016

### Note 2 - Deposits and Investments (Continued)

#### Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Commission has no investment policy that would further limit its investment choices. As of year end, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

<u>Investment</u>	<u>Fair Value</u>	<u>Rating</u>
Government Repo Pool	\$ 23,646,131	N/A

The Commission categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs. The Commission estimates the fair value of these investments based on similar assets such as money markets; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Commission's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

The Commission has investments of \$23,646,131 in a Government Agency Repurchase Agreement Pool with a recurring fair value measurement as of June 30, 2016.

The fair value of the Government Agency Repurchase Agreement Pool at June 30, 2016 was determined primarily based on level 2 inputs. The Commission estimates the fair value of these investments based on the monthly statement provided by Comerica Bank.

# Detroit Housing Commission

## Notes to Financial Statements June 30, 2016

### Note 2 - Deposits and Investments (Continued)

#### Restricted Cash

The Commission's restricted cash at June 30, 2016 is as follows:

	Primary Government - Business-type Activities	Total Discretely Presented Component Units
	<u>                    </u>	<u>                    </u>
Current:		
Tenant security deposits	\$ 339,910	\$ 207,036
Funded reserves	-	9,173,382
Family self-sufficiency escrow	237,855	
HAP equity	7,206,652	-
Restricted for payment of current liability	<u>-</u>	<u>693,999</u>
Total current restricted	<u>\$ 7,784,417</u>	<u>\$ 10,074,417</u>

### Note 3 - Property and Equipment

A summary of property and equipment for the primary government by class is as follows:

	Balance at July 1, 2015	Transfers in/ Additions	Transfers out/ Deletions	Balance at June 30, 2016
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Nondepreciable:				
Land	\$ 71,626,584	\$ 144,945	\$ -	\$ 71,771,529
Construction in progress	<u>3,865,792</u>	<u>504,241</u>	<u>144,945</u>	<u>4,225,088</u>
Total nondepreciable	75,492,376	649,186	144,945	75,996,617
Depreciable:				
Structures and improvements	85,447,467	-	669,002	84,778,465
Equipment	<u>7,435,579</u>	<u>-</u>	<u>-</u>	<u>7,435,579</u>
Total depreciable	<u>92,883,046</u>	<u>-</u>	<u>669,002</u>	<u>92,214,044</u>
Total capital assets	168,375,422	649,186	813,947	168,210,661
Less accumulated depreciation:				
Structures and improvements	(32,012,880)	(4,452,744)	417,201	(36,048,423)
Equipment	<u>(5,136,470)</u>	<u>(872,005)</u>	<u>-</u>	<u>(6,008,475)</u>
Total accumulated depreciation	<u>(37,149,350)</u>	<u>(5,324,749)</u>	<u>417,201</u>	<u>(42,056,898)</u>
Capital assets - Net	<u>\$ 131,226,072</u>	<u>\$ (4,675,563)</u>	<u>\$ 1,231,148</u>	<u>\$ 126,153,763</u>

# **Detroit Housing Commission**

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## **Notes to Financial Statements June 30, 2016**

### **Note 4 - Risk Management**

The Commission is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. As part of the Commission's risk management program, certain commercial insurance policies are purchased, and the Commission participates in commercial risk pools to cover designated exposures and potential loss situations. There were no significant reductions of insurance coverage from prior years and settlements did not exceed insurance coverage for each of the past three years.

### **Note 5 - Capital Donation from the City**

Previously, the Commission's assets were held in the City's name. In separation of the Commission from the City by agreement, the City transferred all assets of the Commission to the separate government unit. These transferred assets were considered donations from the City and accordingly were recorded at fair market value. Subsequent to the donations, appraisals were obtained on all fixed assets, which included an estimate of their remaining useful lives. Based on these appraisals, the donated fixed assets were revalued. The total book value of the capital assets transferred from the City was approximately \$108 million.

### **Note 6 - Notes, Loans, and Mortgages Receivable**

Notes, loans, and mortgages receivable consists of HUD HOPE VI, RHF, and other funds loaned by the Commission to discrete component units for development of affordable housing in Detroit, repayable from future cash flows as defined in the agreements. During 2016, the Commission loaned approximately \$2,900,000 to these discrete component units from these sources.

The Commission also has mixed finance annual contributions contracts approved by HUD for all the discretely presented component units.

The Commission also has loans receivable under funds provided by HUD under the Home Ownership Program. The loans do not have scheduled payments and are forgiven over time per the loan agreements. The Commission amortizes the loans receivable over the seven-year debt forgiveness schedule.

# Detroit Housing Commission

## Notes to Financial Statements June 30, 2016

### Note 6 - Notes, Loans, and Mortgages Receivable (Continued)

Presented below is the detail of the loans, all of which are considered noncurrent and fully collectible.

	Maturity Date	Interest Rate	Balance	Accrued Interest Receivable
<i>Due from discretely presented component units:</i>				
The Villages at Parkside II, LLC (Hope VI)*	December 2038	0.45%	\$ 22,930,193	\$ 1,817,756
The Villages at Parkside II, LLC (Business Activities)*	December 2038	7.00%	2,584,579	1,802,128
The Villages at Parkside IV, LLC (Hope VI)*	December 2038	0.45%	20,990,363	1,680,271
Woodbridge Estates Apartments I, LLC (Hope VI)*	January 2048	4.72%	1,279,824	1,044,838
Woodbridge Estates Apartments I, LLC (Hope VI)*	January 2048	0.00%	840,500	-
Woodbridge Estates Apartments II, LLC (Hope VI)*	January 2048	4.72%	1,888,460	1,530,538
Woodbridge Estates Apartments II, LLC (Hope VI)*	January 2048	0.00%	797,955	-
Woodbridge Estates Apartments III, Limited Dividend Housing Association, LLC (Hope VI)*	January 2051	4.61%	1,560,470	847,596
Woodbridge Estates Apartments IV, Limited Dividend Housing Association, LLC (Hope VI)*	January 2051	4.61%	1,764,801	966,639
Woodbridge Estates Apartments V, Limited Dividend Housing Association, LLC (Hope VI)*	January 2051	4.61%	2,057,829	1,118,242
Woodbridge Estates VI Limited Dividend Housing Association, LLC (Hope VI)*	September 2063	3.75%	2,719,779	78,799
Woodbridge ILF Associates Limited Dividend Housing Association, Limited Partnership (Hope VI)*	June 2049	5.20%	3,713,014	2,354,825
Alexandrine Square Limited Dividend Housing Association, Limited Partnership* (Hope VI)*	November 2047	4.58%	265,780	112,629
Emerald Springs IA Limited Dividend Housing Association, LLC (RHF)*	January 2056	0.50%	5,292,434	80,937
Emerald Springs IB Limited Dividend Housing Association, LLC (RHF)*	January 2056	0.50%	4,644,006	71,203
Emerald Springs II Limited Dividend Housing Association, LLC (RHF)*	March 2058	0.50%	7,440,092	92,491
Cornerstone Phase I Limited Dividend Housing Association, LLC (Hope VI)*	August 2060	3.79%	3,734,751	895,256
Cornerstone Phase II Limited Dividend Housing Association, LLC (Hope VI)*	July 2060	0.00%	9,097,354	-
Cornerstone Phase III Limited Dividend Housing Association, LLC (Hope VI)*	October 2061	4.25%	3,088,675	595,894
Gardenview Homes I Limited Dividend Housing Association, LLC (Hope VI)*	December 2053	0.00%	9,827,362	-
Gardenview Homes II and III Limited Dividend Housing Association, LLC (Hope VI)*	December 2054	0.00%	4,585,988	-
Gardenview Homes IV Limited Dividend Housing Association, LLC (Hope VI)*	May 2060	0.75%	3,887,485	170,207
Gardenview Homes V Limited Dividend Housing Association, (RHF and Hope VI) *	March 2061	0.00%	5,428,002	-
Gardenview Homes VI Limited Dividend Housing Association, (RHF and Hope VI) *	March 2061	0.00%	4,855,011	-
Gardenview Homes IX Limited Dividend Housing Association, (RHF and Hope VI) *	June 2064	0.00%	4,826,113	-
Subtotal			130,100,820	15,260,249
<i>Due from other:</i>				
Homeownership loans - Net (accumulated amortization for forgiveness of debt of \$1,894,020)	Various	0%	649,178	-
Miscellaneous	N/A	N/A	46,343	-
Total noncurrent notes receivable			<u>\$ 130,796,341</u>	<u>\$ 15,260,249</u>

\*Additional information related to these notes is presented in the long-term debt section of Note 11 for the discretely presented component units



### Note 7 - Pension Obligation

**Plan Description** - The Commission participates in an agent multiple-employer defined benefit pension plan administered by the Michigan Municipal Employees' Retirement System of Michigan (MERS of Michigan). MERS was established as a statewide public employee pension plan by the Michigan Legislature under PA 135 of 1945 and is administered by a nine-member retirement board. MERS issues a publicly available financial report, which includes the financial statements and required supplemental information of this defined benefit plan. This report can be obtained at [www.mersofmichigan.com](http://www.mersofmichigan.com) or in writing to MERS at 1134 Municipal Way, Lansing, Michigan 48917.

**Benefits Provided** - The Plan provides certain retirement, disability, and death benefits to plan members and beneficiaries. PA 427 of 1984, as amended, established and amends the benefit provisions of the participants in MERS.

The MERS plan covers substantially all employees of the Commission, including the executive, non-executive, contributing union members, contributing non-executive members, and executive director. Summary information for each of these groups is provided below.

**Executive** - Retirement benefits for employees are calculated as 2.50 percent of the employee's final three-year average salary times the employee's years of service. Normal retirement age is 60 with early reduced retirement at age 50 with 25 years of service or age 55 with 15 years of service. Vesting period is six years.

**Non-Executive** - Retirement benefits for employees are calculated as 2.00 percent of the employee's final three-year average salary times the employee's years of service. Normal retirement age is 60 with early reduced retirement at age 50 with 25 years of service or age 55 with 15 years of service. Vesting period is three years. This plan is closed to new entrants.

**Contributing Union Members** - Retirement benefits for employees are calculated as 2.00 percent of the employee's final three-year average salary times the employee's years of service. Normal retirement age is 60 with early reduced retirement at age 50 with 25 years of service or age 55 with 15 years of service. Vesting period is six years.

