
Detroit Housing Commission

(a component unit of the City of Detroit, Michigan)

Financial Report
with Supplemental Information
June 30, 2019

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Independent Auditor's Report

To the Board of Commissioners
Detroit Housing Commission

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of Detroit Housing Commission (the "Commission"), a component unit of the City of Detroit, Michigan, as of and for the year ended June 30, 2019 and the related notes to the financial statements, which collectively comprise Detroit Housing Commission's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the discretely presented component units, other than Woodbridge ILF Associates Limited Dividend Housing Association Limited Partnership; Woodbridge Estates VI Limited Dividend Housing Association, LLC; and Woodbridge Estates IX Limited Dividend Housing Association, LLC. The discretely presented component units audited by other auditors represent 88 percent of the assets and 86 percent of revenue of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for discretely presented component units, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

To the Board of Commissioners
Detroit Housing Commission

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities and the aggregate discretely presented component units of Detroit Housing Commission as of June 30, 2019 and the changes in its financial position and business-type activities cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplemental Information

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Detroit Housing Commission's basic financial statements. The financial data schedules, closed grants, and schedules of actual program costs and advances are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

The financial data schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the financial data schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

To the Board of Commissioners
Detroit Housing Commission

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2019 on our consideration of Detroit Housing Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Detroit Housing Commission's internal control over financial reporting and compliance.

Plante & Moreau, PLLC

December 11, 2019

Management's Discussion and Analysis (Unaudited)

June 30, 2019

As management of the Detroit Housing Commission (the "Commission" or "DHC"), we offer readers this narrative overview and analysis of the financial activities for the year ended June 30, 2019. 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. The management discussion and analysis ("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 Sandra B. Henriquez., Detroit Housing Commission, 1301 E. Jefferson Avenue, Detroit, MI 48207.

Mission

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

On July 5, 2005, a Cooperative Endeavor Agreement (CEA) was entered into between the City of Detroit, Michigan and the U.S. Department of Housing and Urban Development (HUD) due to the troubled status of the Commission. In April 2015, the mayor appointed a new board of commissioners for DHC and we are once again operating independently from HUD. No longer a troubled agency, DHC is striving for excellence in all program areas.

Financial Highlights

- The assets of the Commission exceeded its liabilities as of June 30, 2019 by \$294,503,861 (net position).
- The Commission had operating revenue from HUD of \$66,383,770 and HUD capital grants of \$1,301,831, which includes funds for redevelopment and capital asset activities.
- The Commission's unrestricted cash and cash equivalents totaled \$26,780,859 at June 30, 2019
- Public housing has maintained occupancy of an average of 93.9 percent for the fiscal year ended June 30, 2019.
- The Commission utilized 75.2 percent of its Section 8 baseline vouchers under the Housing Choice Voucher program and spent 98.9 percent of the Housing Assistance Payment Subsidy received from HUD.
- HUD loans HOPE VI and Replacement Housing Factor (RHF) funds to discrete component units for the redevelopment and acquisition of housing. In addition, the Commission has other sources of funds that were loaned as well. The discrete component units are required to repay these funds of \$139,958,964 to the Commission, which are included in the notes, loans, and mortgages receivable at June 30, 2019.
- During fiscal year 2019, DHC complied with all the rules and provisions of asset management, which involves detailed budgeting, tracking, and reporting of all activities by development in the Low-income Public Housing Program.

June 30, 2019

- DHC also used the Central Office Cost Center to carry out the management and administrative activities required by all our programs.

The Commission's Programs

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

Low-income Public Housing (LIPH) - Under this program, DHC rents units that it owns in 40 AMPs (one or more developments grouped for management purposes), which includes 24 component unit AMPs, and 205 scattered sites within the city of Detroit to low-income households. This program is operated under the annual contributions contract (ACC) with HUD, and HUD provides operating subsidy to enable DHC to provide the housing at a cost that is based upon 30 percent of household income, adjusted for family composition and certain allowances. DHC currently owns and operates 3,370 subsidized units in this program.

Section 8 Program - Within the Assisted Housing division is our main Section 8 program, which is known as the Housing Choice Voucher (HCV) program. DHC administers contracts with private landlords that own and lease units within our community. DHC subsidizes the family's rent through a monthly housing assistance payment (HAP) made to the landlord. These programs are operated under annual contribution contracts (ACC) with HUD, which enables DHC to structure a lease that sets the participants' housing costs at 30 percent of household income, adjusted for family composition and certain allowances. DHC currently administers 6,228 Housing Choice Vouchers and 63 moderate rehabilitation units (site-based program).

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

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

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

Overview of the Financial Statements

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

Management's Discussion and Analysis (Unaudited)

June 30, 2019

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

- **Statement of Net Position** - This is a balance sheet which reports the Commission's assets, liabilities, and net position at the end of the fiscal year. The Commission's net position is the difference between what the Commission owns (assets) and what the Commission owes (liabilities). Net position (formerly known as net assets) is reported in three broad categories: net investment in capital assets, restricted net position, and unrestricted net position.
- **Statement of Activities** - Similar to an income statement, this statement presents information showing how the Commission's net position increased or decreased during the current fiscal year. This statement includes operating revenue such as federal funding and rental income; operating expenses such as administrative, tenant services, utilities, maintenance, protective services, general, depreciation, and HAP expense; and nonoperating revenue and expense such as capital contributions revenue, interest income, and gains and losses on the disposal of fixed assets. The focus of this statement is the "change in net position," which is similar to net income or loss.
- **Statement of Cash Flows** - This statement presents information showing the total cash receipts and cash disbursements of the Commission during the current fiscal year. The statement reflects the net changes in cash resulting from operations plus any other cash requirements during the current year (i.e., capital additions, debt service, prior period obligations, etc.). In addition, this statement reflects the receipt of cash that was obligated to the Commission in prior periods and subsequently received during the current fiscal year (i.e., accounts receivable, notes receivable, etc.).
- **Notes to the Financial Statements** - The notes to the financial statements provide additional information that is essential to a full understanding of the data provided. These notes give greater understanding on the overall activity of the Commission and how values are assigned to certain assets and liabilities and the longevity of these values. In addition, the notes reflect the impact (if any) of any uncertainties the Commission may face.

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

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

Management's Discussion and Analysis (Unaudited)

June 30, 2019

Financial Analysis

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

Statement of Net Position			
	2019	2018	Net Change
Assets and Deferred Outflows			
Current assets	\$ 34,313,310	\$ 33,518,773	\$ 794,537
Capital assets - Net	107,563,626	113,884,688	(6,321,062)
Other noncurrent assets	164,560,169	156,760,833	7,799,336
Total assets and deferred outflows	306,437,105	304,164,294	2,272,811
Liabilities and Deferred Inflows			
Current liabilities	\$ 8,220,675	\$ 8,021,454	\$ 199,221
Other noncurrent liabilities	3,712,569	1,810,890	1,901,679
Total Liabilities and deferred inflows	11,933,244	9,832,344	2,100,900
Net Position			
Net investment in capital assets	107,563,626	113,884,688	(6,321,062)
Restricted	142,748,874	142,113,740	635,134
Unrestricted	44,191,361	38,333,522	5,857,839
Total net position	294,503,861	294,331,950	171,911
Total liabilities and net position	<u>\$ 306,437,105</u>	<u>\$ 304,164,294</u>	<u>\$ 2,272,811</u>

Current assets increased by 2.4 percent primarily due to an increase in the unrestricted cash and an increase in tenant accounts receivable.

The Commission's net investment in capital assets decreased by 5.6 percent or approximately \$6.3 million. This was primarily due to the sale of a vacant plot of land and the result of annual depreciation expense.

Other noncurrent assets increased by 5.0 percent due to an increase of accrued interest receivable on the loans and notes receivable.

Total assets increased by approximately \$2,300,000 or less than 1 percent, due mostly to the increases in the notes receivable to the component units and increases to unrestricted cash mentioned above. Total liabilities increased by approximately \$303,000 or 21.4 percent, primarily due to the liability recorded for the pension (GASB 68).

June 30, 2019

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

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

Restricted net position had a slight increase due to the increase in notes receivable to the component units, offset by the use of restricted reserves for development activity. The decrease in net investment in capital assets is primarily due to the disposal of a vacant plot of land and the result of annual depreciation expense. Unrestricted net position increase or decrease is a function of the net result of operations and items not classified as restricted or changes in net investment in capital assets.

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

Detroit Housing Commission

Management's Discussion and Analysis (Unaudited)

June 30, 2019

	2019	2018	Net Change
Operating Revenue			
HUD operating revenue	\$ 66,383,770	\$ 63,420,642	\$ 2,963,128
Tenant revenue - Net	5,521,095	5,568,909	(47,814)
Other operating revenue	<u>1,265,166</u>	<u>463,254</u>	<u>801,912</u>
Total operating revenue	73,170,031	69,452,805	3,717,226
Operating Expenses			
Administrative	9,544,553	10,460,488	(915,935)
Tenant services	42,989	57,699	(14,710)
Utilities	4,119,430	4,644,470	(525,040)
Maintenance	13,890,270	12,609,865	1,280,405
Protective services	1,347,046	973,998	373,048
General	5,726,327	5,985,439	(259,112)
Depreciation and amortization	4,894,398	4,835,189	59,209
Housing assistance payments	<u>35,804,815</u>	<u>36,221,426</u>	<u>(416,611)</u>
Total operating expenses	<u>75,369,828</u>	<u>75,788,574</u>	<u>(418,746)</u>
Operating Loss	(2,199,797)	(6,335,769)	4,135,972
Nonoperating Revenue (Expense)			
Loss on sale of asset	(1,833,648)	(1,052,692)	(780,956)
Investment income - Unrestricted	631,918	271,877	360,041
Interest Income - Restricted	<u>2,271,607</u>	<u>2,175,055</u>	<u>96,552</u>
Total nonoperating revenue	<u>1,069,877</u>	<u>1,394,240</u>	<u>(324,363)</u>
Decrease in Net Position Before Capital Contributions	(1,129,920)	(4,941,529)	3,811,609
Capital Contributions			
Capital contributions - HUD	<u>1,301,831</u>	<u>5,285,718</u>	<u>(3,983,887)</u>
Increase in Net Position	171,911	344,189	(172,278)
Net Position - Beginning of year	<u>294,331,950</u>	<u>293,987,761</u>	<u>344,189</u>
Net Position - End of year	<u><u>\$ 294,503,861</u></u>	<u><u>\$ 294,331,950</u></u>	<u><u>\$ 171,911</u></u>

Management's Discussion and Analysis (Unaudited)

June 30, 2019

Total operating revenue increased by approximately \$3,717,000 for the fiscal year ended June 30, 2019, primarily due to a decrease in HUD subsidy income. This year's subsidy formula for the Low-income Housing Program included a 97.00 percent funding level for calendar year 2019 (affecting six months of DHC's fiscal year funding). This was an increase from the prior calendar year level of approximately 91.09 percent pro-ratio.

Operating expenses are categorized by the Commission as administrative, tenant services, utilities, maintenance, protective services, general, depreciation expense, and housing assistance payments. The net decrease of approximately \$418,000 (less than 1 percent) in total operating expenses is primarily due to a decrease in administrative expenses.

Non-operating revenue decreased by approximately \$324,000 primarily due to the loss on sale of assets.

Capital contributions decreased by approximately \$3,980,000 due mainly to the spending of HOPE VI and directing more Capital Fund Program funding to operating expenses.

The Commission has no long-term debt as of June 30, 2019.

Capital Assets and Debt Activity

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

	<u>2019</u>	<u>2018</u>	<u>Net Change</u>
Nondepreciable			
Land	\$ 71,113,650	\$ 73,209,783	\$ (2,096,133)
Construction in progress	<u>2,954,965</u>	<u>2,531,607</u>	<u>423,358</u>
Total nondepreciable	74,068,615	75,741,390	(1,672,775)
Depreciated			
Structures and improvements	\$ 79,073,103	\$ 79,100,171	\$ (27,068)
Equipment	<u>7,561,487</u>	<u>7,380,050</u>	<u>181,437</u>
Total depreciated	<u>86,634,590</u>	<u>86,480,221</u>	<u>154,369</u>
Total capital assets	160,703,205	162,221,611	(1,518,406)
Total accumulated depreciation	<u>(53,139,579)</u>	<u>(48,336,923)</u>	<u>(4,802,656)</u>
Capital assets - Net	<u>\$ 107,563,626</u>	<u>\$ 113,884,688</u>	<u>\$ (6,321,062)</u>

Factors Affecting Next Year's Budget

The Commission is primarily dependent upon HUD for the funding of its Low-income Public Housing, Housing Choice Voucher, and Public Housing Capital Fund programs; therefore, the Commission is affected more by the federal budget than by local economic conditions. The proration of funding of these programs in the future could be significantly affected by the 2020 and 2021 federal budgets. The federal deficit and budgetary restrictions at the congressional level can have a great impact on our local activities.

