

**DETROIT HOUSING
COMMISSION**
Basic
Financial Statements and
Supplemental Information

Year ended
June 30, 2008

BERMAN HOPKINS
WRIGHT & LAHAM
CPAS AND ASSOCIATES, LLP

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INDEPENDENT AUDITORS' REPORT

Partners:

John R. Hopkins
James A. Wright, Jr.
James S. LaHam
Ross A. Whitley
W. Ed Moss
Philip J. Hayes
Brian L. Nemeroff

Board of Commissioners
Detroit Housing Commission
Detroit, Michigan

We have audited the accompanying financial statements of the business-type activities and the discretely presented component units of the Detroit Housing Commission ("the Commission"), as of and for the year ended June 30, 2008, which collectively comprise the Commission's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Commission's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of any of the 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 the 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

8035 Spyglass Hill
Road
Melbourne, FL 32940
321.757.2020
FAX 321.242.4844

480 N. Orlando Ave.
Suite 218
Winter Park, FL
32789
407.644.5811
FAX 407.644.6022

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component units of the Commission, as of June 30, 2008 and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2009, on our consideration of the Commission's internal control over financial reporting and 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* and should be considered in assessing the results of our audit.

The Management Discussion and Analysis and the Schedule of Funding Progress for the Employee Pension Trust Fund as listed in the table of contents is not a required part of the financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Commission's basic financial statements. The accompanying financial data schedule and schedules of actual program costs and advances are presented for purposes of additional analysis as required by the U.S. Department of Housing and Urban Development, and are not a required part of the basic financial statements of the Commission. The accompanying schedule of expenditures of federal awards and local assistance is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the Commission. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

March 31, 2009
Melbourne, Florida

Berman Hopkins Wright & LaHam
CPAs and Associates, LLP

Management Discussion and Analysis

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, 2008. 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. However, 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, Eugene Jones, 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 and the U.S. Department of Housing and Urban Development ("HUD"), due to the troubled status of the Commission. The scope of the CEA is outlined in Note A of the accompanying Financial Statements.

Financial Highlights

- The assets of the Commission exceeded its liabilities as of June 30, 2008 by \$202,114,314 (net assets).
- The Commission's cash balance as of June 30, 2007 was \$31,497,702.
- The Commission had revenue from the U.S. Department of Housing and Urban Development ("HUD") of \$70,575,565 which includes funds for redevelopment and capital asset activities.
- Public housing has maintained occupancy of 85.1% for the fiscal year (gross of 61.4% before adjusting for closed/demolished sites such as Douglas, Jeffries, some scattered sites).
- The Commission utilized 72% of its Section 8 vouchers under the Housing Choice Voucher program, and spent 78% of its annual budget authority.
- During the year, capital assets in the amount of \$25,640,188 were donated to the Commission by the City of Detroit.
- HUD provides Hope VI, RHF, and CFP funds to loan to the 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, and therefore the Commission has notes receivable in the amount of \$62,180,229.

- In Fiscal Year 2008, DHC complied with all the rules and provisions of Asset Management, which involved more detailed budgeting, tracking, and reporting of all activities in the Low Income Public Housing program. We also created the Central Office Cost Center to carry out the management and administrative activities required by all our programs.

The Commission's Programs

Detroit Housing Commission's financial statements utilize the Enterprise Fund method, on the full accrual basis of accounting. The Enterprise Fund method is similar to accounting used in the private sector. Many of the program funds maintained by DHC are required by the Department of Housing and Urban Development (HUD). Others are segregated to enhance accountability and control. The Commissions' significant programs are described below.

Low Income Public Housing (LIPH) - under this program, DHC rents units that it owns in 27 AMPs (one or more developments grouped for management purposes) and 401 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. DHC currently owns and operates 3,950 subsidized units in this program.

Section 8 Program - within the 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 contributions contracts (ACC) with HUD, which enables DHC to structure a lease that sets the "participants" housing costs at 30 percent of household income. DHC currently administers 5,663 housing choice vouchers, 200 New Construction (site-based) vouchers, 305 moderate rehabilitation units, and 4 units of Disaster Housing (DHAP).

Capital Fund Program - under this program, DHC receives funding for physical and management improvements to its owned units within the lowincome 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, and Hope VI grants to continue the DHC's vision of expanding the housing opportunities within its jurisdiction.

Business Activities - this includes programs such as homeownership commissions, non-federal activities and developer fees.

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. Over time, significant changes in the Commission's net assets 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 non-financial factors such as changes in family composition, fluctuations in the local economy, HUD-mandated program administrative

changes, pro-ration of available funding, and the physical condition of capital assets. The following statements are included:

- Balance Sheet - this reports the Commission's assets, liabilities and net assets at the end of the fiscal year. The Commission's net assets are the difference between what the Commission owns (assets) and what the Commission owes (liabilities). Net assets (formerly known as equity) are reported in three broad categories: net assets invested in capital assets (net of related debt and depreciation); restricted net assets; and unrestricted net assets.
- Statement of Revenue, Expenses, and Changes in Net Assets - similar to an Income Statement, this report presents information showing how the Commission's net assets increased or decreased during the current fiscal year. This statement includes operating revenues such as rental income, operating expenses such as administrative, utilities, and maintenance, and non-operating revenue and expense such as capital grant revenue and investment income. The focus of this statement is the 'change in net assets,' which is similar to net income or loss.
- 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 Basic Financial Statements - the notes to the Basic 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, 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 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.

Financial Analysis

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

	<u>Balance Sheet</u>		
	<u>2008</u>	<u>2007</u>	<u>Net Change</u>
Current assets	\$ 35,701,477	\$ 34,966,465	\$ 735,012
Capital assets, net	106,594,756	75,670,352	30,924,404
Other noncurrent assets	66,601,033	65,542,297	1,058,736
Total assets	<u>\$ 208,897,266</u>	<u>\$ 176,179,114</u>	<u>\$ 32,718,152</u>
Current liabilities	\$ 6,551,925	\$ 15,147,265	\$ (8,595,340)
Other noncurrent liabilities	231,027	7,188,431	(6,957,404)
Total liabilities	<u>6,782,952</u>	<u>22,335,696</u>	<u>(15,552,744)</u>
Invested in capital assets, net	106,594,756	75,670,352	30,924,404
Restricted net assets	20,117,539	12,446,598	7,670,941
Unrestricted net assets	75,402,019	65,726,468	9,675,551
Total net assets	<u>202,114,314</u>	<u>153,843,418</u>	<u>48,270,896</u>
Total liabilities and net assets	<u>\$ 208,897,266</u>	<u>\$ 176,179,114</u>	<u>\$ 32,718,152</u>

Current Assets increased by \$735,012 mainly due to the increase in cash offset by the decrease in receivables.

Net Capital Assets increased by \$30,924,404 mainly due to the capital contributions by the City of Detroit of \$25,640,188.

Total Assets increased by \$32,718,152 mainly due to the increase in capital assets and the increase in the notes receivable from the component units.

Total Liabilities decreased by \$15,552,744 mainly due to the decrease in accrued liabilities and the decrease in the pension liability.

Net Assets the difference between an organization's assets and its liabilities is its net assets. Net assets are categorized as one of three types.

1. Invested in capital assets, net - capital assets, net of accumulated depreciation and related debt is due to the capital asset and long-term debt activity;
2. Restricted - the Commission's net assets whose use is subject to constraints imposed by law or agreement consisting primarily of HAP equity;
3. Unrestricted - the Commission's net 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.

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

	<u>Change in Net Assets</u>		
	<u>2008</u>	<u>2007</u>	<u>Net Change</u>
OPERATING REVENUES			
HUD operating revenues	\$ 62,381,551	\$ 55,310,488	\$ 7,071,063
Tenant revenue, net	4,537,685	4,410,603	127,082
Other operating revenue	4,090,305	464,216	3,626,089
Total operating revenues	<u>71,009,541</u>	<u>60,185,307</u>	<u>10,824,234</u>
OPERATING EXPENSES			
Administrative	10,471,049	9,845,429	625,620
Tenant services	352,609	936,865	(584,256)
Utilities	3,895,512	7,126,250	(3,230,738)
Maintenance	7,151,525	7,573,717	(422,192)
Protective services	746,714	1,360,905	(614,191)
General	2,957,758	3,617,805	(660,047)
Depreciation	2,767,062	2,001,420	765,642
Housing assistance payments	30,626,880	31,748,045	(1,121,165)
Total operating expenses	<u>58,969,109</u>	<u>64,210,436</u>	<u>(5,241,327)</u>
OPERATING INCOME (LOSS)	<u>12,040,432</u>	<u>(4,025,129)</u>	<u>16,065,561</u>
NONOPERATING REVENUES (EXPENSES)			
Other revenue	380,292	398,714	(18,422)
Loss on disposal of fixed assets	(21,344)	-	(21,344)
Interest income - unrestricted	1,449,437	1,151,123	298,314
Interest income - restricted	587,876	591,278	(3,402)
Total nonoperating revenues	<u>2,396,261</u>	<u>2,141,115</u>	<u>255,146</u>
Change in net assets before capital contributions	14,436,693	(1,884,014)	16,320,707
CAPITAL CONTRIBUTIONS			
HUD capital grants	8,194,014	19,660,048	(11,466,034)
Capital contributions - City of Detroit	25,640,188	8,708,255	16,931,933
Change in net assets	<u>48,270,895</u>	<u>26,484,289</u>	<u>21,786,606</u>
Total net assets - beginning	153,843,419	127,359,130	26,484,289
Total net assets - ending	<u>\$ 202,114,314</u>	<u>\$ 153,843,419</u>	<u>\$ 48,270,895</u>

Total Operating Revenue increased by \$10,824,234 for the fiscal year ending June 30, 2008, primarily due to the increase in HUD revenues.

Operating Expenses are categorized by the Commission as administrative, tenant services, utilities, maintenance, general, depreciation expense and housing assistance payments. The net decrease of \$5,241,327 in total operating expenses is primarily attributable to the decrease in utilities expense associated with the over-accrual of expense from prior year, due to estimated billings. HAP decreased because the funding formula takes current lease-up rates into consideration. Protective services decreased due to the demolition of a large site.

Nonoperating Revenues (Expenses) increased by \$255,146 mainly due to the increase in interest income.

Capital Contributions increased by \$5,465,899 mainly due to the increase in capital contributions from the City of Detroit, offset by the decrease in HUD capital grants. There still remains a group of properties to be legally transferred from the City to DHC, in the amount of \$4,087,110 which includes land, buildings, and equipment.

Capital Asset And Debt Activity

After the Commission became independent from the City of Detroit, the city signed over the HUD properties to DHC, and these are classified as donated capital assets. These assets needed to have an appraisal done on them to give them a current value. The assets are presented at Fair Market Value in the financial statements.

	<u>June 30, 2008</u>	<u>June 30, 2007</u>	<u>Change in Capital Assets</u>
Non-depreciable:			
Land	\$ 46,215,644	\$ 37,686,584	\$ 8,529,060
Construction in progress	7,864,576	-	7,864,576
Total Non-depreciable	<u>54,080,220</u>	<u>37,686,584</u>	<u>16,393,636</u>
Depreciated:			
Structures and improvements	54,814,224	38,600,956	16,213,268
Equipment	2,647,495	1,610,410	1,037,085
Total depreciated	<u>57,461,719</u>	<u>40,211,366</u>	<u>17,250,353</u>
Total capital assets	<u>111,541,939</u>	<u>77,897,950</u>	<u>33,643,989</u>
Total accumulated depreciation	<u>(4,947,183)</u>	<u>(2,227,598)</u>	<u>(2,719,585)</u>
Capital assets, net	<u>\$106,594,756</u>	<u>\$ 75,670,352</u>	<u>\$ 30,924,404</u>

The Commission has no debt for the year ended June 30, 2008.

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 Authority is affected more by the federal budget than by local economic conditions. The pro-ration of funding of these programs could be significantly affected by the 2009 federal budget.

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

BALANCE SHEET

June 30, 2008

ASSETS

	Total Primary Government	Total Discrete Component Units
CURRENT ASSETS		
Cash and cash equivalents - unrestricted	\$ 10,686,767	\$ 580,383
Cash and cash equivalents - restricted	20,796,773	3,413,196
Receivables, net	3,779,327	300,160
Prepaid expenses	339,763	124,406
Due from other governments	-	949,652
Inventory, net	98,847	-
Total current assets	<u>35,701,477</u>	<u>5,367,797</u>
NONCURRENT ASSETS		
Cash and cash equivalents - restricted	14,162	-
Capital assets, net	106,594,756	84,609,550
Accrued interest receivable	4,406,642	-
Other noncurrent assets	-	1,383,298
Notes, loans and mortgages receivable	62,180,229	-
Total assets	<u>\$ 208,897,266</u>	<u>\$ 91,360,645</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Current portion of long-term debt	\$ -	\$ 150,421
Accounts payable	2,205,248	983,489
Due to HUD	142,507	-
Accrued salaries and benefits	584,677	-
Accrued contingency liability	500,121	-
Due to other governments	416,812	6,025,139
Tenant security deposits	253,193	253,138
Deferred revenue	59,964	37,057
FSS escrow	46,020	-
Other current liabilities	2,343,383	209,308
Total current liabilities	<u>6,551,925</u>	<u>7,658,552</u>
NONCURRENT LIABILITIES		
Long-term debt	-	72,957,531
Accrued compensated absences	216,865	-
FSS escrow	14,162	-
Other noncurrent liabilities	-	27,328
Interest payable	-	3,367,305
Total liabilities	<u>6,782,952</u>	<u>84,010,716</u>
NET ASSETS		
Invested in capital assets, net of related debt	106,594,756	11,501,598
Restricted net assets	20,117,539	3,160,058
Unrestricted net assets	75,402,019	(7,311,727)
Total net assets	<u>202,114,314</u>	<u>7,349,929</u>
Total liabilities and net assets	<u>\$ 208,897,266</u>	<u>\$ 91,360,645</u>

The accompanying notes are an integral part of this financial statement.

Detroit Housing Commission

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

Year ended June 30, 2008

	Total Primary Government	Total Discrete Component Units
OPERATING REVENUES		
HUD operating revenues	\$ 62,381,551	\$ -
Tenant revenue, net	4,537,685	2,643,084
Other operating revenue	4,090,305	114,686
Total operating revenues	71,009,541	2,757,770
OPERATING EXPENSES		
Administrative	10,471,049	1,278,185
Tenant services	352,609	3,520
Utilities	3,895,512	550,818
Maintenance	7,151,525	631,024
Protective services	746,714	112,393
General	2,957,758	477,535
Depreciation	2,767,062	3,364,797
Housing assistance payments	30,626,880	-
Total operating expenses	58,969,109	6,418,272
OPERATING INCOME (LOSS)	12,040,432	(3,660,502)
NONOPERATING REVENUES (EXPENSES)		
Grant revenue	380,292	728,748
Loss on disposal of fixed assets	(21,344)	-
Interest income - unrestricted	1,449,437	26,514
Interest income - restricted	587,876	-
Interest expense	-	(1,606,839)
Total nonoperating revenues (expenses)	2,396,261	(851,577)
Change in net assets before capital contributions	14,436,693	(4,512,079)
CAPITAL CONTRIBUTIONS		
HUD capital grants	8,194,014	-
Capital contributions - City of Detroit	25,640,188	-
Partner contributions	-	2,268,070
Partner distributions	-	(15,545)
Change in net assets	48,270,895	(2,259,554)
Total net assets - beginning, as previously stated	153,843,419	9,733,916
Prior period adjustment	-	(124,433)
Total net assets - beginning, restated	153,843,419	9,609,483
Total net assets - ending	\$ 202,114,314	\$ 7,349,929

The accompanying notes are an integral part of this financial statement.

Detroit Housing Commission

STATEMENT OF CASH FLOWS

Year ended June 30, 2008

CASH FLOWS FROM OPERATING ACTIVITIES

HUD operating grants received	\$ 63,562,176
Collections from tenants	4,388,773
Collections from other sources	4,601,567
Payments to employees	(9,613,413)
Payments to HUD	(5,801,546)
Payments to suppliers	(23,714,112)
Housing assistance payments	<u>(30,604,824)</u>
Net cash provided by operating activities	2,818,621

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

HUD capital grants received	8,194,014
Proceeds from disposal of assets	200,204
Purchase of property and equipment	<u>(8,272,826)</u>
Net cash provided by capital and related financing activities	121,392

CASH FLOWS FROM INVESTING ACTIVITIES

Net cash provided by interest income	943,259
Investment in notes receivable	<u>(73,235)</u>
Net cash provided by investing activities	870,024

CASH FLOWS FROM NONCAPITAL ACTIVITIES

Other miscellaneous revenue	<u>380,292</u>
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NET INCREASE IN CASH

	4,190,329
Cash and cash equivalents at beginning of year	<u>27,307,373</u>
Cash and cash equivalents at end of year	<u><u>\$ 31,497,702</u></u>

AS PRESENTED IN THE ACCOMPANYING BALANCE SHEET:

Cash and cash equivalents - unrestricted	\$ 10,686,767
Cash and cash equivalents - restricted	20,796,773
Cash and cash equivalents - restricted noncurrent	<u>14,162</u>
	<u><u>\$ 31,497,702</u></u>

The accompanying notes are an integral part of this financial statement.

Detroit Housing Commission

STATEMENT OF CASH FLOWS (continued)

Year ended June 30, 2008

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	\$ 12,040,432
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation	2,767,062
Provision for bad debt, net of recoveries	173,149
(Increase) decrease in assets:	
Receivables, net	2,866,736
Due from HUD	1,180,625
Prepaid expenses	7,462
Inventory	9,468
Notes receivable	(673,570)
Increase (decrease) in liabilities:	
Accounts payable	1,905,001
Due to HUD	(5,801,546)
Due to other governments	416,812
Accrued salaries and benefits	256,467
Tenant security deposits	7,068
Deferred revenue	29,271
FSS escrow	22,056
Other liabilities	(12,387,872)
Net cash provided by operating activities	<u>\$ 2,818,621</u>

The accompanying notes are an integral part of this financial statement.

Detroit Housing Commission

COMBINING BALANCE SHEET FOR DISCRETE COMPONENT UNITS

June 30, 2008

	ASSETS								Total Discrete Component Units
	The Villages of Parkside II	The Villages of Parkside IV	Woodbridge Estates Apartments I, LLC	Woodbridge Estates Apartments II, LLC	Woodbridge Estates Apartments III, LLC	Woodbridge Estates Apartments IV, LLC	Woodbridge Estates Apartments V, LLC	Woodbridge ILF Associates LDHA, Ltd. Partnership	
CURRENT ASSETS									
Cash and cash equivalents - unrestricted	\$ 1,092	\$ 37,170	\$ 35,267	\$ 24,149	\$ 26,160	\$ 16,275	\$ 1,841	\$ 438,429	\$ 580,383
Cash and cash equivalents - restricted	571,598	868,020	85,284	329,355	259,498	301,496	463,757	534,188	3,413,196
Receivables, net	159,871	172,071	58,015	159,763	303,898	309,240	22,914	64,040	1,249,812
Prepaid expenses	32,393	34,608	7,168	11,241	8,383	9,943	13,695	6,975	124,406
Total current assets	764,954	1,111,869	185,734	524,508	597,939	636,954	502,207	1,043,632	5,367,797
NONCURRENT ASSETS									
Capital assets, net	17,613,085	15,109,122	6,641,720	8,924,537	5,974,925	7,243,049	10,543,894	12,559,218	84,609,550
Other noncurrent assets	8,661	8,781	305,632	419,706	122,542	84,752	301,547	131,677	1,383,298
Notes, loans and mortgages receivable	-	-	-	-	-	-	-	-	-
Total assets	<u>\$ 18,386,700</u>	<u>\$ 16,229,772</u>	<u>\$ 7,133,086</u>	<u>\$ 9,868,751</u>	<u>\$ 6,695,406</u>	<u>\$ 7,964,755</u>	<u>\$ 11,347,648</u>	<u>\$ 13,734,527</u>	<u>\$ 91,360,645</u>
	LIABILITIES AND NET ASSETS								
CURRENT LIABILITIES									
Current portion of long-term debt	\$ -	\$ -	\$ 8,202	\$ 17,675	\$ 28,061	\$ 37,219	\$ 59,264	\$ -	\$ 150,421
Accounts payable	111,522	272,720	25,334	26,756	114,565	158,331	226,849	47,412	983,489
Due to other governments	-	-	1,832,509	2,484,548	544,927	422,934	600,374	139,847	6,025,139
Tenant security deposits	32,482	29,363	26,060	39,591	26,025	28,264	42,772	28,581	253,138
Deferred revenue	400	422	11,376	8,167	3,985	4,653	8,054	-	37,057
Other current liabilities	30,550	39,780	29,000	40,100	9,525	10,949	13,259	36,145	209,308
Total current liabilities	174,954	342,285	1,932,481	2,616,837	727,088	662,350	950,572	251,985	7,658,552
NONCURRENT LIABILITIES									
Long-term debt	25,667,581	21,281,065	3,675,122	4,918,739	3,488,860	4,287,481	5,843,560	3,795,123	72,957,531
Other noncurrent liabilities	1,253,366	958,690	234,322	349,349	90,006	109,262	125,073	274,565	3,394,633
Total liabilities	27,095,901	22,582,040	5,841,925	7,884,925	4,305,954	5,059,093	6,919,205	4,321,673	84,010,716
NET ASSETS									
Invested in capital assets, net of related debt	(8,054,496)	(6,171,943)	2,958,396	3,988,123	2,458,004	2,918,349	4,641,070	8,764,095	11,501,598
Restricted net assets	539,116	838,657	59,224	289,764	233,473	273,232	420,985	505,607	3,160,058
Unrestricted net assets	(1,193,821)	(1,018,982)	(1,726,459)	(2,294,061)	(302,025)	(285,919)	(633,612)	143,152	(7,311,727)
Total net assets	(8,709,201)	(6,352,268)	1,291,161	1,983,826	2,389,452	2,905,662	4,428,443	9,412,854	7,349,929
Total liabilities and net assets	<u>\$ 18,386,700</u>	<u>\$ 16,229,772</u>	<u>\$ 7,133,086</u>	<u>\$ 9,868,751</u>	<u>\$ 6,695,406</u>	<u>\$ 7,964,755</u>	<u>\$ 11,347,648</u>	<u>\$ 13,734,527</u>	<u>\$ 91,360,645</u>

The accompanying notes are an integral part of this financial statement.