**Contributing Non-Executive** - Retirement benefits for employees are calculated as 2.00 percent of the employee's final three-year average salary times the employee's years of service. Normal retirement age is 60 with early reduced retirement at age 50 with 25 years of service or age 55 with 15 years of service. Vesting period is six years.

# Detroit Housing Commission

## Notes to Financial Statements June 30, 2016

### Note 7 - Pension Obligation (Continued)

**Executive Director** - Retirement benefits for employees are calculated as 2.50 percent of the employee's final three-year average salary times the employee's years of service. Normal retirement age is 60 with early reduced retirement at age 50 with 25 years of service or age 55 with 15 years of service. Vesting period is six years.

**Employees Covered by Benefit Terms** - At the December 31, 2015 measurement date, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	25
Inactive plan members entitled to but not yet receiving benefits	42
Active plan members	<u>122</u>
Total employees covered by MERS	<u><u>189</u></u>

**Contributions** - Article 9, Section 24 of the State of Michigan constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, MERS retains an independent actuary to determine the annual contribution. The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS Retirement Board. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The employer may establish contribution rates to be paid by its covered employees.

For the year ended December 31, 2015, the active employee contribution rate was 5.0 percent of annual pay for executive, contributing union members, and contributing non-executive members, and 0 percent for non-executive and executive directors.

The Commission's contribution rates as a percent of annual payroll are: executive - 8.90 percent, contributing union members- 7.44 percent, contributing non-executive - 7.19 percent, executive director - 10.76 percent.

### Net Pension Liability

The net pension liability reported at June 30, 2016 was determined using a measure of the total pension liability and the pension net position as of December 31, 2015. The December 31, 2015 total pension liability was determined by an actuarial valuation performed as of that date.

# Detroit Housing Commission

## Notes to Financial Statements June 30, 2016

### Note 7 - Pension Obligation (Continued)

Changes in the net pension (asset) liability during the measurement year were as follows:

Changes in the Net Pension (Asset) Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability (Asset)
Balance at December 31, 2014	\$ 13,644,910	\$ 13,803,466	\$ (158,556)
Changes for the year:			
Service cost	733,320	-	733,320
Interest	1,140,300	-	1,140,300
Changes to benefit terms	67,218	-	67,218
Experience differences	232,453	-	232,453
Changes in actuarial assumptions	699,473	-	699,473
Contributions - Employer	-	454,635	(454,635)
Contributions - Employee	-	327,138	(327,138)
Net investment income	-	(215,842)	215,842
Benefit payments, including refunds	(379,545)	(379,545)	-
Administrative expenses	-	(30,915)	30,915
Net changes	2,493,219	155,471	2,337,748
Balances at December 31, 2015	\$ 16,138,129	\$ 13,958,937	\$ 2,179,192

# Detroit Housing Commission

## Notes to Financial Statements June 30, 2016

### Note 7 - Pension Obligation (Continued)

#### Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2016, the Commission recognized pension expense of \$1,000,053. At June 30, 2016, the Commission reported deferred outflows of resources, related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>
Difference between expected and actual experience	\$ 185,962
Changes in assumptions	559,578
Net difference between projected and actual earnings on pension plan investments	1,243,456
Employer contributions to the plan subsequent to the measurement date	<u>198,470</u>
Total	<u>\$ 2,187,466</u>

Amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as indicated in the table below. These amounts are exclusive of the employer contributions to the plan made subsequent to the measurement date (\$198,470), which will impact net pension liability in fiscal year 2017, rather than pension expense.

<u>Years Ending June 30</u>	<u>Amount</u>
2017	\$ 509,540
2018	509,540
2019	509,540
2020	460,376

# Detroit Housing Commission

## Notes to Financial Statements June 30, 2016

### Note 7 – Pension Obligation (Continued)

**Actuarial Assumptions** - The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%	
Salary increases	3.75%	With merit and longevity increases totaling up to 11%, for a total of 3.75% - 14.75%
Investment rate of return	8.00%	Net of pension plan investment expense, including inflation

Although no specific price inflation assumptions are needed for the valuation, the 3.75 percent long-term wage inflation assumption would be consistent with a price inflation of 2.5 percent.

Mortality rates were based on the 50 percent Male and 50 percent female blend of the RP-2014 Healthy Annuitant Mortality Tables, with rates multiplied by 105%, RP-2014 Employee Mortality Tables, and RP-2014 Juvenile Mortality Tables. For disabled plan members, rates were based on a blend of the 50 percent Male – 50 percent Female RP-2014 Disabled Retiree Mortality Tables. The mortality rates were previously based on the 1994 Group Annuity Mortality Table of 50 percent Male and 50 percent Female blend. For disabled plan members. The mortality rates were previously based on the regular mortality table with a 10-year forward in ages to reflect the higher expected mortality rates of disabled members.

The actuarial assumptions used in the December 31, 2015 valuation were based on the results of an actuarial experience study covering the period from January 1, 2009 through December 31, 2013.

**Discount Rate** - The discount rate used to measure the total pension liability was 8.00 percent, a decrease from 8.25 percent in the previous measurement period. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

### Projected Cash Flows

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

# Detroit Housing Commission

## Notes to Financial Statements June 30, 2016

### Note 7 - Pension Obligation (Continued)

The long-term expected rate of return on pension plan investments was determined using a model in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return as of December 31, 2015, the measurement date, for each major asset class are summarized in the following table:

Asset class:	Target Allocation	Long-term Expected Real Rate of Return
Global equity	58%	5.0%
Global fixed income	20%	2.2%
Real assets	12%	4.2%
Diversifying strategies	10%	6.6%

**Sensitivity of the Net Pension Asset to Changes in the Discount Rate** - The following presents the net pension liability of the Commission, calculated using the discount rate of 8.0 percent, as well as what the Commission's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7.0 percent) or 1 percentage point higher (9.0 percent) than the current rate:

	1% Decrease (7.0%)	Current Discount Rate (8.0%)	1% Increase (9.0%)
Net pension liability of the Commission	\$ 4,408,940	\$ 2,179,192	\$ 314,025

**Pension Plan Fiduciary Net Position** - Detailed information about the plan's fiduciary net position is available in the separately issued financial report found at [www.mersofmichigan.com](http://www.mersofmichigan.com). The plan's fiduciary net position has been determined on the same basis used by the plan. The plan uses the economic resources measurement focus and the full accrual basis of accounting. Investments are stated at fair value. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments and refunds of employee contributions are recognized as expense when due and payable in accordance with the benefit terms.

# Detroit Housing Commission

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## Notes to Financial Statements June 30, 2016

### Note 8 - Commitments and Contingencies

**Grants and Contracts** - The Commission participates in various federal and local grants, contracts, or sponsored agreements that are subject to review and audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a federal audit may become a liability of the Commission. As of the date of this report, management is not aware of any such disallowance.

**Section 8 Housing Choice Voucher Program** - The Commission has received cumulative funding in excess of housing assistance payments (HAP) and earned administrative fees through the Section 8 Housing Choice Voucher Program (the "program") under the implementation of the Consolidated Appropriations Act of 2005, *Funding Provisions for the Housing Choice Voucher Program*. Due to decreases in federal funding, HUD decreased their HAP payments made to the Commission, forcing them to use their HAP reserves. As of June 30, 2016, the remaining HAP reserve is \$564,145, which is subject to possible future recapture.

**Funds Awarded** - The Commission receives funding from HUD through HOPE VI, Replacement Housing Fund, Capital Fund, and Public Housing Development Programs to help subsidize the cost of redevelopment of projects, project repairs, improvements, component unit developments, and certain operating costs. Awards available to be spent as of June 30, 2016 for qualifying eligible expenditures amounted to \$6,945,304, \$670,442, \$20,071,188, and \$876,165, respectively.

**Loans** - The Commission is obligated to make loans as needed to the discrete component units under development not to exceed approximately \$46 million in aggregate. As of June 30, 2016, the Commission is still liable for approximately \$12.7 million of this commitment.

### Note 9 - Concentrations

The Commission operates in a heavily regulated environment. The operations of the Commission are subject to the administrative directives, rules, and regulations of federal, state, and local regulatory agencies, including, but not limited to HUD.

Such administrative directives, rules, and regulations are subject to change by an Act of Congress or an administrative change mandated by HUD. Such changes may occur with little notice or inadequate funding to pay for the related costs and the additional administrative burden to comply with the changes.

For the year ended June 30, 2016, approximately 91 percent of the operating revenue reflected in the primary government basic financial statements is from HUD.

# Detroit Housing Commission

## Notes to Financial Statements June 30, 2016

### Note 10 - Discretely Presented Component Units

The following entities are considered discrete component units of the Commission and are presented in accordance with GASB No. 61. Certain items may have changed for presentation purposes from the separately issued audited financial statements to conform to the Commission's presentation. The discrete component units disclosures included are those required under GASB No. 61 that are deemed essential to fair presentation of the financial entity's general purpose financial statements. The following disclosures are those that are material to the Commission and are not meant to be a full representation of each component unit's financial position and required disclosures. A copy of each component unit's separately issued financial statements can be obtained from the Commission's management. See Note 1 for detail on accounting policy and the for-profit entities that are considered discretely presented component units.

Each of the discrete component units are located in the city of Detroit and were formed as limited partnerships or limited liability companies for the purpose of owning, developing, and operating affordable housing projects.

The significant activity of the entities consists of residential rental operations and the primary assets are the land, buildings, improvements, furniture, fixtures, and equipment. Debt is primarily long term in nature and is collateralized by the property. Equity is contributed by investor partners or members.