Economic Factors

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

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

Statement of Net Position

June 30, 2019

	Primary Government - Business-Type Activities	Total Discrete Component Units
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and cash equivalents - Unrestricted (Note 3)	\$ 26,780,859	\$ 2,886,483
Cash and cash equivalents - Restricted (Note 3)	5,774,063	11,308,087
Receivables - Net	1,056,995	322,920
Prepaid expenses	397,842	230,039
Due from other governments	303,551	-
Total current assets	34,313,310	14,747,529
Noncurrent Assets		
Capital assets - Nondepreciable (Notes 4 and 11)	74,068,615	27,801,460
Capital assets - Depreciable - Net (Notes 4 and 11)	33,495,011	190,106,034
Accrued interest receivable - Unrestricted (Note 7)	2,789,325	-
Accrued interest receivable - Restricted (Note 7)	19,000,759	-
Other noncurrent assets	-	1,465,710
Notes, loans, and mortgages receivable - Net (Note 7) - Due from discrete component units with the exception of \$446,678 which is due from the Homeownership Program	140,405,642	-
Total assets	304,072,662	234,120,733
Deferred Outflows of Resources - Deferred outflows related to pensions (Note 8)	2,364,443	-
Total assets and deferred outflows of resources	\$ 306,437,105	\$ 234,120,733
Liabilities, Deferred Inflows of Resources, and Net Position		
Current Liabilities		
Current portion of long-term debt (Note 11)	\$ -	\$ 188,900
Accounts payable	1,905,747	938,161
Accrued interest payable	-	21,617,623
Accrued salaries and benefits	188,409	-
Accrued compensated absences	20,531	-
Due to other governments	441,353	-
Tenant security deposits	312,570	330,646
Unearned revenue	4,101,828	71,297
Other current liabilities	1,250,237	2,165,016
Total current liabilities	8,220,675	25,311,643
Noncurrent Liabilities		
Long-term debt - Includes \$138,064,652 which is due to Detroit Housing Commission (Note 11)	-	197,750,463
Accrued compensated absences	385,019	-
Net pension liability (Note 8)	1,813,299	-
Other noncurrent liabilities	615,211	9,327,663
Total liabilities	11,034,204	232,389,769
Deferred Inflows of Resources - Deferred inflows related to pensions (Note 8)	899,040	-
Net Position		
Net investment in capital assets	107,563,626	19,968,131
Restricted for reserves	4,271,478	11,021,344
Restricted for housing assistance payment	525,083	-
Restricted for housing projects (notes receivable)	137,952,313	-
Unrestricted net position	44,191,361	(29,258,511)
Total net position	294,503,861	1,730,964
Total liabilities, deferred inflows of resources, and net position	\$ 306,437,105	\$ 234,120,733

Statement of Activities

Year Ended June 30, 2019

	Primary Government - Business-Type Activities	Total Discrete Component Units
Operating Revenue		
HUD operating revenue	\$ 66,383,770	\$ -
Tenant revenue - Net	5,521,095	12,705,622
Other operating revenue	1,265,166	1,012,247
Total operating revenue	73,170,031	13,717,869
Operating Expenses		
Administrative	9,544,553	4,207,991
Tenant services	42,989	-
Utilities	4,119,430	2,442,603
Maintenance	13,890,270	2,445,889
Protective services	1,347,046	136,091
General	5,726,327	2,351,612
Depreciation and amortization	4,894,398	10,499,492
Housing assistance payments	35,804,815	-
Total operating expenses	75,369,828	22,083,678
Operating Loss	(2,199,797)	(8,365,809)
Nonoperating Revenue (Expense)		
Loss on sale of asset	(1,833,648)	-
Investment income - Unrestricted	631,918	121,747
Investment Income - Restricted	2,271,607	-
Interest expense	-	(3,540,358)
Total nonoperating revenue (expense)	1,069,877	(3,418,611)
Decrease in Net Position Before Capital Contributions	(1,129,920)	(11,784,420)
Capital Contributions		
Capital contributions - HUD	1,301,831	-
Increase (Decrease) in Net Position	171,911	(11,784,420)
Net Position - Beginning of year	294,331,950	13,515,384
Net Position - End of year	\$ 294,503,861	\$ 1,730,964

Statement of Cash Flows

Year Ended June 30, 2019

Cash Flows from Operating Activities

Cash received from HUD operating subsidies and grants	\$ 66,590,859
Cash received from tenants	5,528,693
Other receipts	1,500,502
Cash payments for housing assistance	(35,804,815)
Cash payments to employees	(9,927,374)
Cash payments to suppliers	<u>(24,549,490)</u>

Net cash and cash equivalents provided by operating activities	3,338,375
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Cash Flows from Investing Activities

Investment in notes receivable - Net	(4,339,685)
Interest received	<u>737,486</u>

Net cash and cash equivalents used in investing activities	(3,602,199)
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Cash Flows from Capital and Related Financing Activities

HUD capital grants	1,535,920
Proceeds from sale of property and equipment	262,484
Purchase of property and equipment	<u>(669,468)</u>

Net cash and cash equivalents provided by capital and related financing activities	<u>1,128,936</u>
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Net Increase in Cash and Cash Equivalents	865,112
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Cash and Cash Equivalents - Beginning of year	<u>31,689,810</u>
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Cash and Cash Equivalents - End of year	<u>\$ 32,554,922</u>
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Cash Reconciliation

Current cash and cash equivalents - Unrestricted	\$ 26,780,859
Current cash and cash equivalents - Restricted	<u>5,774,063</u>

Total cash and cash equivalents	<u><u>\$ 32,554,922</u></u>
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Reconciliation of Operating Loss to Net Cash from Operating Activities

Operating loss	\$ (2,199,797)
Adjustments to reconcile operating loss to net cash and cash equivalents from operating activities:	
Depreciation	4,894,398
Bad debt	191,145
Change in pension liability and deferrals	214,982
(Increase) decrease in operating assets:	
Receivables - Net	(377,516)
Prepaid expenses and other assets	22,857
Increase (decrease) in operating liabilities:	
Accounts payable	442,073
Due to HUD	(225,320)
Accrued salaries and benefits	62,787
Tenant security deposits	8,407
Deferred revenue and other liabilities	<u>304,359</u>

Net cash used in operating activities	<u><u>\$ 3,338,375</u></u>
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Detroit Housing Commission

Combining Statement of Net Position for Discretely Presented Component Units

	The Villages of Parkside II, LLC June 30, 2019	The Villages of Parkside IV, LLC June 30, 2019	Woodbridge Estates Apartments I, LLC December 31, 2018	Woodbridge Estates Apartments II, LLC December 31, 2018	Woodbridge Estates Apartments III, Limited Dividend Housing Association, LLC December 31, 2018	Woodbridge Estates Apartments IV, Limited Dividend Housing Association, LLC December 31, 2018	Woodbridge Estates Apartments V, Limited Dividend Housing Association, LLC December 31, 2018
Assets							
Current Assets							
Cash and cash equivalents - Unrestricted	85,209	98,115	34,282	60,899	81,591	82,930	94,955
Cash and cash equivalents - Restricted	269,883	55,894	125,763	211,606	215,324	319,165	396,844
Receivables - Net	10,800	6,208	3,558	19,773	1,277	3,956	6,880
Prepaid expenses	7,879	5,702	8,128	11,886	8,741	10,783	15,292
Total current assets	373,771	165,919	171,731	304,164	306,933	416,834	513,971
Noncurrent Assets							
Capital assets - Net	6,847,878	5,881,957	3,972,589	5,198,561	4,296,961	5,208,082	7,588,714
Other noncurrent assets	-	-	1,767	2,491	16,302	9,082	13,062
Total assets	\$ 7,221,649	\$ 6,047,876	\$ 4,146,087	\$ 5,505,216	\$ 4,620,196	\$ 5,633,998	\$ 8,115,747
Liabilities and Net Position							
Current Liabilities							
Current portion of long-term debt	-	-	19,004	28,500	27,500	34,400	51,500
Accounts payable	166,461	238,690	2,212	718	1,554	2,153	27,554
Accrued interest payable	4,916,639	1,963,642	1,339,890	2,010,626	1,139,620	1,298,913	1,507,281
Tenant security deposits	16,511	11,819	7,613	10,855	6,286	11,376	7,016
Unearned revenue	10,859	6,283	2,682	2,921	1,266	2,133	3,280
Other current liabilities	13,694	13,755	17,704	27,951	14,059	16,485	50,154
Total current liabilities	5,124,164	2,234,189	1,389,105	2,081,571	1,190,285	1,365,460	1,646,785
Noncurrent Liabilities							
Long-term debt	25,514,772	20,990,363	3,287,436	4,372,118	3,329,993	3,979,351	5,380,881
Other noncurrent liabilities	-	-	-	-	75,868	60,058	214,621
Total liabilities	30,638,936	23,224,552	4,676,541	6,453,689	4,596,146	5,404,869	7,242,287
Net Position							
Net investment in capital assets	(18,666,894)	(15,108,406)	666,149	797,943	939,468	1,194,331	2,156,333
Restricted net assets	246,951	39,727	125,763	211,606	208,046	306,665	388,844
Unrestricted net assets	(4,997,344)	(2,107,997)	(1,322,366)	(1,958,022)	(1,123,464)	(1,271,867)	(1,671,717)
Total net position	(23,417,287)	(17,176,676)	(530,454)	(948,473)	24,050	229,129	873,460
Total liabilities and net position	\$ 7,221,649	\$ 6,047,876	\$ 4,146,087	\$ 5,505,216	\$ 4,620,196	\$ 5,633,998	\$ 8,115,747

Detroit Housing Commission

Combining Statement of Net Position for Discretely Presented Component Units (Continued)

	Woodbridge Estates VI Limited Dividend Housing Association, LLC December 31, 2018	Woodbridge Estates IX Limited Dividend Housing Association, LLC June 30, 2019	Woodbridge LF Associates Limited Dividend Housing Association Limited Partnership December 31, 2018	Alexandrine Square Limited Dividend Housing Association Limited Partnership December 31, 2018	Gardenview Homes I Limited Dividend Housing Association, LLC December 31, 2018	Gardenview Homes II Limited Dividend Housing Association, LLC December 31, 2018	Gardenview Homes III Limited Dividend Housing Association, LLC December 31, 2018	Gardenview Homes IV Limited Dividend Housing Association, LLC December 31, 2018
Assets								
Current Assets								
Cash and cash equivalents - Unrestricted	177,602	11,886	28,117	12,796	142,120	99,145	103,015	171,502
Cash and cash equivalents - Restricted	308,697		903,612	4,603	682,081	752,926	782,152	476,508
Receivables - Net	1,671	-	25,872	27,797	5,097	5,173	7,993	8,325
Prepaid expenses	7,810	-	-	-	15,495	7,263	7,410	7,748
Total current assets	495,780	11,886	957,601	45,196	844,793	864,507	900,570	664,083
Noncurrent Assets								
Capital assets - Net	7,681,196	9,240,068	8,643,718	1,063,830	14,829,708	6,417,685	6,222,353	6,997,598
Other noncurrent assets	220,305	70,022	-	-	-	-	-	-
Total assets	<u>\$ 8,397,281</u>	<u>\$ 9,321,976</u>	<u>\$ 9,601,319</u>	<u>\$ 1,109,026</u>	<u>\$ 15,674,501</u>	<u>\$ 7,282,192</u>	<u>\$ 7,122,923</u>	<u>\$ 7,661,681</u>
Liabilities and Net Position								
Current Liabilities								
Current portion of long-term debt	-	-	-	-	27,996	-	-	-
Accounts payable	108	22,221	10,800	203,620	13,980	-	-	19,203
Accrued interest payable	324,085	-	3,252,636	398,332	9,298	-	-	220,347
Tenant security deposits	2,656	-	27,864	4,954	22,284	3,529	5,453	5,047
Unearned revenue	1,916	-	4,034	1,187	2,100	715	715	405
Other current liabilities	220,262	-	51,035	246,187	38,844	20,855	21,671	-
Total current liabilities	549,027	22,221	3,346,369	854,280	114,502	25,099	27,839	245,002
Noncurrent Liabilities								
Long-term debt	2,444,652	7,687,746	3,681,381	265,780	11,595,411	8,807,015	8,841,679	3,887,485
Other noncurrent liabilities	-	-	-	511,881	-	-	-	31,484
Total liabilities	2,993,679	7,709,967	7,027,750	1,631,941	11,709,913	8,832,114	8,869,518	4,163,971
Net Position								
Net investment in capital assets	5,236,544	1,552,322	4,962,337	798,050	3,206,301	(2,389,330)	(2,619,326)	3,110,113
Restricted net assets	305,531		871,930	-	656,081	748,176	773,552	476,508
Unrestricted net assets	(138,473)	59,687	(3,260,698)	(1,320,965)	102,206	91,232	99,179	(88,911)
Total net position	5,403,602	1,612,009	2,573,569	(522,915)	3,964,588	(1,549,922)	(1,746,595)	3,497,710
Total liabilities and net position	<u>\$ 8,397,281</u>	<u>\$ 9,321,976</u>	<u>\$ 9,601,319</u>	<u>\$ 1,109,026</u>	<u>\$ 15,674,501</u>	<u>\$ 7,282,192</u>	<u>\$ 7,122,923</u>	<u>\$ 7,661,681</u>

Detroit Housing Commission

Combining Statement of Net Position for Discretely Presented Component Units (Continued)