Detroit Housing Commission

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR DISCRETE COMPONENT UNITS**

Year ended June 30, 2008

	The Villages of Parkside II	The Villages of Parkside IV	Woodbridge Estates Apartments I, LLC	Woodbridge Estates Apartments II, LLC	Woodbridge Estates Apartments III, LLC	Woodbridge Estates Apartments IV, LLC	Woodbridge Estates Apartments V, LLC	Woodbridge ILF Associates LDHA, Ltd. Partnership	Total Discrete Component Units
OPERATING REVENUES									
Tenant revenue, net	\$ 251,546	\$ 173,779	\$ 327,287	\$ 506,145	\$ 247,207	\$ 64,369	\$ 347,492	\$ 725,259	\$ 2,643,084
Other operating revenue	24,755	11,316	1,652	2,235	982	5,146	14,239	54,361	114,686
Total operating revenues	276,301	185,095	328,939	508,380	248,189	69,515	361,731	779,620	2,757,770
OPERATING EXPENSES									
Administrative	201,219	173,782	98,949	153,016	98,810	124,380	148,692	279,337	1,278,185
Tenant services	1,819	1,701	-	-	-	-	-	-	3,520
Utilities	122,203	106,697	41,791	38,329	30,070	36,924	46,287	128,517	550,818
Maintenance	228,786	202,756	43,301	80,293	19,532	18,058	26,983	11,315	631,024
Protective services	35,008	27,621	-	-	-	-	-	49,764	112,393
General	62,387	62,509	46,550	72,740	34,716	35,753	81,907	80,973	477,535
Depreciation	1,074,311	936,721	182,493	244,738	115,655	139,647	164,303	506,929	3,364,797
Total operating expenses	1,725,733	1,511,787	413,084	589,116	298,783	354,762	468,172	1,056,835	6,418,272
OPERATING INCOME	(1,449,432)	(1,326,692)	(84,145)	(80,736)	(50,594)	(285,247)	(106,441)	(277,215)	(3,660,502)
NONOPERATING REVENUES (EXPENSES)									
Grant revenue	355,908	372,840	-	-	-	-	-	-	728,748
Interest income - unrestricted	9,998	16,516	-	-	-	-	-	-	26,514
Interest expense	(299,617)	(118,838)	(201,004)	(272,322)	(131,842)	(162,531)	(223,268)	(197,417)	(1,606,839)
Total nonoperating revenues (expenses)	66,289	270,518	(201,004)	(272,322)	(131,842)	(162,531)	(223,268)	(197,417)	(851,577)
Change in net assets before capital contributions	(1,383,143)	(1,056,174)	(285,149)	(353,058)	(182,436)	(447,778)	(329,709)	(474,632)	(4,512,079)
CAPITAL CONTRIBUTIONS									
Partner contributions	178,813	195,367	99,583	399,995	-	440,070	377,683	576,559	2,268,070
Partner distributions	-	-	-	-	(15,545)	-	-	-	(15,545)
Change in net assets	(1,204,330)	(860,807)	(185,566)	46,937	(197,981)	(7,708)	47,974	101,927	(2,259,554)
Total net assets - beginning, as previously stated	(7,504,871)	(5,491,461)	1,500,533	2,037,516	2,587,433	2,913,370	4,380,469	9,310,927	9,733,916
Prior period adjustment	-	-	(23,806)	(100,627)	-	-	-	-	(124,433)
Total net assets - beginning, restated	(7,504,871)	(5,491,461)	1,476,727	1,936,889	2,587,433	2,913,370	4,380,469	9,310,927	9,609,483
Total net assets - ending	\$ (8,709,201)	\$ (6,352,268)	\$ 1,291,161	\$ 1,983,826	\$ 2,389,452	\$ 2,905,662	\$ 4,428,443	\$ 9,412,854	\$ 7,349,929

The accompanying notes are an integral part of this financial statement.

Detroit Housing Commission

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Reporting entity

Detroit Housing Commission (the "Commission"), is a Michigan public body corporate operating as a public housing authority under the authority granted in 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 primary purpose of the Commission is to promote the development and professional management of a variety of affordable housing opportunities, facilities and supportive services, to nurture neighborhoods, provide 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. The specific mission of the Commission has four major facets: Housing Development, Housing Management, Supportive Services, and Communication. The Commission is not a component unit of the City, as defined in Governmental Accounting Standards Board Statement No. 14, as amended, *The Reporting Entity*, ("GASB No. 14") as the Board independently oversees the Commission's operations.

The Commission was designated as a "Troubled" performer under the U.S. Department of Housing and Urban Development (HUD) public housing assessment system. In July 5, 2005 an Agreement was entered into between the Mayor of the City and the Secretary of HUD, under which a HUD Recovery Administrator is designated to act as the Commission's Board of Commissioners and to handle the day to day administration of the Commission. The Recovery Administrator has authority to take all actions that are within the authority of the Board of Commissioners, including approval and execution of contracts and agreements on behalf of the Commission.

Component Units

The definition of the reporting entity, as defined by GASB 14, 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 either 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.

Detroit Housing Commission

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1. Reporting entity (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 operations include five blended component units, which are included in the column titled primary government in the basic financial statements. These are legally separate entities for which the Commission is financially accountable and that are controlled by the Commission. The blended component units are as follows:

- Detroit Resident Empowerment and Asset Management Services, Inc.
- DHC Parkside
- Parkside Development Corporation, Inc.
- DHC Woodbridge
- Detroit Housing Finance Corporation

All of the above 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 presentation and are presented separately from the primary government in the component unit column in the basic financial statements in order to clearly distinguish its balances and transactions from the primary government:

- 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 ILF Associates Limited Dividend Housing Association, Limited Partnership ("WILF")

All of the above component units are for-profit limited liability corporations, with the exception of WILF which is a partnership, that were created for the development and management of the respective properties. Although they do not follow government accounting, for presentation purposes, certain transactions may be reflected differently in these financial statements than in separately issued information in order for them to conform to the presentation of the primary government.

Detroit Housing Commission

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1. Reporting entity (continued)

Discretely Presented Component Units (continued)

All of the discretely presented component units, with the exception of TVP II and IV, have a fiscal year end of December 31, 2007, which differs from the Commission's year end. For consolidation purposes, the information identified in these accompanying financial statements is presented for the twelve month period ended and as of December 31, 2007. Due to fiscal year end differences between the Commission and the discrete component units, certain receivables of the Commission do not have offsetting equal liabilities reflected on the discrete component units. Each of the discretely presented 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 discretely presented component unit can be obtained by contacting the Commission 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, 2008 and therefore are not included in the basic financial statements:

- DHC Marwood, Inc.
- Parkside Service, 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.

2. Government-wide and fund financial statements

The government-wide financial statements report information about the reporting government as a whole excluding fiduciary activities. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities rely to a significant extent on fees and charges for support.

Funds are organized into three major categories: governmental, proprietary and fiduciary. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues and expenditure/expenses.

Detroit Housing Commission

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2. Government-wide and fund financial statements (continued)

For financial reporting purposes, the Commission reports all of its operations as a single business activity in a single enterprise fund. Therefore, the government-wide and the fund financial statements are the same.

Enterprise funds are proprietary funds. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating activity generally arises from providing services in connection with a proprietary fund's principal activity. The operating revenues of the Commission consists primarily of rental charges to tenants and operating grants from HUD, and include, to a lesser extent, certain operating amounts of capital and redevelopment grants that offset operating expenses.

Operating expenses for the Commission include the cost of administrative, tenant services, utilities, maintenance, protective services, general operations, depreciation and housing assistance payments. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses, except for capital contributions, which are presented separately.

When restricted resources meet the criteria to be available for use and unrestricted are also available for use, it is the Commission's policy to use restricted resources first, and then unrestricted resources, as needed.

3. Measurement focus and basis of accounting

Measurement focus is a term used to describe which transactions are recorded within the various financial statements. Basis of accounting refers to when transactions are recorded regardless of the measurement focus applied. The Commission maintains its accounts in accordance with the chart of accounts prescribed by the HUD.

The proprietary fund utilizes an economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net assets. The basis of accounting used is similar to businesses in the private sector; thus, these funds are maintained on the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

For financial reporting purposes, the Commission considers its grants associated with operations as operating revenue because these funds more closely represent revenues 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 revenues, expenses and changes in net assets.

Detroit Housing Commission

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4. Budgets

Budgets are prepared on an annual basis for each major HUD program, approved by the Board, and are used as a management tool throughout the accounting cycle. Budgets are not legally adopted nor required for financial statement presentation.

5. Income taxes

The Commission is a governmental entity and is not subject to federal or state income taxes.

Discretely Presented Component Units

No provision or benefit for income taxes has been included in these financial statements since taxable income or loss passes through to, and is responsible by, the partnership members individually.

6. Summary of HUD programs

The accompanying basic financial statements include the activities of several housing programs subsidized by HUD at the Commission. A summary of each significant program is provided below.

Low Rent Housing Programs

The purpose of the public housing program is to provide decent and affordable housing to low-income families at reduced rents. The developments are owned, maintained and managed by the Commission. The developments/units are acquired, developed and modernized under HUD's Development, HOPE VI, Capital Fund and Replacement Housing Fund programs. Funding of the program operations and development is provided by federal annual contributions, operating subsidies and tenant rentals (determined as a percentage of family income, adjusted for family composition and other allowances).

Housing Assistance Programs

The Housing Assistance Programs utilize existing privately owned family rental housing units to provide decent and affordable housing to low-income families. Funding of the program 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 Section 8 Housing Choice Voucher Program, Section 8 New Construction and Section 8 Moderate Rehabilitation.

Detroit Housing Commission

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

6. Summary of HUD programs (continued)

Hope VI Programs and Mixed Financing

The Hope VI programs are for the redevelopment and acquisition of additional housing units utilizing financing from HUD and other public and private sources.

The Commission has entered into Mixed-Finance Annual Contributions Contracts approved by HUD for the discretely presented component units. HUD, through the Commission, has provided Hope VI, Replacement Housing, and Capital funds for the developments. As disclosed in Note B-3, the Hope VI funds received by the Commission from HUD were converted into mortgage notes and were loaned to the respective discretely presented component units, which are required to repay the respective mortgage notes when the respective properties realize net cash flows from operations as defined in the respective agreements.

Business Activities

The Commission also participates in other activities that are not sponsored by HUD; these are classified as business activities, and include development activities and the management of the component units.

7. Assets, liabilities and net assets

a. *Deposits and investments*

For financial statement purposes, cash and cash equivalents are considered to be cash in banks and short term investments with original maturities of three months or less from the date of acquisition. Investments are stated at fair value.

b. *Current receivables, net*

Current receivables consist of revenues earned at year-end and not yet received. The HUD receivable is principally a result of grant revenue being accrued for allowable program expenses not yet funded. An allowance for uncollectible amounts is based on periodic aging. As of June 30, 2008 this allowance is valued at \$361,484.

c. *Notes, loans and mortgage receivables*

Notes, loans, and mortgage receivables consists of mortgage loans made to the discretely presented component units, primarily utilizing Hope VI funds (see Note A-6 and B-3), as well as loans made to tenants for their participation in the Homeownership Program.

Detroit Housing Commission

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

7. Assets, liabilities and net assets (continued)

d. *Accrued interest receivable*

Accrued interest receivable consists of the interest receivable related to the mortgage loans made to the discretely presented component units (see Note A-6 and B-3); interest for these notes is not due within the next 12 months and therefore is classified as noncurrent.

e. *Inventory*

Inventory, consisting principally of materials held for use or consumption, is recorded at the weighted average cost. If inventory falls below cost due to damage, deterioration or obsolescence, the Commission establishes an allowance for obsolete inventory. Based on management's experience with the types of items in inventory and related usage plans, there is no allowance recognized as of June 30, 2008.

f. *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. Assets are valued at historical cost, or estimated historical cost if actual historical cost is not available, and contributed assets are valued at fair market value on the date contributed. During the year assets were donated to the Commission (see Note B-4).

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

Structures and improvements	27.5 - 40 years
Equipment	5 - 10 years

g. *Accrued compensated absences*

Full-time permanent employees are granted leave benefits to specified maximums depending on tenure with the Commission. Generally, after six months of service, employees are entitled to all accrued leave upon termination. Vacation and sick leave is accumulated to a maximum amount, as specified by the Commission's policy. The estimated liability for vested leave benefits is recorded when it is earned as an expense in the basic financial statements.

Detroit Housing Commission

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

7. Assets, liabilities and net assets (continued)

h. Deferred revenues

Deferred revenues include amounts collected before revenue recognition criteria are met. The deferred items consist of prepaid rents in the amount of \$59,964.

i. Net assets

In accordance with GASB No. 34, total equity is classified into three components of net assets, as of June 30, 2008:

i.) Invested in capital assets, net of related debt

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 net assets

This category 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. The balance sheet of the Authority reports \$20,117,539 of restricted net assets which consists of Section 8 HAP reserves that are restricted by HUD guidelines (See Note B-10-c).

iii.) Unrestricted net assets

This category includes all of the remaining net assets that do not meet the definition of the other two categories.

j. Eliminations

i. 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, 2008, \$1,182,008 was eliminated.

Detroit Housing Commission

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

7. Assets, liabilities and net assets (continued)

j. *Eliminations (continued)*

ii. *Fee for service*

The Commission's Central Office Cost Center internally charges fees to the Asset Management Projects of the Authority. These charges include management fees, bookkeeping fees, and asset management fees. For financial reporting purposes \$1,917,780 of fee for service charges have been eliminated for the year ended June 30, 2008.

8. Tenant revenue

As provided by GASB Statement No. 34 and related guidance, tenant revenue is presented in the financial statements net of the bad debt expense for uncollectible amounts of \$153,084 and \$37,929 for the Commission and the discrete component units, respectively.

9. Application of FASB standards

GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting*, offers the option of following all Financial Accounting Standards Board ("FASB") standards issued after November 30, 1989, unless the latter conflicts with or contradicts GASB pronouncements, or not following FASB standards issued after such date. The Commission elected the option to not follow FASB pronouncements issued after November 30, 1989.

Discretely presented component units

The discretely presented component units are for profit corporations and partnerships that follow all applicable FASB standards regardless of issue date, and do not follow GASB standards. However, reclassifications have been made as necessary to conform to GASB Statement No. 34 for their presentation in the Commission's financial statements.

10. 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Detroit Housing Commission

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2008

NOTE B - DETAILED NOTES

1. Deposits and investments

As of June 30, 2008, the Commission's cash consists of demand deposits with financial institutions of \$33,163,427.

In accordance with GASB Statement No. 40, The Commission's exposure to risk is disclosed as follows:

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Commission's policy to limit its exposure to declines in fair values of its investment portfolio is to only invest in HUD allowed investments and to monitor investments. As of June 30, 2008 the Commission's risk of changes in interest rates is minimal since the maturities of their deposits are less than three months.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. It is the Commission's policy to follow the HUD regulations by only having direct investments and investments through mutual funds to direct obligations, guaranteed obligations, or obligations of the agencies of the United States of America. As of June 30, 2008, the Commission had no investments, and therefore was not exposed to credit risk.

Custodial Credit Risk. Custodial credit risk is the risk that in the event of a bank failure, the Commission's deposits may not be returned. The Commission does have a deposit policy for custodial credit risk, which requires collateral to be held in the Commission's name by its agent or by the bank's trust department. As of June 30, 2008, none of the Commission's bank balances were exposed to custodial credit risk.

Restricted Cash

As of June 30, 2008, restricted cash consists of:

<i>Current</i>	
Family Self-Sufficiency Program	\$ 46,020
Tenant Security Deposits	253,194
Funds received on behalf of the City	380,020
Housing Assistance Payments	<u>20,117,539</u>
Subtotal current	<u>20,796,773</u>
<i>Noncurrent</i>	
Family Self-Sufficiency Program	<u>14,162</u>
Subtotal noncurrent	<u>14,162</u>
Total restricted cash	<u><u>\$ 20,810,935</u></u>

Detroit Housing Commission

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2008

NOTE B - DETAILED NOTES (continued)

2. Receivables, net

As of June 30, 2008, receivables, net consist of:

Due from HUD	\$ 3,285,206
Tenant receivables	785,008
Fraud recovery	45,069
Other receivables	<u>25,528</u>
	4,140,811
Allowance for doubtful accounts - tenants	(341,419)
Allowance for doubtful accounts - other	<u>(20,065)</u>
	<u><u>\$ 3,779,327</u></u>

3. Notes, loans and mortgages receivable

As disclosed in Note A-6, the Commission has entered into Mixed-Finance Annual Contributions Contracts approved by HUD for all of the discretely presented component units. HUD, through the Commission, has provided Hope VI, Replacement Housing and Capital funds for the developments.

The component units are required to repay the respective mortgage notes when the respective properties realize net cash flows from operations as defined in the respective agreements. All of the notes are secured by the respective properties. The Commission has also provided payment for amounts related to contract retention on behalf of the discretely presented component units and will be repaid this amount as cash becomes available. All receivables are considered fully collectible and mature as listed below.

During 2008, the Commission made loans of \$495,479 to new homeowners under the Homeownership Program. The loans do not have scheduled payments and are forgiven through time per the loan agreement; however, the Commission considers the amounts fully collectible, until all loan agreements have been met.

Detroit Housing Commission

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2008

NOTE B - DETAILED NOTES (continued)

3. Notes, loans and mortgages receivable (continued)

At June 30, 2008, noncurrent notes, advances, loans and mortgages receivable consist of the following balances and terms:

	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Balance</u>
<i>Due from discretely presented component units:</i>			
TVP II (Hope VI)	December 2038	0.45%	\$ 22,930,193
TVP II (Business Activities)	December 2038	7.00%	2,709,392
TVP II (Business Activities)	December 2038	8.00%	27,996
TVP IV (Hope VI)	December 2038	0.45%	20,990,363
TVP IV (Business Activities)	December 2038	8.00%	290,702
WEA I (Hope VI)	January 2048	4.72%	1,279,824
WEA I (Hope VI)	January 2048	0.00%	840,510
WEA II (Hope VI)	January 2048	4.72%	1,888,460
WEA II (Hope VI)	January 2048	0.00%	797,956
WEA III (Hope VI)	January 2051	4.72%	1,712,436
WEA IV (Hope VI)	January 2051	4.72%	1,760,223
WEA V (Hope VI)	January 2051	4.72%	2,063,002
WILF (Hope VI)	June 2049	5.20%	<u>3,713,014</u>
Subtotal			61,004,071
<i>Due from other:</i>			
Homeownership program	various	0%	<u>1,176,158</u>
Total noncurrent notes receivable			<u><u>\$ 62,180,229</u></u>

Detroit Housing Commission

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2008

NOTE B - DETAILED NOTES (continued)

4. Capital assets, net

Primary Government

A summary of changes in capital assets is as follows:

	Balance at July 1, 2007	Transfers in/ Additions	Transfers out/ Deletions	Balance at June 30, 2008
Non-depreciable:				
Land	\$ 37,686,584	\$ 8,529,060	\$ -	\$ 46,215,644
Construction in progress	-	7,864,576	-	7,864,576
Total non-depreciable	<u>37,686,584</u>	<u>16,393,636</u>	<u>-</u>	<u>54,080,220</u>
Depreciated:				
Structures and improvements	38,600,956	16,213,268	-	54,814,224
Equipment - dwelling	1,435,605	1,102,240	207,365	2,330,480
Equipment - administrative	174,805	203,870	61,660	317,015
Total depreciated	<u>40,211,366</u>	<u>17,519,378</u>	<u>269,025</u>	<u>57,461,719</u>
Total capital assets	<u>77,897,950</u>	<u>33,913,014</u>	<u>269,025</u>	<u>111,541,939</u>
Less accumulated depreciation				
Structures and improvements	(2,049,074)	(2,532,630)	-	(4,581,704)
Equipment - dwelling and administrative	<u>(178,524)</u>	<u>(234,432)</u>	<u>(47,477)</u>	<u>(365,479)</u>
Total accumulated depreciation	<u>(2,227,598)</u>	<u>(2,767,062)</u>	<u>(47,477)</u>	<u>(4,947,183)</u>
Capital assets, net	<u>\$ 75,670,352</u>	<u>\$ 31,145,952</u>	<u>\$ 221,548</u>	<u>\$ 106,594,756</u>

The assets of the Commission are valued at fair market value of the date of their donation (see Note A-7-f). During the current year, the City has donated assets with an appraised asset value of approximately \$26 million. In addition, the Capital Fund Program also contributed approximately \$8 million to building improvements.