A summary of the capital assets of the discrete component units is as follows:

Schedule of Component Unit Capital Assets June 30, 2016 and December 31, 2015	Nondepreciable		Depreciable		Accumulated Depreciation	2016 Net Capital Assets
	Land		Buildings and Improvements	Furniture, Fixtures, and Equipment		
Woodbridge Estates Apartments I, LLC	\$ -	\$ -	6,216,574	7,568	(1,786,942)	\$ 4,437,200
Woodbridge Estates Apartments II, LLC	-	-	8,135,870	7,629	(2,333,475)	5,810,024
Woodbridge Estates Apartments III, LDHA LLC	-	-	6,104,266	1,540	(1,350,565)	4,755,241
Woodbridge Estates Apartments IV LDHA LLC	-	-	7,403,051	1,870	(1,641,049)	5,763,872
Woodbridge Estates Apartments V LDHA LLC	-	-	10,699,537	16,679	(2,321,437)	8,394,779
Woodbridge Estates Apartments VI LDHA LLC	-	-	9,517,950	391,392	(689,095)	9,220,247
Woodbridge ILF Associates LDHA LP	291,667		12,554,062	887,027	(4,167,577)	9,565,179
The Villages at Parkside II LLC	425,457		27,437,362	824,484	(18,966,627)	9,720,676
The Villages at Parkside IV LLC	446,650		23,709,418	1,053,208	(16,852,528)	8,356,748
Alexandrine Square Apartments LDHA LP	13,767		2,838,190	243,301	(1,735,504)	1,359,754
Cornerstone Estates I LDHA LLC	-		8,871,414	366,689	(1,947,946)	7,290,157
Cornerstone Estates II LDHA LLC	-		9,223,625	434,210	(1,817,367)	7,840,468
Cornerstone Estates III LDHA LLC	-		9,325,228	410,259	(1,663,987)	8,071,500
Gardenvue Homes I LDHA LLC	2,935,950		15,964,590	710,334	(3,230,054)	16,380,820
Gardenvue Homes II LDHA LLC	1,143,034		6,785,621	1,360,059	(1,931,013)	7,357,701
Gardenvue Homes III LDHA LLC	1,164,608		6,916,082	1,193,699	(2,007,080)	7,267,309
Gardenvue Homes IV LDHA LLC	1,854,166		8,106,715	401,248	(2,012,176)	8,349,953
Gardenvue Homes V LDHA LLC	3,511,802		9,760,850	394,291	(2,004,887)	11,662,056
Gardenvue Homes VI LDHA LLC	3,332,973		8,439,748	601,043	(1,886,659)	10,487,105
Gardenvue Homes VII LDHA LLC	2,881,616		11,267,284	603,394	(1,386,180)	13,366,114
Gardenvue Homes VIII LDHA LLC	2,723,023		10,975,045	593,552	(1,346,508)	12,945,112
Gardenvue Homes IX LDHA LLC	933,907		8,239,038	337,402	(92,151)	9,418,196
Emerald Springs LDHA Partnership IA	242,444		12,982,942	157,019	(2,174,050)	11,208,355
Emerald Springs LDHA Partnership IB	366,545		12,360,130	123,461	(2,034,682)	10,815,454
Emerald Springs II LDHA LP	311,656		8,940,193	104,953	(993,241)	8,363,561
Total fixed assets placed in service - June 30, 2016	22,579,265		262,774,785	11,226,311	(78,372,780)	218,207,581
Woodbridge ILF Associates LDHA LP - Construction in progress						17,700
Total Discrete Component Unit Net Capital Assets						\$ 218,225,281



# Detroit Housing Commission

## Notes to Financial Statements June 30, 2016

### Note 10 - Discretely Presented Component Units (Continued)

A summary of the changes to the capital asset of the discrete component units follows:

	Beginning Balance	Capital Additions and Other Adjustments	Depreciation	End of Year Balance
Woodbridge Estates Apartments I, LLC	\$ 4,592,897	\$ -	\$ (155,697)	\$ 4,437,200
Woodbridge Estates Apartments II, LLC	6,013,845	-	(203,821)	5,810,024
Woodbridge Estates Apartments III, LDHA LLC	4,908,002	-	(152,761)	4,755,241
Woodbridge Estates Apartments IV LDHA LLC	5,949,136	-	(185,264)	5,763,872
Woodbridge Estates Apartments V LDHA LLC	8,663,936	-	(269,157)	8,394,779
Woodbridge Estates Apartments VI LDHA LLC	9,851,372	-	(631,125)	9,220,247
Woodbridge ILF Associates LDHA LP	9,922,836	(2,086)	(355,571)	9,565,179
The Villages at Parkside II LLC	10,703,151	-	(982,475)	9,720,676
The Villages at Parkside IV LLC	9,203,375	-	(846,627)	8,356,748
Alexandrine Square Apartments LDHA LP	1,469,957	-	(110,203)	1,359,754
Cornerstone Estates I LDHA LLC	7,707,143	-	(416,986)	7,290,157
Cornerstone Estates II LDHA LLC	8,287,355	-	(446,887)	7,840,468
Cornerstone Estates III LDHA LLC	8,533,423	-	(461,923)	8,071,500
Gardenview Homes I LDHA LLC	16,912,856	-	(532,036)	16,380,820
Gardenview Homes II LDHA LLC	7,842,409	-	(484,708)	7,357,701
Gardenview Homes III LDHA LLC	7,761,009	-	(493,700)	7,267,309
Gardenview Homes IV LDHA LLC	8,827,714	-	(477,761)	8,349,953
Gardenview Homes V LDHA LLC	12,181,731	-	(519,675)	11,662,056
Gardenview Homes VI LDHA LLC	10,982,028	-	(494,923)	10,487,105
Gardenview Homes VII LDHA LLC	14,052,724	6,480	(693,090)	13,366,114
Gardenview Homes VIII LDHA LLC	13,736,400	(118,034)	(673,254)	12,945,112
Gardenview Homes IX LDHA LLC	-	9,510,347	(92,151)	9,418,196
Emerald Springs LDHA Partnership IA	11,729,410	30,277	(551,332)	11,208,355
Emerald Springs LDHA Partnership IB	11,305,197	29,696	(519,439)	10,815,454
Emerald Springs LDHA Partnership II	8,737,367	16,396	(390,202)	8,363,561
Total fixed assets placed in service - June 30, 2016	219,875,273	9,473,076	(11,140,768)	218,207,581
Woodbridge ILF Associates LDHA LP - Construction in progress	7,697,284	(7,679,584)	-	17,700
Total Discrete Component Unit Net Capital Assets	<u>\$ 227,572,557</u>	<u>\$ 1,793,492</u>	<u>\$ (11,140,768)</u>	<u>\$ 218,225,281</u>

# Detroit Housing Commission

## Notes to Financial Statements June 30, 2016

### Note 10 - Discretely Presented Component Units (Continued)

A summary of the discrete component units' debt outstanding and maturity dates are as follows:

Schedule of Component Unit Debt June 30, 2016 and December 31, 2015	Lender	Interest Rate	Maturity Date	Balance - Beginning of Year	Additions (Payments)	Balance - End of Year	Principal Due Within One Year
Woodbridge Estates Apartments I, LLC	SA Affordable Housing, LLC	7.06%	2035	\$ 1,459,091	\$ (23,114)	\$ 1,435,977	\$ 24,300
	Detroit Housing Commission	AFR	2048	1,279,824	-	1,279,824	-
	Detroit Housing Commission	0.00%	2048	840,500	-	840,500	-
Woodbridge Estates Apartments II, LLC	SA Affordable Housing, LLC	7.06%	2035	2,095,326	(33,193)	2,062,133	35,000
	Detroit Housing Commission	AFR	2048	1,888,460	-	1,888,460	-
	Detroit Housing Commission	0.00%	2048	797,954	-	797,954	-
Woodbridge Estates Apartments III, LDHA LLC	SA Affordable Housing, LLC	6.04%	2047	1,511,355	(19,151)	1,492,204	34,800
	Detroit Housing Commission	4.61%	2042	1,559,212	-	1,559,212	-
	City of Detroit	0.00%	2036	471,000	(7,500)	463,500	-
Woodbridge Estates Apartments IV LDHA LLC	SA Affordable Housing, LLC	6.04%	2047	1,995,031	(25,280)	1,969,751	42,450
	Detroit Housing Commission	4.61%	2051	1,763,593	-	1,763,593	-
	City of Detroit	0.00%	2036	471,000	(6,250)	464,750	-
Woodbridge Estates Apartments V LDHA LLC	SA Affordable Housing, LLC	6.04%	2047	3,199,767	(40,546)	3,159,221	57,000
	Detroit Housing Commission	4.61%	2051	2,056,904	-	2,056,904	-
	City of Detroit	0.00%	2036	471,000	(7,500)	463,500	-
Woodbridge Estates Apartments VI LDHA LLC	RBS Citizens	3.95%	2016	3,930,383	(3,930,383)	-	-
	Detroit Housing Commission	3.75%	2063	2,229,596	292,957	2,522,553	-
	Detroit Housing Commission	0.00%	2015	840,573	(840,573)	-	-
Woodbridge ILF Associates LDHA LP	Detroit Housing Commission	5.20%	2049	3,713,014	-	3,713,014	-
The Villages at Parkside II LLC	Detroit Housing Commission	0.45%	2038	22,930,193	-	22,930,193	-
	Detroit Housing Commission	7.00%	2038	2,584,579	-	2,584,579	-
The Villages at Parkside IV LLC	Detroit Housing Commission	0.45%	2038	20,990,363	-	20,990,363	-
Alexandrine Square Apartments LDHA LP	Detroit Housing Commission	AFR	2047	265,780	-	265,780	-
Gardenview Homes I LDHA LLC	MSHDA	6.00%	2046	1,678,845	(19,540)	1,659,305	20,746
	MSHDA - HOME Note	3.00%	2058	284,536	(2,945)	281,591	-
	Detroit Housing Commission	0.00%	2053	9,831,418	(11,171)	9,820,247	-
Gardenview Homes II, III, IV, V, VI, VII, VIII, and IX LDHA LLC	MSHDA - Section 1602 TCAP funds	0.00%	(a)	13,122,960	-	13,122,960	-
	MSHDA	6.75%	2015	12,834,687	(12,834,687)	-	-
	MSHDA	3.00%	2062	12,850,000	7,411,000	20,261,000	-
	Detroit Housing Commission	0.00%	2054-2064	19,074,504	438,149	19,512,653	-
	Detroit Housing Commission	0.75%	2060	3,887,485	-	3,887,485	-
	JPMorgan Chase Bank	LIBOR + 2.25%	2016	-	870,336	870,336	870,336
Emerald Springs IA and IB LDHA LP	Detroit Housing Commission	0.50%	2056	9,936,440	-	9,936,440	-
Emerald Springs II LDHA LP	Detroit Housing Commission	0.50%	2058	7,436,466	-	7,436,466	-
Cornerstone I LDHA LLC	Detroit Housing Commission	3.79%	2060	4,366,809	-	4,366,809	-
Cornerstone II LDHA LLC	Detroit Housing Commission	0.00%	2060	9,086,048	-	9,086,048	-
Cornerstone III LDHA LLC	Detroit Housing Commission	4.25%	2061	3,309,948	-	3,309,948	-
Totals				\$ 187,044,644	\$ (8,789,391)	\$ 178,255,253	\$ 1,084,632

(a) - TCAP funds will be forgivable at the end of the 15-year Section 42 compliance period if no default or recapture event has occurred.