	Gardenvue Homes V Limited Dividend Housing Association, LLC December 31, 2018	Gardenvue Homes VI Limited Dividend Housing Association, LLC December 31, 2018	Gardenvue Homes VII Limited Dividend Housing Association, LLC December 31, 2018	Gardenvue Homes VIII Limited Dividend Housing Association, LLC December 31, 2018	Gardenvue Homes IX Limited Dividend Housing Association, LLC December 31, 2018	Gardenvue Homes X Limited Dividend Housing Association, LLC June 30, 2019	Emerald Springs IA Limited Dividend Housing Association Limited Partnership Year Ended December 31, 2018
Assets							
Current Assets							
Cash and cash equivalents - Unrestricted	205,717	160,317	64,394	74,887	147,561	5,650	75,897
Cash and cash equivalents - Restricted	424,478	412,555	523,166	569,627	275,655	10,756	747,144
Receivables - Net	6,445	4,326	8,355	3,415	2,355	17,964	36,520
Prepaid expenses	7,749	7,426	13,882	13,230	7,586	5,335	12,248
Total current assets	644,389	584,624	609,797	661,159	433,157	39,705	871,809
Noncurrent Assets							
Capital assets - Net	9,925,704	9,212,740	11,295,113	10,935,461	8,394,744	22,098,740	9,686,565
Other noncurrent assets	-	-	-	-	44,229	123,476	273,296
Total assets	<u>\$ 10,570,093</u>	<u>\$ 9,797,364</u>	<u>\$ 11,904,910</u>	<u>\$ 11,596,620</u>	<u>\$ 8,872,130</u>	<u>\$ 22,261,921</u>	<u>\$ 10,831,670</u>
Liabilities and Net Position							
Current Liabilities							
Current portion of long-term debt	-	-	-	-	-	-	-
Accounts payable	8,794	8,774	-	-	8,563	7,111	42,468
Accrued interest payable	-	-	-	-	-	401,459	146,776
Tenant security deposits	5,892	5,699	13,537	10,823	9,728	7,454	30,034
Unearned revenue	689	143	1,446	62	200	9,737	5,413
Other current liabilities	17,497	16,782	386,680	400,769	44,048	113,581	127,238
Total current liabilities	32,872	31,398	401,663	411,654	62,539	539,342	351,929
Noncurrent Liabilities							
Long-term debt	5,407,128	4,836,105	10,230,000	10,031,000	4,377,392	15,884,963	5,276,433
Other noncurrent liabilities	96,309	31,975	1,561,250	1,593,152	93,264	5,057,801	-
Total liabilities	5,536,309	4,899,478	12,192,913	12,035,806	4,533,195	21,482,106	5,628,362
Net Position							
Net investment in capital assets	4,518,576	4,376,635	1,065,113	904,461	4,017,352	6,213,777	4,410,132
Restricted net assets	417,905	406,305	509,298	557,647	264,590	100	714,924
Unrestricted net assets	97,303	114,946	(1,862,414)	(1,901,294)	56,993	(5,434,062)	78,252
Total net position	<u>5,033,784</u>	<u>4,897,886</u>	<u>(288,003)</u>	<u>(439,186)</u>	<u>4,338,935</u>	<u>779,815</u>	<u>5,203,308</u>
Total liabilities and net position	<u>\$ 10,570,093</u>	<u>\$ 9,797,364</u>	<u>\$ 11,904,910</u>	<u>\$ 11,596,620</u>	<u>\$ 8,872,130</u>	<u>\$ 22,261,921</u>	<u>\$ 10,831,670</u>

Detroit Housing Commission

Combining Statement of Net Position for Discretely Presented Component Units (Continued)

	Emerald Springs IB Limited Dividend Housing Association Limited Partnership Year Ended December 31, 2018	Emerald Springs II Limited Dividend Housing Association Limited Partnership Year Ended June 30, 2019	Cornerstone Estates I Limited Dividend Housing Association, LLC Year Ended December 31, 2018	Cornerstone Estates II Limited Dividend Housing Association, LLC Year Ended December 31, 2018	Cornerstone Estates III Limited Dividend Housing Association, LLC Year Ended December 31, 2018	Total Discrete Component Units
Assets						
Current Assets						
Cash and cash equivalents - Unrestricted	55,842	389,626	194,666	55,284	172,478	2,886,483
Cash and cash equivalents - Restricted	819,895	519,309	613,474	362,606	524,364	11,308,087
Receivables - Net	17,065	33,283	16,568	24,326	17,918	322,920
Prepaid expenses	12,012	5,476	9,975	10,320	10,663	230,039
Total current assets	904,814	947,694	834,683	452,536	725,423	14,747,529
Noncurrent Assets						
Capital assets - Net	9,366,532	7,251,392	6,175,365	6,636,342	6,837,898	217,907,494
Other noncurrent assets	272,925	31,055	192,662	-	195,036	1,465,710
Total assets	<u>\$ 10,544,271</u>	<u>\$ 8,230,141</u>	<u>\$ 7,202,710</u>	<u>\$ 7,088,878</u>	<u>\$ 7,758,357</u>	<u>\$ 234,120,733</u>
Liabilities and Net Position						
Current Liabilities						
Current portion of long-term debt	-	-	-	-	-	188,900
Accounts payable	45,295	36,940	25,139	31,329	14,474	938,161
Accrued interest payable	129,052	205,907	1,349,817	-	1,003,303	21,617,623
Tenant security deposits	30,445	17,088	14,221	27,881	14,581	330,646
Unearned revenue	9,491	1,681	659	875	405	71,297
Other current liabilities	122,726	97,234	32,816	20,705	32,284	2,165,016
Total current liabilities	337,009	358,850	1,422,652	80,790	1,065,047	25,311,643
Noncurrent Liabilities						
Long-term debt	4,630,313	7,218,952	3,691,806	9,072,082	3,028,226	197,750,463
Other noncurrent liabilities	-	-	-	-	-	9,327,663
Total liabilities	4,967,322	7,577,802	5,114,458	9,152,872	4,093,273	232,389,769
Net Position						
Net investment in capital assets	4,736,219	32,440	2,483,559	(2,435,740)	3,809,672	19,968,131
Restricted net assets	788,744	502,007	613,474	362,606	524,364	11,021,344
Unrestricted net assets	51,986	117,892	(1,008,781)	9,140	(668,952)	(29,258,511)
Total net position	5,576,949	652,339	2,088,252	(2,063,994)	3,665,084	1,730,964
Total liabilities and net position	<u>\$ 10,544,271</u>	<u>\$ 8,230,141</u>	<u>\$ 7,202,710</u>	<u>\$ 7,088,878</u>	<u>\$ 7,758,357</u>	<u>\$ 234,120,733</u>

Detroit Housing Commission

Combining Statement of Activities For Discretely Presented Component Units

	The Villages of Parkside II, LLC June 30, 2019	The Villages of Parkside IV, LLC June 30, 2019	Woodbridge Estates Apartments I, LLC December 31, 2018	Woodbridge Estates Apartments II, LLC December 31, 2018	Woodbridge Estates Apartments III, Limited Dividend Housing Association, LLC December 31, 2018	Woodbridge Estates Apartments IV, Limited Dividend Housing Association, LLC December 31, 2018	Woodbridge Estates Apartments V, Limited Dividend Housing Association, LLC December 31, 2018
Operating Revenue							
Tenant revenue - Net	\$ 953,131	\$ 771,741	\$ 438,940	\$ 638,458	\$ 353,649	\$ 439,318	\$ 626,689
Other operating revenue	-	-	-	-	8,281	-	-
Total operating revenue	953,131	771,741	438,940	638,458	361,930	439,318	626,689
Operating Expenses							
Administrative	212,382	172,018	119,197	163,463	78,503	100,244	112,736
Utilities	371,513	370,367	37,629	64,741	22,469	41,263	54,096
Maintenance	308,014	166,702	97,865	96,888	53,837	60,738	95,989
Protective services	18,153	103,652	-	-	3,581	4,512	6,193
General	71,088	60,273	60,634	138,434	73,956	76,929	142,730
Depreciation and amortization	936,954	805,195	158,451	206,347	158,194	188,290	272,107
Total operating expenses	1,918,104	1,678,207	473,776	669,873	390,540	471,976	683,851
Operating (Loss) Income	(964,973)	(906,466)	(34,836)	(31,415)	(28,610)	(32,658)	(57,162)
Nonoperating Revenue (Expense)							
Investment income - Unrestricted	3,112	706	-	-	91	-	-
Interest expense	(454,750)	(94,457)	(230,835)	(339,598)	(171,181)	(203,457)	(267,147)
Total nonoperating (expense) revenue	(451,638)	(93,751)	(230,835)	(339,598)	(171,090)	(203,457)	(267,147)
Change in Net Position	(1,416,611)	(1,000,217)	(265,671)	(371,013)	(199,700)	(236,115)	(324,309)
Net Position - Beginning of year	(22,000,676)	(16,176,459)	(264,783)	(577,460)	223,750	465,244	1,197,769
Net Position - End of year	<u>\$ (23,417,287)</u>	<u>\$ (17,176,676)</u>	<u>\$ (530,454)</u>	<u>\$ (948,473)</u>	<u>\$ 24,050</u>	<u>\$ 229,129</u>	<u>\$ 873,460</u>

Detroit Housing Commission

Combining Statement of Activities For Discretely Presented Component Units (Continued)

	Woodbridge Estates VI Limited Dividend Housing Association, LLC December 31, 2018	Woodbridge Estates IX, Limited Dividend Housing Association, LLC June 30, 2018	Woodbridge ILF Associates Limited Dividend Housing Association Limited Partnership December 31, 2018	Alexandrine Square Limited Dividend Housing Association Limited Partnership December 31, 2018	Gardenview Homes I Limited Dividend Housing Association, LLC December 31, 2018	Gardenview Homes II Limited Dividend Housing Association, LLC December 31, 2018	Gardenview Homes III Limited Dividend Housing Association, LLC December 31, 2018	Gardenview Homes IV Limited Dividend Housing Association, LLC December 31, 2018
Operating Revenue								
Tenant revenue - Net	\$ 436,131	\$ -	\$ 695,775	\$ 85,186	\$ 807,338	\$ 356,089	\$ 374,808	\$ 353,887
Other operating revenue	-	863,673	-	100	-	8,939	9,435	-
Total operating revenue	436,131	863,673	695,775	85,286	807,338	365,028	384,243	353,887
Operating Expenses								
Administrative	117,885	56	376,632	33,413	201,179	102,843	108,195	133,483
Utilities	34,980	-	167,854	69,776	129,628	60,380	62,034	65,026
Maintenance	77,809	-	39,837	34,874	191,603	48,487	-	69,260
Protective services	-	-	-	-	-	-	-	-
General	59,647	9,913	92,229	28,453	207,262	69,051	132,259	55,939
Depreciation and amortization	503,975	-	371,657	95,327	540,955	195,735	229,645	436,703
Total operating expenses	794,296	9,969	1,048,209	261,843	1,270,627	476,496	532,133	760,411
Operating (Loss) Income	(358,165)	853,704	(352,434)	(176,557)	(463,289)	(111,468)	(147,890)	(406,524)
Nonoperating Revenue (Expense)								
Investment income - Unrestricted	-	-	-	1	19,006	22,747	23,514	325
Interest expense	(121,212)	-	(345,358)	(37,341)	(105,548)	-	-	(29,156)
Total nonoperating (expense) revenue	(121,212)	-	(345,358)	(37,340)	(86,542)	22,747	23,514	(28,831)
Change in Net Position	(479,377)	853,704	(697,792)	(213,897)	(549,831)	(88,721)	(124,376)	(435,355)
Net Position - Beginning of year	5,882,979	758,305	3,271,361	(309,018)	4,514,419	(1,461,201)	(1,622,219)	3,933,065
Net Position - End of year	<u>\$ 5,403,602</u>	<u>\$ 1,612,009</u>	<u>\$ 2,573,569</u>	<u>\$ (522,915)</u>	<u>\$ 3,964,588</u>	<u>\$ (1,549,922)</u>	<u>\$ (1,746,595)</u>	<u>\$ 3,497,710</u>

Detroit Housing Commission

Combining Statement of Activities For Discretely Presented Component Units (Continued)

	Gardenview Homes V Limited Dividend Housing Association, LLC December 31, 2018	Gardenview Homes VI Limited Dividend Housing Association, LLC December 31, 2018	Gardenview Homes VII Limited Dividend Housing Association, LLC December 31, 2018	Gardenview Homes VIII Limited Dividend Housing Association, LLC December 31, 2018	Gardenview Homes IX Limited Dividend Housing Association, LLC December 31, 2018	Gardenview Homes X Limited Dividend Housing Association, LLC June 30, 2019	Emerald Springs IA Limited Dividend Housing Association Limited Partnership Year Ended December 31, 2018
Operating Revenue							
Tenant revenue - Net	\$ 389,106	\$ 395,223	\$ 539,577	\$ 561,767	\$ 373,995	\$ 53,269	\$ 638,014
Other operating revenue	-	-	14,435	17,519	-	21,096	48,478
Total operating revenue	389,106	395,223	554,012	579,286	373,995	74,365	686,492
Operating Expenses							
Administrative	145,271	136,560	220,214	215,787	163,347	33,196	198,044
Utilities	56,423	71,625	126,271	93,283	56,272	7,251	90,096
Maintenance	61,697	55,555	146,442	155,778	47,237	11,704	143,041
Protective services	-	-	-	-	-	-	-
General	103,722	78,343	104,644	66,796	70,280	45,297	133,178
Depreciation and amortization	578,784	415,468	697,687	670,462	321,011	172,009	530,363
Total operating expenses	945,897	757,551	1,295,258	1,202,106	658,147	269,457	1,094,722
Operating (Loss) Income	(556,791)	(362,328)	(741,246)	(622,820)	(284,152)	(195,092)	(408,230)
Nonoperating Revenue (Expense)							
Investment income - Unrestricted	5,263	5,262	15,320	16,059	42	-	3,257
Interest expense	-	-	(306,900)	(347,306)	-	(18,406)	(26,883)
Total nonoperating (expense) revenue	5,263	5,262	(291,580)	(331,247)	42	(18,406)	(23,626)
Change in Net Position	(551,528)	(357,066)	(1,032,826)	(954,067)	(284,110)	(213,498)	(431,856)
Net Position - Beginning of year	5,585,312	5,254,952	744,823	514,881	4,623,045	993,313	5,635,164
Net Position - End of year	\$ 5,033,784	\$ 4,897,886	\$ (288,003)	\$ (439,186)	\$ 4,338,935	\$ 779,815	\$ 5,203,308

See notes to the financial statements.