Discretely Presented Component Units

The costs of fixed assets held by the discretely presented component units in total are \$106,396,622 with an associated accumulated depreciation of \$21,787,072.

Detroit Housing Commission

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2008

NOTE B - DETAILED NOTES (continued)

5. Accrued liabilities

As of June 30, 2008, accrued liabilities consist of:

Accrued utilities	\$	1,436,225
MERS pension liability		516,193
Contract retention		364,852
Other general liabilities		<u>26,113</u>
	<u>\$</u>	<u>2,343,383</u>

6. Noncurrent liabilities

Primary Government

A summary of changes in noncurrent liabilities is as follows:

	<u>Payable at July 1, 2007</u>	<u>Additions</u>	<u>Reductions</u>	<u>Payable at June 30, 2008</u>	<u>Due within one year</u>
FSS escrow	\$ 38,126	\$ 31,800	\$ (9,744)	\$ 60,182	\$ 46,020
Pension liability	6,897,796	640,322	(7,021,925)	516,193	516,193
Compensated absences	<u>545,075</u>	<u>334,339</u>	<u>(391,064)</u>	<u>488,350</u>	<u>271,485</u>
	<u>\$ 7,480,997</u>	<u>\$ 1,006,461</u>	<u>\$ (7,422,733)</u>	<u>\$ 1,064,725</u>	<u>\$ 833,698</u>

Detroit Housing Commission

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2008

NOTE B - DETAILED NOTES (continued)

6. Noncurrent liabilities (continued)

Discretely Presented Component Units

A summary of long-term debt of the discretely presented component units is below:

	<u>Beginning Balance</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<i>The Villages at Parkside II, LLC</i>			
Notes payable to Authority (Note B-3)	\$ 25,639,585	\$ 25,639,585	\$ -
Development fee payable	27,996	27,996	-
Subtotal as of June 30,	<u>25,667,581</u>	<u>25,667,581</u>	<u>-</u>
<i>The Villages at Parkside IV, LLC</i>			
Notes payable to Authority (Note B-3)	20,990,363	20,990,363	-
Development fee payable	290,702	290,702	-
Subtotal as of June 30,	<u>21,281,065</u>	<u>21,281,065</u>	<u>-</u>
<i>Woodbridge Estates Apartments I, LLC</i>			
Notes payable to Authority (Note B-3)	1,934,862	2,120,334	-
Mortgage payable	1,663,000	1,563,000	8,202
Subtotal as of December 31,	<u>3,597,862</u>	<u>3,683,334</u>	<u>8,202</u>
<i>Woodbridge Estates Apartments II, LLC</i>			
Notes payable to Authority (Note B-3)	2,637,623	2,686,416	-
Mortgage payable	2,650,000	2,250,000	17,675
Subtotal as of December 31,	<u>5,287,623</u>	<u>4,936,416</u>	<u>17,675</u>
<i>Woodbridge Estates Apartments III, LLC</i>			
Notes payable to Authority (Note B-3)	1,183,649	2,098,370	-
Mortgage payable	1,245,861	1,418,551	28,061
Subtotal as of December 31,	<u>2,429,510</u>	<u>3,516,921</u>	<u>28,061</u>
<i>Woodbridge Estates Apartments IV, LLC</i>			
Notes payable to Authority (Note B-3)	1,493,769	2,443,212	-
Mortgage payable	1,786,608	1,881,488	37,219
Subtotal as of December 31,	<u>3,280,377</u>	<u>4,324,700</u>	<u>37,219</u>
<i>Woodbridge Estates Apartments V, LLC</i>			
Notes payable to Authority (Note B-3)	1,545,994	2,906,904	-
Mortgage payable	2,647,235	2,995,920	59,264
Subtotal as of December 31,	<u>4,193,229</u>	<u>5,902,824</u>	<u>59,264</u>
<i>Woodbridge ILF Ltd. Partnership</i>			
Note payable to Authority (Note B-3), as of December 31	3,713,014	3,795,123	-
	<u>\$ 69,450,261</u>	<u>\$ 73,107,964</u>	<u>\$ 150,421</u>

Detroit Housing Commission

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2008

NOTE B - DETAILED NOTES (continued)

6. Noncurrent liabilities (continued)

Discretely Presented Component Units (continued)

a. *The Villages of Parkside II, LLC.*

Mortgage payable

The City of Detroit, through the Detroit Housing Commission, is providing mortgage financing in the amount of \$22,930,193 through the HOPE VI Program administered by the U.S. Department of Housing and Urban Development. This note accrues simple interest at the rate of .45% per annum. No payments of principal or interest are due until maturity, December 2038. As of June 30, 2008, interest of \$992,268 has been accrued on this note, including \$103,186 incurred during the year ended June 30, 2008.

Construction Loan

The City of Detroit, through the Detroit Housing Commission is providing construction financing in the amount of \$3,362,595. This note accrues interest at the rate of 7% per annum, compounded annually. No principal or interest payments are due until maturity, December 31, 2038. As of June 30, 2008, principal of \$2,709,392 remains outstanding along with accrued interest of \$258,043, including \$194,131 incurred during 2008.

Development fee

For services in connection with the development of the project, the Company has agreed to pay affiliates of the managing member, a development fee in the total amount of \$1,765,374. It is expected that the remaining balance will be paid from capital contribution installments. Interest accrues at the rate of 8% per annum, compounded annually, on any unpaid balance. As of June 30, 2008, fees of \$27,996 remain outstanding along with accrued interest of \$3,055, including \$2,300 incurred during 2008.

b. *The Villages of Parkside IV, LLC.*

Mortgage payable

The City of Detroit, through the Detroit Housing Commission, is providing mortgage financing in the amount of \$20,990,363 through the HOPE VI Program administered by the U.S. Department of Housing and Urban Development. This note accrues simple interest at the rate of .45% per annum. No payments of principal or interest are due until maturity, December 2038. As of June 30, 2008, interest of \$924,525 has been accrued on this note, including \$94,795 incurred during the year ended June 30, 2008.

Detroit Housing Commission

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2008

NOTE B - DETAILED NOTES (continued)

6. Noncurrent liabilities (continued)

Discretely Presented Component Units (continued)

b. The Villages of Parkside IV, LLC. (continued)

Construction loan

The City of Detroit through the Detroit Housing Commission is providing construction financing in the amount of \$2,050,301. This note accrues interest at the rate of 7% per annum, compounded annually. No principal or interest payments are due until maturity, December 31, 2038. As of June 30, 2008 all principal has been fully repaid. As of June 30, 2008, accrued interest of \$2,445 remains outstanding, including \$160 incurred during 2008.

Development fee

For services in connection with the development of the project, the Company has agreed to pay affiliates of the managing members, a development fee in the total amount of \$1,605,372. As of June 30, 2008, the Developer has been paid \$1,314,670. It is expected that the remaining balance will be paid from capital contribution installments. Interest accrues at the rate of 8% per annum, compounded annually, on the unpaid balance. As of June 30, 2008, fees of \$290,702 remain outstanding along with accrued interest of \$31,720, including \$23,883 incurred during 2008.

c. Woodbridge Estates Apartments I, LLC.

On January 31, 2003, the LLC entered into a first mortgage construction/permanent note with First Lender in the amount of \$1,663,000. The note bears interest of 6.305% for the period from February 1, 2003, to the Permanent Loan Delivery Date (construction period), as defined. Monthly payments of interest only in the amount of \$8,738 are due during the construction period. The note bears interest of 7.06% for the period from the Permanent Loan Delivery Date to the 30th anniversary of the Permanent Loan delivery date (permanent period). Commencing on the Permanent Loan Delivery Date, monthly principal and interest payments in the amount of \$11,131 are due through the permanent period. All principal and interest is due no later than June 1, 2037. As of and for the year ended December 31, 2007, \$98,547 of interest was expensed and \$11,170 remained payable. If the note is prepaid more than ninety days before the maturity date, a prepayment premium is due. The amount of the prepayment premium is calculated based on provisions in the note agreement. The loan agreement was amended in January 2007 and \$100,000 of the note was prepaid without penalty. The LLC continues to negotiate additional amendments to the loan agreement with the First Lender.

Detroit Housing Commission

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2008

NOTE B - DETAILED NOTES (continued)

Discretely Presented Component Units (continued)

6. Noncurrent liabilities (continued)

c. Woodbridge Estates Apartments I, LLC. (continued)

On January 31, 2003, the LLC entered into a second mortgage AFR loan agreement with the Commission, a member. The loan agreement provides for the Commission to loan an amount not to exceed \$1,279,824 which is payable in 45 years, January 3, 2048. Interest on the outstanding principal balance accrues at the federal rate applicable to long-term loans, compounded annually, as calculated in accordance with IRC Section 1274(d) as of the date of each advance (4.72% at December 31, 2007). The LLC is required to pay the lender \$500 the first year. The payment is increased by 2.5% in each of the succeeding 29 years. Beginning in the 31st year, interest is due and payable as defined in the note. Interest and principal shall be payable only from net available cash flow, net proceeds or condemnations as defined. As of and for the year ended December 31, 2007, \$60,408 of interest has been expensed and \$223,152 remains payable.

On January 31, 2003, the LLC entered into a third mortgage loan agreement with DHC Woodbridge Corporation, an affiliate of the Commission, a member. The loan agreement provides for DHC Woodbridge Corporation to fund a loan for \$840,510 which is payable in 45 years at 0% interest rate. During 2007, \$185,462 was advanced on the loan.

d. Woodbridge Estates Apartments II, LLC.

On January 31, 2003, the LLC entered into a first mortgage construction/permanent note with First Lender in the amount of \$2,650,000. The note bears interest of 6.305% for the period from February 1, 2003, to the Permanent Loan Delivery Date (construction period), as defined. Monthly payments of interest only in the amount of \$13,924 are due during the construction period. The note bears interest of 7.06% for the period from the Permanent Loan Delivery Date to the 30th anniversary of the Permanent Loan Delivery date (permanent period). Commencing on the Permanent Loan Delivery Date, monthly principal and interest payments in the amount of \$17,737 are due through the permanent period. All principal and interest is due no later than July 15, 2037. As of and for the year ended December 31, 2007, \$141,863 of interest was expensed and \$24,935 remained payable. If the note is prepaid more than ninety days before the maturity date, a prepayment premium is due. The amount of the prepayment premium is calculated based on provisions in the note agreement. The loan agreement was amended in January 2007 and \$400,000 of the note was prepaid without penalty. The LLC continues to negotiate additional amendments to the loan agreement with the First Lender.

Detroit Housing Commission

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2008

NOTE B - DETAILED NOTES (continued)

Discretely Presented Component Units (continued)

6. Noncurrent liabilities (continued)

d. Woodbridge Estates Apartments II, LLC.(continued)

On January 31, 2003, the LLC entered into a second mortgage AFR loan agreement with the Commission, a member. The loan agreement provides for the Commission to loan an amount not to exceed \$1,888,460 which is payable in 45 years, January 3, 2048. Interest on the outstanding principal balance accrues at the federal rate applicable to long-term loans, compounded annually, as calculated in accordance with IRC Section 1274(d) as of the date of each advance (4.72% at December 31, 2007). The LLC is required to pay \$500 the first year. The payment is increased by 2.5% in each of the succeeding 29 years. Beginning in the 31st year, interest is due and payable as defined in the note. Interest and principal shall be payable only from net available cash flow, net proceeds or condemnations as defined. As of and for the year ended December 31, 2007, \$89,135 of interest has been expensed and \$324,414 remains payable.

On January 31, 2003, the LLC entered into a third mortgage loan agreement with DHC Woodbridge Corporation, an affiliate of the Commission, a member. The loan agreement provides for DHC Woodbridge Corporation to fund a loan for \$797,956 which is payable in 45 years at 0% interest rate. During 2007, \$48,791 was advanced on the loan.

e. Woodbridge Estates Apartments III, LLC.

On February 23, 2006, the LLC entered into a first mortgage construction/permanent note with First Lender. The loan agreement provides for First Lender to fund a loan for \$1,543,300 which is payable over 40 years at 6.04% interest rate. During the first twelve months of the loan the LLC is required to make monthly payments of interest. Thereafter, monthly principal and interest payments in the amount of \$8,835 are due. During the year \$179,729 was advanced on the loan. As of and for the year ended December 31, 2007, \$90,537 of interest was expensed and \$7,277 remained payable. If the note is prepaid more than ninety days before the maturity date, a prepayment premium is due. The amount of the prepayment premium is calculated based on provisions in the note agreement.

On February 23, 2006, the LLC entered into a second mortgage AFR loan agreement with the Commission. The loan agreement provides for the Commission to loan an amount not to exceed \$1,600,000 which is payable in 45 years, January 3, 2051. Interest on the outstanding principal balance accrues at the federal rate applicable to long-term loans, compounded annually, as calculated in accordance with IRC Section 1274(d) as of the date of each advance (4.72% at December 31, 2007). During the initial 26 years, the LLC is not required to pay interest. Beginning in the 27th year, interest is due and payable as defined in the note.

Detroit Housing Commission

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2008

NOTE B - DETAILED NOTES (continued)

Discretely Presented Component Units (continued)

6. Noncurrent liabilities (continued)

e. *Woodbridge Estates Apartments III, LLC.(continued)*

Interest and principal shall be payable only from net available cash flow, net proceeds or condemnations as defined. During the year \$375,563 was advanced on the loan. As of and for the year ended December 31, 2007, \$66,223 of interest has been expensed and \$82,729 remains payable.

On September 29, 2006, the LLC entered, through its subsidiaries, into a third mortgage loan agreement with the City of Detroit. The loan agreement provides for the City of Detroit to fund a loan for \$500,000 which is payable in 30 years. No funds were advanced during the year.

On February 23, 2006, the LLC entered into development agreements with an affiliate of the managing member providing for development fees totaling \$689,158 in exchange for its services in connection with the development of the Apartment Complex. \$150,000 of the fees were paid and capitalized to the cost of the rental property during 2006. The balance of \$539,158 was accrued during 2007 and remained payable at December 31, 2007. To the extent that any portion of the development fees are deferred, such Deferred Developer Fee (as defined in the Operating Agreement), would be payable from Net Cash Flow and the unpaid portion would accrue interest at the applicable Federal long-term rate.

f. *Woodbridge Estates Apartments IV, LLC.*

On February 23, 2006, the LLC entered into a first mortgage construction/permanent note with First Lender. The loan agreement provides for First Lender to fund a loan for \$1,800,000 which is payable over 40 years at 6.04% interest rate. During the first twelve months of the loan the LLC is required to make monthly payments of interest. Thereafter, monthly principal and interest payments in the amount of \$11,266 are due. During the year \$104,176 was advanced on the loan. As of and for the year ended December 3, 2007, \$93,650 of interest was expensed and \$9,652 remained payable. If the note is prepaid more than ninety days before the maturity date, a prepayment premium is due. The amount of the prepayment premium is calculated based on provisions in the note agreement.

On February 23, 2006, the LLC entered into a second mortgage AFR loan agreement with the Commission. The loan agreement provides for the Commission to loan an amount not to exceed \$1,800,000 which is payable in 45 years, January 3, 2051. Interest on the outstanding principal balance accrues at the federal rate applicable to long-term loans, compounded annually, as calculated in accordance with IRC Section 1274(d) as of the date of each advance (4.72% at December 31, 2007). During the initial 26 years, the LLC is not required to pay interest. Beginning in the 27th year, interest is due and payable as defined in the note.

Detroit Housing Commission

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2008

NOTE B - DETAILED NOTES (continued)

Discretely Presented Component Units (continued)

6. Noncurrent liabilities (continued)

f. Woodbridge Estates Apartments IV, LLC. (continued)

Interest and principal shall be payable only from net available cash flow, net proceeds or condemnations as defined. During the year \$269,824 was advanced on the loan. As of and for the year ended December 31, 2007, \$76,187 of interest has been expensed and \$99,610 remains payable.

On September 29, 2006, the LLC entered into a third mortgage loan agreement with the City of Detroit. The loan agreement provides for City of Detroit to fund a loan for \$500,000 which is payable in 30 years. No funds were advanced during the year.

On February 23, 2006, the LLC entered into development agreements with an affiliate of the managing member providing for development fees totaling \$829,619 in exchange for its services in connection with the development of the Apartment Complex. \$150,000 of the fees were paid and capitalized to the cost of the rental property during 2006. The balance of \$679,619 was accrued during 2007 and remained payable at December 31, 2007. To the extent that any portion of the development fees are deferred, such Deferred Developer Fee (as defined in the Operating Agreement), would be payable from Net Cash Flow and the unpaid portion would accrue interest at the applicable Federal long-term rate.

g. Woodbridge Estates Apartments V, LLC.

On February 23, 2006, the LLC entered into a first mortgage construction/permanent note with First Lender. The loan agreement provides for First Lender to fund a loan for \$3,267,400 which is payable over 40 years at 6.04% interest rate. During the first twelve months of the loan the LLC is required to make monthly payments of interest. Thereafter, monthly principal and interest payments in the amount of \$18,069 are due. During the year \$363,559 was advanced on the loan. As of and for the year ended December 31, 2007, \$168,131 of interest was expensed and \$15,369 remained payable. If the note is prepaid more than ninety days before the maturity date, a prepayment premium is due. The amount of the prepayment premium is calculated based on provisions in the note agreement.

On February 23, 2006, the LLC entered into a second mortgage AFR loan agreement with the Commission. The loan agreement provides for the Commission to loan an amount not to exceed \$2,100,000 which is payable in 45 years, January 3, 2051. Interest on the outstanding principal balance accrues at the federal rate applicable to long-term loans, compounded annually, as calculated in accordance with IRC Section 1274(d) as of the date of each advance (4.72% at December 31, 2007). During the initial 26 years, the LLC is not required to pay interest. Beginning in the 27th year, interest is due and payable as defined in the note.

Detroit Housing Commission

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2008

NOTE B - DETAILED NOTES (continued)

Discretely Presented Component Units (continued)

6. Noncurrent liabilities (continued)

g. Woodbridge Estates Apartments V, LLC. (continued)

Interest and principal shall be payable only from net available cash flow, net proceeds or condemnations as defined. During the year \$510,910 was advanced on the loan. As of and for the year ended December 31, 2007, \$84,765 of interest has been expensed and \$109,704 remains payable.

On September 29, 2006, the LLC entered into a third mortgage loan agreement with the City of Detroit. The loan agreement provides for City of Detroit to fund a loan for \$500,000 which is payable in 30 years. No funds were advanced during the year.

On February 23, 2006, the LLC entered into development agreements with an affiliate of the managing member providing for development fees totaling \$1,000,000 in exchange for its services in connection with the development of the Apartment Complex. \$150,000 of the fees were paid and capitalized to the cost of the rental property during 2006. The balance of \$850,000 was accrued during 2007 and remained payable at December 31, 2007. To the extent that any portion of the development fees are deferred, such Deferred Developer Fee (as defined in the Operating Agreement), would be payable from Net Cash Flow and the unpaid portion would accrue interest at the applicable Federal long-term rate.

h. Woodbridge ILF Associates Limited Dividend Housing Association Limited Partnership

The HOPE VI mortgage note, dated June 30, 2004, is for the adjusted amount of \$3,713,014 and is held by the Commission on behalf on the City of Detroit. The loan bears interest at the long-term applicable federal rate (AFR) in place at the date of the mortgage. The AFR at June 30, 2004 was 5.2%. The loan was fully funded as of December 31, 2007. The loan is to mature on June 30, 2049. The loan provides for payments of principal and interest of 100 percent of net cash flow, after payment of the deferred development fee and the funding of the supplemental reserve. The loan is secured by real estate held for lease and an assignment of rents and leases. As of December 31, 2007, accrued interest on the loan amounted to \$274,377.

Under agreements with the mortgage lender, the Partnership is to establish a supplemental reserve. The Partnership shall fund the supplemental reserve with 100% of net available cash flow until the amount is equal to \$500,000.

Detroit Housing Commission

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2008

NOTE B - DETAILED NOTES (continued)

Discretely Presented Component Units (continued)

6. Noncurrent liabilities (continued)

h. Woodbridge ILF Associates Limited Dividend Housing Association Limited Partnership (continued)

The development agreement specifies total payment of \$1,000,000. Developer fees are payable for services rendered in negotiating, coordinating, and supervising the planning, architectural, engineering, and construction services necessary for construction of the project. The developer fees are capitalized as part of the building and improvements and have been earned and recognized in accordance with the development fee agreement. As of December 31, 2007 \$221,956 of these developer fees remains payable. A portion of the developer fees payable in the amount of \$82,109 is deferred and in the form of a note that bears interest beginning on the date the first additional capital contribution is made (December 14, 2007) at the applicable federal long-term rate (4.72 percent at December 31, 2007). Interest expense and accrued interest on developer fees totaled \$188 December 31, 2007.

As of June 30, 2008 the future minimal required principal maturities are as follows for the combined discretely presented component units for the years ending December 31:

2008	\$	150,421
2009		217,076
2010		232,324
2011		248,342
2012		267,084
Thereafter		<u>71,992,717</u>
		<u>\$ 73,107,964</u>

The long term debt listed above is secured by the underlying value of the real estate collateral, improvements, easements or other interests, personal property, and certain guarantees of affiliates of the managing member.