### Note 11 - Upcoming in Accounting

During the year, the Commission adopted GASB Statement No. 72, *Fair Value Measurement and Application*. As a result, the notes to the financial statements now include enhanced disclosures about fair value measurement, the level of fair value hierarchy, and valuation techniques.

### Note 12 - Upcoming Accounting Pronouncements

In January 2016, the Governmental Accounting Standards Board issued GASB Statement No. 80, *Blending Requirements for Certain Component Units*. The requirements of this statement enhance the comparability of financial statements among governments by clarifying the financial statement presentation requirements for certain component units. GASB Statement No. 80 is required to be adopted for years beginning after June 15, 2016. Upon adoption, there will be additional disclosures in the Commission's financial statements.

## **Required Supplemental Information**

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# Detroit Housing Commission

## Required Supplemental Information Schedule of Changes in the Commission Net Pension Liability (Asset) and Related Ratios

	Year Ended December 31, 2015	Year Ended December 31, 2014
<b>Total Pension Liability</b>		
Service cost	\$ 733,320	\$ 687,970
Interest	1,140,300	1,024,974
Changes in benefit terms	67,218	-
Differences between expected and actual experience	232,453	-
Changes in assumptions	699,473	-
Benefit payments, including refunds	(379,545)	(295,860)
<b>Net Change in Total Pension Liability</b>	<b>2,493,219</b>	<b>1,417,084</b>
<b>Total Pension Liability - Beginning of year</b>	<b>13,644,910</b>	<b>12,227,826</b>
<b>Total Pension Liability - End of year</b>	<b>\$ 16,138,129</b>	<b>\$ 13,644,910</b>
<b>Plan Fiduciary Net Position</b>		
Contributions - Employer	\$ 454,635	\$ 484,806
Contributions - Member	327,138	318,583
Net investment income	(215,842)	806,700
Administrative expenses	(30,915)	(29,860)
Benefit payments, including refunds	(379,545)	(295,860)
Other	-	-
<b>Net Change in Plan Fiduciary Net Position</b>	<b>155,471</b>	<b>1,284,369</b>
<b>Plan Fiduciary Net Position - Beginning of year</b>	<b>13,803,466</b>	<b>12,519,097</b>
<b>Plan Fiduciary Net Position - End of year</b>	<b>\$ 13,958,937</b>	<b>\$ 13,803,466</b>
<b>Commission's Net Pension Liability (Asset) - Ending</b>	<b>\$ 2,179,192</b>	<b>\$ (158,556)</b>
<b>Plan Fiduciary Net Position as a Percent of Total Pension Liability (Asset)</b>	<b>86.5%</b>	<b>101.16%</b>
<b>Covered Employee Payroll</b>	<b>\$ 6,730,040</b>	<b>\$ 6,283,273</b>
<b>Commission's Net Pension Liability (Asset) as a Percent of Covered Employee Payroll</b>	<b>32.4%</b>	<b>(2.5)%</b>



## **Other Supplemental Information**

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# Detroit Housing Commission

## Capital Fund Program Schedule of Actual Program Costs and Advances Year Ended June 30, 2016

Program	MI28P001501-11	MI28P001501-12	MI28P001501-13	MI28E001501-12
<b>Budget</b>	<b>\$ 7,756,710</b>	<b>\$ 7,275,028</b>	<b>\$ 7,196,738</b>	<b>\$ 5,630,284</b>
<b>Advances</b>				
Cash receipts - Prior years	\$ 7,702,649	\$ 6,377,491	\$ 3,909,069	\$ 5,549,406
Cash receipts - Current year	54,065	897,537	2,143,491	80,878
Cumulative as of June 30, 2016	7,756,714	7,275,028	6,052,560	5,630,284
<b>Costs</b>				
Prior years	7,740,755	6,415,239	4,007,403	5,549,406
Current year	26,981	870,181	2,129,813	80,878
Cumulative as of June 30, 2016	7,767,736	7,285,420	6,137,216	5,630,284
<b>Excess (Deficiency) of Advances Due to (from) HUD</b>	<b>\$ 11,022</b>	<b>\$ 10,392</b>	<b>\$ 84,656</b>	<b>\$ -</b>
<b>Soft Costs</b>				
Prior years	\$ 6,995,491	\$ 5,034,259	\$ 4,007,403	\$ 911,284
Current year	26,981	853,621	2,071,716	-
Cumulative as of June 30, 2016	7,022,472	5,887,880	6,079,119	911,284
<b>Hard Costs</b>				
Prior years	745,264	1,380,980	-	4,638,122
Current year	-	16,560	58,097	80,878
Cumulative as of June 30, 2016	745,264	1,397,540	58,097	4,719,000
<b>Other Costs</b>				
Prior years	-	-	-	-
Current year	-	-	-	-
Cumulative as of June 30, 2016	-	-	-	-
<b>Cumulative Hard, Soft, and Other Costs</b>	<b>\$ 7,767,736</b>	<b>\$ 7,285,420</b>	<b>\$ 6,137,216</b>	<b>\$ 5,630,284</b>

# Detroit Housing Commission

## Capital Fund Program Schedule of Actual Program Costs and Advances (Continued) Year Ended June 30, 2016

Program	MI28P001501-14	MI28P001501-15	MI28E001501-15	Total
<b>Budget</b>	<b>\$ 8,255,478</b>	<b>\$ 8,345,644</b>	<b>\$ 227,990</b>	<b>\$ 44,687,872</b>
<b>Advances</b>				
Cash receipts - Prior years	\$ 3,105,839			\$ 26,644,454
Cash receipts - Current year	790,774	2,505,002	25,136	6,496,883
Cumulative as of June 30, 2016	3,896,613	2,505,002	25,136	33,141,337
<b>Costs</b>				
Prior years	3,117,657		-	26,830,460
Current year	793,635	2,505,007	25,136	6,431,631
Cumulative as of June 30, 2016	3,911,292	2,505,007	25,136	33,262,091
<b>Excess (Deficiency) of Advances Due to (from) HUD</b>	<b>\$ 14,679</b>	<b>\$ 5</b>	<b>\$ -</b>	<b>\$ 120,754</b>
<b>Soft Costs</b>				
Prior years	\$ 3,117,657		\$ -	\$ 20,066,094
Current year	828,276	2,505,157	27,929	6,313,680
Cumulative as of June 30, 2016	3,945,933	2,505,157	27,929	26,379,774
<b>Hard Costs</b>				
Prior years			-	6,764,366
Current year	(34,641)	(150)	(2,793)	117,951
Cumulative as of June 30, 2016	(34,641)	(150)	(2,793)	6,882,317
<b>Other Costs</b>				
Prior years	-	-	-	-
Current year	-	-	-	-
Cumulative as of June 30, 2016	-	-	-	-
<b>Cumulative Hard, Soft, and Other Costs</b>	<b>\$ 3,911,292</b>	<b>\$ 2,505,007</b>	<b>\$ 25,136</b>	<b>\$ 33,262,091</b>



# Detroit Housing Commission

## Replacement Housing Fund Schedule of Actual Program Costs and Advances Year Ended June 30, 2016

Program	MI28R001501-12	MI28R001501-13	MI28R001502-08	MI28R001502-09
<b>Budget</b>	<b>\$ 548,967</b>	<b>\$ 614,995</b>	<b>\$ 2,816,919</b>	<b>\$ 4,229,235</b>
<b>Advances</b>				
Cash receipts - Prior years	\$ 11,091	\$ 519,749	\$ 2,645,697	\$ 3,947,649
Cash receipts - Current year	537,876	-	97,125	-
Cumulative as of June 30, 2016	548,967	519,749	2,742,822	3,947,649
<b>Costs</b>				
Prior years	33,923	547,708	2,717,181	3,954,476
Current year	359,467	-	97,125	134,635
Cumulative as of June 30, 2016	393,390	547,708	2,814,306	4,089,111
<b>Excess (Deficiency) of Advances Due to (from) HUD</b>	<b>\$ (155,577)</b>	<b>\$ 27,959</b>	<b>\$ 71,484</b>	<b>\$ 141,462</b>
<b>Soft Costs</b>				
Prior years	\$ 33,923	\$ 547,708	\$ 371,264	\$ 240,370
Current year	265,105	-	97,125	134,635
Cumulative as of June 30, 2016	299,028	547,708	468,389	375,005
<b>Hard Costs</b>				
Prior years	-	-	2,345,917	3,714,106
Current year	94,362	-	-	-
Cumulative as of June 30, 2016	94,362	-	2,345,917	3,714,106
<b>Cumulative Hard, Soft, and Other Costs</b>	<b>\$ 393,390</b>	<b>\$ 547,708</b>	<b>\$ 2,814,306</b>	<b>\$ 4,089,111</b>

# Detroit Housing Commission

## Replacement Housing Fund Schedule of Actual Program Costs and Advances (Continued) Year Ended June 30, 2016

Program	MI28R001502-12	MI28R001502-13	MI28R001502-14	Total
<b>Budget</b>	<b>\$ 1,022,477</b>	<b>\$ 689,980</b>	<b>\$ 2,320</b>	<b>\$ 9,924,893</b>
<b>Advances</b>				
Cash receipts - Prior years	\$ 100,083	\$ 230,000	\$ -	\$ 7,454,269
Cash receipts - Current year	922,394	236,720	-	1,794,115
Cumulative as of June 30, 2016	1,022,477	466,720	-	9,248,384
<b>Costs</b>				
Prior years	107,365	230,000	-	7,590,653
Current year	28,056	236,720	-	856,003
Cumulative as of June 30, 2016	135,421	466,720	-	8,446,656
<b>Excess (Deficiency) of Advances Due to (from) HUD</b>	<b>\$ (887,056)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (801,728)</b>
<b>Soft Costs</b>				
Prior years	\$ 107,365	\$ -	\$ -	\$ 1,300,630
Current year	28,056	236,720	-	761,641
Cumulative as of June 30, 2016	135,421	236,720	-	2,062,271
<b>Hard Costs</b>				
Prior years	-	230,000	-	6,290,023
Current year	-	-	-	94,362
Cumulative as of June 30, 2016	-	230,000	-	6,384,385
<b>Cumulative Hard, Soft, and Other Costs</b>	<b>\$ 135,421</b>	<b>\$ 466,720</b>	<b>\$ -</b>	<b>\$ 8,446,656</b>