Detroit Housing Commission

Combining Statement of Activities For Discretely Presented Component Units (Continued)

	Emerald Springs IB Limited Dividend Housing Association Limited Partnership Year Ended December 31, 2018	Emerald Springs II Limited Dividend Housing Association Limited Partnership Year Ended June 30, 2019	Cornerstone Estates I Limited Dividend Housing Association, LLC Year Ended December 31, 2018	Cornerstone Estates II Limited Dividend Housing Association, LLC Year Ended December 31, 2018	Cornerstone Estates III Limited Dividend Housing Association, LLC Year Ended December 31, 2018	Total Discrete Component Units
Operating Revenue						
Tenant revenue - Net	\$ 577,529	\$ 358,937	\$ 506,311	\$ 466,276	\$ 514,478	\$ 12,705,622
Other operating revenue	15,329	4,962	-	-	-	1,012,247
Total operating revenue	592,858	363,899	506,311	466,276	514,478	13,717,869
Operating Expenses						
Administrative	197,545	139,185	244,428	223,725	258,460	4,207,991
Utilities	94,283	52,351	70,081	99,645	73,266	2,442,603
Maintenance	134,166	97,488	90,696	82,662	77,520	2,445,889
Protective services	-	-	-	-	-	136,091
General	125,777	63,144	141,784	42,954	96,896	2,351,612
Depreciation and amortization	504,933	387,742	367,724	370,339	383,435	10,499,492
Total operating expenses	1,056,704	739,910	914,713	819,325	889,577	22,083,678
Operating (Loss) Income	(463,846)	(376,011)	(408,402)	(353,049)	(375,099)	(8,365,809)
Nonoperating Revenue (Expense)						
Investment income - Unrestricted	3,633	2,969	440	-	-	121,747
Interest expense	(23,579)	(58,934)	(188,385)	-	(169,925)	(3,540,358)
Total nonoperating (expense) revenue	(19,946)	(55,965)	(187,945)	-	(169,925)	(3,418,611)
Change in Net Position	(483,792)	(431,976)	(596,347)	(353,049)	(545,024)	(11,784,420)
Net Position - Beginning of year	6,060,741	1,084,315	2,684,599	(1,710,945)	4,210,108	13,515,384
Net Position - End of year	<u>\$ 5,576,949</u>	<u>\$ 652,339</u>	<u>\$ 2,088,252</u>	<u>\$ (2,063,994)</u>	<u>\$ 3,665,084</u>	<u>\$ 1,730,964</u>

June 30, 2019**Note 1 - Nature of Business**

Detroit Housing Commission (the "Commission" or DHC) is a Michigan public body corporation operating as a public housing authority under the Michigan Housing Facilities Act, MCL 125.653. The Commission was established in 1933 under the Public Facilities Act by the City of Detroit, Michigan (the "City"). The Commission's mission statement is to effectively and efficiently develop, manage, and preserve quality affordable housing. To achieve this mission, the Commission promotes the development of and provides property management for affordable housing; provides facilities and supportive services to nurture neighborhoods; and provides economic development and self-sufficiency activities for residents while also assuring equal access to safe, quality housing for low- and moderate-income families throughout the community. For the year ended June 30, 2019, the Commission is considered a component unit of the City. The Commission's board independently oversees the Commission's operations. The Commission is operated by a five-member board appointed by the mayor, and the City of Detroit, Michigan's city council may remove a member from the board of commissioners.

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

Low-income Public Housing

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

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

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

Housing Assistance Programs

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

HOPE VI Programs and Mixed Financing

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

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

June 30, 2019**Note 1 - Nature of Business (Continued)*****Central Office Cost Center***

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

Business Activities

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

Note 2 - Significant Accounting Policies***Reporting Entity***

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

Component Units

The definition of the reporting entity, as defined by GASB 61, is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and/or it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government.

Blended Component Units

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

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

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

Discretely Presented Component Units

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

Note 2 - Significant Accounting Policies (Continued)

The discretely presented component units are as follows:

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

June 30, 2019**Note 2 - Significant Accounting Policies (Continued)**

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

All of the discrete component units, with the exception of The Villages at Parkside II, LLC; The Villages at Parkside IV, LLC; Woodbridge Estates IX Limited Dividend Housing Association, LLC; and Emerald Springs II Limited Dividend Housing Association Limited Partnership, which reported the same year end as the Commission, have a calendar year end of December 31, which differs from the Commission's year end of June 30, 2019. For reporting purposes, the information reported in the basic financial statements is presented as of and for the 12-month period ended December 31, 2018 for these discrete component units.

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

Other Component Units

The following component units have been created by the Commission but had little or no activity during the year ended June 30, 2019 and, therefore, are not included in the basic financial statements:

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

Basis of Presentation

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

June 30, 2019**Note 2 - Significant Accounting Policies (Continued)**

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

Basis of Accounting

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

Cash Equivalents

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

Investments

Investments are reported at fair value or estimated fair value.

Receivables - Net

Current receivables consist of revenue earned at year end and not yet received. As of June 30, 2019, there is an allowance for uncollectible tenant receivables of approximately \$226,000. Allowances are determined by management based on periodic aging and prior experience. Tenant bad debt expense, netted with tenant revenue, for the year ended June 30, 2019 was approximately \$191,000.

Due from Other Governments

These amounts are due from HUD principally as a result of grant revenue being accrued for allowable program expenses not yet funded. The amount due from HUD for the Capital Fund is approximately \$204,000, and the amount due from HUD for rental subsidies is approximately \$100,000.

Notes, Loans, and Mortgages Receivable - Net

These receivables consist of amounts due under agreements from the discrete component units, primarily utilizing HOPE VI funds, as well as from tenants in the Homeownership Program. HOPE VI notes mature several years into the future, and management has estimated that these notes are fully collectible and that there is no basis for a bad debt reserve as of June 30, 2019. The homeownership loans are presented net of their related amortization.

Accrued Interest Receivable - Restricted

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

Note 2 - Significant Accounting Policies (Continued)

Capital Assets - Net

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

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

	Depreciable Life - Years
Structures and improvements	15-40
Equipment - Dwelling and administrative	5-10

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

Impaired capital assets that will no longer be used by the Commission are reported at the lower of carrying value or fair value, or written off entirely. During 2019, no impairments were recorded.

Compensated Absences

Full-time permanent employees are granted leave benefits up to a maximum of 400 hours, depending on tenure with the Commission. Generally, after six months of service, employees are entitled to all accrued vacation leave upon termination. Employees are entitled to 60 percent of accrued sick leave upon retirement after 25 years of service. The estimated liability for vested leave benefits is recorded as an expense when it is earned in the basic financial statements. The compensated absences at June 30, 2019 totaled approximately \$406,000, of which \$21,000 is reported as current and \$385,000 as noncurrent liabilities.

Unearned Revenue

The Commission's unearned revenue balance represents receipt of HUD or other intergovernmental program funding applicable to future periods. Unearned revenue also includes money received in full for future land leases that are recognized as revenue over the lives of the leases.

Net Position

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

- (1) *Net investment in capital assets* - This category consists of capital assets (including restricted capital assets), net of accumulated depreciation and reduced by any outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, and improvements of those assets.

June 30, 2019**Note 2 - Significant Accounting Policies (Continued)**

- (2) *Restricted* - This category equals the restricted cash of the Commission and consists of net assets restricted in their use by (1) external groups such as grantors, creditors, or laws and regulations of other governments or (2) law through constitutional provisions or enabling legislation. Restricted assets in the primary government consist of reserves, housing assistance payments (HAP) equity, and HOPE VI notes receivable that are restricted upon collection in accordance with HUD guidelines.
- (3) *Unrestricted* - This category includes all of the remaining net position that does not meet the definition of the other two categories.

Operating Revenue and Expenses

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

Nonoperating Revenue and Expenses

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

Capital Grants

The Commission records grants received for capital outlay as contributions from HUD.

Eliminations

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

- *Interprogram due to/from* - In the normal course of operations, certain programs pay for common costs that create interprogram receivables or payables. These interprogram receivables or payables are eliminated for the presentation of the Commission as a whole. For the year ended June 30, 2019, \$2,260,624 was eliminated.
- *Management and other fees* - The Commission's Central Office Cost Center internally charges operating fees to the AMPs in the Low Rent Housing Program, including management fees, bookkeeping fees, and asset management fees. For financial reporting purposes, \$4,573,952 of fees has been eliminated for the year ended June 30, 2019.
- *Fees for service* - The Commission's Central Office Cost Center internally charges fees to other programs and projects of the Commission for legal and specialized maintenance services. For financial reporting purposes, \$129,235 of internal charges has been eliminated for the year ended June 30, 2019.

Pensions

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

June 30, 2019

Note 2 - Significant Accounting Policies (Continued)

Use of Estimates

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

Upcoming Accounting Pronouncement

In June 2017, the GASB issued Statement No. 87, *Leases*, which improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The Commission is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the Commission's financial statements for the year ending June 30, 2021.

Note 3 - Deposits and Investments

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

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

	Primary Government - Business-type Activities	Total Discretely Presented Component Units
Cash and cash equivalents	\$ 26,780,859	\$ 2,886,483
Restricted cash and investments	5,774,063	11,308,087
Total deposits and investments	<u>\$ 32,554,922</u>	<u>\$ 14,194,570</u>

The above amounts are classified by Governmental Accounting Standards Board Statement Nos. 3 and 40 in the following categories as of June 30, 2019:

	Primary Government
Bank deposits	\$ 3,094,587
Sweep accounts - Less than two months	29,460,335
Total	<u>\$ 32,554,922</u>

June 30, 2019

Note 3 - Deposits and Investments (Continued)

As of June 30, 2019, the Commission's cash and cash equivalents consist of cash in banks of \$33,506,074.

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

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the Commission's deposits may not be returned to it. The Commission does not have a deposit policy for custodial credit risk. At year end, the Commission had approximately \$3,720,000 of bank deposits (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized. The discrete component units had approximately \$14 million in deposits, of which approximately \$8 million was uninsured and uncollateralized.

Interest Rate Risk

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

The Commission's investment policy is to limit its exposure to declines in fair values of its investment portfolio by only investing in HUD-allowed investments and by monitoring any such investments. At June 30, 2019, the Commission has investments in a sweep account with a fair value of \$29,035,291 and a weighted-average maturity of two months.

Credit Risk

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

Investment	Fair Value	Rating
Government Repo Pool	\$ 29,035,310	N/A

Restricted Cash

The Commission's restricted cash at June 30, 2019 is as follows:

	Primary Government - Business-type Activities	Total Discretely Presented Component Units
Current:		
Tenant security deposits	\$ 312,422	\$ 294,315
Funded reserves	-	11,013,772
Family self-sufficiency escrow	665,080	-
HAP equity	525,083	-
Development program activities	4,271,478	-
Total	\$ 5,774,063	\$ 11,308,087

June 30, 2019

Note 4 - Property and Equipment

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

	Balance July 1, 2018	Additions	Disposals and Adjustments	Balance June 30, 2019
Capital assets not being depreciated:				
Land	\$ 73,209,783	\$ -	\$ (2,096,132)	\$ 71,113,651
Construction in progress	2,531,607	508,034	(84,677)	2,954,964
Subtotal	75,741,390	508,034	(2,180,809)	74,068,615
Capital assets being depreciated:				
Structures and improvements	79,100,171	64,665	-	79,164,836
Equipment	7,380,050	181,444	-	7,561,494
Subtotal	86,480,221	246,109	-	86,726,330
Accumulated depreciation:				
Structures and improvements	41,087,059	4,540,226	-	45,627,285
Equipment	7,249,864	354,170	-	7,604,034
Subtotal	48,336,923	4,894,396	-	53,231,319
Net capital assets being depreciated	38,143,298	(4,648,287)	-	33,495,011
Net governmental activities capital assets	<u>\$ 113,884,688</u>	<u>\$ (4,140,253)</u>	<u>\$ (2,180,809)</u>	<u>\$ 107,563,626</u>

Note 5 - Risk Management

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

Note 6 - Capital Donation from the City

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

Note 7 - Notes, Loans, and Mortgages Receivable

Notes, loans, and mortgages receivable consist of HUD HOPE VI, RHF, and other funds loaned by the Commission to discrete component units for development of affordable housing in Detroit, repayable from future cash flows, as defined in the agreements. During 2019, the Commission loaned approximately \$4,480,000 to these discrete component units from these sources.

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

June 30, 2019

Note 7 - Notes, Loans, and Mortgages Receivable (Continued)

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

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

	Maturity Date	Interest Rate	Balance	Accrued Interest Receivable
Due from discretely presented component units:				
The Villages at Parkside II, LLC (HOPE VI)*	December 2038	0.45%	\$ 22,930,193	\$ 2,127,314
The Villages at Parkside II, LLC (Business Activities)*	December 2038	7.00%	2,584,579	2,789,326
The Villages at Parkside IV, LLC (HOPE VI)*	December 2038	0.45%	20,990,363	1,963,641
Woodbridge Estates Apartments I, LLC (HOPE VI)*	January 2048	4.72%	1,279,824	1,407,563
Woodbridge Estates Apartments I, LLC (HOPE VI)*	January 2048	0.00%	840,500	-
Woodbridge Estates Apartments II, LLC (HOPE VI)*	January 2048	4.72%	1,888,460	2,067,655
Woodbridge Estates Apartments II, LLC (HOPE VI)*	January 2048	0.00%	797,955	-
Woodbridge Estates Apartments III, Limited Dividend Housing Association, LLC (HOPE VI)*	January 2051	4.61%	1,560,470	1,196,221
Woodbridge Estates Apartments IV, Limited Dividend Housing Association, LLC (HOPE VI)*	January 2051	4.61%	1,764,801	1,362,080
Woodbridge Estates Apartments V, Limited Dividend Housing Association, LLC (HOPE VI)*	January 2051	4.61%	2,057,829	1,578,053
Woodbridge Estates VI Limited Dividend Housing Association, LLC (HOPE VI)*	September 2063	3.75%	2,719,777	384,774
Woodbridge Estates IX Limited Dividend Housing Association, LLC (HOPE VI)*	September 2067	0.00%	3,700,000	-
Woodbridge ILF Associates Limited Dividend Housing Association Limited Partnership (HOPE VI)*	June 2049	5.20%	3,713,014	3,433,662
Alexandrine Square Limited Dividend Housing Association Limited Partnership (HOPE VI)*	November 2047	2.00%	265,780	166,262
Emerald Springs IA Limited Dividend Housing Association Limited Partnership (RHF)*	January 2056	0.50%	5,292,434	161,528
Emerald Springs IB Limited Dividend Housing Association Limited Partnership (RHF)*	January 2056	0.50%	4,644,006	141,943
Emerald Springs IB Limited Dividend Housing Association Limited Partnership (RHF)*	March 2058	0.50%	7,431,331	198,383
Cornerstone Estates I Limited Dividend Housing Association, LLC (HOPE VI)*	March 2058	3.79%	3,734,751	1,443,651
Cornerstone Estates II Limited Dividend Housing Association, LLC (HOPE VI)*	July 2060	0.00%	9,097,354	-
Cornerstone Estates III Limited Dividend Housing Association, LLC (HOPE VI)*	October 2061	4.25%	3,088,675	1,087,808
Gardenvue Homes I Limited Dividend Housing Association, LLC (HOPE VI)*	December 2053	0.00%	9,785,199	-
Gardenvue Homes II and III Limited Dividend Housing Association, LLC (HOPE VI)*	December 2054	0.00%	4,525,734	-
Gardenvue Homes IV Limited Dividend Housing Association, LLC (HOPE VI)*	May 2060	0.75%	3,887,485	241,348
Gardenvue Homes V Limited Dividend Housing Association, LLC (RHF and HOPE VI)*	March 2061	0.00%	5,407,128	-

June 30, 2019

Note 7 - Notes, Loans, and Mortgages Receivable (Continued)

	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Balance</u>	<u>Accrued Interest Receivable</u>
Gardenview Homes VI Limited Dividend Housing Association, LLC (RHF and HOPE VI)*	March 2061	0.00%	\$ 4,836,094	\$ -
Gardenview Homes IX Limited Dividend Housing Association, LLC (RHF and HOPE VI)*	June 2064	0.00%	4,377,292	-
Gardenview Homes X Limited Dividend Housing Association, LLC (RHF and HOPE VI)*	June 2067	2.50	<u>6,757,936</u>	<u>34,715</u>
Subtotal			139,958,964	21,785,927
Due from other - Homeownership loans - Net (accumulated amortization for forgiveness of debt of \$131,250)	Various	0%	<u>446,678</u>	<u>-</u>
Total noncurrent notes receivable			<u>\$ 140,405,642</u>	<u>\$ 21,785,927</u>

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

Note 8 - Pension Plan

Plan Description

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

Benefits Provided

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

The MERS plan covers substantially all employees of the Commission, including the executive, nonexecutive, contributing union members, contributing nonexecutive members, and executive director. As of year end, the defined benefit plan was closed to all new entrants, except for those who qualify as contributing union members. Summary information for each of these groups is provided below.

Executive

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

Nonexecutive

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

June 30, 2019

Note 8 - Pension Plan (Continued)

Contributing Union Members

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

Contributing Nonexecutive

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

Executive Director

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

Employees Covered by Benefit Terms

At the December 31, 2018 measurement date, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	40
Inactive plan members entitled to but not yet receiving benefits	77
Active plan members	96
Total employees covered by the plan	213

Contributions

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

For the year ended June 30, 2018, the active employee contribution rate was 5.0 percent of annual pay for executive, contributing union members, and contributing nonexecutive members and 0 percent for nonexecutive and executive directors.

The Commission's contribution rates as a percent of annual payroll are: executive - 8.99 percent, contributing union members - 5.68 percent, and contributing nonexecutive - 5.66 percent.

Net Pension Liability

The net pension liability reported at June 30, 2019 was determined using a measure of the total pension liability and the pension net position as of December 31, 2018. The December 31, 2018 total pension liability was determined by an actuarial valuation performed as of that date.

June 30, 2019

Note 8 - Pension Plan (Continued)

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

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at December 31, 2017	\$ 18,603,226	\$ 18,298,521	\$ 304,705
Changes for the year:			
Service cost	567,969	-	567,969
Interest	1,485,607	-	1,485,607
Differences between expected and actual experience	(538,371)	-	(538,371)
Contributions - Employer	-	442,685	(442,685)
Contributions - Employee	-	333,465	(333,465)
Net investment loss	-	(733,715)	733,715
Benefit payments, including refunds	(634,241)	(634,241)	-
Administrative expenses	-	(35,824)	35,824
Net changes	880,964	(627,630)	1,508,594
Balance at December 31, 2018	<u>\$ 19,484,190</u>	<u>\$ 17,670,891</u>	<u>\$ 1,813,299</u>

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

For the year ended June 30, 2019, the Commission recognized pension expense of \$555,961. At June 30, 2019, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 396,031	\$ (899,040)
Changes in assumptions	139,895	-
Net difference between projected and actual earnings on pension plan investments	1,326,084	-
Employer contributions to the plan subsequent to the measurement date	502,433	-
Total	<u>\$ 2,364,443</u>	<u>\$ (899,040)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (note that employer contributions subsequent to the measurement date of \$502,443 will reduce the net pension liability and, therefore, will not be included in future pension expense):

Years Ending June 30	Amount
2020	\$ 402,500
2021	(57,874)
2022	288,084
2023	477,071

June 30, 2019

Note 8 - Pension Plan (Continued)

Actuarial Assumptions

The total pension liability in the December 31, 2018 actuarial valuation was determined using an inflation assumption of 2.5 percent; salary increases (including inflation) of 3.75 percent (with merit increases totaling up to 11 percent, for a total of 3.75 percent - 14.75 percent); and an investment rate of return (net of investment expenses) of 8.0 percent.

Mortality rates were based on the 50 percent male and 50 percent female blend of the RP-2014 Healthy Annuitant Mortality Tables, with rates multiplied by 105 percent; RP-2014 Employee Mortality Tables; and RP-2014 Juvenile Mortality Tables. For disabled plan members, rates were based on a blend of the 50 percent male and 50 percent female RP-2014 Disabled Retiree Mortality Tables.

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study covering the period from January 1, 2009 through December 31, 2013.

Discount Rate

The discount rate used to measure the total pension liability was 8.0 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

Projected Cash Flows

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

The long-term expected rate of return on pension plan investments was determined using a model in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return as of December 31, 2018, the measurement date, for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global equity	55.50 %	6.15 %
Global fixed income	18.50	1.26
Real assets	13.50	7.22
Diversifying strategies	12.50	5.00

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Commission, calculated using the discount rate of 8.0 percent, as well as what the Commission's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7.0 percent) or 1 percentage point higher (9.0 percent) than the current rate:

	1 Percent Decrease (7.0%)	Current Discount Rate (8.0%)	1 Percent Increase (9.0%)
Net pension liability (asset) of the Commission	\$ 2,470,014	\$ 1,813,299	\$ (2,069,358)

June 30, 2019**Note 8 - Pension Plan (Continued)*****Pension Plan Fiduciary Net Position***

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

Note 9 - Commitments and Contingencies***Grants and Contracts***

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

Section 8 Housing Choice Voucher Program

The Commission has received cumulative funding in excess of housing assistance payments (HAP) and earned administrative fees through the Section 8 Housing Choice Voucher Program (the "program") under the implementation of the Consolidated Appropriations Act of 2005, Funding Provisions for the Housing Choice Voucher Program. Due to decreases in federal funding, HUD decreased its HAP payments made to the Commission, forcing it to use its HAP reserves. As of June 30, 2019, the remaining HAP reserve is \$525,803, which is subject to possible future recapture.

Funds Awarded

The Commission receives funding from HUD through HOPE VI, the 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, 2019 for qualifying eligible expenditures amounted to \$4,211,481, \$75,180, and \$249,194 respectively.

Loans

The Commission is obligated to make loans as needed to the discrete component units under development, not to exceed approximately \$46 million in aggregate. As of June 30, 2019, the Commission is still liable for approximately \$12 million of this commitment.

Note 10 - Concentrations

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

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

For the year ended June 30, 2019, approximately 91 percent of the operating revenue reflected in the primary government basic financial statements is from HUD.

June 30, 2019

Note 11 – Discretely Presented Component Units

The following entities are considered discrete component units of the Commission and are presented in accordance with GASB No. 61. Certain items may have changed for presentation purposes from the separately issued audited financial statements to conform to the Commission's presentation. The discrete component units disclosures included are those required under GASB No. 61 that are deemed essential to fair presentation of the financial entity's general purpose financial statements. The following disclosures are those that are material to the Commission and are not meant to be a full representation of each component unit's financial position and required disclosures. A copy of each component unit's separately issued financial statements can be obtained from the Commission's management. See Note 2 for detail on accounting policy and the for-profit entities that are considered discretely presented component units.

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

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

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

Schedule of Component Unit Capital Assets June 30, 2019 and December 31, 2018	Nondepreciable	Depreciable		Accumulated Depreciation	2019 Net Capital Assets
		Land	Improvements, Buildings, and Furniture, Fixtures, and Equipment		
	Land	Improvements			
Woodbridge Estates Apartments I, LLC	\$ -	\$ 6,216,574	\$ 12,368	\$ (2,256,353)	\$ 3,972,589
Woodbridge Estates Apartments II, LLC	-	8,135,870	7,629	(2,944,938)	5,198,561
Woodbridge Estates Apartments III, LDHA LLC	-	6,104,266	1,540	(1,808,845)	4,296,961
Woodbridge Estates Apartments IV, LDHA LLC	-	7,403,051	1,870	(2,196,839)	5,208,082
Woodbridge Estates Apartments V, LDHA LLC	-	10,699,537	16,679	(3,127,502)	7,588,714
Woodbridge Estates Apartments VI, LDHA LLC	-	9,517,950	396,215	(2,232,969)	7,681,196
Woodbridge ILF Associates LDHA LP	291,667	12,615,988	992,492	(5,256,429)	8,643,718
The Villages at Parkside II LLC	425,457	27,437,362	824,484	(21,839,425)	6,847,878
The Villages at Parkside IV LLC	446,650	23,709,418	1,053,208	(19,327,319)	5,881,957
Alexandrine Square LDHA LP	13,767	2,838,190	243,301	(2,031,428)	1,063,830
Cornerstone Estates I LDHA, LLC	-	8,871,414	368,243	(3,064,292)	6,175,365
Cornerstone Estates II LDHA, LLC	-	9,223,625	435,818	(3,023,101)	6,636,342
Cornerstone Estates III LDHA, LLC	-	9,325,228	411,920	(2,899,250)	6,837,898
Gardenview Homes I LDHA, LLC	2,973,750	15,964,590	734,243	(4,842,875)	14,829,708
Gardenview Homes II LDHA, LLC	1,143,033	6,785,621	1,360,059	(2,871,028)	6,417,685
Gardenview Homes III LDHA, LLC	1,164,608	6,791,783	1,317,998	(3,052,036)	6,222,353
Gardenview Homes IV LDHA, LLC	268,440	9,692,441	401,248	(3,364,531)	6,997,598
Gardenview Homes V LDHA, LLC	410,006	12,862,646	394,291	(3,741,239)	9,925,704
Gardenview Homes VI LDHA, LLC	368,485	11,404,236	601,043	(3,161,024)	9,212,740
Gardenview Homes VII LDHA, LLC	2,881,616	11,267,284	624,221	(3,478,008)	11,295,113
Gardenview Homes VIII LDHA, LLC	433,136	13,264,932	593,552	(3,356,159)	10,935,461
Gardenview Homes IX LDHA, LLC	250,986	8,851,959	337,402	(1,045,603)	8,394,744
Gardenview Homes X LDHA, LLC	-	21,730,415	539,166	(170,841)	22,098,740
Emerald Springs IA LDHA LP	242,444	13,051,650	199,330	(3,806,859)	9,686,565
Emerald Springs IB LDHA LP	366,545	12,411,591	164,227	(3,575,831)	9,366,532
Emerald Springs II LDHA LP	311,656	8,976,650	126,505	(2,163,419)	7,251,392
Total fixed assets placed in service - June 30, 2019	\$ 11,992,246	\$ 295,154,271	\$ 12,159,052	\$ (110,638,143)	208,667,426
Woodbridge IX - Construction in Progress					9,240,068
Total discrete component unit net capital assets					\$ 217,907,494

June 30, 2019

Note 11 – Discretely Presented Component Units (Continued)

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

	Beginning Balance	Capital Additions and Other Adjustments	Depreciation	End of Year Balance
Woodbridge Estates Apartments I, LLC	\$ 4,129,246	\$ -	\$ (156,657)	\$ 3,972,589
Woodbridge Estates Apartments II, LLC	5,402,382	-	(203,821)	5,198,561
Woodbridge Estates Apartments III, LDHA LLC	4,449,721	-	(152,760)	4,296,961
Woodbridge Estates Apartments IV, LDHA LLC	5,393,345	-	(185,263)	5,208,082
Woodbridge Estates Apartments V, LDHA LLC	7,856,467	-	(267,753)	7,588,714
Woodbridge Estates Apartments VI, LDHA LLC	8,177,639	7,532	(503,975)	7,681,196
Woodbridge ILF Associates LDHA LP	8,939,406	75,969	(371,657)	8,643,718
The Villages at Parkside II LLC	7,784,832	-	(936,954)	6,847,878
The Villages at Parkside IV LLC	6,687,152	-	(805,195)	5,881,957
Alexandrine Square LDHA LP	1,159,156	-	(95,326)	1,063,830
Cornerstone Estates I LDHA, LLC	6,532,799	-	(357,434)	6,175,365
Cornerstone Estates II LDHA, LLC	7,006,356	-	(370,014)	6,636,342
Cornerstone Estates III LDHA, LLC	7,211,974	-	(374,076)	6,837,898
Gardenview Homes I LDHA, LLC	15,332,863	37,800	(540,955)	14,829,708
Gardenview Homes II LDHA, LLC	6,613,420	-	(195,735)	6,417,685
Gardenview Homes III LDHA, LLC	6,451,998	-	(229,645)	6,222,353
Gardenview Homes IV LDHA, LLC	7,434,301	-	(436,703)	6,997,598
Gardenview Homes V LDHA, LLC	10,504,488	-	(578,784)	9,925,704
Gardenview Homes VI LDHA, LLC	9,628,208	-	(415,468)	9,212,740
Gardenview Homes VII LDHA, LLC	11,992,800	-	(697,687)	11,295,113
Gardenview Homes VIII LDHA, LLC	11,605,923	-	(670,462)	10,935,461
Gardenview Homes IX LDHA, LLC	8,711,978	-	(317,234)	8,394,744
Gardenview Homes X LDHA, LLC	-	22,270,749	(172,009)	22,098,740
Emerald Springs IA LDHA LP	10,173,989	42,939	(530,363)	9,686,565
Emerald Springs IB LDHA LP	9,827,318	44,147	(504,933)	9,366,532
Emerald Springs II LDHA LP	7,600,094	39,040	(387,742)	7,251,392
Total fixed assets placed in service - June 30, 2019	196,607,855	22,518,176	(10,458,605)	208,667,426
Gardenview Homes X LDHA, LLC	13,272,484	(13,272,484)	-	-
Woodbridge IX - Construction in Progress	2,568,379	6,671,689	-	9,240,068
Total discrete component unit net capital assets	<u>\$ 212,448,718</u>	<u>\$ 15,917,381</u>	<u>\$ (10,458,605)</u>	<u>\$ 217,907,494</u>

June 30, 2019

Note 11 – Discretely Presented Component Units (Continued)

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

Schedule of Component Unit Debt June 30, 2019 and December 31, 2018	Lender	Interest Rate	Maturity Date	Balance - Beginning of Year*	Additions (Payments)	Balance - End of Year	Principal Due Within One Year
Woodbridge Estates Apartments I, LLC	SA Affordable Housing, LLC	7.06%	2035	\$ 1,203,991	\$ (17,875)	\$ 1,186,116	\$ 19,004
	Detroit Housing Commission	AFR	2048	1,279,824	-	1,279,824	-
	Detroit Housing Commission	0.00%	2048	840,500	-	840,500	-
Woodbridge Estates Apartments II, LLC	SA Affordable Housing, LLC	7.06%	2035	1,740,555	(26,351)	1,714,204	28,500
	Detroit Housing Commission	AFR	2048	1,888,460	-	1,888,460	-
	Detroit Housing Commission	0.00%	2048	797,954	-	797,954	-
Woodbridge Estates Apartments III, LDHA LLC	SA Affordable Housing, LLC	6.04%	2047	1,388,235	(19,459)	1,368,776	27,500
	Detroit Housing Commission	4.61%	2042	1,559,212	-	1,559,212	-
	City of Detroit, Michigan	0.00%	2036	436,795	(7,290)	429,505	-
Woodbridge Estates Apartments IV, LDHA LLC	SA Affordable Housing, LLC	6.04%	2047	1,846,753	(26,092)	1,820,661	34,400
	Detroit Housing Commission	4.61%	2051	1,763,593	-	1,763,593	-
	City of Detroit, Michigan	0.00%	2036	436,786	(7,289)	429,497	-
Woodbridge Estates Apartments V, LDHA LLC	SA Affordable Housing, LLC	6.04%	2047	2,988,482	(42,603)	2,945,879	51,500
	Detroit Housing Commission	4.61%	2051	2,056,904	-	2,056,904	-
	City of Detroit, Michigan	0.00%	2036	436,893	(7,295)	429,598	-
Woodbridge Estates Apartments VI, LDHA LLC	Detroit Housing Commission	3.75%	2063	2,442,921	1,731	2,444,652	-
Woodbridge Estates Apartments IX, LDHA LLC	Detroit Housing Commission	0.00%	2067	874,790	2,530,667	3,405,457	-
	Citizens	5.00%	2067	448,778	3,833,511	4,282,289	-
Woodbridge ILF Associates LDHA LP	Detroit Housing Commission	5.20%	2049	3,680,393	988	3,681,381	-
The Villages at Parkside II LLC	Detroit Housing Commission	0.45%	2038	22,930,193	-	22,930,193	-
	Detroit Housing Commission	7.00%	2038	2,584,579	-	2,584,579	-
The Villages at Parkside IV LLC	Detroit Housing Commission	0.45%	2038	20,990,363	-	20,990,363	-
Alexandrine Square Apartments LDHA LP	Detroit Housing Commission	AFR	2047	265,780	-	265,780	-
Cornerstone I LDHA, LLC	Detroit Housing Commission	3.79%	2060	3,690,783	1,023	3,691,806	-
Cornerstone II LDHA, LLC	Detroit Housing Commission	0.00%	2060	9,071,757	325	9,072,082	-
Cornerstone III LDHA, LLC	Detroit Housing Commission	4.25%	2061	3,026,820	1,406	3,028,226	-
Gardenview Homes I LDHA, LLC	MSHDA	6.00%	2046	1,590,257	(22,411)	1,567,846	27,996
	MSHDA - HOME Note	3.00%	2058	275,429	(3,222)	272,207	-
	Detroit Housing Commission	0.00%	2053	9,796,043	(12,689)	9,783,354	-
Gardenview Homes II, III, IV, V, VI, VII, VIII, and IX LDHA, LLC	MSHDA - Section 1602 TCAP funds	0.00%	(a)	13,122,960	-	13,122,960	-
	MSHDA	3.00%	2062	20,261,000	-	20,261,000	-
	Detroit Housing Commission	0.00%	2054-2064	19,210,298	(63,939)	19,146,359	-
	Detroit Housing Commission	0.75%	2060	3,887,485	-	3,887,485	-
Gardenview Homes X LDHA, LLC	Detroit Housing Commission	2.50%	2067	5,154,703	686,097	5,840,800	-
	MSHDA	4.95%	2020	5,923,998	4,000,405	9,924,403	-
	MSHSA	2.50%	2067	-	119,760	119,760	-
Emerald Springs IA and IB LDHA LP	Detroit Housing Commission	0.50%	2056	9,905,966	780	9,906,746	-
Emerald Springs II LDHA LP	Detroit Housing Commission	0.50%	2058	7,197,200	21,752	7,218,952	-
Totals				<u>\$ 186,997,433</u>	<u>\$ 10,941,930</u>	<u>\$ 197,939,363</u>	<u>\$ 188,900</u>

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

*Net of debt issuance costs

June 30, 2019

Note 12 - Subsequent Events

On November 5, 2019, the Commission sold its Douglas property. The Commission received cash of \$23,000,000, of which \$4,000,000 will be included as escrows for specific cleanup on the land. The cleanup cost is capped at the \$4,000,000 escrow balance. The book value of the Douglas property at June 30, 2019 is approximately \$14,500,000.

Required Supplemental Information

Detroit Housing Commission

Required Supplemental Information Schedule of Changes in the Net Pension Liability and Related Ratios

	Last Five Fiscal Years				
	2018	2017	2016	2015	2014
Total Pension Liability					
Service cost	\$ 567,969	\$ 689,391	\$ 675,349	\$ 733,320	\$ 687,970
Interest	1,485,607	1,325,191	1,300,408	1,140,300	1,024,974
Changes in benefit terms	-	-	-	67,218	-
Differences between expected and actual experience	(538,371)	582,568	(1,238,155)	232,453	-
Changes in assumptions	-	-	-	699,473	-
Benefit payments, including refunds	(634,241)	(428,238)	(441,417)	(379,545)	(295,860)
Net Change in Total Pension Liability	880,964	2,168,912	296,185	2,493,219	1,417,084
Total Pension Liability - Beginning of year	18,603,226	16,434,314	16,138,129	13,644,910	12,227,826
Total Pension Liability - End of year	\$ 19,484,190	\$ 18,603,226	\$ 16,434,314	\$ 16,138,129	\$ 13,644,910
Plan Fiduciary Net Position					
Contributions - Employer	\$ 442,685	\$ 448,258	\$ 424,089	\$ 454,635	\$ 484,806
Contributions - Member	333,465	325,762	322,349	327,138	318,583
Net investment (loss) income	(733,715)	2,135,126	1,619,273	(215,842)	806,700
Administrative expenses	(35,824)	(33,709)	(31,909)	(30,915)	(29,860)
Benefit payments, including refunds	(634,241)	(428,238)	(441,417)	(379,545)	(295,860)
Net Change in Plan Fiduciary Net Position	(627,630)	2,447,199	1,892,385	155,471	1,284,369
Plan Fiduciary Net Position - Beginning of year	18,298,521	15,851,322	13,958,937	13,803,466	12,519,097
Plan Fiduciary Net Position - End of year	\$ 17,670,891	\$ 18,298,521	\$ 15,851,322	\$ 13,958,937	\$ 13,803,466
Commission's Net Pension Liability - Ending	\$ 1,813,299	\$ 304,705	\$ 582,992	\$ 2,179,192	\$ (158,556)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	90.69 %	98.36 %	96.45 %	86.50 %	101.16 %
Covered Payroll	\$ 5,259,688	\$ 6,362,792	\$ 6,304,406	\$ 6,730,040	\$ 6,283,273
Commission's Net Pension Liability as a Percentage of Covered Payroll	34.48 %	4.79 %	9.25 %	32.38 %	(2.52)%

Detroit Housing Commission

Required Supplemental Information Schedule of Pension Contributions

Last Ten Fiscal Years Years Ended June 30										
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Actuarially determined contribution	\$ 442,685	\$ 448,258	\$ 424,089	\$ 454,635	\$ 484,806	\$ 775,604	\$ 694,053	\$ 630,937	\$ 780,792	\$ 710,646
Contributions in relation to the actuarially determined contribution	442,685	448,258	424,089	454,635	484,806	775,604	694,053	630,937	715,188	855,387
Contribution (Deficiency) Excess	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (65,604)	\$ 144,741
Covered Payroll	\$ 5,259,688	\$ 6,362,792	\$ 6,304,406	\$ 6,730,040	\$ 6,283,273	\$ 6,283,273	\$ 6,476,619	\$ 6,898,574	\$ 6,740,448	\$ 5,683,727
Contributions as a Percentage of Covered Payroll	8.42 %	7.04 %	6.73 %	6.76 %	7.72 %	12.34 %	10.72 %	9.15 %	10.61 %	15.05 %

June 30, 2019***Pension Information***

Actuarial valuation information relative to the determination of contributions:

Valuation date	Actuarially determined contribution rates are calculated as of December 31 two years prior to the end of the fiscal year in which the contributions are reported.
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Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll - Closed
Remaining amortization period	16-20 years depending on division
Asset valuation method	Five-year smoothed market
Inflation	2.5 percent
Salary increase	3.75 percent, average, including inflation
Investment rate of return	8.0 percent
Retirement age	60 years
Mortality	50 percent male and 50 percent female blend of RP-2014 Employee Mortality Tables and the RP-2014 Juvenile Mortality Tables
Other information	None

Benefit Changes

During the year, the Commission closed the defined benefit plan to new entrants, except for those participants who are categorized as a contributing union member. Those participants who are grandfathered into the plan are still receiving the same benefits as in prior years; new employees are offered the opportunity to join the defined contribution plan. There were no additional changes outside of those mentioned that occurred during 2018.

Changes in Assumptions

There were no changes of benefit assumptions in 2018.

Changes in Size or Composition of the Covered Population

There were no significant changes in size or composition of the covered population in 2018.

Other Supplemental Information

Detroit Housing Commission

Capital Fund Program Schedule of Actual Program Costs and Advances

Year Ended June 30, 2019

Program	MI28P001501-15	MI28P001501-16	MI28P001501-17	MI28P001501-18	TOTAL
Budget	\$ 8,345,644	\$ 8,524,639	\$ 8,586,102	\$ 2,493,600	\$ 27,949,985
Advances					
Cash receipts - prior years	\$ 7,210,982	\$ 3,942,858	\$ 2,653,126	\$ -	\$ 13,806,966
Cash receipts - current year	1,134,662	2,308,056	2,209,613	4,279,207	9,931,538
Cumulative as of June 30, 2018	8,345,644	6,250,914	4,862,739	4,279,207	23,738,504
Costs					
Prior years	7,227,233	3,950,566	2,653,126	-	13,830,925
Current year	1,118,412	2,434,163	2,279,295	4,279,207	10,111,077
Cumulative as of June 30, 2018	8,345,645	6,384,729	4,932,421	4,279,207	23,942,002
Excess (Deficiency) of Advances Due to HUD	\$ (1)	\$ (133,815)	\$ (69,682)	\$ -	\$ (203,498)
Soft Costs					
Prior years	\$ 7,325,915	\$ 2,290,230	\$ 942,613	\$ -	\$ 10,558,758
Current year	1,139,585	2,545,981	2,233,812	3,975,792	9,895,170
Cumulative as of June 30, 2018	8,465,500	4,836,211	3,176,425	3,975,792	20,453,928
Hard Costs					
Prior years	(98,682)	1,660,336	1,710,513	-	3,272,167
Current year	(21,173)	(111,818)	45,483	303,415	215,907
Cumulative as of June 30, 2018	(119,855)	1,548,518	1,755,996	303,415	3,488,074
Other Costs					
Prior years	-	-	-	-	-
Current year	-	-	-	-	-
Cumulative as of June 30, 2018	-	-	-	-	-
Cumulative Hard, Soft, and Other Costs	\$ 8,345,645	\$ 6,384,729	\$ 4,932,421	\$ 4,279,207	\$ 23,942,002

Detroit Housing Commission

HOPE VI Schedule of Actual Program Costs and Advances

Year Ended June 30, 2019

Program	MI28URD001I194	MI28URD001I195	MI28URD001I296	Total Hope VI
Budget	\$ 39,807,342	\$ 47,620,227	\$ 24,224,160	\$ 111,651,729
Advances				
Cash receipts - prior years	\$ 39,226,014	\$ 47,302,111	\$ 24,194,051	\$ 110,722,176
Cash receipts - current year	581,328	318,116	30,109	929,553
Cumulative as of June 30, 2018	39,807,342	47,620,227	24,224,160	111,651,729
Costs				
Prior years	39,442,798	47,412,144	24,194,064	111,049,006
Current year	364,544	208,083	30,097	602,724
Cumulative as of June 30, 2018	39,807,342	47,620,227	24,224,161	111,651,730
Excess of Advances Due to HUD	\$ -	\$ -	\$ 1	\$ 1
Soft Costs				
Prior years	\$ 17,788,686	\$ 10,569,881	\$ 6,757,277	\$ 35,115,844
Current year	11,389	208,071	-	219,460
Cumulative as of June 30, 2018	\$ 17,800,075	\$ 10,777,952	\$ 6,757,277	\$ 35,335,304
Hard Costs				
Prior years	21,654,113	36,842,263	17,436,786	75,933,162
Current year	353,154	12	30,098	383,264
Cumulative as of June 30, 2018	22,007,267	36,842,275	17,466,884	76,316,426
Other Costs				
Prior years	-	-	-	-
Current year	-	-	-	-
Cumulative as of June 30, 2018	-	-	-	-
Cumulative Hard, Soft, and Other Costs	\$ 39,807,342	\$ 47,620,227	\$ 24,224,161	\$ 111,651,730

Detroit Housing Commission

Development Grants Schedule of Actual Program Costs and Advances

Year Ended June 30, 2019

Program	MI28P001061
Budget	\$ 19,578,300
Advances	
Cash receipts - prior years	\$ 18,914,358
Cash receipts - current year	588,762
Cumulative as of June 30, 2018	19,503,120
Costs	
Prior years	18,925,231
Current year	577,889
Cumulative as of June 30, 2018	19,503,120
Excess of Advances Due to HUD	\$ -
Soft Costs	
Prior years	\$ 7,253,458
Current year	-
Cumulative as of June 30, 2018	7,253,458
Hard Costs	
Prior years	11,671,773
Current year	577,889
Cumulative as of June 30, 2018	12,249,662
Other Costs	
Prior years	-
Current year	-
Cumulative as of June 30, 2018	-
Cumulative Hard, Soft, and Other Costs	\$ 19,503,120

Detroit Housing Commission

ROSS Schedule of Actual Program Costs and Advances

Program	Year Ended June 30, 2019			
	MI001FSH330A017	MI001FSH440A018	MI001RPS440A015	Total
Budget	\$ 284,392	\$ 284,392	\$ 654,147	\$ 1,222,931
Advances				
Cash receipts - prior years	\$ 99,654	\$ -	\$ 341,654	\$ 441,308
Cash receipts - current year	<u>184,738</u>	<u>104,737</u>	<u>242,954</u>	<u>532,429</u>
Cumulative as of June 30, 2018	284,392	104,737	584,608	973,737
Costs				
Prior years	130,762	-	376,071	506,833
Current year	<u>153,630</u>	<u>140,962</u>	<u>259,595</u>	<u>554,187</u>
Cumulative as of June 30, 2018	<u>284,392</u>	<u>140,962</u>	<u>635,666</u>	<u>1,061,020</u>
Deficiency of Advances Due from HUD	\$ -	\$ 36,225	\$ 51,058	\$ 87,283
Soft Costs				
Prior years	\$ 130,489	\$ -	\$ 383,096	\$ 513,585
Current year	<u>153,630</u>	<u>140,962</u>	<u>252,570</u>	<u>547,162</u>
Cumulative as of June 30, 2018	284,119	140,962	635,666	1,060,747
Hard Costs				
Prior years	273	-	-	273
Current year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cumulative as of June 30, 2018	273	-	-	273
Other Costs				
Prior years	-	-	-	-
Current year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cumulative as of June 30, 2018	-	-	-	-
Cumulative Hard, Soft, and Other Costs	<u>\$ 284,392</u>	<u>\$ 140,962</u>	<u>\$ 635,666</u>	<u>\$ 1,061,020</u>

Financial Data Schedules

Year Ended June 30, 2019

Line Item No.	Account Description	Total AMPs 14.850	COCC Total	Total Programs	Elimination	Total Primary Government	Total Component Units (Discretely Presented)	REAC Total (Primary Government and Component Units)
111	Cash - Unrestricted	\$ 18,345,993	\$ 2,390,124	\$ 6,044,742		\$ 26,780,859	\$ 2,886,483	\$ 29,667,342
112	Cash - Restricted - Modernization and Development	-	-	-		-	-	-
113	Cash - other restricted	4,321,347	-	1,140,294		5,461,641	11,013,772	16,475,413
114	Cash - Tenant Security Deposits	312,422	-	-		312,422	294,315	606,737
115	Cash - Restricted for payment of current liability	-	-	-		-	-	-
100	Total Cash	22,979,762	2,390,124	7,185,036	-	32,554,922	14,194,570	46,749,492
121	Accounts Receivable - PHA Projects	-	-	-		-	-	-
122-010	Accounts receivable - HUD other projects - Operating Subsidy	-	-	-		-	-	-
122-020	Accounts receivable - HUD other projects - Capital fund	203,496	-	-		203,496	-	203,496
122-030	Accounts receivable - HUD other projects - Other	-	-	100,055		100,055	-	100,055
124	Accounts Receivable - other government	-	-	-		-	-	-
125-050	Accounts Receivable - Miscellaneous	38,170	-	717,707		755,877	70,938	826,815
126	Accounts Receivable - Tenants - Dwelling Rents	499,776	-	-		499,776	251,982	751,758
126.1	Allowance for Doubtful Accounts - Dwelling Rents	(226,354)	-	-		(226,354)	-	(226,354)
126.2	Allowance for Doubtful Accounts - Other	(131,250)	-	-		(131,250)	-	(131,250)
127	Notes, Loans, & Mortgages Receivable - current	-	-	-		-	-	-
128	Fraud recovery	-	-	27,696		27,696	-	27,696
128.1	Allowance for doubtful accounts - fraud	-	-	-		-	-	-
129	Accrued interest receivable	-	-	-		-	-	-
120	Total Receivables, net of allowances for doubtful accounts	383,838	-	845,458	-	1,229,296	322,920	1,552,216
131	Investments - Unrestricted	-	-	-		-	-	-
132	Investments - restricted	-	-	-		-	-	-
135	Investments - restricted for payment of current liability	-	-	-		-	-	-
142	Prepaid Expenses and Other Assets	205,985	163,570	28,287		397,842	230,039	627,881
143	Inventories	-	-	-		-	-	-
143.1	Allowance for Obsolete Inventories	-	-	-		-	-	-
144	Interprogram due from	1,232,774	927,985	99,865	(2,260,624)	-	-	-
145	Assets held for sale	-	-	-		-	-	-
146	Amounts to be provided	-	-	-		-	-	-
150	Total Current Assets	24,802,359	3,481,679	8,158,646	(2,260,624)	34,182,060	14,747,529	48,929,589
161	Land	70,008,644	958,000	147,006		71,113,650	11,992,246	83,105,896
162	Buildings	77,578,204	1,494,899	-		79,073,103	272,431,055	351,504,158
163	Furniture, Equipment & Machinery - Dwellings	4,902,799	-	-		4,902,799	12,125,098	17,027,897
164	Furniture, Equipment & Machinery - Administration	991,566	1,630,189	36,933		2,658,688	33,954	2,692,642
165	Leasehold Improvements	-	-	-		-	22,723,216	22,723,216
166	Accumulated Depreciation	(50,903,891)	(2,201,393)	(34,295)		(53,139,579)	(110,638,143)	(163,777,722)
167	Construction In Progress	508,035	-	2,446,930		2,954,965	9,240,068	12,195,033
168	Infrastructure	-	-	-		-	-	-
160	Total Fixed Assets, Net of Accumulated Depreciation	103,085,357	1,881,695	2,596,574	-	107,563,626	217,907,494	325,471,120
171-050	Notes, loans, and mortgages receivable - Noncurrent Other	130,172,121	-	10,364,771		140,536,892	-	140,536,892
172	Notes, Loans, & Mortgages Receivable - past due	-	-	-		-	-	-
173	Grants receivable - noncurrent	-	-	-		-	-	-
174-050	Other Assets	19,000,758	-	2,789,326		21,790,084	1,465,709	23,255,793
176	Investment in joint ventures	-	-	-		-	-	-
180	Total Non-Current Assets	252,258,236	1,881,695	15,750,671	-	269,890,602	219,373,204	489,263,806
190	Total Assets	277,060,595	5,363,374	23,909,317	(2,260,624)	304,072,662	234,120,733	538,193,395
200	Deferred Outflow of Resources	-	2,364,443	-		2,364,443	-	2,364,443
290	Total Assets and Deferred Outflow of Resources	277,060,595	7,727,817	23,909,317	(2,260,624)	306,437,105	234,120,733	540,557,838

Year Ended June 30, 2019

Line Item No.	Account Description	Total AMPs 14.850	COC Total	Total Programs	Elimination	Total Primary Government	Total Component Units (Discretely Presented)	REAC Total (Primary Government and Component Units)
311	Bank overdrafts	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -
312	Accounts Payable <= 90 Days	1,522,827	99,234	283,686		1,905,747	927,685	2,833,432
313	Accounts Payable >90 Days Past Due	-	-	-		-	-	-
321	Accrued Wage/Payroll Taxes Payable	36,339	127,417	24,653		188,409	28,196	216,605
322	Accrued Compensated Absences	5,043	12,681	2,807		20,531	-	20,531
324	Accrued contingency liability	-	-	-		-	-	-
325	Accrued interest payable	-	-	-		-	21,617,623	21,617,623
331	Accounts Payable - HUD PHA Programs	-	-	-		-	-	-
331-030	Accounts Payable - HUD Other	-	-	148,800		148,800	-	148,800
332	Accounts Payable - PHA Projects	-	-	-		-	-	-
333	Accounts Payable - Other Government	277,337	-	15,216		292,553	10,476	303,029
341	Tenant Security Deposits	312,570	-	-		312,570	330,646	643,216
342-010	Deferred Revenues-Operating Subsidy	4,272	-	-		4,272	-	4,272
342-030	Deferred Revenues-Operating Other	4,021,239	74,981	1,336		4,097,556	-	4,097,556
343	Current portion of L-T debt - capital projects	-	-	-		-	188,900	188,900
344	Current portion of L-T debt - operating borrowings	-	-	-		-	-	-
345	Other current liabilities	856,002	121,066	18,009		995,077	1,269,871	2,264,948
345	FSS Escrow	-	-	-		-	-	-
346	Accrued Liabilities - Other	163,532	81,593	10,035		255,160	866,949	1,122,109
347	Interprogram due to	1,844,828	-	415,796	(2,260,624)	-	-	-
348	Loan liability - current	-	-	-		-	-	-
310	Total Current Liabilities	9,043,989	516,972	920,338	(2,260,624)	8,220,675	25,311,643	33,532,318
351	Long-term debt, net of current - capital projects	-	-	-		-	197,750,463	197,750,463
352	Long-Term debt, net of current - operating borrowings	-	-	-		-	-	-
353	Noncurrent Liabilities - Other	-	-	-		-	9,327,663	9,327,663
353	FSS Escrow	-	-	615,211		615,211	-	615,211
354	Accrued compensated Absences - Non Current	90,746	240,935	53,338		385,019	-	385,019
355	Loan liability - noncurrent	-	-	-		-	-	-
357	Accrued pension and OPEB liabilities	-	1,813,299	-		1,813,299	-	1,813,299
350	Total Noncurrent Liabilities	90,746	2,054,234	668,549	-	2,813,529	207,078,126	209,891,655
300	Total Liabilities	9,134,735	2,571,206	1,588,887	(2,260,624)	11,034,204	232,389,769	243,423,973
400	Deferred Inflow of Resources		899,040			899,040	-	899,040
508.1	Invested in capital assets, net of related debt	103,085,357	1,881,695	2,596,574		107,563,626	19,968,131	127,531,757
511.1	Restricted Net Assets	134,443,599	-	8,305,275		142,748,874	11,021,344	153,770,218
512.1	Unrestricted Net Assets	30,396,904	2,375,876	11,418,581		44,191,361	(29,258,511)	14,932,850
513	Total Equity	267,925,860	4,257,571	22,320,430	-	294,503,861	1,730,964	296,234,825
600	Total Liabilities, Deferred Inflows, and Equity	277,060,595	7,727,817	23,909,317	(2,260,624)	306,437,105	234,120,733	540,557,838

Year Ended June 30, 2019

Line Item No.	Account Description	Total AMPs 14.850	COCC Total	Total Programs	Elimination	Total Primary Government	Total Component Units (Discretely Presented)	REAC Total (Primary Government and Component Units)
70300	Net Tenant Rental Revenue	\$ 5,524,188	\$ -	\$ -		\$ 5,524,188	\$ 12,601,679	\$ 18,125,867
70400	Tenant Revenue - Other	251,802	-	-		251,802	293,214	545,016
70500	Total Tenant Revenue	5,775,990	-	-	-	5,775,990	12,894,893	18,670,883
70600-010	Housing assistance payments	-	-	36,180,175		36,180,175	-	36,180,175
70600-020	Ongoing administrative fees earned	-	-	3,013,456		3,013,456	-	3,013,456
70600-030	Hard to house fee revenue	-	-	-		-	-	-
70600-031	FSS Coordinator	-	-	-		-	-	-
70600-040	Actual independent public accountant audit costs	-	-	-		-	-	-
70600-050	Total preliminary fees earned	-	-	-		-	-	-
70600-060	All other fees	-	-	-		-	-	-
70600-070	Admin fee calculation description	-	-	-		-	-	-
70600-080	Public Housing Operating Subsidy	16,643,273	-	-		16,643,273	-	16,643,273
70600	HUD PHA Grants	9,396,922	-	1,149,944		10,546,866	-	10,546,866
70610	HUD PHA Capital Grants	689,479	34,463	577,889		1,301,831	-	1,301,831
70710	Management Fee	-	3,574,373	-	(3,574,373)	-	-	-
70720	Asset Management Fee	-	361,680	-	(361,680)	-	-	-
70730	Book-Keeping Fee	-	443,930	-	(443,930)	-	-	-
70740	Front Line Service Fee	-	129,235	-	(129,235)	-	-	-
70750	Other Fees	-	193,969	-	(193,969)	-	-	-
70700	Total Fee Revenue	-	4,703,187	-	(4,703,187)	-	-	-
70800	Other government grants	-	-	-		-	-	-
71100-030	Investment Income - Unrestricted	442,660	113,654	75,604		631,918	121,656	753,574
71100	Investment Income - restricted	-	-	-		-	-	-
71200	Mortgage interest income	-	-	-		-	-	-
71300	Proceeds from disposition of assets held for sale	-	-	-		-	-	-
71310	Cost of Sale of Assets	-	-	-		-	-	-
71400-010	Fraud recovery	-	-	-		-	-	-
71500	Other revenue	644,696	166,797	453,674		1,265,167	1,012,247	2,277,414
71600	Gain/Loss on Sale of Fixed Assets	(1,833,648)	-	-		(1,833,648)	-	(1,833,648)
72000-010	Investment income - restricted	1,920,043	-	351,564		2,271,607	91	2,271,698
70000	Total Revenue	33,679,415	5,018,101	41,802,306	(4,703,187)	75,796,635	14,028,887	89,825,522
91100	Administrative salaries	1,368,839	1,937,859	1,315,647		4,622,345	2,068,378	6,690,723
91200	Auditing fees	48,463	12,826	23,992		85,281	108,702	193,983
91300	Management Fee	2,886,811	-	687,564	(3,574,375)	-	882,442	882,442
91310	Book-Keeping Fee	280,776	-	163,152	(443,928)	-	-	-
91400	Advertising and Marketing	11,370	6,824	2,616		20,810	71,447	92,257
91500	Employee benefit contributions - administrative	469,000	822,896	472,889		1,764,785	66,560	1,831,345
91600	Office Expenses	574,571	377,658	447,070		1,399,299	152,435	1,551,734
91700	Legal Expense	97,137	926	20,206	(17,480)	100,789	36,269	137,058
91800	Travel	11,474	95,212	20,785		127,471	31	127,502
91810	Allocated Overhead	-	-	-		-	-	-
91900	Other	718,595	533,433	365,715	(193,969)	1,423,774	821,728	2,245,502
92000	Asset Management Fee	361,680	-	-	(361,680)	-	-	-

Year Ended June 30, 2019

Line Item No.	Account Description	Total AMPs 14.850	COCC Total	Total Programs	Elimination	Total Primary Government	Total Component Units (Discretely Presented)	REAC Total (Primary Government and Component Units)
92100	Tenant services - salaries	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -
92200	Relocation Costs	856	-	-		856	-	856
92300	Employee benefit contributions - tenant services	-	-	-		-	-	-
92400	Tenant Services - Other	41,633	500	-		42,133	-	42,133
93100	Water	660,090	9,725	-		669,815	840,551	1,510,366
93200	Electricity	1,319,736	93,807	-		1,413,543	112,809	1,526,352
93300	Gas	508,765	38,382	-		547,147	98,295	645,442
93400	Fuel	-	-	-		-	-	-
93500	Labor	-	-	-		-	-	-
93600	Sewer	1,471,536	17,389	-		1,488,925	-	1,488,925
93700	Employee benefit contributions - utilities	-	-	-		-	-	-
93800	Other utilities expense	-	-	-		-	1,390,948	1,390,948
94100	Ordinary Maintenance and Operations - Labor	2,559,929	139,560	-		2,699,489	251,203	2,950,692
94200	OMO - Materials and Other	727,792	46,084	522		774,398	998,073	1,772,471
94300-010	Ordinary Maintenance and Operations Contracts - Garbage and Trash Removal Contracts	148,177	2,795	-		150,972	-	150,972
94300-020	Ordinary Maintenance and Operations Contracts - Heating & Cooling Contracts	328,409	9,283	-		337,692	-	337,692
94300-030	Ordinary Maintenance and Operations Contracts - Snow Removal Contracts	251,956	7,789	-		259,745	-	259,745
94300-040	Ordinary Maintenance and Operations Contracts - Elevator Maintenance Contracts	-	-	-		-	-	-
94300-050	Ordinary Maintenance and Operations Contracts - Landscape & Grounds Contracts	426,928	3,368	-		430,296	-	430,296
94300-060	Ordinary Maintenance and Operations Contracts - Unit Turnaround Contracts	3,480,398	-	-		3,480,398	-	3,480,398
94300-070	Ordinary Maintenance and Operations Contracts - Electrical Contracts	160,018	9,943	-		169,961	-	169,961
94300-080	Ordinary Maintenance and Operations Contracts - Plumbing Contracts	360,620	2,425	-	-	363,045	-	363,045
94300-090	Ordinary Maintenance and Operations Contracts - Extermination Contracts	220,140	250	-	(75,484)	144,906	-	144,906
94300-100	Ordinary Maintenance and Operations Contracts - Janitorial Contracts	65,514	-	-		65,514	-	65,514
94300-110	Ordinary Maintenance and Operations Contracts - Routine Maintenance Contracts	35,307	8,440	-		43,747	-	43,747
94300-120	Ordinary Maintenance and Operations Contracts - Misc Contracts	4,110,673	79,370	2,551	(36,271)	4,156,323	-	4,156,323
94300	Ordinary Maintenance and Operations - Contract Costs	9,588,140	123,663	2,551	(111,755)	9,602,599	1,196,613	10,799,212
94500	Employee Benefit Contributions - Ordinary Maintenance	767,901	45,883	-		813,784	-	813,784
95100	Protective Services - labor	-	-	-		-	-	-
95200	Protective Services - Other Contract Costs	1,326,420	-	20,626		1,347,046	14,286	1,361,332
95300	Protective Services - Other	-	-	-		-	121,805	121,805
95500	Employee benefit contributions - protective services	-	-	-		-	-	-

Year Ended June 30, 2019

Line Item No.	Account Description	Total AMPs 14.850	COCC Total	Total Programs	Elimination	Total Primary Government	Total Component Units (Discretely Presented)	REAC Total (Primary Government and Component Units)
96110	Property Insurance	\$ 456,030	\$ 30,205	\$ -	-	\$ 486,235	\$ 954,600	\$ 1,440,835
96120	Liability Insurance	-	-	-	-	-	-	-
96130	Workmen's Compensation	189,193	23,876	16,455	-	229,524	834	230,358
96140	All other Insurance	226,137	15,727	68,180	-	310,044	28,933	338,977
96200	Other General Expenses	4,410,631	392	3,625	-	4,414,648	959,245	5,373,893
96210	Compensated Absences	30,440	75,411	15,567	-	121,418	-	121,418
96300	Payments in Lieu of Taxes	164,458	-	-	-	164,458	408,000	572,458
96400	Bad Debt - Tenant Rents	191,145	-	-	-	191,145	189,271	380,416
96500	Bad Debt - Mortgages	-	-	-	-	-	-	-
96600	Bad Debt - Other	63,750	-	-	-	63,750	-	63,750
96710	Interest of Mortgage (or Bonds) Payable	-	-	-	-	-	3,540,358	3,540,358
96720	Interest on Notes Payable (Short and Long Term)	-	-	-	-	-	-	-
96730	Amortization of Bond Issue Costs	-	-	-	-	-	325	325
96800	Severance Expense	-	-	-	-	-	-	-
96900	Total Operating Expenses	31,533,298	4,448,238	3,647,162	(4,703,187)	34,925,511	15,314,140	50,239,651
97000	Excess Operating Revenue over Operating Expenses	2,146,117	569,863	38,155,144	-	40,871,124	(1,285,253)	39,585,871
97100	Extraordinary Maintenance	-	-	-	-	-	-	-
97200	Casualty Losses - Non-Capitalized	-	-	-	-	-	-	-
97300-050	Housing Assistance Payments	-	-	35,783,219	-	35,783,219	-	35,783,219
97300-070	All Other	21,596	-	-	-	21,596	-	21,596
97400	Depreciation Expense	4,763,537	130,861	-	-	4,894,398	10,499,167	15,393,565
97500	Fraud losses	-	-	-	-	-	-	-
97800	Dwelling units rent expense	-	-	-	-	-	-	-
90000	Total Expenses	36,318,431	4,579,099	39,430,381	(4,703,187)	75,624,724	25,813,307	101,438,031
10010	Operating transfers in	5,214,073	(96,118)	96,118	(5,214,073)	-	-	-
10020	Operating transfers out	(5,214,073)	96,118	(96,118)	5,214,073	-	-	-
10030	Operating transfers from/to primary government	-	-	-	-	-	-	-
10040	Operating transfers from/to component unit	-	-	-	-	-	-	-
10050	Proceeds from notes, loans and bonds	-	-	-	-	-	-	-
10060	Proceeds from property sales	-	-	-	-	-	-	-
10070	Extraordinary items, net gain/loss	-	-	-	-	-	-	-
10080	Special items, net gain/loss	-	-	-	-	-	-	-
10091	Inter Project Excess Cash Transfer In	2,733,142	-	-	(2,733,142)	-	-	-
10092	Inter Project Excess Cash Transfer Out	(2,733,142)	-	-	2,733,142	-	-	-
10093	Special items, net gain/loss	-	-	-	-	-	-	-
10094	Special items, net gain/loss	-	-	-	-	-	-	-
10100	Total other financing sources (Uses)	-	-	-	-	-	-	-
10000	Excess (deficiency) of total revenue over (under) total expenses	(2,639,016)	439,002	2,371,925	-	171,911	(11,784,420)	(11,612,509)
11010	Capital Outlays Enterprise Fund	-	-	-	-	-	-	-
11020	Debt Principal Payments - Enterprise Funds	-	-	-	-	-	-	-
11030	Beginning Equity	270,564,876	3,818,569	19,948,505	-	294,331,950	13,515,384	307,847,334
11040	Prior Period Adjustments, Equity transfer and correction of errors	-	-	-	-	-	-	-
11040-070	Equity transfer	-	-	-	-	-	-	-
11190	Unit Months Available	39,913	-	74,107	-	114,020	-	114,020
11210	Number of Unit Months Leased	37,462	-	55,714	-	93,176	-	93,176
11170	Administrative Fee Equity	1	-	591,345	-	591,346	-	591,346
11180	Housing Assistance Payments Equity	-	-	525,083	-	525,083	-	525,083
11270	Excess Cash	9,601,303	-	-	-	9,601,303	-	9,601,303
11610	Land Purchases	-	-	-	-	-	-	-
11620	Building Purchases	572,699	-	-	-	572,699	-	572,699
11630	Furniture & Equipment - Dwelling Purchases	-	-	-	-	-	-	-
11640	Furniture & Equipment - Administrative Purchases	181,444	-	-	-	181,444	-	181,444
11650	Leasehold Improvements Purchases	-	-	-	-	-	-	-
11660	Infrastructure Purchases	-	-	-	-	-	-	-
13510	CFPP Debt Service Payments	-	-	-	-	-	-	-
13901	Replacement Housing Factor Funds	-	-	-	-	-	-	-

(Follow form instructions)

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