7. Risk management

The Commission is exposed to various risks of loss related to torts; theft of, damages to, and destruction of assets; errors and omissions; injuries to employees, and natural disasters. 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.

Detroit Housing Commission

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2008

NOTE B - DETAILED NOTES (continued)

8. Capital donation from the City

Previously, the Commission was considered a discrete component unit of the City and during this time all of their assets were held in the City's name. In conjunction with the Agreement, the City was required to transfer all of the Commission's assets to them, for management of their day to day operations. These assets were considered donations from the City and accordingly were recorded at fair market value. Appraisals were performed on all fixed assets, which included an estimate of their remaining useful lives. These appraisals were used to record the fixed assets and the current year additions are included in our basic financial statements as contributed capital from the City. The total appraised value of the capital assets being utilized by the Commission approximates \$107 million, of which approximately \$26 million was transferred in fiscal year 2008 and approximately \$77 million was transferred in prior years. There is a remaining amount of approximately \$4 million, which is planned to be transferred in future years.

9. Defined benefit retirement plan

The Commission participates in The Municipal Employee's Retirement System of Michigan (the "Plan"), an agent of a multiple-employer public employee retirement system administered by the MERS Retirement Board. The Plan issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by contacting the Plan administrator.

The Plan provides for retirement, survivor, death and disability benefits. Under normal retirement provisions, a member may retire after reaching age 60 with at least 6 years of credited service. The Commission has also selected an optional early retirement plan, which specifies that full pension benefit is payable at age 50, if 25-30 years of service.

Benefits vest after 5 years of credited service at 2.5% or 2%, dependant on which plan each member selects, of a member's average earnings for each year of credited service up to 32 years with a maximum of 80%. Average earnings are the average of the highest consecutive 3 year period of employee's compensation for credited service. The Plan is fully funded by the Commission and the required contribution rate for the members is 0%. The annual required contribution rate of the employer is \$621,972 and is based on a valuation of payroll.

The actuarial assumptions included (a) 8% investment rate of return and (b) projected salary increases of 4.50% (c) withdrawal rates based on the years of service for members with less than 5 years of service and on age for members with more than 5 years of service (d) separate retirement rates applicable to the plan selected by the Commission and (e) disability rates. Both (a) and (b) include an inflation component of cost-of-living 3% to 4%. The cost method used was the normal method. The unfunded actuarial accrued liability is amortized as a closed period level percentage of projected payrolls, over a 30 year period. As of June 30, 2008 there was an unfunded actuarial accrued liability, therefore, the remaining amortization period at year end was 28 years. The required schedule of funding progress presents multi-year trend information about the actuarial value of the plan assets. The Commission only had a valuation for the preceding year, not the preceding two years, as is required for disclosures.

Detroit Housing Commission

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2008

NOTE B - DETAILED NOTES (continued)

9. Defined benefit retirement plan (continued)

Actuarial Date	Annual Pension Percentage of APC		Net Pension Obligation
	Cost (APC)	Contributed	
December 30, 2006	\$ 1,914,963	80%	\$ 381,399
December 31, 2007	\$ 3,015,442	70%	\$ 905,868

10. Commitments and contingencies

a. Legal

The Commission is party to various pending or threatened legal actions arising in the normal course of operations. The Commission's legal counsel has advised that these actions could result in a future liability of \$500,121; accordingly this liability has been included in the financial statements as an accrued contingency liability.

b. 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 disallowances.

c. Section 8 Housing Choice Voucher Program

As of June 30, 2008 the Commission received cumulative funding in excess of housing assistance payments ("HAP") and administrative fees through the Section 8 Housing Choice Voucher Program (the "program") under the implementation of the Consolidated Appropriations Act 2005, *Funding Provisions for the Housing Choice Voucher Program*. In addition, the Commission is no longer required to complete a settlement statement, HUD Form 52681, for the program. As a result, in accordance with GASB Statement No. 33 and PIH Notice 2008-9, the total cumulative amount of HAP subsidy received in excess of HAP expense as of June 30, 2008 is reflected in restricted net assets in the basic financial statements.

Detroit Housing Commission

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2008

NOTE B - DETAILED NOTES (continued)

10. Commitments and contingencies (continued)

d. 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, 2008 for qualifying eligible expenditures amounted to \$25,438,687, \$30,689,262, \$15,298,429 and \$5,218,368, respectively.

e. Loans

The Commission is obligated to make loans as needed to the discrete component units not to exceed \$66,871,991 in the aggregate. As of June 30, 2008, the Commission is still liable for \$773,494 of this commitment.

11. Concentrations

For the year ended June 30, 2008, approximately 86% of revenues and 40% of receivables reflected in the basic financial statements are from HUD.

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.

12. Financial data schedule

As required by HUD, the Commission prepares its financial data schedule in accordance with HUD requirements in a prescribed format. The schedule's format treats several items differently than the financial statements; (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 and (4) the blended component units activities are presented in the Business Activities column.

Detroit Housing Commission

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2008

NOTE B - DETAILED NOTES (continued)

13. Leasing activities

The Commission is the lessor of dwelling units to low-income residents. The rents under the leases are determined generally by the resident's income as adjusted for eligible deductions regulated by HUD, although the resident may opt for a flat rent. Leases may be cancelled by the lessee at any time or renewed every year. The Commission may cancel the leases only for cause. Revenues associated with these leases are recorded in the accompanying financial statements and related schedules within tenant revenue. Primarily all of the capital assets of the Commission are for these leasing activities except for administrative offices and equipment.

REQUIRED SUPPLEMENTAL INFORMATION

Detroit Housing Commission

SCHEDULE OF FUNDING PROGRESS - EMPLOYEE PENSION

Year ended June 30, 2008

Actuarial Valuation Date	Actuarial Valuation of Assets (a)	Actuarial accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
12/31/2006	\$ 1,533,564	\$ 1,914,963	\$ (381,399)	80%	\$ 6,215,231	6%
12/31/2007	\$ 2,109,574	\$ 3,015,442	\$ (905,868)	70%	\$ 4,767,726	19%

SUPPLEMENTAL INFORMATION

Detroit Housing Commission

FINANCIAL DATA SCHEDULE

Year ended June 30, 2008

PHA: M1001 FYED: 06/30/2008

Line Item No.	Account Description	AMP1	AMP1	AMP2	AMP2	AMP3	AMP3	AMP4	AMP4	AMP5	AMP5	AMP6	AMP6	AMP7	AMP7	AMP8	AMP8	AMP9	AMP9
		Operating	Capital	Operating	Capital	Operating	Capital	Operating	Capital	Operating	Capital	Operating	Capital	Operating	Capital	Operating	Capital	Operating	Capital
111	Cash - Unrestricted	166,832	-	210,993	-	23,462	-	140,602	-	-	-	23,921	-	143,218	-	-	-	1,117	-
112	Cash - Restricted - Modernization and Development	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
113	Cash - other restricted	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
114	Cash - Tenant Security Deposits	27,949	-	34,770	-	22,983	-	-	-	-	-	-	-	11,057	-	-	-	-	-
115	Cash - Restricted for payment of current liability	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
100	Total Cash	194,781	-	245,763	-	46,445	-	140,602	-	-	-	23,921	-	154,275	-	-	-	1,117	-
122	Accounts Receivable - HUD Other Projects	-	-	85,871	-	22,454	-	-	-	62,786	-	91,300	-	61,570	-	-	-	-	-
124	Accounts Receivable - other government	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
125	Accounts Receivable - Miscellaneous	-	-	-	-	184	-	205	-	180	-	220	-	-	-	231	-	-	-
126	Accounts Receivable - Tenants - Dwelling Rents	154,455	-	56,445	-	39,645	-	-	-	65,073	-	31,284	-	11,742	-	29,066	-	-	-
126.1	Allowance for Doubtful Accounts - Dwelling Rents	(76,899)	-	(30,193)	-	(7,136)	-	-	-	(65,073)	-	(31,284)	-	(7,005)	-	(29,066)	-	-	-
126.2	Allowance for Doubtful Accounts - Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
128	Fraud recovery	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
129	Accrued interest receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
120	Total Receivables, net of allowances for doubtful accounts	77,556	-	112,123	-	55,147	-	205	-	62,966	-	91,520	-	66,307	-	231	-	-	-
142	Prepaid Expenses and Other Assets	8,107	-	7,774	-	11,105	-	7,880	-	8,248	-	8,248	-	6,091	-	23,693	-	-	-
143	Inventories	-	-	-	-	16,612	-	-	-	-	-	-	-	-	-	-	-	-	-
144	Interprogram due from	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
150	Total Current Assets	280,444	-	365,660	-	129,309	-	148,687	-	71,214	-	123,689	-	226,673	-	23,924	-	1,117	-
161	Land	3,820,000	-	3,550,000	-	2,070,000	-	4,413,091	-	3,822,031	-	546,422	-	320,000	-	2,200,000	-	6,660,000	-
162	Buildings	3,100,000	-	4,400,000	-	3,501,715	-	-	-	798,456	-	-	-	4,540,000	-	-	-	-	-
163	Furniture, Equipment & Machinery - Dwellings	7,010	-	11,180	-	279,430	-	252,940	-	-	-	-	-	257,660	-	-	-	-	-
164	Furniture, Equipment & Machinery - Administration	-	-	-	-	6,835	-	-	-	-	-	-	-	-	-	-	-	-	-
165	Leasehold Improvements	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
166	Accumulated Depreciation	(171,937)	-	(340,112)	-	(521,521)	-	(43,106)	-	(154,667)	-	-	-	(151,030)	-	-	-	-	-
167	Construction In Progress	2,274	-	2,167,027	-	7,420	-	-	-	88,160	-	-	-	643,197	-	29,957	-	-	-
160	Total Fixed Assets, Net of Accumulated Depreciation	6,757,347	-	9,788,095	-	5,343,879	-	4,622,925	-	4,553,980	-	546,422	-	5,609,827	-	2,229,957	-	6,660,000	-
171	Notes, loans, and mortgages receivable - Noncurrent	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
174	Other Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
180	Total Non-Current Assets	6,757,347	-	9,788,095	-	5,343,879	-	4,622,925	-	4,553,980	-	546,422	-	5,609,827	-	2,229,957	-	6,660,000	-
190	Total Assets	7,037,791	-	10,153,755	-	5,473,188	-	4,771,612	-	4,625,194	-	670,111	-	5,836,500	-	2,253,881	-	6,661,117	-

Detroit Housing Commission

FINANCIAL DATA SCHEDULE

Year ended June 30, 2008

PHA: M1001 FYED: 06/30/2008

Line Item No.	Account Description	AMP1	AMP1	AMP2	AMP2	AMP3	AMP3	AMP4	AMP4	AMP5	AMP5	AMP6	AMP6	AMP7	AMP7	AMP8	AMP8	AMP9	AMP9
		Operating	Capital	Operating	Capital	Operating	Capital	Operating	Capital	Operating	Capital	Operating	Capital	Operating	Capital	Operating	Capital	Operating	Capital
311	Bank overdrafts	-	-	-	-	-	-	-	-	6,111	-	-	-	-	-	-	-	-	-
312	Accounts Payable <= 90 Days	7,833	-	102,098	-	50,431	-	3,909	-	68,796	-	96,250	-	18,759	-	-	-	-	-
313	Accounts Payable >90 Days Past Due	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
321	Accrued Wage/Payroll Taxes Payable	7,139	-	-	-	5,210	-	-	-	-	-	-	-	-	-	-	-	-	-
322	Accrued Compensated Absences	-	-	-	-	14,427	-	-	-	-	-	-	-	-	-	-	-	-	-
324	Accrued contingency liability	-	-	281,112	-	18,377	-	6,708	-	-	-	75,000	-	-	-	18,170	-	-	-
331	Accounts Payable - HUD PHA Programs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
333	Accounts Payable - Other Government	3,030	-	2,836	-	2,436	-	-	-	2,387	-	2,908	-	2,424	-	-	-	-	-
341	Tenant Security Deposits	27,949	-	34,770	-	22,983	-	-	-	-	-	-	-	11,057	-	-	-	-	-
342	Deferred Revenues	30,793	-	8,879	-	-	-	-	-	-	-	-	-	5,294	-	-	-	-	-
343	Current portion of L-T debt - capital projects	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
345	Other current liabilities	-	-	-	-	-	-	-	-	-	-	-	-	44,328	-	-	-	-	-
346	Accrued Liabilities - Other	114,959	-	233,600	-	28,295	-	172,306	-	56,180	-	68,450	-	39,967	-	-	-	-	-
347	Interprogram due to	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
310	Total Current Liabilities	191,703	-	663,295	-	142,159	-	182,923	-	133,474	-	242,608	-	121,829	-	18,170	-	-	-
351	Long-term debt, net of current - capital projects	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
353	Noncurrent Liabilities - Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
354	Accrued compensated Absences - Non Current	-	-	-	-	9,300	-	-	-	-	-	-	-	-	-	-	-	-	-
350	Total Noncurrent Liabilities	-	-	-	-	9,300	-	-	-	-	-	-	-	-	-	-	-	-	-
300	Total Liabilities	191,703	-	663,295	-	151,459	-	182,923	-	133,474	-	242,608	-	121,829	-	18,170	-	-	-
508.1	Invested in capital assets, net of related debt	6,757,347	-	9,788,095	-	5,343,879	-	4,622,925	-	4,553,980	-	546,422	-	5,609,827	-	2,229,957	-	6,660,000	-
511.1	Restricted Net Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
512.1	Unrestricted Net Assets	88,741	-	(297,635)	-	(22,150)	-	(34,236)	-	(62,260)	-	(118,919)	-	104,844	-	5,754	-	1,117	-
513	Total Equity	6,846,088	-	9,490,460	-	5,321,729	-	4,588,689	-	4,491,720	-	427,503	-	5,714,671	-	2,235,711	-	6,661,117	-
600	Total Liabilities and Equity	7,037,791	-	10,153,755	-	5,473,188	-	4,771,612	-	4,625,194	-	670,111	-	5,836,500	-	2,253,881	-	6,661,117	-

Detroit Housing Commission

FINANCIAL DATA SCHEDULE

Year ended June 30, 2008

PHA: M1001 FYED: 06/30/2008

Line Item No.	Account Description	AMP1	AMP1	AMP2	AMP2	AMP3	AMP3	AMP4	AMP4	AMP5	AMP5	AMP6	AMP6	AMP7	AMP7	AMP8	AMP8	AMP9	AMP9
		Operating	Capital	Operating	Capital	Operating	Capital	Operating	Capital	Operating	Capital	Operating	Capital	Operating	Capital	Operating	Capital	Operating	Capital
70300	Net Tenant Rental Revenue	710,822	-	231,097	-	273,862	-	-	-	215,467	-	102,924	-	184,398	-	-	-	-	-
70400	Tenant Revenue - Other	-	-	8,598	-	8,217	-	-	-	9,150	-	4,600	-	2,000	-	-	-	-	-
70500	Total Tenant Revenue	710,822	-	239,695	-	282,079	-	-	-	224,617	-	107,524	-	186,398	-	-	-	-	-
70600	HUD PHA Grants	790,622	70,127	740,023	276,092	635,656	555,861	708,398	88,467	623,011	289,430	759,003	264,010	632,493	114,184	796,948	31,768	438,806	45,369
70610	HUD PHA Capital Grants	-	-	-	2,167,027	-	339,135	-	-	-	88,160	-	-	-	643,197	-	29,957	-	-
70710	Management Fee	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
70720	Asset Management Fee	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
70730	Book-Keeping Fee	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
70750	Other Fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
70700	Total Fee Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
70800	Other government grants	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
71100	Investment Income - Unrestricted	8,898	-	10,642	-	7,257	-	8,087	-	7,112	-	8,066	-	8,800	-	9,098	-	4,757	-
71400	Fraud recovery	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
71500	Other revenue	44,932	-	1,705	-	-	-	228,746	-	115,118	-	186,024	-	200,765	-	150,485	-	-	-
71600	Gain/Loss on Sale of Fixed Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
72000	Investment income - restricted	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
70000	Total Revenue	1,555,274	70,127	992,065	2,443,119	924,992	894,996	945,231	88,467	969,858	377,590	1,060,617	264,010	1,028,456	757,381	956,531	61,725	443,563	45,369
91100	Administrative salaries	69,046	-	21,903	-	72,890	-	44,618	-	36,907	-	41,219	-	50,842	-	-	-	-	-
91200	Auditing fees	6,948	-	5,291	-	4,545	-	5,065	-	4,455	-	5,427	-	4,579	-	-	-	-	-
91300	Management Fee	134,315	-	84,955	-	80,666	-	62,415	-	67,895	-	48,669	-	42,910	-	105,376	-	31,571	-
91310	Book-Keeping Fee	21,600	-	15,285	-	13,838	-	-	-	10,650	-	7,695	-	7,838	-	-	-	12,330	-
91400	Advertising and Marketing	1,288	29	1,079	28	90	29	10	-	10	-	10	145	90	1,193	-	-	-	57
91500	Employee benefit contributions - administrative	14,518	-	23,166	-	41,847	-	21,271	-	22,579	-	22,815	-	23,056	-	-	-	-	-
91600	Office Expenses	15,486	-	41,638	-	26,102	330	519	-	5,356	-	3,894	-	26,318	-	-	-	5	-
91700	Legal Expense	11,964	-	11,156	-	9,956	-	914	-	1,607	-	1,150	-	2,931	-	427	-	-	-
91800	Travel	-	-	7,252	-	-	53	-	-	-	-	-	6	4,742	7	-	11	-	18
91900	Other	3,278	27,453	727	247,868	1,286	114,990	276	22,257	1,718	22,259	1,816	9,032	2,477	48,728	5,300	8,537	-	45,294
92000	Asset Management Fee	30,000	-	28,080	-	24,120	-	-	-	23,640	-	28,800	-	24,000	-	-	-	16,680	-
92100	Tenant services - salaries	-	-	5,995	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
92200	Relocation Costs	-	-	-	4,390	-	-	-	7,237	-	105,397	-	101,394	-	-	-	950	-	-
92300	Employee benefit contributions - tenant services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
92400	Tenant Services - Other	1,070	-	1,021	-	1,394	-	-	-	-	-	-	-	1,767	-	-	-	-	-
93100	Water	73,980	-	992	-	17,441	-	45,928	-	28,785	-	-	-	15,763	-	23,066	-	-	-
93200	Electricity	1,898	-	127,887	-	13,328	-	4,200	-	201,991	-	34,469	-	73,390	-	12,429	-	-	-
93300	Gas	83	-	191,243	-	155,201	-	56	-	114,829	-	15,647	-	28,362	-	3,392	-	-	-
93400	Fuel	86,810	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
93600	Sewer	208,632	-	69,444	-	133,214	-	65,125	-	13,303	-	25,784	-	18,338	-	53,476	-	-	-
94100	Ordinary Maintenance and Operations - Labor	90,372	-	82,023	-	70,489	-	81,556	-	156,999	-	157,955	-	53,603	-	-	-	-	-
94200	OMO - Materials and Other	72,017	-	45,650	-	106,688	-	15,100	-	6,369	-	423	-	105,838	15,461	-	-	-	-
94300	Ordinary Maintenance and Operations - Contract Costs	145,621	-	82,016	993	283,347	10,340	35,841	-	37,724	-	26,998	-	86,162	1,774	-	-	399	-
94500	Employee Benefit Contributions - Ordinary Maintenance	37,385	-	6,185	-	43,990	-	27,851	-	42,263	-	42,592	-	4,202	-	-	-	-	-
95200	Protective Services - Other Contract Costs	1,196	-	-	-	-	23,808	-	-	-	-	-	-	-	-	-	-	-	-
95300	Protective Services - Other	-	-	326	-	-	-	15,252	58,973	-	161,774	-	153,433	-	23,808	-	22,270	-	-

Detroit Housing Commission

FINANCIAL DATA SCHEDULE

Year ended June 30, 2008

PHA: M1001 FYED: 06/30/2008

Line Item No.	Account Description	AMP1	AMP1	AMP2	AMP2	AMP3	AMP3	AMP4	AMP4	AMP5	AMP5	AMP6	AMP6	AMP7	AMP7	AMP8	AMP8	AMP9	AMP9
		Operating	Capital	Operating	Capital	Operating	Capital	Operating	Capital	Operating	Capital	Operating	Capital	Operating	Capital	Operating	Capital	Operating	Capital
96110	Property Insurance	25,587	-	23,038	-	26,874	-	24,686	-	24,686	-	24,686	-	18,133	-	69,995	-	-	-
96120	Liability Insurance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
96130	Workmen's Compensation	5,509	-	3,544	-	4,810	-	2,891	-	5,070	-	5,126	-	1,131	-	-	-	-	-
96140	All other Insurance	22,642	-	24,398	-	23,177	-	22,438	-	25,469	-	23,562	-	15,747	-	11,207	-	-	-
96200	Other General Expenses	3,249	-	22,336	-	-	-	-	-	-	-	-	-	-	-	-	-	403,911	-
96210	Compensated Absences	-	-	9,337	-	23,409	-	1,275	-	-	-	-	-	1,888	-	-	-	-	-
96300	Payments in Lieu of Taxes	3,030	-	2,836	-	2,436	-	-	-	2,387	-	2,908	-	2,424	-	-	-	-	-
96400	Bad Debt - Tenant Rents	85,937	-	28,734	-	702	-	-	-	25	-	-	-	5,008	-	-	-	-	-
96500	Bad Debt - Mortgages	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
96710	Interest of Mortgage (or Bonds) Payable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
96900	Total Operating Expenses	1,173,461	27,482	967,537	253,279	1,181,840	149,550	477,287	88,467	834,717	289,430	521,645	264,010	621,539	90,971	284,668	31,768	464,896	45,369
97000	Excess Operating Revenue over Operating Expenses	381,813	42,645	24,528	2,189,840	(256,848)	745,446	467,944	-	135,141	88,160	538,972	-	406,917	666,410	671,863	29,957	(21,333)	-
97200	Casualty Losses - Non-Capitalized	-	-	-	-	63,468	-	-	-	563	-	2,627	-	15,650	-	-	-	-	-
97300	Housing Assistance Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
97400	Depreciation Expense	78,306	-	156,968	-	269,897	-	-	-	86,490	-	-	-	151,030	-	-	-	-	-
90000	Total Expenses	1,251,767	27,482	1,124,505	253,279	1,515,205	149,550	477,287	88,467	921,770	289,430	524,272	264,010	788,219	90,971	284,668	31,768	464,896	45,369
10010	Operating transfers in	42,645	-	22,813	-	406,311	-	-	-	-	-	-	-	23,213	-	-	-	-	-
10020	Operating transfers out	-	(42,645)	-	(22,813)	-	(406,311)	-	-	-	-	-	-	(23,213)	-	-	-	-	-
10080	Special items, net gain/loss	-	-	-	-	-	-	-	-	460,487	-	65,823	-	5,148,115	-	-	-	-	-
10100	Total other financing sources (Uses)	42,645	(42,645)	22,813	(22,813)	406,311	(406,311)	-	-	460,487	-	65,823	-	5,171,328	(23,213)	-	-	-	-
10000	Excess (deficiency) of total revenue over (under) total expenses	346,152	-	(109,627)	2,167,027	(183,902)	339,135	467,944	-	508,575	88,160	602,168	-	5,411,565	643,197	671,863	29,957	(21,333)	-
11030	Beginning Equity	6,499,936	-	7,433,060	-	5,166,496	-	4,120,745	-	3,894,985	-	(174,665)	-	(340,091)	-	1,533,891	-	6,682,450	-
11040	Prior Period Adjustments, Equity transfer and correction of e	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11190	Unit Months Available	3,000	-	2,808	-	2,412	-	2,688	-	2,364	-	2,880	-	2,400	-	3,024	-	1,668	-
11210	Number of Unit Months Leased	2,892	-	2,008	-	1,737	-	-	-	1,462	-	1,048	-	1,050	-	-	-	1,624	-
11170	Administrative Fee Equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11180	Housing Assistance Payments Equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11270	Excess Cash	80,634	-	(305,409)	-	(40,567)	-	(42,116)	-	(70,508)	-	(127,167)	-	98,753	-	(17,939)	-	1,117	-
11610	Land Purchases	-	-	-	7,420	-	-	-	88,160	-	-	-	-	-	29,957	-	-	-	-
11620	Building Purchases	-	2,167,027	-	331,715	-	-	-	-	-	-	-	643,197	-	-	-	-	-	-
13901	Replacement Housing Factor Funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Detroit Housing Commission

FINANCIAL DATA SCHEDULE

Year ended June 30, 2008

PHA: MI001 FYED: 06/30/2008																			
Line Item No.	Account Description	AMP11	AMP11	AMP12	AMP12	AMP13	AMP13	AMP14	AMP14	AMP15	AMP15	AMP16	AMP16	AMP17	AMP17	AMP18	AMP18	AMP19	AMP19
		Operating	Capital	Operating	Capital	Operating	Capital	Operating	Capital	Operating	Capital	Operating	Capital	Operating	Capital	Operating	Capital	Operating	Capital
111	Cash - Unrestricted	117,383	-	50,785	-	24,668	-	7,106	-	305,729	-	394,938	-	226,844	-	4,022	-	98,009	-
112	Cash - Restricted - Modernization and Development	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
113	Cash - other restricted	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
114	Cash - Tenant Security Deposits	16,671	-	10,103	-	9,938	-	1,396	-	30,056	-	28,997	-	7,411	-	18,635	-	33,227	-
115	Cash - Restricted for payment of current liability	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
100	Total Cash	134,054	-	60,888	-	34,606	-	8,502	-	335,785	-	423,935	-	234,255	-	22,657	-	131,236	-
122	Accounts Receivable - HUD Other Projects	-	-	-	-	-	-	-	-	28,651	-	6,476	-	33,477	-	76,057	-	-	-
124	Accounts Receivable - other government	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
125	Accounts Receivable - Miscellaneous	-	-	124	-	135	-	105	-	375	-	143	-	1,124	-	131	-	-	-
126	Accounts Receivable - Tenants - Dwelling Rents	2,604	-	97,014	-	105,501	-	5,595	-	98,809	-	9,073	-	44,422	-	24,803	-	9,477	-
126.1	Allowance for Doubtful Accounts - Dwelling Rents	(427)	-	(17,463)	-	(18,990)	-	(1,007)	-	(17,786)	-	(1,634)	-	(30,173)	-	(4,465)	-	(2,818)	-
126.2	Allowance for Doubtful Accounts - Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
128	Fraud recovery	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
129	Accrued interest receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
120	Total Receivables, net of allowances for doubtful accounts	2,177	-	79,675	-	86,646	-	4,693	-	110,049	-	14,058	-	48,850	-	96,526	-	6,659	-
142	Prepaid Expenses and Other Assets	3,884	-	8,270	-	8,423	-	8,244	-	16,610	-	11,809	-	5,781	-	7,355	-	23,694	-
143	Inventories	-	-	11,157	-	12,149	-	413	-	33,804	-	12,893	-	-	-	11,819	-	-	-
144	Interprogram due from	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
150	Total Current Assets	140,115	-	159,990	-	141,824	-	21,852	-	496,248	-	462,695	-	288,886	-	138,357	-	161,589	-
161	Land	-	-	66,350	-	73,500	-	59,250	-	2,080,000	-	1,630,000	-	200,000	-	350,000	-	313,244	-
162	Buildings	-	-	7,221,000	-	7,349,500	-	3,168,000	-	7,030,000	-	2,880,000	-	4,550,000	-	3,150,000	-	2,215,553	-
163	Furniture, Equipment & Machinery - Dwellings	-	-	-	-	-	-	6,890	-	520,320	-	13,840	-	277,190	-	182,370	-	319,680	-
164	Furniture, Equipment & Machinery - Administration	-	-	98,405	-	95,315	-	-	-	11,735	-	17,875	-	-	-	11,105	-	-	-
165	Leasehold Improvements	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
166	Accumulated Depreciation	-	-	(850,925)	-	(732,198)	-	(596,733)	-	(320,810)	-	(170,447)	-	(437,648)	-	(309,794)	-	(88,245)	-
167	Construction In Progress	-	-	11,378	-	8,723	-	-	-	1,155,947	-	197,414	-	252,075	-	169,600	-	144,223	-
160	Total Fixed Assets, Net of Accumulated Depreciation	-	-	6,546,208	-	6,794,840	-	2,637,407	-	10,477,192	-	4,568,682	-	4,841,617	-	3,553,281	-	2,904,455	-
171	Notes, loans, and mortgages receivable - Noncurrent	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
174	Other Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
180	Total Non-Current Assets	-	-	6,546,208	-	6,794,840	-	2,637,407	-	10,477,192	-	4,568,682	-	4,841,617	-	3,553,281	-	2,904,455	-
190	Total Assets	140,115	-	6,706,198	-	6,936,664	-	2,659,259	-	10,973,440	-	5,031,377	-	5,130,503	-	3,691,638	-	3,066,044	-

Detroit Housing Commission

FINANCIAL DATA SCHEDULE

Year ended June 30, 2008

PHA: M1001 FYED: 06/30/2008																			
Line Item No.	Account Description	AMP11 Operating	AMP11 Capital	AMP12 Operating	AMP12 Capital	AMP13 Operating	AMP13 Capital	AMP14 Operating	AMP14 Capital	AMP15 Operating	AMP15 Capital	AMP16 Operating	AMP16 Capital	AMP17 Operating	AMP17 Capital	AMP18 Operating	AMP18 Capital	AMP19 Operating	AMP19 Capital
311	Bank overdrafts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
312	Accounts Payable <= 90 Days	1,994	-	2,509	-	5,678	-	4,641	-	106,584	-	9,761	-	29,743	-	77,335	-	7,146	-
313	Accounts Payable >90 Days Past Due	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
321	Accrued Wage/Payroll Taxes Payable	-	-	2,704	-	1,598	-	912	-	6,682	-	4,618	-	-	-	3,522	-	-	-
322	Accrued Compensated Absences	-	-	4,756	-	20,859	-	-	-	13,274	-	11,307	-	-	-	7,626	-	-	-
324	Accrued contingency liability	-	-	6,185	-	2,005	-	-	-	21,123	-	13,813	-	-	-	20,049	-	-	-
331	Accounts Payable - HUD PHA Programs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
333	Accounts Payable - Other Government	1,151	-	1,636	-	1,781	-	1,612	-	4,956	-	1,890	-	2,424	-	1,733	-	3,587	-
341	Tenant Security Deposits	16,671	-	10,103	-	9,938	-	1,396	-	30,056	-	28,997	-	7,411	-	18,635	-	33,227	-
342	Deferred Revenues	1,135	-	-	-	-	-	-	-	-	-	-	-	4,348	-	-	-	9,515	-
343	Current portion of L-T debt - capital projects	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
345	Other current liabilities	-	-	-	-	-	-	-	-	3,672	-	5,278	-	5,796	-	11,531	-	-	-
346	Accrued Liabilities - Other	35,059	-	11,236	-	28,403	-	7,567	-	143,877	-	358,894	-	68,241	-	-	-	17,174	-
347	Interprogram due to	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
310	Total Current Liabilities	56,010	-	39,129	-	70,262	-	16,128	-	330,224	-	434,558	-	117,963	-	140,431	-	70,649	-
351	Long-term debt, net of current - capital projects	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
353	Noncurrent Liabilities - Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
354	Accrued compensated Absences - Non Current	-	-	3,150	-	9,188	-	-	-	2,047	-	14,576	-	-	-	9,576	-	-	-
350	Total Noncurrent Liabilities	-	-	3,150	-	9,188	-	-	-	2,047	-	14,576	-	-	-	9,576	-	-	-
300	Total Liabilities	56,010	-	42,279	-	79,450	-	16,128	-	332,271	-	449,134	-	117,963	-	150,007	-	70,649	-
508.1	Invested in capital assets, net of related debt	-	-	6,546,208	-	6,794,840	-	2,637,407	-	10,477,192	-	4,568,682	-	4,841,617	-	3,553,281	-	2,904,455	-
511.1	Restricted Net Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
512.1	Unrestricted Net Assets	84,105	-	117,711	-	62,374	-	5,724	-	163,977	-	13,561	-	170,923	-	(11,650)	-	90,940	-
513	Total Equity	84,105	-	6,663,919	-	6,857,214	-	2,643,131	-	10,641,169	-	4,582,243	-	5,012,540	-	3,541,631	-	2,995,395	-
600	Total Liabilities and Equity	140,115	-	6,706,198	-	6,936,664	-	2,659,259	-	10,973,440	-	5,031,377	-	5,130,503	-	3,691,638	-	3,066,044	-

Detroit Housing Commission

FINANCIAL DATA SCHEDULE

Year ended June 30, 2008

PHA: MI001 FYED: 06/30/2008																			
Line Item No.	Account Description	AMP11 Operating	AMP11 Capital	AMP12 Operating	AMP12 Capital	AMP13 Operating	AMP13 Capital	AMP14 Operating	AMP14 Capital	AMP15 Operating	AMP15 Capital	AMP16 Operating	AMP16 Capital	AMP17 Operating	AMP17 Capital	AMP18 Operating	AMP18 Capital	AMP19 Operating	AMP19 Capital
70300	Net Tenant Rental Revenue	240,723	-	338,843	-	378,596	-	7,659	-	694,377	-	97,329	-	293,591	-	279,764	-	546,853	-
70400	Tenant Revenue - Other	595	-	6,667	-	7,300	-	275	-	10,697	-	8,840	-	2,550	-	7,355	-	17,620	-
70500	Total Tenant Revenue	241,318	-	345,510	-	385,896	-	7,934	-	705,074	-	106,169	-	296,141	-	287,119	-	564,473	-
70600	HUD PHA Grants	368,803	51,839	426,936	273,872	464,881	273,872	366,794	439,647	1,293,463	435,566	493,344	424,138	632,493	119,418	452,236	235,807	957,853	9,354
70610	HUD PHA Capital Grants	-	-	-	11,377	-	8,722	-	-	-	1,155,946	-	197,414	-	252,074	-	169,600	-	144,223
70710	Management Fee	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
70720	Asset Management Fee	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
70730	Book-Keeping Fee	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
70750	Other Fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
70700	Total Fee Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
70800	Other government grants	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
71100	Investment Income - Unrestricted	3,306	-	4,874	-	5,307	-	4,154	-	14,766	-	5,632	-	9,992	-	5,163	-	10,145	-
71400	Fraud recovery	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
71500	Other revenue	9,903	-	4	-	5,124	-	503	-	-	-	4	-	6,611	-	495	-	66,095	-
71600	Gain/Loss on Sale of Fixed Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
72000	Investment income - restricted	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
70000	Total Revenue	623,330	51,839	777,324	285,249	861,208	282,594	379,385	439,647	2,013,303	1,591,512	605,149	621,552	945,237	371,492	745,013	405,407	1,598,566	153,577
91100	Administrative salaries	22,341	-	29,364	-	29,364	-	29,882	-	137,105	-	81,371	-	47,781	-	97,450	-	159,503	-
91200	Auditing fees	2,148	-	3,053	-	3,324	-	3,007	-	9,249	-	3,528	-	4,580	-	3,234	-	6,693	-
91300	Management Fee	52,575	-	59,350	-	68,360	-	1,672	-	150,744	-	79,552	-	52,243	-	68,127	-	122,660	-
91310	Book-Keeping Fee	8,588	-	9,585	-	10,972	-	270	-	24,351	-	13,095	-	9,248	-	10,935	-	18,938	-
91400	Advertising and Marketing	537	-	90	-	-	-	-	-	90	140	90	29	25	29	90	169	15,244	-
91500	Employee benefit contributions - administrative	20,200	-	7,542	-	7,542	-	1,144	-	87,658	-	40,713	-	34,208	-	39,627	-	82,444	-
91600	Office Expenses	13,999	-	19,211	-	6	-	1,085	-	6,350	330	5,199	-	21,492	-	3,590	-	44,689	-
91700	Legal Expense	795	-	2,537	-	4,095	-	1,499	-	3,856	-	10,282	-	2,209	-	7,548	-	9,164	-
91800	Travel	17	-	537	-	-	-	-	-	31	94	487	48	6,449	2	-	159	54	14
91900	Other	2,355	8,540	689	8,108	2,131	8,108	403	8,109	3,249	144,431	755	40,546	446	39,279	1,112	37,660	11,288	9,340
92000	Asset Management Fee	11,400	-	16,200	-	17,640	-	15,960	-	49,080	-	18,720	-	24,000	-	17,160	-	35,520	-
92100	Tenant services - salaries	50,055	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
92200	Relocation Costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
92300	Employee benefit contributions - tenant services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
92400	Tenant Services - Other	2,171	-	-	-	-	-	-	-	2,019	-	385	-	1,139	-	1,010	-	1,364	-
93100	Water	5,958	-	20,754	-	22,795	-	13,015	-	15,922	-	40,041	-	23,333	-	14,600	-	12,782	-
93200	Electricity	74,056	-	4,540	-	11,029	-	23,020	-	198,653	-	9,943	-	272	-	-	-	153,349	-
93300	Gas	62,486	-	10,316	-	33,299	-	13,205	-	104,027	-	16,455	-	180,772	-	242,279	-	132,865	-
93400	Fuel	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,118	-
93600	Sewer	11,196	-	66,790	-	77,794	-	66,543	-	44,476	-	93,428	-	29,789	-	910	-	22,142	-
94100	Ordinary Maintenance and Operations - Labor	38,432	-	346,472	-	343,697	-	21,281	-	233,500	-	84,565	-	71,770	-	36,264	-	233,186	-
94200	OMO - Materials and Other	10,392	-	44,417	-	40,303	-	8,148	-	203,336	-	56,564	-	66,892	-	84,035	9,722	144,131	-
94300	Ordinary Maintenance and Operations - Contract Costs	50,541	-	84,864	-	60,589	-	47,996	-	137,657	87,777	71,330	104,457	34,816	38,842	72,529	-	141,218	-
94500	Employee Benefit Contributions - Ordinary Maintenance	3,186	-	125,442	-	125,374	-	41,191	-	77,827	-	40,977	-	2,635	-	19,006	-	-	-
95200	Protective Services - Other Contract Costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	33,977	-
95300	Protective Services - Other	42,978	-	-	-	-	-	-	-	-	58,673	-	-	-	25,645	-	93,919	-	-

Detroit Housing Commission

FINANCIAL DATA SCHEDULE

Year ended June 30, 2008

PHA: MI001 FYED: 06/30/2008																			
Line Item No.	Account Description	AMP11	AMP11	AMP12	AMP12	AMP13	AMP13	AMP14	AMP14	AMP15	AMP15	AMP16	AMP16	AMP17	AMP17	AMP18	AMP18	AMP19	AMP19
		Operating	Capital	Operating	Capital	Operating	Capital	Operating	Capital	Operating	Capital	Operating	Capital	Operating	Capital	Operating	Capital	Operating	Capital
96110	Property Insurance	13,431	-	21,910	-	21,910	-	21,910	-	33,193	-	34,447	-	16,988	-	17,330	-	89,692	-
96120	Liability Insurance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
96130	Workmen's Compensation	19,333	-	6,637	-	9,738	-	2,067	-	12,912	-	5,379	-	381	-	4,906	-	51,658	-
96140	All other Insurance	9,296	-	16,317	-	16,767	-	13,589	-	39,164	-	19,234	-	15,668	-	14,823	-	11,207	-
96200	Other General Expenses	3,614	-	-	-	-	-	-	-	12,886	-	-	-	102	-	-	-	4,463	-
96210	Compensated Absences	437	-	8,441	-	12,228	-	-	-	26,173	-	17,112	-	1,125	-	13,834	-	-	-
96300	Payments in Lieu of Taxes	1,151	-	1,636	-	1,781	-	1,612	-	4,956	-	1,890	-	2,424	-	1,733	-	3,587	-
96400	Bad Debt - Tenant Rents	-	-	-	-	-	-	-	-	69	-	-	-	16,356	-	175	-	16,078	-
96500	Bad Debt - Mortgages	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
96710	Interest of Mortgage (or Bonds) Payable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
96900	Total Operating Expenses	533,668	8,540	906,694	8,108	920,738	8,108	328,499	8,109	1,618,533	291,445	745,542	145,080	667,143	103,797	772,307	141,629	1,561,014	9,354
97000	Excess Operating Revenue over Operating Expenses	89,662	43,299	(129,370)	277,141	(59,530)	274,486	50,886	431,538	394,770	1,300,067	(140,393)	476,472	278,094	267,695	(27,294)	263,778	37,552	144,223
97200	Casualty Losses - Non-Capitalized	-	-	-	-	-	-	-	-	15,600	-	18,341	-	-	-	354	-	-	-
97300	Housing Assistance Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
97400	Depreciation Expense	-	-	427,522	-	391,673	-	298,464	-	320,819	-	78,313	-	201,990	-	143,421	-	88,245	-
90000	Total Expenses	533,668	8,540	1,334,216	8,108	1,312,411	8,108	626,963	8,109	1,954,952	291,445	842,196	145,080	869,133	103,797	916,082	141,629	1,649,259	9,354
10010	Operating transfers in	43,299	-	265,764	-	265,764	-	431,538	-	144,121	-	279,058	-	15,621	-	94,178	-	467,391	-
10020	Operating transfers out	-	(43,299)	-	(265,764)	-	(265,764)	-	(431,538)	-	(144,121)	-	(279,058)	-	(15,621)	-	(94,178)	-	-
10080	Special items, net gain/loss	-	-	573,450	-	334,000	-	301,300	-	9,701,833	-	-	-	-	-	-	-	2,467,999	-
10100	Total other financing sources (Uses)	43,299	(43,299)	839,214	(265,764)	599,764	(265,764)	732,838	(431,538)	9,845,954	(144,121)	279,058	(279,058)	15,621	(15,621)	94,178	(94,178)	2,935,390	-
10000	Excess (deficiency) of total revenue over (under) total expenses	132,961	-	282,322	11,377	148,561	8,722	485,260	-	9,904,305	1,155,946	42,011	197,414	91,725	252,074	(76,891)	169,600	2,884,697	144,223
11030	Beginning Equity	(48,856)	-	6,370,220	-	6,699,931	-	2,157,871	-	(419,082)	-	4,342,818	-	4,668,741	-	3,448,922	-	(33,525)	-
11040	Prior Period Adjustments, Equity transfer and correction of e	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11190	Unit Months Available	1,140	-	1,620	-	1,764	-	1,428	-	4,908	-	1,872	-	2,400	-	1,716	-	3,552	-
11210	Number of Unit Months Leased	1,119	-	1,278	-	1,472	-	36	-	3,246	-	1,713	-	1,257	-	1,467	-	2,497	-
11170	Administrative Fee Equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11180	Housing Assistance Payments Equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11270	Excess Cash	80,221	-	101,434	-	50,990	-	(2,933)	-	115,610	-	3,435	-	165,142	-	(21,248)	-	67,246	-
11610	Land Purchases	-	-	-	-	-	-	-	8,716	-	-	-	-	-	7,120	-	-	-	-
11620	Building Purchases	-	11,377	-	8,722	-	-	-	1,147,230	-	197,414	-	252,074	-	162,480	-	144,223	-	-
13901	Replacement Housing Factor Funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Detroit Housing Commission

FINANCIAL DATA SCHEDULE

Year ended June 30, 2008

PHA: M1001 FYED: 06/30/2008																		
Line Item No.	Account Description	AMP20	AMP20	AMP21	AMP21	AMP65	AMP71	AMP72	AMP72	AMP73	AMP73	AMP74	AMP74	AMP75	AMP75	AMP Other	AMP Other	Total AMPs 14,850
		Operating	Capital	Operating	Capital	Operating	Operating	Operating	Capital	Operating	Capital	Operating	Capital	Operating	Capital	Operating	Capital	
111	Cash - Unrestricted	31,217	-	-	-	6,740	33,010	32,647	-	36,399	-	33,881	-	36,039	-	-	-	2,149,562
112	Cash - Restricted - Modernization and Development	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
113	Cash - other restricted	-	-	-	-	-	-	-	-	-	-	-	-	-	-	380,021	-	380,021
114	Cash - Tenant Security Deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	253,193
115	Cash - Restricted for payment of current liability	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
100	Total Cash	31,217	-	-	-	6,740	33,010	32,647	-	36,399	-	33,881	-	36,039	-	380,021	-	2,782,776
122	Accounts Receivable - HUD Other Projects	-	-	-	-	-	-	-	-	-	-	-	-	-	-	837,381	-	1,306,023
124	Accounts Receivable - other government	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
125	Accounts Receivable - Miscellaneous	-	-	41	-	-	-	-	-	-	-	-	-	-	-	-	-	3,198
126	Accounts Receivable - Tenants - Dwelling Rents	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	785,008
126.1	Allowance for Doubtful Accounts - Dwelling Rents	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(341,419)
126.2	Allowance for Doubtful Accounts - Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(20,065)	-	(20,065)
128	Fraud recovery	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
129	Accrued interest receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,573,829	-	3,573,829
120	Total Receivables, net of allowances for doubtful accounts	-	-	41	-	-	-	-	-	-	-	-	-	-	-	4,391,145	-	5,306,574
142	Prepaid Expenses and Other Assets	14,097	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	189,313
143	Inventories	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	98,847
144	Interprogram due from	-	-	-	-	-	-	-	-	-	-	-	-	-	-	317,720	-	317,720
150	Total Current Assets	45,314	-	41	-	6,740	33,010	32,647	-	36,399	-	33,881	-	36,039	-	5,088,886	-	8,695,230
161	Land	-	-	240,000	-	-	-	-	-	-	-	-	-	-	-	13,231,756	-	45,645,644
162	Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	53,904,224
163	Furniture, Equipment & Machinery - Dwellings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,128,510
164	Furniture, Equipment & Machinery - Administration	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	241,270
165	Leasehold Improvements	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
166	Accumulated Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(4,889,173)
167	Construction In Progress	-	-	36,000	-	-	-	-	-	-	-	-	-	-	-	796,908	-	5,710,303
160	Total Fixed Assets, Net of Accumulated Depreciation	-	-	276,000	-	-	-	-	-	-	-	-	-	-	-	14,028,664	-	102,740,778
171	Notes, loans, and mortgages receivable - Noncurrent	-	-	-	-	-	-	-	-	-	-	-	-	-	-	59,152,139	-	59,152,139
174	Other Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
180	Total Non-Current Assets	-	-	276,000	-	-	-	-	-	-	-	-	-	-	-	73,180,803	-	161,892,917
190	Total Assets	45,314	-	276,041	-	6,740	33,010	32,647	-	36,399	-	33,881	-	36,039	-	78,269,689	-	170,588,147

Detroit Housing Commission

FINANCIAL DATA SCHEDULE

Year ended June 30, 2008

PHA: M1001 FYED: 06/30/2008																		
Line Item No.	Account Description	AMP20 Operating	AMP20 Capital	AMP21 Operating	AMP21 Capital	AMP65 Operating	AMP71 Operating	AMP72 Operating	AMP72 Capital	AMP73 Operating	AMP73 Capital	AMP74 Operating	AMP74 Capital	AMP75 Operating	AMP75 Capital	AMP Other Operating	AMP Other Capital	Total AMPs 14,850
311	Bank overdrafts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	90,102	-	96,213
312	Accounts Payable <= 90 Days	-	-	-	-	-	-	2,192	-	-	-	-	-	-	-	815,352	-	1,411,011
313	Accounts Payable >90 Days Past Due	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
321	Accrued Wage/Payroll Taxes Payable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	32,385
322	Accrued Compensated Absences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	72,249
324	Accrued contingency liability	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	462,542
331	Accounts Payable - HUD PHA Programs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
333	Accounts Payable - Other Government	-	-	-	-	-	-	-	-	-	-	-	-	-	-	380,021	-	416,812
341	Tenant Security Deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	253,193
342	Deferred Revenues	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	59,964
343	Current portion of L-T debt - capital projects	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
345	Other current liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	70,605
346	Accrued Liabilities - Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,384,208
347	Interprogram due to	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
310	Total Current Liabilities	-	-	-	-	-	-	2,192	-	-	-	-	-	-	-	1,285,475	-	4,259,182
351	Long-term debt, net of current - capital projects	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
353	Noncurrent Liabilities - Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
354	Accrued compensated Absences - Non Current	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	47,837
350	Total Noncurrent Liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	47,837
300	Total Liabilities	-	-	-	-	-	-	2,192	-	-	-	-	-	-	-	1,285,475	-	4,307,019
508.1	Invested in capital assets, net of related debt	-	-	276,000	-	-	-	-	-	-	-	-	-	-	-	14,028,664	-	102,740,778
511.1	Restricted Net Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
512.1	Unrestricted Net Assets	45,314	-	41	-	6,740	33,010	30,455	-	36,399	-	33,881	-	36,039	-	62,955,550	-	63,540,350
513	Total Equity	45,314	-	276,041	-	6,740	33,010	30,455	-	36,399	-	33,881	-	36,039	-	76,984,214	-	166,281,128
600	Total Liabilities and Equity	45,314	-	276,041	-	6,740	33,010	32,647	-	36,399	-	33,881	-	36,039	-	78,269,689	-	170,588,147

Detroit Housing Commission

FINANCIAL DATA SCHEDULE

Year ended June 30, 2008

PHA: M1001 FYED: 06/30/2008																		
Line Item No.	Account Description	AMP20 Operating	AMP20 Capital	AMP21 Operating	AMP21 Capital	AMP65 Operating	AMP71 Operating	AMP72 Operating	AMP72 Capital	AMP73 Operating	AMP73 Capital	AMP74 Operating	AMP74 Capital	AMP75 Operating	AMP75 Capital	AMP Other Operating	AMP Other Capital	Total AMPs 14,850
70300	Net Tenant Rental Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,596,305
70400	Tenant Revenue - Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	94,464
70500	Total Tenant Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,690,769
70600	HUD PHA Grants	50,599	9,340	139,149	13,582	432,492	69,570	158,129	5,658	20,915	803	24,132	803	32,176	803	-	320,916	16,859,651
70610	HUD PHA Capital Grants	-	-	-	36,000	-	-	-	-	-	-	-	-	-	-	-	796,908	6,039,740
70710	Management Fee	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
70720	Asset Management Fee	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
70730	Book-Keeping Fee	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
70750	Other Fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
70700	Total Fee Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
70800	Other government grants	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
71100	Investment Income - Unrestricted	548	-	1,589	-	4,688	753	1,711	-	445	-	513	-	685	-	842,930	-	989,918
71400	Fraud recovery	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
71500	Other revenue	-	-	7,389	-	-	-	-	-	-	-	-	-	-	-	54,631	-	1,078,534
71600	Gain/Loss on Sale of Fixed Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(21,344)	-	(21,344)
72000	Investment income - restricted	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
70000	Total Revenue	51,147	9,340	148,127	49,582	437,180	70,323	159,840	5,658	21,360	803	24,645	803	32,861	803	876,217	1,117,824	29,637,268
91100	Administrative salaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	151,987	1,123,573
91200	Auditing fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	75,126
91300	Management Fee	3,732	-	-	-	31,104	4,957	31,406	-	3,033	-	3,480	-	4,510	-	-	-	1,396,277
91310	Book-Keeping Fee	1,440	-	-	-	11,955	1,890	4,470	-	1,170	-	1,342	-	1,718	-	-	-	219,203
91400	Advertising and Marketing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,277	22,868
91500	Employee benefit contributions - administrative	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	47,349	537,679
91600	Office Expenses	165	-	2	-	6	2	3	-	-	-	-	-	-	-	-	1,314	237,091
91700	Legal Expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	30,339	112,429
91800	Travel	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	577	20,558
91900	Other	-	9,340	-	13,582	-	-	-	5,658	-	803	-	803	-	803	-	84,739	1,005,573
92000	Asset Management Fee	1,920	-	-	-	16,440	2,640	6,000	-	1,560	-	1,800	-	2,400	-	-	-	413,760
92100	Tenant services - salaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	56,050
92200	Relocation Costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	219,368
92300	Employee benefit contributions - tenant services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
92400	Tenant Services - Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	13,340
93100	Water	-	-	-	-	10,677	-	-	-	-	-	-	-	-	-	-	-	385,832
93200	Electricity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	944,454
93300	Gas	-	-	2,610	-	-	-	-	-	-	-	-	-	-	-	-	-	1,307,127
93400	Fuel	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	89,928
93600	Sewer	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,000,384
94100	Ordinary Maintenance and Operations - Labor	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,102,164
94200	OMO - Materials and Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,035,486
94300	Ordinary Maintenance and Operations - Contract Costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8,000	-	1,651,831
94500	Employee Benefit Contributions - Ordinary Maintenance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	640,106
95200	Protective Services - Other Contract Costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	58,981
95300	Protective Services - Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	657,051

Detroit Housing Commission

FINANCIAL DATA SCHEDULE

Year ended June 30, 2008

PHA: M1001 FYED: 06/30/2008																		
Line Item No.	Account Description	AMP20 Operating	AMP20 Capital	AMP21 Operating	AMP21 Capital	AMP65 Operating	AMP71 Operating	AMP72 Operating	AMP72 Capital	AMP73 Operating	AMP73 Capital	AMP74 Operating	AMP74 Capital	AMP75 Operating	AMP75 Capital	AMP Other Operating	AMP Other Capital	Total AMPs 14,850
96110	Property Insurance	-	-	50,687	-	-	-	-	-	-	-	-	-	-	-	-	-	559,183
96120	Liability Insurance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
96130	Workmen's Compensation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,334	143,426
96140	All other Insurance	-	-	18,316	-	-	-	-	-	-	-	-	-	-	-	-	-	343,021
96200	Other General Expenses	40,712	-	-	-	385,567	58,267	158,966	-	37,169	-	43,837	-	58,810	-	-	-	1,233,889
96210	Compensated Absences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	115,259
96300	Payments in Lieu of Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	36,791
96400	Bad Debt - Tenant Rents	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	153,084
96500	Bad Debt - Mortgages	-	-	-	-	-	-	-	-	-	-	-	-	-	-	20,065	-	20,065
96710	Interest of Mortgage (or Bonds) Payable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
96900	Total Operating Expenses	47,969	9,340	71,615	13,582	455,749	67,756	200,845	5,658	42,932	803	50,459	803	67,438	803	28,065	320,916	17,930,957
97000	Excess Operating Revenue over Operating Expenses	3,178	-	76,512	36,000	(18,569)	2,567	(41,005)	-	(21,572)	-	(25,814)	-	(34,577)	-	848,152	796,908	11,706,311
97200	Casualty Losses - Non-Capitalized	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	116,603
97300	Housing Assistance Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
97400	Depreciation Expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	15,911	-	2,709,049
90000	Total Expenses	47,969	9,340	71,615	13,582	455,749	67,756	200,845	5,658	42,932	803	50,459	803	67,438	803	43,976	320,916	20,756,609
10010	Operating transfers in	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,252,275	-	3,753,991
10020	Operating transfers out	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,034,325)
10080	Special items, net gain/loss	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,696,756	-	23,749,763
10100	Total other financing sources (Uses)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,949,031	-	25,469,429
10000	Excess (deficiency) of total revenue over (under) total expenses	3,178	-	76,512	36,000	(18,569)	2,567	(41,005)	-	(21,572)	-	(25,814)	-	(34,577)	-	6,781,272	796,908	34,350,088
11030	Beginning Equity	42,136	-	163,529	-	25,309	30,443	71,460	-	57,971	-	59,695	-	70,616	-	9,113,091	-	71,638,097
11040	Prior Period Adjustments, Equity transfer and correction of e	-	-	-	-	-	-	-	-	-	-	-	-	-	-	60,292,943	-	60,292,943
11190	Unit Months Available	192	-	528	-	1,644	264	600	-	156	-	180	-	240	-	-	-	47,448
11210	Number of Unit Months Leased	192	-	-	-	1,600	255	596	-	156	-	179	-	232	-	-	-	29,116
11170	Administrative Fee Equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11180	Housing Assistance Payments Equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11270	Excess Cash	31,217	-	41	-	6,740	33,010	30,455	-	36,399	-	33,881	-	36,039	-	3,423,390	-	3,767,867
11610	Land Purchases	-	36,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	177,373
11620	Building Purchases	-	-	-	-	-	-	-	-	-	-	-	-	-	796,908	-	(796,908)	5,065,459
13901	Replacement Housing Factor Funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	796,908	796,908

Detroit Housing Commission

FINANCIAL DATA SCHEDULE

Year ended June 30, 2008

PHA: MI001 FYED: 06/30/2008																
Line Item No.	Account Description	COCC Operating	COCC Capital	COCC Total	Business Activities	N/C S/R Section 8 Programs	Development	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitation	Revitalization of Severely Distressed Public Housing 14.866	Housing Choice Voucher Program 14.871	State/Local	Disaster Housing Assistance Grant	Elimination	Total Primary Government	Total Component Units (Discretely Presented)	REAC Total (Primary Government and Component Units)
111	Cash - Unrestricted	1,336,414	-	1,336,414	5,660,943	-	-	690,670	-	945,391	-	-	-	10,782,980	580,383	11,363,363
112	Cash - Restricted - Modernization and Development	-	-	-	-	-	-	-	-	-	-	-	-	-	1,795,768	1,795,768
113	Cash - other restricted	-	-	-	-	-	-	-	-	20,131,701	-	-	-	20,511,722	1,364,290	21,876,012
114	Cash - Tenant Security Deposits	-	-	-	-	-	-	-	-	-	-	-	-	253,193	253,138	506,331
115	Cash - Restricted for payment of current liability	-	-	-	-	-	-	-	-	46,020	-	-	-	46,020	-	46,020
100	Total Cash	1,336,414	-	1,336,414	5,660,943	-	-	690,670	-	21,123,112	-	-	-	31,593,915	3,993,579	35,587,494
122	Accounts Receivable - HUD Other Projects	143,512	-	143,512	-	991,427	23,304	83,791	737,149	-	-	-	-	3,285,206	-	3,285,206
124	Accounts Receivable - other government	-	-	-	-	-	-	-	-	-	-	-	-	-	949,652	949,652
125	Accounts Receivable - Miscellaneous	20,191	-	20,191	-	-	-	-	-	2,139	-	-	-	25,528	-	25,528
126	Accounts Receivable - Tenants - Dwelling Rents	-	-	-	-	-	-	-	-	-	-	-	-	785,008	300,160	1,085,168
126.1	Allowance for Doubtful Accounts - Dwelling Rents	-	-	-	-	-	-	-	-	-	-	-	-	(341,419)	-	(341,419)
126.2	Allowance for Doubtful Accounts - Other	-	-	-	-	-	-	-	-	-	-	-	-	(20,065)	-	(20,065)
128	Fraud recovery	-	-	-	-	-	-	-	-	45,069	-	-	-	45,069	-	45,069
129	Accrued interest receivable	-	-	-	831,867	-	-	47	-	899	-	-	-	4,406,642	-	4,406,642
120	Total Receivables, net of allowances for doubtful accounts	163,703	-	163,703	831,867	991,427	23,304	83,838	737,149	48,107	-	-	-	8,185,969	1,249,812	9,435,781
142	Prepaid Expenses and Other Assets	150,450	-	150,450	-	-	-	-	-	-	-	-	-	339,763	124,406	464,169
143	Inventories	-	-	-	-	-	-	-	-	-	-	-	-	98,847	-	98,847
144	Interprogram due from	127,050	-	127,050	-	-	-	-	-	737,238	-	-	(1,182,008)	-	-	-
150	Total Current Assets	1,777,617	-	1,777,617	6,492,810	991,427	23,304	774,508	737,149	21,908,457	-	-	(1,182,008)	40,218,494	5,367,797	45,586,291
161	Land	570,000	-	570,000	-	-	-	-	-	-	-	-	-	46,215,644	1,163,774	47,379,418
162	Buildings	910,000	-	910,000	-	-	-	-	-	-	-	-	-	54,814,224	96,694,776	151,509,000
163	Furniture, Equipment & Machinery - Dwellings	201,970	-	201,970	-	-	-	-	-	-	-	-	-	2,330,480	1,960,384	4,290,864
164	Furniture, Equipment & Machinery - Administration	75,745	-	75,745	-	-	-	-	-	-	-	-	-	317,015	-	317,015
165	Leasehold Improvements	-	-	-	-	-	-	-	-	-	-	-	-	-	1,075,758	1,075,758
166	Accumulated Depreciation	(58,010)	-	(58,010)	-	-	-	-	-	-	-	-	-	(4,947,183)	(21,787,072)	(26,734,255)
167	Construction In Progress	-	-	-	-	-	-	-	2,154,273	-	-	-	-	7,864,576	5,501,930	13,366,506
160	Total Fixed Assets, Net of Accumulated Depreciation	1,699,705	-	1,699,705	-	-	-	-	2,154,273	-	-	-	-	106,594,756	84,609,550	191,204,306
171	Notes, loans, and mortgages receivable - Noncurrent	-	-	-	3,028,090	-	-	-	-	-	-	-	-	62,180,229	-	62,180,229
174	Other Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	1,383,298	1,383,298
180	Total Non-Current Assets	1,699,705	-	1,699,705	3,028,090	-	-	-	2,154,273	-	-	-	-	168,774,985	85,992,848	254,767,833
190	Total Assets	3,477,322	-	3,477,322	9,520,900	991,427	23,304	774,508	2,891,422	21,908,457	-	-	(1,182,008)	208,993,479	91,360,645	300,354,124

Detroit Housing Commission

FINANCIAL DATA SCHEDULE

Year ended June 30, 2008

PHA: MI001 FYED: 06/30/2008																
Line Item No.	Account Description	COCC Operating	COCC Capital	COCC Total	Business Activities	N/C S/R Section 8 Programs	Development	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitation	Revitalization of Severely Distressed Public Housing 14.866	Housing Choice Voucher Program 14.871	State/Local	Disaster Housing Assistance Grant	Elimination	Total Primary Government	Total Component Units (Discretely Presented)	REAC Total (Primary Government and Component Units)
311	Bank overdrafts	-	-	-	-	-	-	-	-	-	-	-	-	96,213	-	96,213
312	Accounts Payable <= 90 Days	297,061	-	297,061	-	-	-	16,262	403,824	77,090	-	-	-	2,205,248	838,704	3,043,952
313	Accounts Payable >90 Days Past Due	-	-	-	-	-	-	-	-	-	-	-	-	-	144,785	144,785
321	Accrued Wage/Payroll Taxes Payable	250,017	-	250,017	-	-	-	-	-	30,790	-	-	-	313,192	-	313,192
322	Accrued Compensated Absences	138,302	-	138,302	-	-	-	-	-	60,934	-	-	-	271,485	-	271,485
324	Accrued contingency liability	21,293	-	21,293	-	-	-	-	-	16,286	-	-	-	500,121	-	500,121
331	Accounts Payable - HUD PHA Programs	-	-	-	-	-	-	142,507	-	-	-	-	-	142,507	-	142,507
333	Accounts Payable - Other Government	-	-	-	-	-	-	-	-	-	-	-	-	416,812	6,025,139	6,441,951
341	Tenant Security Deposits	-	-	-	-	-	-	-	-	-	-	-	-	253,193	253,138	506,331
342	Deferred Revenues	-	-	-	-	-	-	-	-	-	-	-	-	59,964	37,057	97,021
343	Current portion of L-T debt - capital projects	-	-	-	-	-	-	-	-	-	-	-	-	-	150,421	150,421
345	Other current liabilities	580,173	-	580,173	-	-	-	-	294,235	60,182	-	-	-	1,005,195	-	1,005,195
346	Accrued Liabilities - Other	-	-	-	-	-	-	-	-	-	-	-	-	1,384,208	209,308	1,593,516
347	Interprogram due to	-	-	-	133,236	986,382	23,304	-	39,086	-	-	-	(1,182,008)	-	-	-
310	Total Current Liabilities	1,286,846	-	1,286,846	133,236	986,382	23,304	158,769	737,145	245,282	-	-	(1,182,008)	6,648,138	7,658,552	14,306,690
351	Long-term debt, net of current - capital projects	-	-	-	-	-	-	-	-	-	-	-	-	-	72,957,531	72,957,531
353	Noncurrent Liabilities - Other	-	-	-	-	-	-	-	-	14,162	-	-	-	14,162	3,394,633	3,408,795
354	Accrued compensated Absences - Non Current	130,401	-	130,401	-	-	-	-	-	38,627	-	-	-	216,865	-	216,865
350	Total Noncurrent Liabilities	130,401	-	130,401	-	-	-	-	-	52,789	-	-	-	231,027	76,352,164	76,583,191
300	Total Liabilities	1,417,247	-	1,417,247	133,236	986,382	23,304	158,769	737,145	298,071	-	-	(1,182,008)	6,879,165	84,010,716	90,889,881
508.1	Invested in capital assets, net of related debt	1,699,705	-	1,699,705	-	-	-	-	2,154,273	-	-	-	-	106,594,756	11,501,598	118,096,354
511.1	Restricted Net Assets	-	-	-	-	-	-	-	-	20,117,539	-	-	-	20,117,539	3,160,058	23,277,597
512.1	Unrestricted Net Assets	360,370	-	360,370	9,387,664	5,045	-	615,739	4	1,492,847	-	-	-	75,402,019	(7,311,727)	68,090,292
513	Total Equity	2,060,075	-	2,060,075	9,387,664	5,045	-	615,739	2,154,277	21,610,386	-	-	-	202,114,314	7,349,929	209,464,243
600	Total Liabilities and Equity	3,477,322	-	3,477,322	9,520,900	991,427	23,304	774,508	2,891,422	21,908,457	-	-	(1,182,008)	208,993,479	91,360,645	300,354,124

Detroit Housing Commission

FINANCIAL DATA SCHEDULE

Year ended June 30, 2008

PHA: MI001 FYED: 06/30/2008																
Line Item No.	Account Description	COCC Operating	COCC Capital	COCC Total	Business Activities	N/C S/R Section 8 Programs	Development	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitation	Revitalization of Severely Distressed Public Housing 14.866	Housing Choice Voucher Program 14.871	State/Local	Disaster Housing Assistance Grant	Elimination	Total Primary Government	Total Component Units (Discretely Presented)	REAC Total (Primary Government and Component Units)
70300	Net Tenant Rental Revenue	-	-	-	-	-	-	-	-	-	-	-	-	4,596,305	2,663,313	7,259,618
70400	Tenant Revenue - Other	-	-	-	-	-	-	-	-	-	-	-	-	94,464	17,700	112,164
70500	Total Tenant Revenue	-	-	-	-	-	-	-	-	-	-	-	-	4,690,769	2,681,013	7,371,782
70600	HUD PHA Grants	-	753,445	753,445	-	1,045,544	253,070	1,596,193	3,026,276	38,847,372	-	-	-	62,381,551	-	62,381,551
70610	HUD PHA Capital Grants	-	-	-	-	-	-	-	2,154,274	-	-	-	-	8,194,014	-	8,194,014
70710	Management Fee	1,094,807	-	1,094,807	-	-	-	-	-	-	-	-	(1,094,807)	-	-	-
70720	Asset Management Fee	413,760	-	413,760	-	-	-	-	-	-	-	-	(413,760)	-	-	-
70730	Book-Keeping Fee	219,203	-	219,203	-	-	-	-	-	-	-	-	(219,203)	-	-	-
70750	Other Fees	130,010	-	130,010	-	-	-	-	-	-	-	-	(130,010)	-	-	-
70700	Total Fee Revenue	1,857,780	-	1,857,780	-	-	-	-	-	-	-	-	(1,857,780)	-	-	-
70800	Other government grants	-	-	-	-	-	-	-	-	-	329,606	50,686	-	380,292	728,748	1,109,040
71100	Investment Income - Unrestricted	-	-	-	360,959	-	-	5,118	-	93,442	-	-	-	1,449,437	26,514	1,475,951
71400	Fraud recovery	-	-	-	-	-	-	-	-	45,069	-	-	-	45,069	-	45,069
71500	Other revenue	2,285,299	-	2,285,299	89,589	82,613	-	569,201	-	-	-	-	(60,000)	4,045,236	2,382,756	6,427,992
71600	Gain/Loss on Sale of Fixed Assets	-	-	-	-	-	-	-	-	-	-	-	-	(21,344)	-	(21,344)
72000	Investment income - restricted	-	-	-	-	-	-	-	-	587,876	-	-	-	587,876	-	587,876
70000	Total Revenue	4,143,079	753,445	4,896,524	450,548	1,128,157	253,070	2,170,512	5,180,550	39,573,759	329,606	50,686	(1,917,780)	81,752,900	5,819,031	87,571,931
91100	Administrative salaries	1,582,623	378,275	1,960,898	-	43,218	161,000	63,790	307,158	1,025,918	-	37,985	-	4,723,540	568,728	5,292,268
91200	Auditing fees	32,051	-	32,051	-	1,421	-	2,166	-	54,486	-	-	-	165,250	-	165,250
91300	Management Fee	-	-	-	-	-	-	-	-	-	-	-	(1,094,807)	301,470	247,415	548,885
91310	Book-Keeping Fee	-	-	-	-	-	-	-	-	-	-	-	(219,203)	-	-	-
91400	Advertising and Marketing	23,722	58	23,780	-	-	-	-	159,086	2,755	-	-	-	208,489	-	208,489
91500	Employee benefit contributions - administrative	668,680	78,267	746,947	-	17,121	32,147	26,110	68,058	362,200	-	11,412	-	1,801,674	52,716	1,854,390
91600	Office Expenses	338,915	17,792	356,707	-	5,963	1,548	19,612	2,509	295,653	5,844	-	(60,000)	864,927	409,326	1,274,253
91700	Legal Expense	37,253	-	37,253	-	-	5,433	11,843	241,816	4,638	-	-	-	413,412	-	413,412
91800	Travel	46,844	35,993	82,837	-	-	-	-	7,217	27,174	-	-	-	137,786	-	137,786
91900	Other	92,457	82,508	174,965	164	-	51,473	-	470,276	282,060	-	-	(130,010)	1,854,501	-	1,854,501
92000	Asset Management Fee	-	-	-	-	-	-	-	-	-	-	-	(413,760)	-	-	-
92100	Tenant services - salaries	1,944	8,117	10,061	-	-	-	-	-	-	-	-	-	66,111	-	66,111
92200	Relocation Costs	-	-	-	-	-	-	-	46,656	-	-	-	-	266,024	-	266,024
92300	Employee benefit contributions - tenant services	39	7,095	7,134	-	-	-	-	-	-	-	-	-	7,134	-	7,134
92400	Tenant Services - Other	-	-	-	-	-	-	-	-	-	-	-	-	13,340	3,520	16,860
93100	Water	14,596	-	14,596	-	-	-	-	-	-	-	-	-	400,428	185,020	585,448
93200	Electricity	102,708	-	102,708	-	-	-	-	-	-	-	-	-	1,047,162	349,702	1,396,864
93300	Gas	42,057	-	42,057	-	-	-	-	-	-	-	-	-	1,349,184	16,096	1,365,280
93400	Fuel	-	-	-	-	-	-	-	-	-	-	-	-	89,928	-	89,928
93600	Sewer	8,426	-	8,426	-	-	-	-	-	-	-	-	-	1,008,810	-	1,008,810
94100	Ordinary Maintenance and Operations - Labor	229,104	-	229,104	-	-	-	-	-	-	-	-	-	2,331,268	152,298	2,483,566
94200	OMO - Materials and Other	301,237	100,518	401,755	-	-	-	299	34	-	323,762	-	-	1,761,336	478,726	2,240,062
94300	Ordinary Maintenance and Operations - Contract Costs	119,899	-	119,899	374,180	-	-	-	-	152,858	-	-	-	2,298,768	-	2,298,768
94500	Employee Benefit Contributions - Ordinary Maintenance	120,047	-	120,047	-	-	-	-	-	-	-	-	-	760,153	-	760,153
95200	Protective Services - Other Contract Costs	2,497	28,185	30,682	-	-	-	-	-	-	-	-	-	89,663	112,393	202,056
95300	Protective Services - Other	-	-	-	-	-	-	-	-	-	-	-	-	657,051	-	657,051

Detroit Housing Commission

FINANCIAL DATA SCHEDULE

Year ended June 30, 2008

PHA: MI001 FYED: 06/30/2008																
Line Item No.	Account Description	COCC Operating	COCC Capital	COCC Total	Business Activities	N/C S/R Section 8 Programs	Development	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitation	Revitalization of Severely Distressed Public Housing 14.866	Housing Choice Voucher Program 14.871	State/Local	Disaster Housing Assistance Grant	Elimination	Total Primary Government	Total Component Units (Discretely Presented)	REAC Total (Primary Government and Component Units)
96110	Property Insurance	12,730	-	12,730	-	-	-	-	-	171	-	-	-	572,084	233,655	805,739
96120	Liability Insurance	-	-	-	-	-	-	6,093	-	-	-	-	-	6,093	-	6,093
96130	Workmen's Compensation	31,472	16,637	48,109	-	958	1,469	1,460	3,800	28,503	-	1,289	-	229,014	-	229,014
96140	All other Insurance	31,177	-	31,177	-	3,996	-	-	-	30,686	-	-	-	408,880	-	408,880
96200	Other General Expenses	-	-	-	-	-	-	-	-	-	-	-	-	1,233,889	145,644	1,379,533
96210	Compensated Absences	154,212	-	154,212	-	-	-	-	-	64,868	-	-	-	334,339	-	334,339
96300	Payments in Lieu of Taxes	-	-	-	-	-	-	-	-	-	-	-	-	36,791	113,781	150,572
96400	Bad Debt - Tenant Rents	-	-	-	-	-	-	-	-	-	-	-	-	153,084	37,929	191,013
96500	Bad Debt - Mortgages	-	-	-	-	-	-	-	-	-	-	-	-	20,065	-	20,065
96710	Interest of Mortgage (or Bonds) Payable	-	-	-	-	-	-	-	-	-	-	-	-	-	1,606,839	1,606,839
96900	Total Operating Expenses	3,994,690	753,445	4,748,135	374,344	72,677	253,070	131,373	1,306,610	2,331,970	329,606	50,686	(1,917,780)	25,611,648	4,713,788	30,325,436
97000	Excess Operating Revenue over Operating Expenses	148,389	-	148,389	76,204	1,055,480	-	2,039,139	3,873,940	37,241,789	-	-	-	56,141,252	1,105,243	57,246,495
97200	Casualty Losses - Non-Capitalized	-	-	-	-	-	-	-	-	-	-	-	-	116,603	-	116,603
97300	Housing Assistance Payments	-	-	-	-	992,816	-	1,422,510	-	28,211,554	-	-	-	30,626,880	-	30,626,880
97400	Depreciation Expense	58,013	-	58,013	-	-	-	-	-	-	-	-	-	2,767,062	3,364,797	6,131,859
90000	Total Expenses	4,052,703	753,445	4,806,148	374,344	1,065,493	253,070	1,553,883	1,306,610	30,543,524	329,606	50,686	(1,917,780)	59,122,193	8,078,585	67,200,778
10010	Operating transfers in	-	-	-	-	-	-	-	-	-	-	-	-	3,753,991	-	3,753,991
10020	Operating transfers out	-	-	-	-	-	-	-	(1,719,666)	-	-	-	-	(3,753,991)	-	(3,753,991)
10080	Special items, net gain/loss	1,890,425	-	1,890,425	-	-	-	-	-	-	-	-	-	25,640,188	-	25,640,188
10100	Total other financing sources (Uses)	1,890,425	-	1,890,425	-	-	-	-	(1,719,666)	-	-	-	-	25,640,188	-	25,640,188
10000	Excess (deficiency) of total revenue over (under) total expenses	1,980,801	-	1,980,801	76,204	62,664	-	616,629	2,154,274	9,030,235	-	-	-	48,270,895	(2,259,554)	46,011,341
11030	Beginning Equity	-	-	-	8,058,868	498,009	-	(890)	60,622,556	13,026,779	-	-	-	153,843,419	-	153,843,419
11040	Prior Period Adjustments, Equity transfer and correction of e	79,274	-	79,274	1,252,592	(555,628)	-	-	(60,622,553)	(446,628)	-	-	-	-	124,433	124,433
11190	Unit Months Available	-	-	-	-	2,400	-	3,660	-	67,955	-	-	-	121,463	-	121,463
11210	Number of Unit Months Leased	-	-	-	-	2,067	-	3,054	-	49,221	-	-	-	83,458	-	83,458
11170	Administrative Fee Equity	-	-	-	-	-	-	-	-	1,492,847	-	-	-	1,492,847	-	1,492,847
11180	Housing Assistance Payments Equity	-	-	-	-	-	-	-	-	20,117,539	-	-	-	20,117,539	-	20,117,539
11270	Excess Cash	340,321	-	340,321	6,359,574	5,045	-	615,739	4	1,531,474	-	-	-	12,620,024	(5,575,219)	7,044,805
11610	Land Purchases	-	-	-	-	-	-	-	-	-	-	-	-	177,373	-	177,373
11620	Building Purchases	-	-	-	-	-	-	-	-	-	-	-	-	5,065,459	-	5,065,459
13901	Replacement Housing Factor Funds	-	-	-	-	-	-	-	-	-	-	-	-	796,908	-	796,908

Detroit Housing Commission

SCHEDULE OF ACTUAL CAPITAL FUND PROGRAM COSTS AND ADVANCES

Year ended June 30, 2008

PROGRAM	MI28P001501-03	MI28P001502-03	MI28P001501-04	MI28P001501-05	MI28P001501-06	MI28P001501-07	TOTAL
BUDGET	<u>\$ 9,503,508</u>	<u>\$ 3,361,734</u>	<u>\$ 9,639,001</u>	<u>\$ 9,663,792</u>	<u>\$ 8,490,408</u>	<u>\$ 8,709,303</u>	<u>\$ 49,367,746</u>
ADVANCES							
Cash receipts - prior years	\$ 9,132,254	\$ 2,371,259	\$ 7,378,691	\$ 3,609,812	\$ 616,247	\$ -	\$ 23,108,263
Adjustment	-	(64,763)	(1,358,459)	(199,228)	195,955	-	(1,426,495)
Cash receipts - prior years - restated	9,132,254	2,306,496	6,020,232	3,410,584	812,202	-	21,681,768
Cash receipts - current year	371,254	1,055,238	3,249,953	3,201,157	2,586,547	1,311,245	11,775,394
Cumulative as of June 30, 2008	<u>9,503,508</u>	<u>3,361,734</u>	<u>9,270,185</u>	<u>6,611,741</u>	<u>3,398,749</u>	<u>1,311,245</u>	<u>33,457,162</u>
COSTS							
Prior years	5,043,284	1,342,586	7,768,555	3,787,947	983,214	-	18,925,586
Adjustment	4,460,224	2,019,148	(1,358,456)	(199,228)	195,955	-	5,117,643
Prior years - restated	9,503,508	3,361,734	6,410,099	3,588,719	1,179,169	-	24,043,229
Current year	-	-	2,907,906	3,376,578	2,400,327	1,341,276	10,026,087
Cumulative as of June 30, 2008	<u>9,503,508</u>	<u>3,361,734</u>	<u>9,318,005</u>	<u>6,965,297</u>	<u>3,579,496</u>	<u>1,341,276</u>	<u>34,069,316</u>
RECEIVABLE FROM HUD	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 47,820</u>	<u>\$ 353,555</u>	<u>\$ 180,747</u>	<u>\$ 30,031</u>	<u>\$ 612,154</u>
SOFT COSTS							
Prior years	\$ 5,043,284	\$ 1,342,586	\$ 3,619,537	\$ 538,663	\$ 616,246	\$ -	\$ 11,160,316
Adjustment	-	-	(1,071,786)	(230,711)	195,955	-	(1,106,542)
Prior years - restated	5,043,284	1,342,586	2,547,751	307,952	812,201	-	10,053,774
Current year	-	-	1,138,234	324,811	2,035,033	1,285,177	4,783,255
Cumulative as of June 30, 2008	<u>5,043,284</u>	<u>1,342,586</u>	<u>3,685,985</u>	<u>632,763</u>	<u>2,847,234</u>	<u>1,285,177</u>	<u>14,837,029</u>
HARD COSTS							
Prior years	-	-	4,149,018	3,249,284	366,968	-	7,765,270
Adjustment	4,460,224	2,019,148	(286,670)	31,483	-	-	6,224,185
Prior years - restated	4,460,224	2,019,148	3,862,348	3,280,767	366,968	-	13,989,455
Current year	-	-	1,769,672	3,051,767	365,294	56,099	5,242,832
Cumulative as of June 30, 2008	<u>4,460,224</u>	<u>2,019,148</u>	<u>5,632,020</u>	<u>6,332,534</u>	<u>732,262</u>	<u>56,099</u>	<u>19,232,287</u>
CUMULATIVE HARD AND SOFT COSTS	<u>\$ 9,503,508</u>	<u>\$ 3,361,734</u>	<u>\$ 9,318,005</u>	<u>\$ 6,965,297</u>	<u>\$ 3,579,496</u>	<u>\$ 1,341,276</u>	<u>\$ 34,069,316</u>

NOTE 1

The above schedule reflects adjustments to prior year balances based on corrections made during 2008 to the cumulative costs.

Detroit Housing Commission

SCHEDULE OF ACTUAL REPLACEMENT HOUSING FUND PROGRAM COSTS AND ADVANCES

Year ended June 30, 2008

PROGRAM	MI28R001 501-99	MI28R001 501-02	MI28R001 501-03	MI28R001 501-04	MI28R001 501-05	MI28R001 502-03	MI28R001 502-05	MI28R001 502-06	Total
BUDGET	\$ 3,504,802	\$ 6,505,355	\$ 684,413	\$ 1,264,863	\$ 569,624	\$ 5,728,700	\$ 8,697,612	\$ 6,606,378	\$ 33,561,747
ADVANCES									
Cash receipts - prior year	\$ 589,378	\$ 974,761	\$ -	\$ 10,379	\$ 11,788	\$ 129,750	\$ 58	\$ -	\$ 1,716,114
Cash receipts - current year	-	208,950	26,916	-	3,889	47,146	32,089	-	318,990
Cumulative as of June 30, 2008	589,378	1,183,711	26,916	10,379	15,677	176,896	32,147	-	2,035,104
COSTS									
Prior years	589,378	1,008,928	-	10,379	11,788	133,305	883	-	1,754,661
Current year	265,780	174,783	26,916	-	3,889	43,591	602,865	-	1,117,824
Cumulative as of June 30, 2008	855,158	1,183,711	26,916	10,379	15,677	176,896	603,748	-	2,872,485
RECEIVABLE FROM HUD	\$ 265,780	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 571,601	\$ -	\$ 837,381
SOFT COSTS									
Prior years	\$ -	\$ 408,383	\$ -	\$ -	\$ -	\$ 132,777	\$ 825	\$ -	541,985
Current year	-	174,783	26,916	-	3,889	43,591	71,737	-	320,916
Cumulative as of June 30, 2008	-	583,166	26,916	-	3,889	176,368	72,562	-	862,901
HARD COSTS									
Prior years	589,378	600,545	-	10,379	11,788	528	58	-	1,212,676
Current year	265,780	-	-	-	-	-	531,128	-	796,908
Cumulative as of June 30, 2008	855,158	600,545	-	10,379	11,788	528	531,186	-	2,009,584
CUMULATIVE HARD AND SOFT COSTS	\$ 855,158	\$ 1,183,711	\$ 26,916	\$ 10,379	\$ 15,677	\$ 176,896	\$ 603,748	\$ -	\$ 2,872,485

Detroit Housing Commission

SCHEDULE OF ACTUAL HOPE VI COSTS AND ADVANCES

Year ended June 30, 2008

PROGRAM	MI28URD001194	MI28URD001196	MI28URD001296	MI28URD001299	TOTAL
BUDGET	\$ 39,807,342	\$ 10,000,000	\$ 24,224,160	\$ 1,276,000	\$ 75,307,502
ADVANCES					
Cash receipts - prior year	\$ 31,025,873	\$ 8,716,757	\$ 2,819,848	\$ 872,173	\$ 43,434,651
Cash receipts - current year	3,042,452	1,034,093	1,620,470	-	5,697,015
Cumulative as of June 30, 2008	34,068,325	9,750,850	4,440,318	872,173	49,131,666
COSTS					
Prior years	31,650,634	8,856,444	3,309,014	872,173	44,688,265
Current year	2,743,466	894,406	1,138,851	403,827	5,180,550
Cumulative as of June 30, 2008	34,394,100	9,750,850	4,447,865	1,276,000	49,868,815
RECEIVABLE FROM HUD	\$ 325,775	\$ -	\$ 7,547	\$ 403,827	\$ 737,149
SOFT COSTS					
Prior years	\$ 15,930,967	\$ 68,402	\$ 1,269,597	\$ -	\$ 17,268,966
Current year	2,449,230	5,676	571,370	-	3,026,276
Cumulative as of June 30, 2008	18,380,197	74,078	1,840,967	-	20,295,242
HARD COSTS					
Prior years	15,719,667	8,788,042	2,039,417	872,173	27,419,299
Current year	294,236	888,730	567,481	403,827	2,154,274
Cumulative as of June 30, 2008	16,013,903	9,676,772	2,606,898	1,276,000	29,573,573
CUMULATIVE HARD AND SOFT COSTS	\$ 34,394,100	\$ 9,750,850	\$ 4,447,865	\$ 1,276,000	\$ 49,868,815

Detroit Housing Commission

SCHEDULE OF ACTUAL PROGRAM COSTS AND ADVANCES

Year ended June 30, 2008

PROGRAM	PDEV
BUDGET	<u>\$ 19,578,300</u>
ADVANCES	
Cash receipts - prior year	\$ 14,106,862
Cash receipts - current year	<u>229,766</u>
Cumulative as of June 30, 2008	<u>14,336,628</u>
COSTS	
Prior years	14,106,862
Current year	<u>253,070</u>
Cumulative as of June 30, 2008	<u>14,359,932</u>
RECEIVABLE FROM HUD	<u>\$ 23,304</u>
SOFT COSTS	
Prior years	\$ 6,464,064
Current year	<u>253,070</u>
Cumulative as of June 30, 2008	<u>6,717,134</u>
HARD COSTS	
Prior years	7,642,798
Current year	<u>-</u>
Cumulative as of June 30, 2008	<u>7,642,798</u>
CUMULATIVE HARD AND SOFT COSTS	<u>\$ 14,359,932</u>

SINGLE AUDIT SECTION

Detroit Housing Commission

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND LOCAL ASSISTANCE

Year ended June 30, 2008

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	CFDA Number	Federal Expenditures
FEDERAL AWARDS		
N/C S/R Section 8 Programs	14.182	\$ 1,045,544
Low Rent Public Housing	14.850a	12,508,925
Development	14.850b	253,070
Section 8 Moderate Rehabilitation	14.856	1,596,193
Revitalization of Severely Distressed Public Housing	14.866	5,180,550
Housing Choice Vouchers	14.871	38,847,372
Public Housing Capital Fund Program	14.872	11,143,911
Disaster Housing Assistance Grant	97.109	50,686
TOTAL EXPENDITURES OF FEDERAL AWARDS		\$ 70,626,251
 <u>Local Assistance</u>		
Infrastructure grant from the City of Detroit, Michigan		329,606
TOTAL EXPENDITURES OF FEDERAL AWARDS AND LOCAL ASSISTANCE		\$ 70,955,857

Note 1

The above schedule of expenditures of federal awards and local assistance includes the federal grant activity of the Commission and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2

In accordance with HUD regulations, HUD considers the Annual Budget Authority for the Section 8 Housing Choice Voucher Program, CFDA No. 14.871, to be considered an expenditure for the purposes of this schedule. Therefore the amount in this schedule is the total amount received directly from HUD.

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

Partners:

John R. Hopkins
James A. Wright, Jr.
James S. LaHam
Ross A. Whitley
W. Ed Moss
Philip J. Hayes
Brian L. Nemeroff

Board of Commissioners
Detroit Housing Commission
Detroit, Michigan

We have audited the financial statements of the business type-activities and the discretely presented component units of the Detroit Housing Commission (the "Commission"), as of and for the year ended June 30, 2008, and have issued our report thereon dated March 31, 2009. The financial statements of all of the Commission's discretely presented component units were not audited by us in accordance with *Government Auditing Standards*. 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.



Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Commission's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Detroit Housing Commission's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Commission's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Commission's financial statements that is more than inconsequential will not be prevented or detected by the Commission's internal control. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 08-1 to be a significant deficiency in internal control over financial reporting.

8035 Spyglass Hill
Road
Melbourne, FL 32940
321.757.2020
FAX 321.242.4844

480 N. Orlando Ave.
Suite 218
Winter Park, FL
32789
407.644.5811
FAX 407.644.6022

www.bermanhopkins.com

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Commission's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, the significant deficiency described above, we consider item 08-1 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts.

However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the Commission in a separate letter dated March 31, 2009.

This report is intended solely for the information and use of the Board of Commissioners, management, others within the Detroit Housing Commission, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

March 31, 2009
Melbourne, Florida

Berman Hopkins Wright & LaHam
CPAs and Associates, LLP

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Partners:

John R. Hopkins
James A. Wright, Jr.
James S. LaHam
Ross A. Whitley
W. Ed Moss
Philip J. Hayes
Brian L. Nemeroff

Board of Commissioners
Detroit Housing Commission
Detroit, Michigan

Compliance

We have audited the compliance of the Detroit Housing Commission (“the Commission”) with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. The Commission’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Commission’s management. Our responsibility is to express an opinion on the Commission’s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Commission’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Commission’s compliance with those requirements.

As described in item 08-2 in the accompanying schedule of findings and questioned costs, the Commission did not comply with the requirements regarding Eligibility that are applicable to its Section 8 Housing Choice Voucher program. Compliance with such requirements is necessary, in our opinion, for the Commission to comply with the requirements applicable to those programs.



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Road
Melbourne, FL 32940
321.757.2020
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32789
407.644.5811
FAX 407.644.6022

www.bermanhopkins.com

In our opinion, because of the effects of the noncompliance described in the preceding paragraph, the Commission did not comply in all material respects, with the requirements referred to above that are applicable to the Low Rent Public Housing Program. Also, in our opinion, the Commission complied, in all material respects, with the requirements referred to above that are applicable to each of its other major federal programs for the year ended June 30, 2008.

As described in items 08-3 and 08-5 in the accompanying schedule of findings and questioned costs, the Commission did not comply with the requirements regarding Eligibility and Waiting List that are applicable to its Low Rent Public Housing. Compliance with such requirements is necessary, in our opinion, for the Agency to comply with the requirements applicable to this program.

In our opinion, except for the noncompliance described in the preceding paragraph, the Commission complied, in all material respects, with the requirements referred to above that are applicable to its Section 8 Housing Choice Voucher program. The results of our auditing procedures also disclosed another instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 08-4.

Internal Control Over Compliance

The management of the Commission is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Commission's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 08-2, 08-3 and 08-5 to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. Of the significant deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs, we consider items 08-2, 08-3 and 08-5 to be material weaknesses.

The Commission's response to the findings identified in our audit is described in the accompanying corrective action plan. We did not audit the Commission's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board of Commissioners, management, others within the Detroit Housing Commission, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

March 31, 2009
Melbourne, Florida

Berman Hopkins Wright & LaHam
CPAs and Associates, LLP

Detroit Housing Commission

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2008

A. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: **Unqualified**

Internal control over financial reporting:

Material weakness identified? **Yes (08-1)**

Significant deficiencies identified that are not considered to be material weaknesses? **No**

Noncompliance material to financial statements noted? **No**

Federal Awards

Internal control over major programs:

Material weaknesses identified? **Yes (08-2, 08-3, 08-5)**

Significant deficiencies identified that are not considered to be material weaknesses? **No**

Type of auditors' report issued on compliance for major programs:

- Section 8 Housing Choice Voucher - **Qualified (08-2)**
- Low Rent Public Housing - **Adverse (08-3, 08-5)**
- Capital Fund Program - **Unqualified**
- Hope VI - **Unqualified**

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? **Yes (08-4)**

The programs tested as major programs are as follows:

Section 8 Housing Choice Voucher - CFDA No. 14.871

Capital Fund Program - CFDA No. 14.872

Low Rent Public Housing - CFDA No. 14.850

Revitalization of Severely Distressed Public Housing - CFDA No. 14.866

The threshold for distinguishing types A and B programs was **\$2,118,788**

Did the auditee qualify as a low-risk auditee? **No**

Detroit Housing Commission

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2008

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

08-1 **Financial Reporting**

Material Weakness

Condition: The initial unaudited trial balance and draft Financial Data Schedule required numerous audit entries. In accordance with Statement on Auditing Standards No. 112 ("SAS 112"), this is identified as a material weakness.

Criteria: Generally Accepted Accounting Principles ("GAAP"), HUD rules and regulations and the ACC contract require the Authority to report activity accurately, and on a consistent basis, in accordance with accounting principles generally accepted in the United States.

Effect: The unaudited Trial Balance was materially misstated and numerous adjustments were needed through the audit process to adjust the general ledger to GAAP.

Auditor's Recommendations: The auditors recommend that the CFO continue to make improvements in the accounting department to ensure the close of the books of the next fiscal year end has minimal audit adjustments. The unaudited Trial Balance and FDS should be on the accrual basis of accounting and be presented in accordance with GAAP. The Commission needs to ensure that next year's books and records are closed timely and accurately, without relying on audit adjustments considering the external auditors are independent of the internal control process.

Detroit Housing Commission

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2008

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS

08-2 Eligibility

Section 8 Housing Choice Voucher - CFDA Number 14.871

Material Weakness

Material Noncompliance

Condition: Out of a total tenant population of approximately 5,663, 40 files were tested and the results are as follows:

- 1 did not have annual recertifications completed timely,
- 2 tenant files did not have an executed HUD form 9886, Release of Information at the time of examination.
- 2 did not have a proper birth certificate or custody documentation,
- 3 had incorrect utility allowances,
- 2 were missing third party verification of income,
- 1 was missing third party verification of assets,
- 3 did not have inspections completed timely.

Questioned Costs: Undetermined.

Criteria: 24 CFR 982.516 requires internal controls to be in place to ensure compliance with HUD requirements, as well as, complete and accurate tenant files. The Commission's administrative plan also requires following proper procedures for determination of HAP and verification of income.

Effect: The Commission is not in compliance with all of the HUD requirements regarding eligibility and tenant recertifications, which could result in incorrect HAP payments to landlords.

Cause: Procedures to ensure compliance with all of the HUD requirements are not being followed.

Auditor's Recommendations: Procedures should be continuously applied to ensure proper tenant management. Ongoing staff training and timely management reviews should continue to ensure staff is aware of acceptable procedures. Also, skill sets, staffing, and case loads should be reviewed by management to ensure timely and accurate tenant management.

Detroit Housing Commission

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2008

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS
(continued)

08-3 Eligibility

Low Rent Public Housing - CFDA Number 14.850

Material Weakness

Material Noncompliance

Condition: Out of a total tenant population of approximately 2,435, 16 files were tested and the results are as follows:

- 4 files had late annual reexaminations.
- 9 tenant files were missing the flat rent option form.
- 2 tenant files lacked the correct utility allowance.
- 4 tenant files lacked independent third party verification of income.
- 8 tenant files lacked proper birth certificates or social security cards.
- 2 tenant files lacked independent third party verification of assets.
- 5 did not have a signed U.S. citizen declaration.
- 1 file had a security deposit listed on the HUD 50058 form that did not agree to the security deposit listing
- 1 file had a rent amount on the HUD 50058 form that did not agree to the rent roll

Questioned Costs: Undetermined.

Criteria: 24 CFR 960.259 requires the Commission to obtain and document third party verification of income and other factors that affect the determination of rent. Internal controls should be in place to ensure compliance with HUD requirements, as well as, complete and accurate tenant records.

Effect: The Commission could be charging the incorrect amount of rent or could be housing ineligible tenants.

Cause: The Commission did not follow completely the policies and procedures in place to ensure proper compliance with regards to tenant eligibility requirements.

Auditors' Recommendations: The Commission needs to correct the deficiencies noted in the tested files and should ensure proper compliance with regards to tenant eligibility requirements. In addition, staff needs to be trained in regards to the rules and regulations to properly administer eligibility.

Detroit Housing Commission

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2008

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS
(continued)

08-4 Reporting

Section 8 Housing Choice Voucher - CFDA Number 14.871

Other matter required to be reported in accordance with OMB Circular A-133

Condition: During our testing of the Section Eight Management Assessment Program (SEMAP) it was noted that the utility study was not completed within twelve months of the previous study, in accordance with 24 CFR 982.517. In addition, the Commission was subject to a SEMAP confirmatory review performed by HUD staff subsequent to year end. This review was to verify the management performance level and accuracy of the data certified by the Authority for its fiscal year end June 30, 2008. The results of this review have not been officially released; however certain factors were noted that may reduce the SEMAP score originally reported by the Commission.

Criteria: 24 CFR 985.517 requires the Commission to perform an annual utility study every twelve months.

Effect: The Commission's score for SEMAP may change based on our results and based on the HUD confirmatory review.

Cause: The Commission did not have a utility study done within twelve months.

Auditors' Recommendations: The Commission needs to have a utility study every twelve months, which is different than once a year. We further recommend that the Commission discuss the confirmatory review deficiencies with the local HUD office and should make sure that controls are in place in order to ensure accurate SEMAP reporting.

Detroit Housing Commission

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2008

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS
(continued)

08-5 Waiting List

Low Rent Public Housing - CFDA Number 14.850

Material Weakness

Material Noncompliance

Condition: During our testing of the waiting list, we noted that many of the site based waiting lists were not properly tracking applicants that were either moved in, determined to be nonresponsive or ineligible. Without proper tracking, it cannot be determined that individuals are being selected from the lists and given the opportunity to be housed in the proper order.

Criteria: The Commission's Admissions and Continued Occupancy Policy ("ACOP") requires the Commission to remove a family's name from the waiting list if the family is determined ineligible or refused the assistance offered when they reach the top of the list. In addition, the Commission has entered into a Consent Decree, which requires the Commission to closely monitor the waiting list to ensure applicants are housed fairly.

Effect: It was not determined that the Commission is housing families in the proper order on the waiting list.

Cause: The Commission does not have adequate systems and controls in place to ensure the waiting list is properly maintained and conforms to the required standards.

Auditors' Recommendations: The Commission should implement systems and controls to adequately maintain a waiting list that ensures applicants are housed, or given the opportunity to be housed in the proper order. Modifications to the process in place during fiscal 2008 are needed, as it was noted that certain names on the waiting list did not have any indications as to their status when applicants with later application dates were housed.

Detroit Housing Commission

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

June 30, 2008

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

07-1 Eligibility

Section 8 Housing Choice Voucher - CFDA Number 14.871

Material Weakness

Material Noncompliance

Condition: Out of a total tenant population of approximately 4,099, 11 files were noted as deficient out of the 21 tenant files that were tested.

- 7 did not have annual recertifications completed timely,
- 1 did not have proper birth certificate or custody documentation,
- 2 had incorrect utility allowances,
- 7 were missing third party verification of income,
- 2 were missing third party verification of assets,
- 3 had incorrect disallowance of income,
- 1 did not have proper rent reasonableness comparisons,
- 5 did not have inspections completed timely.

Auditor's Recommendations: Procedures should be continuously applied to ensure proper tenant management. Ongoing staff training and timely management reviews should continue to ensure staff is aware of acceptable procedures. Also, skill sets, staffing, and case loads should be reviewed by management to ensure timely and accurate tenant management.

Current Year Status: Repeated see Finding 08-2.

Detroit Housing Commission

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

June 30, 2008

D. SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS (continued)

07-2 Eligibility

Low Rent Public Housing - CFDA Number 14.850

Material Weakness

Material Noncompliance

Condition: Out of a total tenant population of approximately 2,557, 18 files were noted as deficient out of the 19 tenant files that were tested. The following deficiencies were noted:

- 7 files had late annual reexaminations.
- 5 tenant files did not have an executed HUD form 9886, Release of Information at the time of examination.
- 12 tenant files were missing the flat rent option form.
- 5 tenant files lacked the correct utility allowance.
- 8 tenant files lacked independent third party verification of income.
- 3 tenant files lacked proper birth certificates or social security cards.
- 10 tenant files lacked independent third party verification of assets.
- 1 did not have a signed U.S. citizen declaration.

Auditors' Recommendations: The Commission needs to correct the deficiencies noted in the tested files. In addition, the Commission should develop procedures, systems and controls to ensure proper compliance with regards to tenant eligibility requirements, rent calculations and third party verifications. In addition, staff needs to be trained in regards to the rules and regulations to properly administer eligibility.

Current Year Status: Repeated see Finding 08-3.

Detroit Housing Commission

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

June 30, 2008

D. SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS (continued)

07-3 Cash Management

Capital Fund Program, CFDA Number 14.872

Other matter required to be reported in accordance with OMB Circular A-133

Condition: During our review of capital fund draw downs, we noted a lack of internal controls over draw downs. We noted draw downs were not disbursed to vendors within the allowed 72 hours.

Auditor's Recommendations: We recommend that the Commission reviews its procedures for capital fund draw downs to ensure that funds drawn down are expended within the required timeframe.

Current Year Status: Cleared.

07-4 Waiting List

Low Rent Public Housing - CFDA Number 14.850

Material Weakness

Material Noncompliance - Adverse Opinion

Condition: Out of a sample of 22 applicants on the Waiting List, we noted the following deficiencies:

- 8 did not have proper date/time stamp on application.
- 6 were not housed in the proper order.
- In addition, we noted that the Waiting List transitioned from centralized to decentralized (site based) waiting lists and we noted inconsistencies in each list. The lists were incomplete and appeared to lack controls over proper monitoring.

Auditors' Recommendations: The Commission should implement systems and controls to ensure families are placed in the proper order on the waiting list and the order is used correctly so that the offer of a unit is not delayed to any family unnecessarily or made to any family prematurely.

Current Year Status: Repeated see Finding 08-5.



1301 E. Jefferson
Detroit, Michigan 48207
313.877.8000
313.877.8500 TDDY

CORRECTIVE ACTION PLAN

March 31, 2009

U.S. Department of Housing and Urban Development

The Detroit Housing Commission respectfully submits the following corrective action plan for the year ended June 30, 2008.

Name and address of independent accounting firm:

Brian Nemeroff, Partner
Berman Hopkins Wright & LaHam, CPAs and Associates, LLP
8035 Spyglass Hill Road
Melbourne, Florida 32940

Audit period: July 1, 2007 – June 30, 2008

The findings from the June 30, 2008 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

FINDINGS AND QUESTIONED COSTS – FINANCIAL STATEMENTS AND MAJOR FEDERAL AWARD PROGRAMS

08-1 Financial Reporting

Material Weakness

Auditor's Recommendations: The auditors recommend that the CFO continue to make improvements in the accounting department to ensure the close of the books of the next fiscal year end has minimal audit adjustments. The unaudited Trial Balance and FDS should be on the accrual basis of accounting and be presented in accordance with GAAP. The Commission needs to ensure that next year's books and records are closed timely and accurately, without relying on audit adjustments considering the external auditors are independent of the internal control process.

Action Taken: Improvements continue to be made in this area. Standard and recurring entries are made monthly and a tracking sheet has been created to ensure that adjustments and account reconciliations are done timely and on a regular basis. Most of the old accounting issues (over-accruals, donated properties, pension liabilities, changes in account coding) have now been cleaned up, and DHC's books and records reflect project-based accounting and budgeting. Regular financial reports are being generated and distributed to management and AMPs.

08-2 Eligibility

Section 8 Housing Choice Voucher - CFDA Number 14.871

Material Weakness

Material Noncompliance

Auditors' Recommendations: Procedures should be continuously applied to ensure proper tenant management. Ongoing staff training and timely management reviews should continue to ensure staff is aware of acceptable procedures. Also, skill sets, staffing, and case loads should be reviewed by management to ensure timely and accurate tenant management.

Action Taken: The Assisted Housing department is increasing the training availability for all staff who work in this area. Management is reviewing files on a more frequent basis to ensure a higher degree of accuracy.

08-3 Eligibility

Low Rent Public Housing - CFDA Number 14.850

Material Weakness

Material Noncompliance

Auditors' Recommendations: The Commission needs to correct the deficiencies noted in the tested files and should ensure proper compliance with regards to tenant eligibility requirements. In addition, staff needs to be trained in regards to the rules and regulations to properly administer eligibility.

Action Taken: The Commission has corrected the deficiencies in most of the tested files. The Commission is following up with staff accordingly to ensure that the two remaining deficiencies are corrected. Compliance with tenant eligibility requirements is part of internal quality control reviews. In addition, the Commission will begin and in some cases continue training with appropriate staff.

08-4 Reporting

Section 8 Housing Choice Voucher - CFDA Number 14.871

Material Weakness

Material Noncompliance

Auditors' Recommendations: The Commission needs to have a utility study every twelve months, which is different than once a year. We further recommend that the Commission discuss the confirmatory review deficiencies with the local HUD office and should make sure that controls are in place in order to ensure accurate SEMAP reporting.

Action Taken: This deficiency is being addressed by scheduling a utility study every twelve months; we also plan to do an internal audit of all documentation for SEMAP prior to submitting to HUD; this should increase the accuracy and thoroughness of the submission.

08-5 Waiting List

Low Rent Public Housing - CFDA Number 14.850

Material Weakness

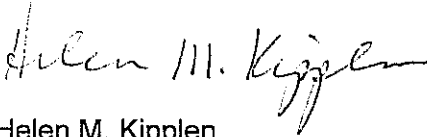
Material Noncompliance

Auditors' Recommendations: The Commission should implement systems and controls to adequately maintain a waiting list that ensures applicants are housed, or given the opportunity to be housed in the proper order. Modifications to the process in place during fiscal 2008 are needed, as it was noted that certain names on the waiting list did not have any indications as to their status when applicants with later application dates were housed.

Action Taken: The Commission has updated its LIPH site-based waiting list spreadsheets to include applicant status. The Commission is reviewing its processes and will implement more effective controls regarding administration of the LIPH waiting lists by April 30, 2009.

If the U.S. Department of Housing and Urban Development has questions regarding this plan, please contact Eugene Jones, Executive Director, at (313) 877-8000.

Sincerely,

A handwritten signature in cursive script that reads "Helen M. Kipplen". The signature is written in black ink and is positioned above the printed name and title.

Helen M. Kipplen
Chief Financial Officer