# Detroit Housing Commission

## HOPE VI Schedule of Actual Program Costs and Advances Year Ended June 30, 2016

Program	MI28URD0011194	MI28URD0011195	MI28URD0011296	Total HOPE VI
<b>Budget</b>	<b>\$ 39,807,342</b>	<b>\$ 47,620,227</b>	<b>\$ 24,224,160</b>	<b>\$ 111,651,729</b>
<b>Advances</b>				
Cash receipts - Prior years	\$ 37,319,204	\$ 45,744,876	\$ 20,063,351	\$ 103,127,431
Cash receipts - Current year	292,130	26,084	773,948	1,092,162
Cumulative as of June 30, 2016	37,611,334	45,770,960	20,837,299	104,219,593
<b>Costs</b>				
Prior years	37,319,204	45,744,877	20,063,351	103,127,432
Current year	376,665	41,941	792,159	1,210,765
Cumulative as of June 30, 2016	37,695,869	45,786,818	20,855,510	104,338,197
<b>Excess (Deficiency) of Advances Due to (from) HUD</b>	<b>\$ 84,535</b>	<b>\$ 15,858</b>	<b>\$ 18,211</b>	<b>\$ 118,604</b>
<b>Soft Costs</b>				
Prior years	\$ 16,323,093	\$ 10,196,022	\$ 5,056,658	\$ 31,575,773
Current year	334,188	41,941	481,956	858,085
Cumulative as of June 30, 2016	16,657,281	10,237,963	5,538,614	32,433,858
<b>Hard Costs</b>				
Prior years	20,996,111	35,548,855	15,006,692	71,551,658
Current year	42,477	-	310,204	352,681
Cumulative as of June 30, 2016	21,038,588	35,548,855	15,316,896	71,904,339
<b>Other Costs</b>				
Prior years	-	-	-	-
Current year	-	-	-	-
Cumulative as of June 30, 2016	-	-	-	-
<b>Cumulative Hard, Soft, and Other Costs</b>	<b>\$ 37,695,869</b>	<b>\$ 45,786,818</b>	<b>\$ 20,855,510</b>	<b>\$ 104,338,197</b>

# Detroit Housing Commission

## Development Grants Schedule of Actual Program Costs and Advances Year Ended June 30, 2015

Program	<u>MI28P001061</u>
<b>Budget</b>	<u>\$ 19,578,300</u>
<b>Advances</b>	
Cash receipts - Prior years	\$ 18,446,726
Cash receipts - Current year	<u>347,148</u>
Cumulative as of June 30, 2016	18,793,874
<b>Costs</b>	
Prior years	18,446,726
Current year	<u>338,249</u>
Cumulative as of June 30, 2016	<u>18,784,975</u>
<b>Excess (Deficiency) of Advances Due to (from) HUD</b>	<u>\$ (8,899)</u>
<b>Soft Costs</b>	
Prior years	\$ 7,253,458
Current year	<u>-</u>
Cumulative as of June 30, 2016	7,253,458
<b>Hard Costs</b>	
Prior years	11,193,268
Current year	<u>338,249</u>
Cumulative as of June 30, 2016	11,531,517
<b>Other Costs</b>	
Prior years	-
Current year	<u>-</u>
Cumulative as of June 30, 2016	-
<b>Cumulative Hard, Soft, and Other Costs</b>	<u>\$ 18,784,975</u>

# Detroit Housing Commission

## Ross Grant Schedule of Actual Program Costs and Advances Year Ended June 30, 2015

Program	MI00IFSH440A015	MI00IFSH330A014	MI00RFS133A013	MI00IRPS0683A012	MI00IRPS049A015	Total
<b>Budget</b>	<u>\$ 265,500</u>	<u>\$ 263,285</u>	<u>\$ 69,000</u>	<u>\$ 711,450</u>	<u>\$ 654,147</u>	<u>\$ 1,963,382</u>
<b>Advances</b>						
Cash receipts - Prior years	\$ -	\$ 47,687	\$ 46,000	\$ 283,854	\$ -	\$ 377,541
Cash receipts - Current year	<u>124,065</u>	<u>130,826</u>	<u>23,000</u>	<u>158,755</u>	<u>-</u>	<u>436,646</u>
Cumulative as of June 30, 2016	124,065	178,513	69,000	442,609	-	814,187
<b>Costs</b>						
Prior years	-	46,980	57,500	282,531	-	387,011
Current year	<u>155,558</u>	<u>133,638</u>	<u>11,500</u>	<u>158,755</u>	<u>-</u>	<u>459,451</u>
Cumulative as of June 30, 2016	<u>155,558</u>	<u>180,618</u>	<u>69,000</u>	<u>441,286</u>	<u>-</u>	<u>846,462</u>
<b>Excess (Deficiency) of Advances Due to (from) HUD</b>	<u>\$ 31,493</u>	<u>\$ 2,105</u>	<u>\$ -</u>	<u>\$ 1,323</u>	<u>\$ -</u>	<u>\$ 34,921</u>
<b>Soft Costs</b>						
Prior years	\$ -	\$ 46,980	\$ 57,500	\$ 282,531	\$ -	\$ 387,011
Current year	<u>153,064</u>	<u>133,638</u>	<u>11,500</u>	<u>160,474</u>	<u>-</u>	<u>458,676</u>
Cumulative as of June 30, 2016	153,064	180,618	69,000	443,005	-	845,687
<b>Hard Costs</b>						
Prior years	-	-	-	-	-	-
Current year	<u>2,494</u>	<u>-</u>	<u>-</u>	<u>(1,719)</u>	<u>-</u>	<u>775</u>
Cumulative as of June 30, 2016	2,494	-	-	(1,719)	-	775
<b>Other Costs</b>						
Prior years	-	-	-	-	-	-
Current year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cumulative as of June 30, 2016	-	-	-	-	-	-
<b>Cumulative Hard, Soft, and Other Costs</b>	<u>\$ 155,558</u>	<u>\$ 180,618</u>	<u>\$ 69,000</u>	<u>\$ 441,286</u>	<u>\$ -</u>	<u>\$ 846,462</u>

# Detroit Housing Commission

## Financial Data Schedule Year Ended June 30, 2016

PHA: M001 FYED: 06/30/2016

Line Item No.	Account Description	Total AMPs 14,850	COCC Total	Total Programs	Elimination	Total Primary Government	Total Component Units (Discretely Presented)	REAC Total (Primary Government and Component Units)
111	Cash - Unrestricted	\$ 14,975,908	\$ 76,001	\$ 6,049,852	\$ -	\$ 21,101,761	\$ 3,795,335	\$ 24,897,096
112	Cash - Restricted - Modernization and Development	-	-	-	-	-	1,640,812	1,640,812
113	Cash - other restricted	7,103,873	-	340,634	-	7,444,507	7,532,570	14,977,077
114	Cash - Tenant Security Deposits	339,910	-	-	-	339,910	207,036	546,946
115	Cash - Restricted for payment of current liability	-	-	-	-	-	693,999	693,999
100	Total Cash	22,419,691	76,001	6,390,486	-	28,886,178	13,869,752	42,755,930
121	Accounts Receivable - PHA Projects	-	-	-	-	-	-	-
122-010	Accounts receivable - HUD other projects - Operating Subsidy	-	-	-	-	-	-	-
122-020	Accounts receivable - HUD other projects - Capital fund	695,523	-	470,492	-	1,166,015	-	1,166,015
122-030	Accounts receivable - HUD other projects - Other	184,294	-	749,922	-	934,216	-	934,216
124	Accounts Receivable - other government	-	-	-	-	-	42,633	42,633
125-050	Accounts Receivable - Miscellaneous	-	647	549,611	-	550,258	32,330	582,588
126	Accounts Receivable - Tenants - Dwelling Rents	107,307	-	236	-	107,543	152,289	259,832
126.1	Allowance for Doubtful Accounts - Dwelling Rents	(48,776)	-	-	-	(48,776)	-	(48,776)
126.2	Allowance for Doubtful Accounts - Other	-	-	-	-	-	-	-
127	Notes, Loans, & Mortgages Receivable - current	-	-	-	-	-	-	-
128	Fraud recovery	-	-	25,745	-	25,745	-	25,745
128.1	Allowance for doubtful accounts - fraud	-	-	-	-	-	-	-
129	Accrued interest receivable	-	-	-	-	-	-	-
120	Total Receivables, net of allowances for doubtful accounts	938,348	647	1,796,006	-	2,735,001	227,252	2,962,253
131	Investments - Unrestricted	-	-	-	-	-	-	-
132	Investments - restricted	-	-	-	-	-	-	-
135	Investments - restricted for payment of current liability	-	-	-	-	-	-	-
142	Prepaid Expenses and Other Assets	269,867	225,392	33,781	-	529,040	139,023	668,063
143	Inventories	-	-	-	-	-	-	-
143.1	Allowance for Obsolete Inventories	-	-	-	-	-	-	-
144	Interprogram due from	386,159	1,748,932	98,429	(2,233,520)	-	-	-
145	Assets held for sale	-	-	-	-	-	-	-
146	Amounts to be provided	-	-	-	-	-	83,094	83,094
150	Total Current Assets	23,980,517	2,050,972	8,318,702	(2,233,520)	32,116,671	14,319,121	46,435,792
161	Land	68,731,713	958,000	147,006	-	69,836,719	22,579,265	92,415,984
162	Buildings	83,191,833	1,494,899	-	-	84,686,732	245,555,370	330,242,102
163	Furniture, Equipment & Machinery - Dwellings	4,902,800	-	-	-	4,902,800	10,477,934	15,380,734
164	Furniture, Equipment & Machinery - Administration	843,540	1,652,302	36,933	-	2,532,775	40,030	2,572,805
165	Leasehold Improvements	-	-	-	-	-	16,934,521	16,934,521
166	Accumulated Depreciation	(40,073,718)	(1,857,148)	(34,295)	-	(41,965,161)	(77,379,539)	(119,344,700)
167	Construction In Progress	4,046,585	-	2,113,313	-	6,159,898	17,700	6,177,598
168	Infrastructure	-	-	-	-	-	-	-
160	Total Fixed Assets, Net of Accumulated Depreciation	121,642,753	2,248,053	2,262,957	-	126,153,763	218,225,281	344,379,044
171-050	Notes, loans, and mortgages receivable - Noncurrent Other	124,651,410	-	6,144,931	-	130,796,341	363,826	131,160,167
172	Notes, Loans, & Mortgages Receivable - past due	-	-	-	-	-	-	-
173	Grants receivable - noncurrent	-	-	-	-	-	-	-
174-050	Other Assets	13,458,121	-	1,802,128	-	15,260,249	2,373,521	17,633,770
176	Investment in joint ventures	-	-	-	-	-	-	-
180	Total Non-Current Assets	259,752,284	2,248,053	10,210,016	-	272,210,353	220,962,628	493,172,981
190	Total Assets	283,766,349	4,299,025	18,528,718	(2,233,520)	304,360,572	235,281,749	539,642,321
200	Deferred Outflow of Resources	-	2,187,466	-	-	2,187,466	-	2,187,466
290	Total Assets and Deferred Outflow of Resources	\$ 283,766,349	\$ 6,486,491	\$ 18,528,718	\$ (2,233,520)	\$ 306,548,038	\$ 235,281,749	\$ 541,829,787

# Detroit Housing Commission

## Financial Data Schedule (Continued) Year Ended June 30, 2016

Line Item No.	Account Description	Total AMPs 14.850	COCC Total	Total Programs	Elimination	Total Primary Government	Total Component Units (Discretely Presented)	REAC Total (Primary Government and Component Units)
311	Bank overdrafts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
312	Accounts Payable <= 90 Days	873,403	103,204	322,561	-	1,299,168	2,020,091	3,319,259
313	Accounts Payable >90 Days Past Due	-	-	-	-	-	-	-
321	Accrued Wage/Payroll Taxes Payable	31,547	66,642	21,182	-	119,371	6,038	125,409
322	Accrued Compensated Absences	19,670	36,859	15,972	-	72,501	-	72,501
324	Accrued contingency liability	-	-	-	-	-	-	-
325	Accrued interest payable	-	-	-	-	-	15,896,119	15,896,119
331	Accounts Payable - HUD PHA Programs	-	-	-	-	-	-	-
331-030	Accounts Payable - HUD Other	-	-	123,719	-	123,719	-	123,719
332	Accounts Payable - PHA Projects	-	-	-	-	-	-	-
333	Accounts Payable - Other Government	-	-	-	-	-	-	-
341	Tenant Security Deposits	341,033	-	-	-	341,033	326,673	667,706
342-010	Deferred Revenues-Operating Subsidy	-	-	-	-	-	-	-
342-030	Deferred Revenues-Operating Other	4,562,662	229,108	96,073	-	4,887,843	73,949	4,961,792
343	Current portion of L-T debt - capital projects	-	-	-	-	-	1,084,632	1,084,632
344	Current portion of L-T debt - operating borrowings	-	-	-	-	-	-	-
345	Other current liabilities	272,294	17,090	340,130	-	629,514	370,312	999,826
345	FSS Escrow	-	-	-	-	-	-	-
346	Accrued Liabilities - Other	166,378	7,888	11,164	-	185,430	1,015,285	1,200,715
347	Interprogram due to	1,770,533	-	462,987	(2,233,520)	(0)	-	(0)
348	Loan liability - current	-	-	-	-	-	-	-
310	Total Current Liabilities	8,037,520	460,791	1,393,788	(2,233,520)	7,658,578	20,793,099	28,451,677
351	Long-term debt, net of current - capital projects	-	-	-	-	-	177,170,621	177,170,621
352	Long-Term debt, net of current - operating borrowings	-	-	-	-	-	1,394,161	1,394,161
353	Noncurrent Liabilities - Other	-	-	-	-	-	1,214,317	1,214,317
353	FSS Escrow	-	-	-	-	-	-	-
354	Accrued compensated Absences - Non Current	90,022	197,315	53,675	-	341,012	-	341,012
355	Loan liability - noncurrent	-	-	-	-	-	100,000	100,000
357	Accrued pension and OPEB liabilities	-	2,179,192	-	-	2,179,192	-	-
350	Total Noncurrent Liabilities	90,022	197,315	53,675	-	341,012	179,879,099	180,220,111
300	Total Liabilities	8,127,542	2,837,298	1,447,463	(2,233,520)	10,178,783	200,672,198	210,850,981
508.1	Invested in capital assets, net of related debt	121,642,753	2,248,053	2,262,957	-	126,153,763	39,970,028	166,123,791
511.1	Restricted Net Assets	131,753,882	-	4,124,497	-	135,878,379	9,872,321	145,750,700
512.1	Unrestricted Net Assets	22,242,172	1,401,140	10,693,801	-	34,337,113	(15,232,798)	19,104,315
513	Total Equity	275,638,807	3,649,193	17,081,255	-	296,369,255	34,609,551	330,978,806
600	Total Liabilities and Equity	\$ 283,766,349	\$ 6,486,491	\$ 18,528,718	\$ (2,233,520)	\$ 306,548,038	\$ 235,281,749	\$ 541,829,788

# Detroit Housing Commission

## Financial Data Schedule (Continued) Year Ended June 30, 2016

Line Item No.	Account Description	Total AMPs 14.850	COCC Total	Total Programs	Elimination	Total Primary Government	Total Component Units (Discretely Presented)	REAC Total (Primary Government and Component Units)
70300	Net Tenant Rental Revenue	\$ 5,132,964	\$ -	\$ -	\$ -	\$ 5,132,964	\$ 11,111,376	\$ 16,244,340
70400	Tenant Revenue - Other	276,872	-	-	-	276,872	597,426	874,298
70500	Total Tenant Revenue	5,409,836	-	-	-	5,409,836	11,708,802	17,118,638
70600-01	Housing assistance payments	-	-	35,789,356	-	35,789,356	-	35,789,356
70600-02	Ongoing administrative fees earned	-	-	3,028,100	-	3,028,100	-	3,028,100
70600-03	Hard to house fee revenue	-	-	-	-	-	-	-
70600-03	FSS Coordinator	-	-	-	-	-	-	-
70600-04	Actual independent public accountant audit costs	-	-	-	-	-	-	-
70600-05	Total preliminary fees earned	-	-	-	-	-	-	-
70600-06	All other fees	-	-	-	-	-	-	-
70600-07	Admin fee calculation description	-	-	-	-	-	-	-
70600-08	Public Housing Operating Subsidy	15,719,900	-	-	-	15,719,900	-	15,719,900
70600	HUD PHA Grants	7,069,421	-	457,917	-	7,527,338	-	7,527,338
70610	HUD PHA Capital Grants	318,853	18,555	1,575,630	-	1,913,038	-	1,913,038
70710	Management Fee	-	3,549,040	-	(3,549,040)	-	-	-
70720	Asset Management Fee	-	379,538	-	(379,538)	-	-	-
70730	Book-Keeping Fee	-	287,430	-	(287,430)	-	-	-
70740	Front Line Service Fee	-	136,463	-	(136,463)	-	-	-
70750	Other Fees	-	-	-	-	-	-	-
70700	Total Fee Revenue	-	4,352,472	-	(4,352,472)	-	-	-
70800	Other government grants	-	-	-	-	-	-	-
71100-03	Investment Income - Unrestricted	7,045	116,902	2,115	-	126,062	116,437	242,499
71100	Investment Income - restricted	-	-	-	-	-	-	-
71200	Mortgage interest income	-	-	-	-	-	2	2
71300	Proceeds from disposition of assets held for sale	-	-	-	-	-	-	-
71310	Cost of Sale of Assets	-	-	-	-	-	-	-
71400-01	Fraud recovery	-	-	-	-	-	-	-
71500	Other revenue	726,728	179,962	20,352	-	927,042	9,986,561	10,913,603
71600	Gain/Loss on Sale of Fixed Assets	(251,734)	-	-	-	(251,734)	-	(251,734)
72000-01	Investment income - restricted	1,678,161	-	286,450	-	1,964,611	475,461	2,440,072
70000	Total Revenue	30,678,210	4,667,892	41,159,920	(4,352,472)	72,153,550	22,287,263	94,440,813
91100	Administrative salaries	1,334,639	2,245,907	1,820,187	-	5,400,733	1,538,945	6,939,678
91200	Auditing fees	53,337	16,305	29,635	-	99,277	120,498	219,775
91300	Management Fee	2,512,061	-	1,036,979	(3,549,040)	(0)	735,657	735,657
91310	Book-Keeping Fee	287,430	-	-	(287,430)	-	-	-
91400	Advertising and Marketing	8,720	4,555	645	-	13,920	55,761	69,681
91500	Employee benefit contributions - administrative	624,389	839,853	661,593	-	2,125,835	214,335	2,340,170
91600	Office Expenses	460,673	366,758	373,705	-	1,201,136	344,087	1,545,223
91700	Legal Expense	113,849	1,277	1,086	(25,265)	90,947	64,974	155,921
91800	Travel	14,250	23,623	14,976	-	52,849	500	53,349
91810	Allocated Overhead	-	-	-	-	-	-	-
91900	Other	906,577	429,156	410,618	-	1,746,351	729,220	2,475,571
92000	Asset Management Fee	\$ 379,538	\$ -	\$ -	\$ (379,538)	\$ -	\$ 37,308	\$ 37,308



# Detroit Housing Commission

## Financial Data Schedule (Continued) Year Ended June 30, 2016

Line Item No.	Account Description	Total AMPs 14.850	COCC Total	Total Programs	Elimination	Total Primary Government	Total Component Units (Discretely Presented)	REAC Total (Primary Government and Component Units)
92100	Tenant services - salaries	\$ 2,591	\$ -	\$ 23,533	\$ -	\$ 26,124	\$ -	\$ 26,124
92200	Relocation Costs	-	-	-	-	-	-	-
92300	Employee benefit contributions - tenant services	-	-	672	-	672	-	672
92400	Tenant Services - Other	47,496	-	85,120	-	132,616	-	132,616
93100	Water	647,520	7,223	-	-	654,743	1,598,424	2,253,167
93200	Electricity	1,390,519	43,444	-	-	1,433,963	180,065	1,614,028
93300	Gas	643,674	32,043	-	-	675,717	50,637	726,354
93400	Fuel	-	-	-	-	-	-	-
93500	Labor	-	-	-	-	-	-	-
93600	Sewer	1,374,258	22,805	-	-	1,397,063	-	1,397,063
93700	Employee benefit contributions - utilities	-	-	-	-	-	-	-
93800	Other utilities expense	-	-	-	-	-	26,939	26,939
94100	Ordinary Maintenance and Operations - Labor	2,134,944	103,383	-	-	2,238,327	416,966	2,655,293
94200	OMO - Materials and Other	736,035	30,035	6,476	-	772,546	1,215,207	1,987,753
94300-010	Ordinary Maintenance and Operations Contracts - Garbage and Trash Removal Contracts	197,048	3,255	-	-	200,303	-	200,303
94300-020	Ordinary Maintenance and Operations Contracts - Heating & Cooling Contracts	465,823	51,574	-	-	517,397	-	517,397
94300-030	Ordinary Maintenance and Operations Contracts - Snow Removal Contracts	103,974	10,250	-	-	114,224	-	114,224
94300-040	Ordinary Maintenance and Operations Contracts - Elevator Maintenance Contracts	-	-	-	-	-	-	-
94300-050	Ordinary Maintenance and Operations Contracts - Landscape & Grounds Contracts	954,225	6,070	-	-	960,295	-	960,295
94300-060	Ordinary Maintenance and Operations Contracts - Unit Turnaround Contracts	631,453	-	-	(60,710)	570,743	-	570,743
94300-070	Ordinary Maintenance and Operations Contracts - Electrical Contracts	216,922	42,090	-	(531)	258,481	-	258,481
94300-080	Ordinary Maintenance and Operations Contracts - Plumbing Contracts	500,160	7,132	-	-	507,292	-	507,292
94300-090	Ordinary Maintenance and Operations Contracts - Extermination Contracts	215,069	357	-	(49,958)	165,468	-	165,468
94300-100	Ordinary Maintenance and Operations Contracts - Janitorial Contracts	104,057	-	-	-	104,057	-	104,057
94300-110	Ordinary Maintenance and Operations Contracts - Routine Maintenance Contracts	1,032	-	-	-	1,032	-	1,032
94300-120	Ordinary Maintenance and Operations Contracts - Misc Contracts	3,344,703	100,950	-	-	3,445,653	1,032,362	4,478,015
94300	Ordinary Maintenance and Operations - Contract Costs	6,734,466	221,677	-	(111,199)	6,844,944	1,032,362	7,877,306
94500	Employee Benefit Contributions - Ordinary Maintenance	587,666	34,036	-	-	601,702	-	601,702
95100	Protective Services - labor	-	-	-	-	-	-	-
95200	Protective Services - Other Contract Costs	968,222	-	23,263	-	991,485	149,679	1,141,164
95300	Protective Services - Other	-	-	-	-	-	-	-
95500	Employee benefit contributions - protective services	-	-	-	-	-	-	-

# Detroit Housing Commission

## Financial Data Schedule (Continued) Year Ended June 30, 2016

Line Item No.	Account Description	Total AMPs 14.850	COCC Total	Total Programs	Elimination	Total Primary Government	Total Component Units (Discretely Presented)	REAC Total (Primary Government and Component Units)
96110	Property Insurance	\$ 379,151	\$ 19,882	\$ -	\$ -	\$ 399,033	\$ 638,265	\$ 1,037,298
96120	Liability Insurance	-	-	-	-	-	14,272	14,272
96130	Workmen's Compensation	120,215	9,352	6,501	-	136,068	28,021	164,089
96140	All other Insurance	181,215	14,938	54,270	-	250,423	29,876	280,299
96200	Other General Expenses	4,005,403	459	34,369	-	4,040,231	836,952	4,877,183
96210	Compensated Absences	97,380	217,715	95,400	-	410,495	-	410,495
96300	Payments in Lieu of Taxes	-	-	-	-	-	157,058	157,058
96400	Bad Debt - Tenant Rents	242,520	-	-	-	242,520	282,721	525,241
96500	Bad Debt - Mortgages	-	-	-	-	-	-	-
96600	Bad Debt - Other	76,803	-	-	-	76,803	-	76,803
96710	Interest of Mortgage (or Bonds) Payable	-	-	-	-	-	3,829,616	3,829,616
96720	Interest on Notes Payable (Short and Long Term)	-	-	-	-	-	39,218	39,218
96730	Amortization of Bond Issue Costs	-	-	-	-	-	84,923	84,923
96800	Severance Expense	-	-	-	-	-	-	-
96900	Total Operating Expenses	27,045,541	4,684,426	4,679,028	(4,352,471)	32,056,523	14,452,486	46,509,009
97000	Excess Operating Revenue over Operating Expenses	3,632,669	(16,535)	36,480,892	(0)	40,097,026	7,834,777	47,931,803
97100	Extraordinary Maintenance	-	-	-	-	-	-	-
97200	Casualty Losses - Non-Capitalized	-	-	-	-	-	-	-
97300-05	Housing Assistance Payments	-	-	35,307,086	-	35,307,086	-	35,307,086
97300-07	All Other	14,920	-	-	-	14,920	-	14,920
97400	Depreciation Expense	5,093,237	231,512	-	-	5,324,749	11,204,802	16,529,551
97500	Fraud losses	-	-	-	-	-	-	-
97800	Dwelling units rent expense	-	-	-	-	-	-	-
90000	Total Expenses	32,153,698	4,915,937	39,986,114	(4,352,471)	72,703,278	25,657,288	98,360,566
10010	Operating transfers in	1,668,272	-	-	(1,668,272)	-	-	-
10020	Operating transfers out	(1,668,272)	-	-	1,668,272	-	-	-
10030	Operating transfers from/to primary government	-	-	-	-	-	-	-
10040	Operating transfers from/to component unit	-	-	-	-	-	-	-
10050	Proceeds from notes, loans and bonds	-	-	-	-	-	-	-
10060	Proceeds from property sales	-	-	-	-	-	-	-
10070	Extraordinary items, net gain/loss	-	-	-	-	-	-	-
10080	Special items, net gain/loss	-	-	-	-	-	-	-
10091	Inter Project Excess Cash Transfer In	32,000	-	-	(32,000)	-	-	-
10092	Inter Project Excess Cash Transfer Out	(32,000)	-	-	32,000	-	-	-
10093	Special items, net gain/loss	-	-	-	-	-	-	-
10094	Special items, net gain/loss	-	-	-	-	-	-	-
10100	Total other financing sources (Uses)	-	-	-	-	-	-	-
10000	Excess (deficiency) of total revenue over (under) total expenses	(1,475,488)	(248,046)	1,173,806	(0)	(549,729)	(3,370,025)	(3,919,754)
11010	Capital Outlays Enterprise Fund	-	-	-	-	-	-	-
11020	Debt Principal Payments - Enterprise Funds	-	-	-	-	-	-	-
11030	Beginning Equity	271,143,423	3,323,361	22,448,697	-	296,915,481	37,979,575	334,895,056
11040	Prior Period Adjustments, Equity transfer and correction of errors	5,970,872	573,878	(6,541,248)	-	3,502	-	3,502
11040-07	Equity transfer	(628,542)	573,878	(241,253)	-	(295,917)	-	(295,917)
11190	Unit Months Available	40,911	-	74,532	-	115,443	-	115,443
11210	Number of Unit Months Leased	38,404	-	60,328	-	98,732	-	98,732
11170	Administrative Fee Equity	-	-	148,818	-	148,818	-	148,818
11180	Housing Assistance Payments Equity	-	-	564,145	-	564,145	-	564,145
11270	Excess Cash	7,163,069	-	-	-	7,163,069	-	7,163,069
11610	Land Purchases	318,853	-	-	-	318,853	-	318,853
11620	Building Purchases	-	-	-	-	-	-	-
11630	Furniture & Equipment - Dwelling Purchases	-	-	-	-	-	-	-
11640	Furniture & Equipment - Administrative Purchases	-	-	-	-	-	-	-
11650	Leasehold Improvements Purchases	-	-	-	-	-	-	-
11660	Infrastructure Purchases	-	-	143,048	-	143,048	-	143,048
13510	CFFP Debt Service Payments	-	-	-	-	-	-	-
13901	Replacement Housing Factor Funds	-	-	-	-	-	-	-

# **Detroit Housing Commission**

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## **REAC Supplemental Information Requirement**

As required by HUD for REAC reporting purposes, the Commission prepares its financial data schedules in accordance with HUD requirements in a prescribed format. The HUD prescribed format differs from the required classification of several balances under accounting principles generally accepted in the United States of America, as follows: (1) depreciation expense and housing assistance payments are excluded from operating activities; (2) investment revenue is included in operating activities; (3) tenant revenue and bad debt expense are reflected separately; (4) the blended component unit activities are presented in the business activities column, which is included in total programs; and (5) the total column includes the discretely presented component units and primary government.

# Actual Modernization Cost Certificate

U.S. Department of Housing and Urban Development  
Office of Public and Indian Housing

OMB Approval No. 2577-0157 (exp. 01/31/2017)

## Capital Fund Program (CFP)

Public reporting burden for this collection of information is estimated to average 2 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Reports Management Officer, Paperwork Reduction Project (2577-0044 and 0157), Office of Information Technology, U.S. Department of Housing and Urban Development, Washington, D.C. 20410-3600. This agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless that collection displays a valid OMB control number.

Do not send this form to the above address.

This collection of information requires that each Housing Authority (HA) submit information to enable HUD to initiate the fiscal closeout process. The information will be used by HUD to determine whether the modernization grant is ready to be audited and closed out. The information is essential for audit verification and fiscal close out. Responses to the collection are required by regulation. The information requested does not lend itself to confidentiality.

PHA Name: DETROIT HOUSING COMMISSION	Modernization Project Number: MI28R00150208
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The PHA hereby certifies to the Department of Housing and Urban Development as follows:

1. That the total amount of Modernization Cost (herein called the "Actual Modernization Cost") of the Modernization Grant, is as shown below:

A. Funds Approved	\$ 2,816,919.00
B. Funds Disbursed	\$ 2,816,919.00
C. Funds Expended (Actual Modernization Cost)	\$ 2,816,919.00
D. Amount to be Recaptured (A-C)	\$ 0.00
E. Excess of Funds Disbursed (B-C)	\$ 0.00

- That all modernization work in connection with the Modernization Grant has been completed;
- That the entire Actual Modernization Cost or liabilities therefor incurred by the PHA have been fully paid;
- That there are no undischarged mechanics', laborers', contractors', or material-men's liens against such modernization work on file in any public office where the same should be filed in order to be valid against such modernization work;
- That the time in which such liens could be filed has expired; and
- That for any years in which the grantee is subject to the audit requirements of the Single Audit Act, 31 U.S.C. § 7501 et seq., as amended, the grantee has or will perform an audit in compliance with said requirements.

7. Please mark one:

- A. This grant will be included in the PHA's next fiscal year audit per the requirements of the Single Audit Act.
- B. This grant will not be included in the PHA's next fiscal year audit per the requirements of the Single Audit Act.

I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate.

Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)

Name & Title of Authorized Signatory (type or print clearly):

KELLEY LYONS, EXECUTIVE DIRECTOR

Signature of Executive Director (or Authorized Designee):

X

Date: 7/27/2016

For HUD Use Only

The Cost Certificate is approved for audit (if box 7A is marked):

Approved for Audit (Director, Office of Public Housing)

X

Date: 8/9/16

The costs shown above agree with HUD verified costs (if box 7A or 7B is marked):

Approved: (Director, Office of Public Housing)

X

Date:

# Actual Modernization Cost Certificate

U.S. Department of Housing  
and Urban Development  
Office of Public and Indian Housing

OMB Approval No. 2577-0157 (exp. 01/31/2017)

## Capital Fund Program (CFP)

Public reporting burden for this collection of information is estimated to average 2 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Reports Management Officer, Paperwork Reduction Project (2577-0044 and 0157), Office of Information Technology, U.S. Department of Housing and Urban Development, Washington, D.C. 20410-3600. This agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless that collection displays a valid OMB control number.

Do not send this form to the above address.

This collection of information requires that each Housing Authority (HA) submit information to enable HUD to initiate the fiscal closeout process. The information will be used by HUD to determine whether the modernization grant is ready to be audited and closed out. The information is essential for audit verification and fiscal close out. Responses to the collection are required by regulation. The information requested does not lend itself to confidentiality.

PHA Name: Detroit Housing Commission	Modernization Project Number: MI28P00150111
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The PHA hereby certifies to the Department of Housing and Urban Development as follows:

1. That the total amount of Modernization Cost (herein called the "Actual Modernization Cost") of the Modernization Grant, is as shown below:

A. Funds Approved	\$ 7,756,710.00
B. Funds Disbursed	\$ 7,756,710.00
C. Funds Expended (Actual Modernization Cost)	\$ 7,756,710.00
D. Amount to be Recaptured (A-C)	\$ 0.00
E. Excess of Funds Disbursed (B-C)	\$ 0.00

- That all modernization work in connection with the Modernization Grant has been completed;
- That the entire Actual Modernization Cost or liabilities therefor incurred by the PHA have been fully paid;
- That there are no undischarged mechanics', laborers', contractors', or material-men's liens against such modernization work on file in any public office where the same should be filed in order to be valid against such modernization work;
- That the time in which such liens could be filed has expired; and
- That for any years in which the grantee is subject to the audit requirements of the Single Audit Act, 31 U.S.C. § 7501 et seq., as amended, the grantee has or will perform an audit in compliance with said requirements.

7. Please mark one:

- A. This grant will be included in the PHA's next fiscal year audit per the requirements of the Single Audit Act.
- B. This grant will not be included in the PHA's next fiscal year audit per the requirements of the Single Audit Act.

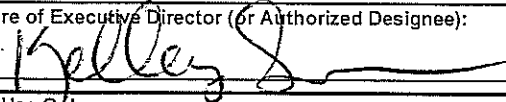
I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate.

Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)

Name & Title of Authorized Signatory (type or print clearly):

Kelley Lyons

Signature of Executive Director (or Authorized Designee):

X 

Date:

8/30/15

For HUD Use Only

The Cost Certificate is approved for audit (if box 7A is marked):

Approved for Audit (Director, Office of Public Housing)

X 

Date:

9/15/15

The costs shown above agree with HUD verified costs (if box 7A or 7B is marked):

Approved: (Director, Office of Public Housing)

X

Date:

**Actual Modernization  
Cost Certificate**

U.S. Department of Housing  
and Urban Development  
Office of Public and Indian Housing

OMB Approval No. 2577-0157 (exp. 01/31/2017)

**Capital Fund Program (CFP)**

Public reporting burden for this collection of information is estimated to average 2 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Reports Management Officer, Paperwork Reduction Project (2577-0044 and 0157), Office of Information Technology, U.S. Department of Housing and Urban Development, Washington, D.C. 20410-3600. This agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless that collection displays a valid OMB control number.

Do not send this form to the above address.

This collection of information requires that each Housing Authority (HA) submit information to enable HUD to initiate the fiscal closeout process. The information will be used by HUD to determine whether the modernization grant is ready to be audited and closed out. The information is essential for audit verification and fiscal close out. Responses to the collection are required by regulation. The information requested does not lend itself to confidentiality.

PHA Name: Detroit Housing Commission	Modernization Project Number: MI28P001501-12
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The PHA hereby certifies to the Department of Housing and Urban Development as follows:

1. That the total amount of Modernization Cost (herein called the "Actual Modernization Cost") of the Modernization Grant, is as shown below:

A. Funds Approved	\$ 7,275,028.00
B. Funds Disbursed	\$ 7,275,028.00
C. Funds Expended (Actual Modernization Cost)	\$ 7,275,028.00
D. Amount to be Recaptured (A-C)	\$ 0.00
E. Excess of Funds Disbursed (B-C)	\$ 0.00

- That all modernization work in connection with the Modernization Grant has been completed;
- That the entire Actual Modernization Cost or liabilities therefor incurred by the PHA have been fully paid;
- That there are no undischarged mechanics', laborers', contractors', or material-men's liens against such modernization work on file in any public office where the same should be filed in order to be valid against such modernization work;
- That the time in which such liens could be filed has expired; and
- That for any years in which the grantee is subject to the audit requirements of the Single Audit Act, 31 U.S.C. § 7501 et seq., as amended, the grantee has or will perform an audit in compliance with said requirements.

7. Please mark one:

A. This grant will be included in the PHA's next fiscal year audit per the requirements of the Single Audit Act.

B. This grant will not be included in the PHA's next fiscal year audit per the requirements of the Single Audit Act.

I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate.

Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)

Name & Title of Authorized Signatory (type or print clearly):

Harold S. Ince, Jr.; Deputy Director

Signature of Executive Director (or Authorized Designee):

X

Date:

5/2/16

For HUD Use Only

The Cost Certificate is approved for audit (if box 7A is marked):

Approved for Audit (Director, Office of Public Housing)

X

Date:

5/16/16

The costs shown above agree with HUD verified costs (if box 7A or 7B is marked):

Approved: (Director, Office of Public Housing)

X

Date:

**Actual Modernization  
Cost Certificate**

U.S. Department of Housing  
and Urban Development  
Office of Public and Indian Housing

OMB Approval No. 2577-0157 (exp. 01/31/2017)

Capital Fund Program (CFP)

Public reporting burden for this collection of information is estimated to average 2 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Reports Management Officer, Paperwork Reduction Project (2577-0044 and 0157), Office of Information Technology, U.S. Department of Housing and Urban Development, Washington, D.C. 20410-3600. This agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless that collection displays a valid OMB control number.

Do not send this form to the above address.

This collection of information requires that each Housing Authority (HA) submit information to enable HUD to initiate the fiscal closeout process. The information will be used by HUD to determine whether the modernization grant is ready to be audited and closed out. The information is essential for audit verification and fiscal close out. Responses to the collection are required by regulation. The information requested does not lend itself to confidentiality.

PHA Name: Detroit Housing Commission	Modernization Project Number: MI28E00150112
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The PHA hereby certifies to the Department of Housing and Urban Development as follows:

1. That the total amount of Modernization Cost (herein called the "Actual Modernization Cost") of the Modernization Grant, is as shown below:

A. Funds Approved	\$ 5,630,284.00
B. Funds Disbursed	\$ 5,630,284.00
C. Funds Expended (Actual Modernization Cost)	\$ 5,630,284.00
D. Amount to be Recaptured (A-C)	\$ 0.00
E. Excess of Funds Disbursed (B-C)	\$ 0.00

- That all modernization work in connection with the Modernization Grant has been completed;
- That the entire Actual Modernization Cost or liabilities therefor incurred by the PHA have been fully paid;
- That there are no undischarged mechanics', laborers', contractors', or material-men's liens against such modernization work on file in any public office where the same should be filed in order to be valid against such modernization work;
- That the time in which such liens could be filed has expired; and
- That for any years in which the grantee is subject to the audit requirements of the Single Audit Act, 31 U.S.C. § 7501 et seq., as amended, the grantee has or will perform an audit in compliance with said requirements.

7. Please mark one:

- A. This grant will be included in the PHA's next fiscal year audit per the requirements of the Single Audit Act.
- B. This grant will not be included in the PHA's next fiscal year audit per the requirements of the Single Audit Act.

I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate.

Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)

Name & Title of Authorized Signatory (type or print clearly):

Kelley Lyons, Executive Director

Signature of Executive Director (or Authorized Designee):

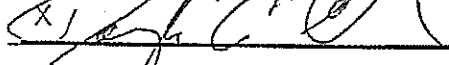
X 

Date: 1/8/16

For HUD Use Only

The Cost Certificate is approved for audit (if box 7A is marked):

Approved for Audit (Director, Office of Public Housing)

X 

Date: 1/15/16

The costs shown above agree with HUD verified costs (if box 7A or 7B is marked):

Approved: (Director, Office of Public Housing)

X

Date: