

**ANN ARBOR**  
**HOUSING COMMISSION**  
(A Component Unit of the City of Ann Arbor, Michigan)

**Financial Statements**  
(With Supplementary Information)  
**For the Year Ended June 30, 2023**



SMITH & KLACZKIEWICZ, PC  
CERTIFIED PUBLIC ACCOUNTANTS

# Ann Arbor Housing Commission

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SMITH & KLACZKIEWICZ, PC  
CERTIFIED PUBLIC ACCOUNTANTS

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A VETERAN OWNED BUSINESS

**INDEPENDENT AUDITOR'S REPORT**

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

**Report on the Audit of the Financial Statements**

***Opinions***

We have audited the accompanying financial statements of the business-type activities of the ***Ann Arbor Housing Commission***, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the ***Ann Arbor Housing Commission's*** basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the ***Ann Arbor Housing Commission***, as of June 30, 2023, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinions***

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the ***Ann Arbor Housing Commission*** and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the ***Ann Arbor Housing Commission's*** ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 *Ann Arbor Housing Commission's* internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the *Ann Arbor Housing Commission's* ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 4 to 9) be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge

we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the ***Ann Arbor Housing Commission's*** basic financial statements. The accompanying financial data schedules and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2023 on our consideration of the ***Ann Arbor Housing Commission's*** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the ***Ann Arbor Housing Commission's*** 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 ***Ann Arbor Housing Commission's*** internal control over financial reporting and compliance.

*Smith + Klaczynski PC*

***Saginaw, Michigan***  
November 13, 2023

ANN ARBOR HOUSING COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2023

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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

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

**FINANCIAL HIGHLIGHTS**

The Commission's net position increased by \$3,667,018 for FY23. This increase is primarily generated by the funding for the capital purchase of a new property, Siller Terrace, in the Business Activities cost center. The purchase of this new property was primarily funded with ARPA funds, and the revenue for the purchase is reflected on the statement of activities. However, the new property asset is recorded on the balance sheet causing the significant increase in net position.

The Section 8 programs overall reflect a loss which is primarily driven by timing difference in the receipt of HUD HAP funding. The new FSS forfeiture program is the result of HUD regulatory changes and reflects a significant gain due to tenant services expenses being significantly lower than the related FSS forfeiture revenue.

Overall, the revenue of the Commission increased by \$7,871,891 (or 29%) during 2023, and was \$34,648,321 and \$26,776,430 for FY23 and FY22 respectively. The increase in revenue is mainly the result of the affordable housing millage and marijuana rebate funding through the City of Ann Arbor, ARPA funding for the purchase of the new Siller Terrace property, additional awards/lease up of new vouchers in the Section 8 Mainstream program and HUD regulatory changes related to FSS forfeitures.

**USING THIS ANNUAL REPORT**

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

<p><b>MD&amp;A</b> Management Discussion and Analysis-pages 4-9</p>
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<p><b>Basic Financial Statements</b> Commission-wide Financial Statements - pages 10-12 Notes to Financial Statements - pages 13-22</p>
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ANN ARBOR HOUSING COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2023

<b>Other Required Supplementary Information</b> Financial Data Schedules - pages 23-32
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The current presentation focuses on both the Commission as a whole (Commission-wide) and the major individual funds. Both perspectives (Commission-wide and major fund) allow the user to address relevant questions, broaden a basis for comparison (year to year or Commission to Commission) and enhance the Commission's accountability.

### Commission-Wide Financial Statements

The Commission-wide financial statements (see pages 10-12) are designed to be corporate-like in that all business type activities are consolidated into columns which add to a total for the entire Commission.

These Statements include a Statement of Net Position, which is similar to a Balance Sheet. The Statement of Net Position reports all financial and capital resources for the Commission. The statement is presented in the format where assets, minus liabilities, equals "Net Position", formerly known as equity. Assets and liabilities are presented in order of liquidity.

The focus of the Statement of Net Position (the "Unrestricted Net Position") is designed to represent the net available liquid (non-capital) assets, net of liabilities for the entire Commission. Net Position (formerly equity) are reported in three broad categories:

Net Position, Net Investment in Capital Assets: This component of Net Position consists of all Capital Assets, reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Position: This component of Net Position consists of restricted assets, when constraints are placed on the assets by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc.

Unrestricted Net Position: Consists of Net Position that do not meet the definition of "Investment in Capital Assets" , or "Restricted Net Position".

The Commission-wide financial statements also include a Statement of Revenues, Expenses, and Changes in Fund Net Position, similar to an Income Statement. This Statement includes Operating Revenues (such as rental income), Operating Expenses (such as administrative expenses, utilities, maintenance expenses and depreciation), and Nonoperating Revenues and Expenses (such as capital grant revenue, investment revenue or interest expense).

The focus of the Statement of Revenues, Expenses, and Changes in Fund Net Position is the "Change in Net Position", which is similar to Net Income or Loss.

Finally, a Statement of Cash Flows is included, which discloses net cash provided by, or used for operating activities, non-capital financing activities, and from capital and related financial activities.

### Fund Financial Statements

Traditional users of governmental financial statements will find the Fund Financial Statements presentation more familiar. The focus is now on Major Funds, rather than fund types. The Commission consists of one major fund and is shown here as an Enterprise Fund. Enterprise Funds utilize the full accrual basis of accounting. The Enterprise method of accounting is similar to accounting utilized by the private sector accounting. Many of the funds maintained by the Commission are required by the U. S. Department of Housing and Urban Development (HUD). Others are segregated to enhance accountability and control.

ANN ARBOR HOUSING COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2023

**The Commission's Programs**

Enterprise Funds, using Business-Type Presentation Format-

**Section 8 Housing Choice Voucher Program** - Under the Housing Choice Voucher Program, the Commission administers contracts with independent landlords that own rental property. The Commission subsidizes the family's rental contribution through a Housing Assistance Payment (HAP) made to the landlord. The program is administered under an Annual Contributions Contract (ACC) with HUD. HUD provides funding to cover the HAP and administrative costs for the number of subsidy allocations awarded, with participants paying 30% of gross income and with approved exceptions, up to 40% of gross income on rent and utilities.

**Mainstream Program** - For the Mainstream program, much like the Housing Choice Voucher Program, the Commission administers contracts with independent landlords that own rental property. The Mainstream program is specifically for households with a non-elderly family member with a disability. The Commission subsidizes the family's rental contribution through a Housing Assistance Payment (HAP) made to the landlord. The program is administered under an Annual Contributions Contract (ACC) with HUD. HUD provides funding to cover the HAP and administrative costs for the number of subsidy allocations awarded, with participants paying 30% of gross income and with approved exceptions, up to 40% of gross income on rent and utilities.

**COMMISSION-WIDE STATEMENT**

The following table reflects the condensed Statement of Net Position compared to prior year. The Commission is engaged in Business-Type Activities. For more detailed information and breakdown, see page 9 "Statement of Net Position".

**TABLE 1**

**SUMMARY SCHEDULE OF NET POSITION**

	<u>2023</u>		<u>2022</u>		<u>Change</u>		<u>Change</u>
Current and Other Assets	\$ 4,239,330	\$	4,143,475	\$	95,855		2%
Capital Assets - Held for Sale	5,000,000		-		5,000,000		
Capital Assets	<u>263,333</u>		<u>97,926</u>		<u>165,407</u>		169%
Total Assets	9,502,663		4,241,401		5,261,262		124%
Current and other Liabilities	1,724,254		1,510,292		213,962		14%
Long-Term Liabilities	<u>2,005,244</u>		<u>624,851</u>		<u>1,380,393</u>		221%
Total Liabilities	3,729,498		2,135,143		1,594,355		75%
Net Position:							
Net Investment in Capital Assets	263,333		97,926		165,407		169%
Restricted	243,932		-		243,932		
Unrestricted	<u>5,265,900</u>		<u>2,008,332</u>		<u>3,257,568</u>		162%
Total Net Position	\$ <u>5,773,165</u>	\$	<u>2,106,258</u>	\$	<u>3,666,907</u>		174%



ANN ARBOR HOUSING COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2023

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

- The Capital Asset - Held for Sale represents the newly acquired Siller Terrace property. AAHDC is executing a ground lease for the improvements to Siller Terrace, LLC in FY24.
- The increase in Capital Assets as well as Net Investment in Capital Assets is the result of the the purchase of three vehicles for the facilities maintenance operation in FY23.
- The increase in long-term liabilities is related to a loan from Ann Arbor Area Community Foundation for the property acquisition of
- The restricted net position of \$243,932 represents the restricted net position in the new FSS forfeiture program.
- The increase in the unrestricted net position of is related to the development activities including new property acquisition in the Business Activities cost center.

Table 2 presents details on the changes in Unrestricted Net Position

**TABLE 2**

**CHANGE OF UNRESTRICTED NET POSITION**

Unrestricted Net Position 6/30/2022	\$	2,008,221
Results of Operations		3,667,018
Adjustments:		
Depreciation (1)		42,394
Decrease in Restricted Assets		(243,932)
Disposal/Transfer of Assets		-
Adjusted Results from Operations		3,465,480
Capital Expenditures		(207,801)
Non Operating Revenue		-
Unrestricted Net Position 6/30/2023	\$	5,265,900

(1) Depreciation is treated as an expense and reduces the results of operations but does not have an impact on Unrestricted Net Position.

While the results of operations is a significant measure of the Commission's activities, the analysis of the changes in Unrestricted Net Position provides a clearer change in financial well-being.

ANN ARBOR HOUSING COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2023

**TABLE 3**

**SUMMARY SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**

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

	<u>2023</u>	<u>2022</u>	<u>Change</u>	<u>Percent Change</u>
<b>Revenues</b>				
Tenant Revenues - Rent and Other	\$ 7,492	\$ 7,457	\$ 35	0%
Operating Subsidies and Grants	27,480,035	20,913,698	6,566,337	31%
Investment Income	8,009	1,132	6,877	608%
Other Revenues	<u>7,152,785</u>	<u>5,854,143</u>	<u>1,298,642</u>	22%
Total Revenue	\$ <u>34,648,321</u>	\$ <u>26,776,430</u>	\$ <u>7,871,891</u>	29%
<b>Expenses</b>				
Administrative	\$ 3,155,553	\$ 2,742,790	\$ 412,763	15%
Tenant Services	1,946,306	909,148	1,037,158	114%
Utilities	1,332	738	594	80%
Maintenance	47,554	21,614	25,940	120%
General and other	1,707,937	3,734,780	(2,026,843)	-54%
Development Costs	2,019,461	408,627	1,610,834	394%
Housing Assistance Payments	22,060,766	19,378,063	2,682,703	14%
Depreciation	<u>42,394</u>	<u>26,183</u>	<u>16,211</u>	62%
Total Expenses	\$ <u>30,981,303</u>	\$ <u>27,221,943</u>	\$ <u>3,759,360</u>	14%
Net Increase(Decrease)	\$ <u>3,667,018</u>	\$ <u>(445,513)</u>	\$ <u>4,112,531</u>	-923%

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

- The change in Net Position reflects a gain of \$3,667,018 for FY23. This change is primarily due to operating gains related to the Business Activities Cost Center, as well as the new FSS forfeiture program as noted in the s noted in the financial highlights on Page 1
- The increase in Operating Subsidies and Grants is mainly due to additional funding related to ARPA funding in Business Activities, but also due to the increase in HUD HAP and related admin funding.
- Investment income has increased due to the higher interest rate environment.
- The increase in other revenues is a result of the increased funding related to the millages as well as the new FSS forfeiture program.
- Tenant Services expenses are higher than the prior year mainly due to additional service contracts with local non-profit providers.
- General expenses are significantly lower than prior year for FY23. The prior year included one-time bad debt expenses related to the final construction completion and pay-off of the construction loan and closing on the permanent debt for the Swift Lane development in FY22.
- Development Costs increased significantly in FY23 as we have ramped up project development with the available affordable millage funds
- The increase in Housing Assistance Payments is a result of increased vouchers and higher rent subsidies for the Section 8 Programs in FY2

ANN ARBOR HOUSING COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2023

**CAPITAL ASSETS**

As of year end FY23, the Commission had \$263,633 invested in a variety of capital assets as reflected in the following schedule, which represents a net increase (addition, deductions and depreciation) of \$165,407. The decrease from FY22 to FY23 is due to the purchase of three new vehicles for the facilities maintenance operations.

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

	<u>Business-Type Activities</u>			Percent <u>Change</u>
	<u>2023</u>	<u>2022</u>	<u>Change</u>	
Capital Assets not being depreciated	18,057	-	18,057	
Land and Land Rights	\$ -	\$ -	-	
Construction in progress	-	-	-	
Buildings	10,193	10,193	-	0%
Equipment - Dwelling	-	-	-	
Equipment - Administrative	508,514	327,370	181,144	55%
Leasehold Improvements	5,049	5,049	-	0%
Accumulated Depreciation	<u>(278,480)</u>	<u>(244,686)</u>	<u>(33,794)</u>	<u>14%</u>
Total	\$ <u>263,333</u>	\$ <u>97,926</u>	\$ <u>165,407</u>	169%

The following reconciliation summarizes the change in Capital Assets, which is presented in detail on page 19 of the notes.

**TABLE 5  
CHANGE IN CAPITAL ASSETS**

	<u>Business-Type Activities</u>
Beginning Balance	\$ 97,926
Additions	207,801
Disposals	(8,600)
Net of Depreciation	8,600
Depreciation	<u>(42,394)</u>
Ending Balance	\$ <u>263,333</u>

**ECONOMIC FACTORS**

Significant economic factors affecting the Commission are as follows:

- Federal funding of the Department of Housing and Urban Development which is the primary source of revenue
- City negotiated union contracts which effect staff wage and benefit rates.
- Local/state economic conditions and employment trends, impacting resident incomes and therefore, the portion of rent paid by tenants and the ability of tenants to pay their portion of the rent.
- Inflation, which affects operating as well as development costs.
- Significant rise in rental rates in the current rental market affects the average rental subsidy.
- Rental market changes, specifically the trend of property sales and increased rents above the tenant-based voucher amounts.
- Significant rise in insurance costs is negatively affecting operations across the board.

**FINANCIAL CONTACT**

The individual to be contacted regarding this report is Jennifer Hall, Executive Director of the Ann Arbor Housing Commission at (734) 794-6721. Specific requests may be submitted to Jennifer Hall, Executive Director of Ann Arbor Housing Commission, 2000 S. Industrial Hwy, Ann Arbor, MI 48104.

**Ann Arbor Housing Commission**  
**Statement of Net Position**  
*June 30, 2023*

<b>Current assets</b>	
Cash and cash equivalents	\$ 2,724,916
Cash and cash equivalents - restricted	567,125
Cash - tenant security deposits	1,000
Due from other governmental units	718,819
Accounts receivable, net	55,489
Prepaid expenses	69,990
Total current assets	4,137,339
<b>Noncurrent assets</b>	
Asset held for sale	5,000,000
Capital assets:	
Nondepreciable	18,057
Depreciable	523,756
Less: accumulated depreciation	(278,480)
Net capital assets	263,333
Total assets	9,400,672
<b>Deferred outflows of resources</b>	
	101,991
<b>Current liabilities</b>	
Accounts payable	1,378,599
Accrued liabilities	102,998
Tenant security deposits	1,000
Unearned revenue	164,796
Accrued compensated absences, current portion	76,861
Total current liabilities	1,724,254
<b>Noncurrent liabilities</b>	
Other noncurrent liabilities - payable from restricted assets	1,823,193
Net pension liability	87,987
Accrued compensated absences	89,051
Total noncurrent liabilities	2,000,231
Total liabilities	3,724,485
<b>Deferred inflows of resources</b>	
	5,013
<b>Net position</b>	
Net investment in capital assets	263,333
Restricted	243,932
Unrestricted	5,265,900
Total net position	\$ 5,773,165

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

**Ann Arbor Housing Commission**  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
*For the Year Ended June 30, 2023*

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<b>Operating revenues</b>	
Tenant revenue	\$ 7,492
Program grants - subsidies	23,929,477
Other governmental grants	3,544,009
Other revenue	7,043,131
	34,524,109
 <b>Operating expenses</b>	
Administration	3,155,553
Tenant services	1,946,306
Utilities	1,332
Maintenance	47,554
Protective services	2,244
Insurance	33,990
General	3,691,164
Housing assistance payments	22,060,766
Depreciation	42,394
	30,981,303
Total operating expenses	30,981,303
Operating income (loss)	3,542,806
 <b>Nonoperating revenues and (expenses)</b>	
Fraud recovery	107,811
Insurance proceeds	1,043
Gain (loss) on sale of capital assets	800
Interest revenue	8,009
	117,663
Total nonoperating revenues and (expenses)	117,663
Income (loss) before contributions	3,660,469
Capital contributions	6,549
	3,667,018
Change in net position	3,667,018
<b>Net position</b> - Beginning of year	2,106,147
<b>Net position</b> - End of year	\$ 5,773,165

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

**Ann Arbor Housing Commission**  
**Statement of Cash Flows**  
*For the Year Ended June 30, 2023*

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<b>Cash flows from operating activities</b>	
Cash received from customers	\$ 7,489,104
Cash received from grants and subsidies	27,473,486
Cash payments to suppliers for goods and services	(29,041,620)
Cash payments for wages and related benefits	(2,004,647)
	3,916,323
Net cash provided by (used in) operating activities	
<b>Cash flows from capital and related financing activities</b>	
Purchase of capital assets	(207,801)
Capital contributions	6,549
Purchase of assets held for sale	(5,000,000)
Proceeds from note payable	1,500,000
Proceeds from sale of capital assets	800
	(3,700,452)
Net cash provided by (used in) capital and related financing activities	
<b>Cash flows from noncapital and related financing activities</b>	
Fraud recovery	107,811
Insurance proceeds	1,043
	108,854
Net cash provided by (used in) noncapital and related financing activities	
<b>Cash flows from investing activities</b>	
Interest revenue	8,009
	8,009
Net increase (decrease) in cash and cash equivalents	
	332,734
<b>Cash and cash equivalents - beginning of year</b>	
	2,960,307
<b>Cash and cash equivalents - end of year</b>	
	\$ 3,293,041
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities</b>	
Operating income (loss)	\$ 3,542,806
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Depreciation	42,394
Pension expense	(84,693)
Changes in assets and liabilities	
Decrease (increase) in receivables	291,226
Decrease (increase) in prepaid expenses	29,783
Increase (decrease) in accounts payable	185,680
Increase (decrease) in accrued liabilities	(238,128)
Increase (decrease) in unearned revenue	147,255
	147,255
Net cash provided by (used in) operating activities	
	\$ 3,916,323
<b>Reconciliation of cash and cash equivalents per the Statement of Net Position to the Statement of Cash Flows</b>	
Cash and cash equivalents	\$ 2,724,916
Cash and cash equivalents - restricted	567,125
Cash - tenant security deposits	1,000
	1,000
<b>Total</b>	\$ 3,293,041

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

# **Ann Arbor Housing Commission**

## **Notes to Financial Statements**

*For the Year Ended June 30, 2023*

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### **NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies adopted by the *Ann Arbor Housing Commission* (the “*Housing Commission*”) conform to accounting principles generally accepted in the United States of America (U.S. GAAP) as applied to governmental entities.

The Housing Commission reports as a business-type activity, as defined by the Governmental Accounting Standards Board Statement No. 34, with programs and projects.

#### **Financial Reporting Entity**

The *Ann Arbor Housing Commission* is a discrete component unit of the City of Ann Arbor, Michigan. The Housing Commission is considered to be a component unit of the City because the City Council has the ability to impose its will upon the Housing Commission by appointing and removing a member of the Housing Commission’s Board of Commissioners before the expiration of his or her term.

The Housing Commission’s financial reporting entity is comprised of the special purpose government. In determining the financial reporting entity, the Housing Commission complies with the provisions of GASB Statement No. 14, as amended by GASB Statement No. 39, “*The Financial Reporting Entity*” and includes all component units, if any, of which the Housing Commission appoints a voting majority of the units’ Board; the Housing Commission is either able to impose its will on the unit or a financial benefit or burden relationship exists. There are no agencies, organizations or activities that meet the criteria.

The *Ann Arbor Housing Commission* was formed by the City of Ann Arbor, Michigan under Public Act 18 of 1933 of the State of Michigan. The Housing Commission operates under a Board of Commissioners appointed by the City Mayor.

These financial statements include all activities of the Housing Commission, which include Section 8 Housing Choice Vouchers (1,954 units including 336 RAD Project Based Voucher units, 237 Veterans Affairs Supportive Housing (VASH) for Homeless Veterans vouchers), 100 Non-elderly Disabled Vouchers and 32 Family Unification Vouchers). In addition the Housing Commission administers 251 units of Mainstream Vouchers (MS5) and 29 Emergency Housing Vouchers. These programs receive subsidies and annual contributions from the Department of Housing and Urban Development (“HUD”).

#### **Basis of Presentation**

The economic resources measurement focus and the accrual basis of accounting are used in preparing the financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

# **Ann Arbor Housing Commission**

## **Notes to Financial Statements**

*For the Year Ended June 30, 2023*

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Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Housing Commission are Federal grants and charges to customers for services. Operating expenses include housing assistance payments, administrative expenses, maintenance, utilities and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Following is a description of the Housing Commission's programs:

Other Project accounts for the revenue and related operations of the EHPA-NRMR Turnkey III Home buyer program.

14.871 Section 8 Housing Choice Vouchers Program accounts for the revenue and related operations of the Section 8 Housing Choice Vouchers grant program.

Business Activities accounts for the revenue and related operations of the Ann Arbor Housing Development Corporation, a 501c3 nonprofit organization.

Central Office Cost Center accounts for the revenue and related operations of the administrative offices.

14.879 Mainstream Vouchers Program accounts for the revenue and related operations of the Mainstream Vouchers grant program.

14.896 PIH Family Self-Sufficiency Program accounts for the revenue and related operations of the FSS grant program.

14.EHV Emergency Housing Vouchers Program accounts for the revenue and related operations of the Emergency Housing Vouchers grant program.

14.881 Moving to Work Demonstration Program accounts for the revenue and related operations of the Moving to Work Demonstration grant program.

14.HCV MTW Demonstration Program for HCV Program accounts for the revenue related to the Moving to Work Demonstration grant program.

14.EFA FSS Escrow Forfeiture Program accounts for the revenue and related operations for proceeds from FSS forfeiture activity.

When both restricted and unrestricted resources are available for use, it is the Housing Commission's policy to use restricted resources first, then unrestricted resources as they are needed.



# Ann Arbor Housing Commission

## Notes to Financial Statements

For the Year Ended June 30, 2023

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### **Assets, Liabilities, Deferred Outflows / Inflows of Resources and Equity**

#### **Cash and Cash Equivalents**

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

The amount of cash and cash equivalents – restricted recorded on the Statement of Net Position has been restricted in accordance with HUD regulations and can only be used for the corresponding program.

#### **Receivables and Payables**

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

#### **Prepaid Expenses**

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

#### **Capital Assets**

Capital assets, which include property, buildings, equipment and leasehold improvements are reported in the financial statements. Capital assets are defined by the Housing Commission as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

# Ann Arbor Housing Commission

## Notes to Financial Statements

For the Year Ended June 30, 2023

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### **Deferred Outflows of Resources**

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense) until then. The Housing Commission has one item that qualifies for reporting in this category, which is the deferred outflows of resources related to the defined benefit pension plan. The deferred outflows of resources related to the defined benefit pension plan are reported in the financial statements.

### **Compensated Absences**

It is the Housing Commission's policy to permit employees to accumulate a limited amount of earned but unused vacation days. The liability for these compensated absences is recorded as short-term and long-term liabilities based on historical trends. In accordance with the provision of GASB Statement No. 16, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

### **Other Noncurrent Liabilities**

This balance consists of amounts held in the Family Self Sufficiency Escrow account. These deposits are held in a separate account in accordance with the grant requirements.

### **Unearned Revenue**

Unearned revenue represents revenue for the subsequent year that was collected prior to the end of the current fiscal year along with mental health millage funds that have yet to be earned.

### **Deferred Inflows of Resources**

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Housing Commission has one type of item that qualifies for reporting in this category, which is the deferred inflows of resources related to the defined benefit pension plan. The deferred inflows of resources related to the defined benefit pension plan are reported in the financial statements.

### **Equity**

Equity is classified as net position and reported as the following components:

*Net investment in capital assets* – Consists of capital assets at historical cost, net of accumulated depreciation.

*Restricted net position* – Consists of FSS escrow forfeitures. These excess funds may only be used for future FSS payments to tenants who graduate from the program.

*Unrestricted net position* - Consists of all other equity that does not meet the definition of "restricted" or "net investment in capital assets".

# Ann Arbor Housing Commission

## Notes to Financial Statements

For the Year Ended June 30, 2023

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### Revenues and Expenses

Operating revenues and expenses are those that result from providing services. Also included, all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities. Expenses are classified as operating and nonoperating.

### Estimates

In preparing financial statements in conformity with U.S. GAAP, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### **NOTE B - DETAILED NOTES ON TRANSACTIONS CLASSES / ACCOUNTS**

The following notes present detailed information to support the amounts reported in the basic financial statements for the Housing Commission's various assets, liabilities, equity, revenues and expenses.

### **Cash and Cash Equivalents**

At year-end, the carrying amount of the Housing Commission's deposits was as follows:

	<u>Carrying Amount</u>
Financial Statement Captions	
Cash and cash equivalents	\$ 2,724,916
Cash and cash equivalents – restricted	567,125
Cash – tenant security deposits	<u>1,000</u>
Total	<u>\$ 3,293,041</u>
Notes to Financial Statements	
Deposits	<u>\$ 3,293,041</u>

### **Deposit and Investment Risk**

State law limits the allowable investments and the maturities of some of the allowable investments as identified in the following list of authorized investments.

- Bonds, securities, other obligations and repurchase agreements of the United States, or an agency or instrumentality of the United States
- Certificates of deposit, savings accounts, deposit accounts or depository receipts of a qualified financial institution
- Commercial paper rated at the time of purchase within the 2 highest classifications established by not less than 2 standard rating services and that matures not more than 270 days after the date of purchase
- Bankers acceptances of United States banks

# Ann Arbor Housing Commission

## Notes to Financial Statements

For the Year Ended June 30, 2023

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- Obligations of the State of Michigan and its political subdivisions that, at the time of purchase are rated as investment grade by at least one standard rating service
- Mutual funds registered under the investment company act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation
- External investment pools as authorized by Public Act 20 as amended through December 31, 1997

### *Interest Rate Risk*

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

### *Credit Risk*

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

### *Custodial Credit Risk – Deposits*

Custodial credit risk is the risk that in the event of a bank failure, the Housing Commission's deposits may not be returned. State law does not require and the Housing Commission does not have a policy for deposit custodial credit risk. At year-end, \$2,558,509 of the Housing Commission's bank balance of \$3,308,509 was exposed to custodial credit risk because it was uninsured, however, it was partially collateralized with government securities with a market value of \$672,995.

### *Concentration of Credit Risk*

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

### **Accounts Receivable**

The accounts receivable balance is comprised of the following:

Due from City of Ann Arbor	\$ 718,819
Accounts receivable – miscellaneous	55,489
Notes receivable from tax credits	12,658,110
Interest receivable	3,480,835
Allowance for doubtful accounts	<u>(16,138,945)</u>
Total receivables, net	<u>\$ 774,308</u>

# Ann Arbor Housing Commission

## Notes to Financial Statements

For the Year Ended June 30, 2023

### Capital Assets

Capital asset activity for the year was as follows:

	Beginning Balance	Additions	Disposals/ Transfers	Ending Balance
Capital assets not being depreciated	\$ -	\$ 18,057	\$ -	\$ 18,057
Capital assets being depreciated				
Buildings	10,193	-	-	10,193
Furniture, equipment and machinery – administration	327,370	189,744	(8,600)	508,514
Leasehold improvements	5,049	-	-	5,049
Total capital assets being depreciated	342,612	189,744	(8,600)	523,756
Less accumulated depreciation	(244,686)	(42,394)	8,600	(278,480)
Net capital assets being depreciated	97,926	147,350	-	245,276
Total net capital assets	\$ 97,926	\$ 165,407	\$ -	\$ 263,333

### Compensated Absences

The following is a summary of changes in accrued compensated absences for the year.

	Beginning Balance	Additions	Deductions	Ending Balance	Amount Due Within One Year
Accrued compensated absences	\$ 146,539	\$ 117,197	\$ (97,824)	\$ 165,912	\$ 76,861

### NOTE D - OTHER INFORMATION

#### Concentration of Revenue

The Housing Commission is dependent upon the Department of Housing and Urban Development to fund its operations through operating subsidies and capital funding grants. Total revenue received from HUD for the fiscal year ended June 30, 2023 and 2022 was \$23,936,026 or 78% and \$20,913,698 or 78% of revenue respectively.

#### Risk Management

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

## **Ann Arbor Housing Commission**

### **Notes to Financial Statements**

*For the Year Ended June 30, 2023*

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#### **Pension Plan**

The Housing Commission participates in the City of Ann Arbor Employees Retirement Plan (“CAAERS”). The City of Ann Arbor’s defined benefit pension plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Ann Arbor City Code Chapter 17.1 of the Ann Arbor Charter assigns the authority to establish and amend benefit provisions to the City Council. CAAERS issues a publicly available financial report that includes financial statements and required supplementary information for the plan. Housing Commission employees that were hired after January 1, 2017 are required to participate in a hybrid pension plan administered by the City of Ann Arbor Employees’ Retirement System. The hybrid pension plan is comprised of two components: a defined benefit plan and a defined contribution plan. Under the defined benefit plan, the Housing Commission contributes 6% of the employee’s wages with a 3% contribution from the employee. Retirement benefits under the defined benefit plan within the hybrid are calculated as 1.25% of the employee’s final five-year average compensation multiplied by the years of service for General members (non-Safety personnel). Employees vest 100% in the defined benefit plan after 10 years of service.

Under the defined contribution plan, the employees contribute 3% of their wages and the employer contributes 5.2% for General members. Employees vest 100% in the defined contribution plan after five years of service. That report may be obtained by writing to the City of Ann Arbor Employees’ Retirement System, 532 S. Maple Road, Ann Arbor, Michigan, 48103 or by calling (877) 994-4590.

The Housing Commission is invoiced by the City of Ann Arbor on a monthly basis for its required contributions. For the fiscal year ended June 30, 2023, the Housing Commission was invoiced at 28.82% of gross wages for employees hired before 1/1/2017 and 13.79% for employees hired after 1/1/2017. Housing Commission employees are required to contribute 6% of their annual compensation. The contribution requirements of plan members are established and may be amended by the City Council.

The Housing Commission recorded deferred outflows of \$101,991, deferred inflows of \$5,013 and a net pension liability of \$87,987 for pension benefits offered to the Executive Director.

GASB 68 requires additional disclosures related to pension benefits; those required additional disclosures are included only in the financial statements of the City of Ann Arbor.

#### **Postemployment Benefits**

The Housing Commission participates in the City’s postemployment benefits plan. The City of Ann Arbor Retiree Health Care Benefits Plan is a single-employer defined benefit healthcare plan administered by the City of Ann Arbor Employees’ Retirement System. The plan provides certain health care and life insurance benefits for eligible retired employees and their dependents in accordance with Ann Arbor City Code Chapter 21. Health insurance benefits are provided through an administrative service contract which the City reimburses the administrator for claims paid plus an administration fee. The City of Ann Arbor Retiree Health Care Benefits Plan issues

## **Ann Arbor Housing Commission**

### **Notes to Financial Statements**

*For the Year Ended June 30, 2023*

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a publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to the City of Ann Arbor Employees' Retirement System, 532 S. Maple Rd., Ann Arbor, Michigan, 48103 or by calling (877) 994-4590.

For the year ended June 30, 2023, the Housing Commission was invoiced and contributed \$93,456 which equated to approximately \$10,384 per enrollee. This plan has been closed to new hires.

#### **Contingencies**

Under the terms of certain Federal and State grants, periodic audits are required and certain costs may be questioned as not representing appropriate expenditures under the terms of the grants. Such audits could lead to reimbursement to the grantor agencies. Housing Commission management believes disallowances, if any, would be minimal.

In fiscal year 2015, the Housing Commission entered into a contractual agreement to transfer all employees of the Housing Commission, except the Executive Director, to the General Fund of the City of Ann Arbor. The Housing Commission is invoiced by the City of Ann Arbor on a monthly basis for all costs related to those former employees. The liabilities related to pension and other postemployment benefits of the transferred employees are not reported in the Housing Commission's financial statements because the amount of those liabilities cannot be reasonably estimated. Future costs related to pension and other postemployment benefits of the employees that were transferred to the City will be invoiced to the Housing Commission as they come due.

In fiscal year 2017, the Housing Commission obtained loans from the Federal Home Loan Bank ("FHLB"). The terms of the FHLB loans bear 0% interest and there is no payment due on the loans unless the Housing Commission fails to perform or keep any obligation or agreement of the Borrower provided in the application, regulations, policies and procedures, implementation plan or loan documents, within the next 15 years, therefore no debt is recorded on the financial statements.

#### **Limited Partnerships / Low Income Housing Credits**

The Housing Commission created a nonprofit entity, the Ann Arbor Housing Development Corporation for which the Housing Commission is the sole member. The Housing Commission has also created 4 for-profit limited partnerships (Maple Tower, River Run, West Arbor and Swift Lane) for the purposes of transferring the rights to use income tax credits available on low-income housing to investor limited partners. The Ann Arbor Housing Development Corporation is the single member entity of the for-profit general partnership members of the limited partnerships. The investor limited partners have paid in amounts to the Ann Arbor Housing Development Corporation (the general partner) for the right to use these low income housing credits. None of the equity of the limited partnerships is included in the financial statements of the Housing Commission.

# **Ann Arbor Housing Commission**

## **Notes to Financial Statements**

*For the Year Ended June 30, 2023*

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The Housing Commission created a second nonprofit entity, the Ann Arbor Affordable Housing Corporation for which the Housing Commission is the sole member. AAAHC is a single asset entity that consists of 136 units of senior housing commonly known as Lurie Terrace Apartments.





**Ann Arbor Housing Commission**  
**Financial Data Schedule**  
**Project Balance Sheet**  
*June 30, 2023*

Line Item #	Account Description	Total Projects	Other Project
111	Cash - Unrestricted	\$ 174,658	\$ 174,658
114	Cash - Tenant Security Deposits	1,000	1,000
100	Total Cash	<u>175,658</u>	<u>175,658</u>
150	Total Current Assets	<u>175,658</u>	<u>175,658</u>
290	Total Assets	<u>\$ 175,658</u>	<u>\$ 175,658</u>
312	Accounts Payable <= 90 Days	\$ 1,315	\$ 1,315
341	Tenant Security Deposits	1,000	1,000
310	Total Current Liabilities	<u>2,315</u>	<u>2,315</u>
300	Total Liabilities	<u>2,315</u>	<u>2,315</u>
512.4	Unrestricted Net Position	<u>173,343</u>	<u>173,343</u>
513	Total Equity - Net Assets / Position	<u>173,343</u>	<u>173,343</u>
600	Total Liab., Def. Inflow of Res., and Equity - Net Assets / Position	<u>\$ 175,658</u>	<u>\$ 175,658</u>

**Ann Arbor Housing Commission**  
**Financial Data Schedule**  
**Project Income Statement**  
*For the Year Ended June 30, 2023*

Line Item #	Account Description	Total Projects	Other Project
70300	Net Tenant Rental Revenue	\$ 7,492	\$ 7,492
70500	Total Tenant Revenue	<u>7,492</u>	<u>7,492</u>
70600	HUD PHA Operating Grants	7,683	7,683
71100	Investment Income - Unrestricted	<u>1,837</u>	<u>1,837</u>
70000	Total Revenue	<u>17,012</u>	<u>17,012</u>
91300	Management fee	681	681
91310	Bookkeeping Fee	90	90
91600	Office Expenses	21	21
91000	Total Operating - Administrative	<u>792</u>	<u>792</u>
92400	Tenant Services - Other	<u>25</u>	<u>25</u>
92500	Total Tenant Services	<u>25</u>	<u>25</u>
93100	Water	<u>1,317</u>	<u>1,317</u>
93000	Total Utilities	<u>1,317</u>	<u>1,317</u>
94200	Ordinary Maintenance and Operations - Materials and Other	8,240	8,240
94300	Ordinary Maintenance and Operations - Contracts	5,893	5,893
94000	Total Maintenance	<u>14,133</u>	<u>14,133</u>
96900	Total Operating Expenses	<u>16,267</u>	<u>16,267</u>
97000	Excess of Operating Revenue over (under) Operating Expenses	<u>745</u>	<u>745</u>
90000	Total Expenses	<u>16,267</u>	<u>16,267</u>
10000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	745	745
11030	Beginning Equity	172,598	172,598
11190	Unit Months Available	12	12
11210	Number of Unit Months Leased	12	12
11270	Excess Cash	171,988	171,988

**Ann Arbor Housing Commission**  
**Financial Data Schedule**  
**Program Financials - Balance Sheet**  
*June 30, 2023*

Line Item #	Account Description	Central Office Cost Center
111	Cash - Unrestricted	\$ 310,786
100	Total Cash	<u>310,786</u>
124	Accounts Receivable - Other Government	13,333
125	Accounts Receivable - Miscellaneous	<u>50,347</u>
120	Total Receivables, Net of Allowances for Doubtful Accounts	<u>63,680</u>
142	Prepaid Expenses and Other Assets	46,604
144	Inter Program - Due From	<u>49,304</u>
150	Total Current Assets	<u>470,374</u>
162	Buildings	10,193
164	Furniture, Equipment & Machinery - Administration	257,033
165	Leasehold Improvements	5,049
166	Accumulated Depreciation	(226,277)
167	Construction in Progress	<u>18,057</u>
160	Total Capital Assets, Net of Accumulated Depreciation	<u>64,055</u>
180	Total Noncurrent Assets	<u>64,055</u>
200	Deferred Outflow of Resources	<u>101,991</u>
290	Total Assets and Deferred Outflow of Resources	<u>\$ 636,420</u>
312	Accounts Payable <= 90 Days	\$ 320,792
321	Accrued Wage/Payroll Taxes Payable	32,970
322	Accrued Compensated Absences - Current Portion	<u>43,260</u>
310	Total Current Liabilities	<u>397,022</u>
354	Accrued Compensated Absences - Noncurrent	62,065
357	Accrued Pension and OPEB Liabilities	<u>87,987</u>
350	Total Noncurrent Liabilities	<u>150,052</u>
300	Total Liabilities	<u>547,074</u>
400	Deferred Inflows of Resources	<u>5,013</u>
508.4	Net Investment in Capital Assets	64,055
512.4	Unrestricted Net Position	<u>20,278</u>
513	Total Equity - Net Assets / Position	<u>84,333</u>
600	Total Liab., Def. Inflow of Res., and Equity - Net Assets / Position	<u>\$ 636,420</u>

**Ann Arbor Housing Commission**  
**Financial Data Schedule**  
**Program Financials - Income Statement**  
*For the Year Ended June 30, 2023*

Line Item #	Account Description	Central Office Cost Center
70610	Capital Grants	\$ 6,549
70710	Management Fee	387,655
70730	Bookkeeping Fee	181,327
70750	Other Fees	410,063
70700	Total Fee Revenue	<u>979,045</u>
71500	Other Revenue	<u>125,380</u>
71600	Gain or Loss on Sale of Capital Assets	<u>800</u>
70000	Total Revenue	<u>1,111,774</u>
91100	Administrative Salaries	822,491
91200	Auditing Fees	5,010
91500	Employee Benefit Contributions - Administrative	14,460
91600	Office Expenses	139,731
91700	Legal Expense	35
91800	Travel	2,141
91000	Total Operating - Administrative	<u>983,868</u>
92400	Tenant Services - Other	272
92500	Total Tenant Services	<u>272</u>
93100	Water	15
93000	Total Utilities	<u>15</u>
94200	Ordinary Maintenance and Operations - Materials and Other	2,854
94300	Ordinary Maintenance and Operations Contracts	5,103
94000	Total Maintenance	<u>7,957</u>
96120	Liability Insurance	7,381
96100	Total Insurance Premiums	<u>7,381</u>
96210	Compensated Absences	17,438
96000	Total Other General Expenses	<u>17,438</u>
96900	Total Operating Expenses	<u>1,016,931</u>
97000	Excess of Operating Revenue over (under) Operating Expenses	<u>94,843</u>
97200	Casualty Losses - Noncapitalized	(1,043)
97400	Depreciation Expense	<u>12,337</u>
90000	Total Expenses	<u>1,028,225</u>
10000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	83,549
11030	Beginning Equity	784

**Ann Arbor Housing Commission**  
**Financial Data Schedule**  
**Program Financials - Balance Sheet**  
*June 30, 2023*

Line Item #	Account Description	Total Programs	14.871 Housing Choice Vouchers	14.896 PIH Family Self-Sufficiency Program	14.879 Mainstream Vouchers	14.EHV Emergency Housing Voucher	14.881 Moving to Work Demonstration Program	14.HCV MTW Demonstration Program for HCV Program	14.EFA FSS Escrow Forfeiture Account	Business Activities
111	Cash - Unrestricted	\$ 2,239,472	\$ -	\$ -	\$ 81,296	\$ 43,670	\$ 4,111	\$ -	\$ -	\$ 2,110,395
113	Cash - Other Restricted	567,125	-	-	833	-	322,360	-	243,932	-
100	Total Cash	2,806,597	-	-	82,129	43,670	326,471	-	243,932	2,110,395
124	Accounts Receivable - Other Government	705,486	-	-	-	-	-	-	-	705,486
125	Accounts Receivable - Miscellaneous	12,663,252	-	-	290	-	4,852	-	-	12,658,110
126.2	Allowance for Doubtful Accounts - Other	(16,138,945)	-	-	-	-	-	-	-	(16,138,945)
129	Accrued Interest Receivable	3,480,835	-	-	-	-	-	-	-	3,480,835
120	Total Receivables, Net of Allowances for Doubtful Accounts	710,628	-	-	290	-	4,852	-	-	705,486
142	Prepaid Expenses and Other Assets	23,386	-	-	-	-	19,443	-	-	3,943
150	Total Current Assets	3,540,611	-	-	82,419	43,670	350,766	-	243,932	2,819,824
164	Furniture, Equipment & Machinery - Administration	251,481	-	-	-	-	61,737	-	-	189,744
166	Accumulated Depreciation	(52,203)	-	-	-	-	(34,493)	-	-	(17,710)
160	Total Capital Assets, Net of Accumulated Depreciation	199,278	-	-	-	-	27,244	-	-	172,034
174	Other Assets	5,000,000	-	-	-	-	-	-	-	5,000,000
180	Total Noncurrent Assets	5,199,278	-	-	-	-	27,244	-	-	5,172,034
290	Total Assets	\$ 8,739,889	\$ -	\$ -	\$ 82,419	\$ 43,670	\$ 378,010	\$ -	\$ 243,932	\$ 7,991,858
312	Accounts Payable <= 90 Days	\$ 1,056,492	\$ -	\$ -	\$ 28,818	\$ 5,254	\$ 308,110	\$ -	\$ -	\$ 714,310
321	Accrued Wage/Payroll Taxes Payable	39,562	-	-	3,701	563	35,298	-	-	-
322	Accrued Compensated Absences - Current Portion	33,601	-	-	3,581	601	29,419	-	-	-
342	Unearned Revenue	164,796	-	-	-	28,910	-	-	-	135,886
346	Accrued Liabilities - Other	30,466	-	-	296	2,691	27,479	-	-	-
347	Inter Program - Due To	49,304	-	-	7,172	841	41,291	-	-	-
310	Total Current Liabilities	1,374,221	-	-	43,568	38,860	441,597	-	-	850,196
353	Noncurrent Liabilities - Other	1,823,193	-	-	833	-	322,360	-	-	1,500,000
354	Accrued Compensated Absences - Noncurrent	26,986	-	-	2,414	770	23,802	-	-	-
350	Total Noncurrent Liabilities	1,850,179	-	-	3,247	770	346,162	-	-	1,500,000
300	Total Liabilities	3,224,400	-	-	46,815	39,630	787,759	-	-	2,350,196
508.4	Net Investment in Capital Assets	199,278	-	-	-	-	27,244	-	-	172,034
511.4	Restricted Net Position	243,932	-	-	-	-	-	-	243,932	-
512.4	Unrestricted Net Position	5,072,279	-	-	35,604	4,040	(436,993)	-	-	5,469,628
513	Total Equity - Net Assets / Position	5,515,489	-	-	35,604	4,040	(409,749)	-	243,932	5,641,662
600	Total Liab., Def. Inflow of Res., and Equity - Net Assets / Position	\$ 8,739,889	\$ -	\$ -	\$ 82,419	\$ 43,670	\$ 378,010	\$ -	\$ 243,932	\$ 7,991,858

**Ann Arbor Housing Commission**  
**Financial Data Schedule**  
**Program Financials - Income Statement**  
**For the Year Ended June 30, 2023**

Line Item #	Account Description	Total Programs	14.871 Housing Choice Vouchers	14.896 PIH Family Self-Sufficiency Program	14.879 Mainstream Vouchers	14.EHV Emergency Housing Voucher	14.881 Moving to Work Demonstration Program	14.HCV MTW Demonstration Program for HCV Program	14.EFA FSS Escrow Forfeiture Account	Business Activities
70600	HUD PHA Operating Grants	\$ 23,921,794	\$ 2,178,355	\$ 206,165	\$ 2,488,409	\$ 364,236	\$ -	\$ 18,684,629	\$ -	\$ -
70800	Other Government Grants	3,544,009	-	-	-	-	-	-	-	3,544,009
71100	Investment Income - Unrestricted	5,795	-	-	-	-	-	-	-	5,795
71400	Fraud Recovery	107,811	1,310	-	7,627	-	98,874	-	-	-
71500	Other Revenue	6,507,688	-	-	32,236	2,384	-	-	245,746	6,227,322
72000	Investment Income - Restricted	377	-	-	-	377	-	-	-	-
70000	<b>Total Revenue</b>	<b>34,087,474</b>	<b>2,179,665</b>	<b>206,165</b>	<b>2,528,272</b>	<b>366,997</b>	<b>98,874</b>	<b>18,684,629</b>	<b>245,746</b>	<b>9,777,126</b>
91100	Administrative Salaries	1,424,190	115,588	206,165	109,091	17,150	935,211	-	-	40,985
91200	Auditing Fees	12,140	1,194	-	-	-	9,661	-	-	1,285
91300	Management Fee	386,974	40,978	-	36,760	4,839	304,397	-	-	-
91310	Bookkeeping Fee	181,237	18,255	-	17,415	2,220	143,347	-	-	-
91500	Employee Benefit Contributions - Administrative	36,153	3,427	-	5,000	-	27,726	-	-	-
91600	Office Expenses	699,034	24,547	-	9,629	5,198	198,605	-	-	461,055
91800	Travel	147	-	-	-	-	147	-	-	-
91000	<b>Total Operating - Administrative</b>	<b>2,739,875</b>	<b>203,989</b>	<b>206,165</b>	<b>177,895</b>	<b>29,407</b>	<b>1,619,094</b>	<b>-</b>	<b>-</b>	<b>503,325</b>
92400	Tenant Services - Other	1,946,009	-	-	29,810	14,006	48,764	-	1,814	1,851,615
92500	<b>Total Tenant Services</b>	<b>1,946,009</b>	<b>-</b>	<b>-</b>	<b>29,810</b>	<b>14,006</b>	<b>48,764</b>	<b>-</b>	<b>1,814</b>	<b>1,851,615</b>
94100	Ordinary Maintenance and Operations - Labor	7,936	-	-	-	-	-	-	-	7,936
94200	Ordinary Maintenance and Operations - Materials and Other	1,102	-	-	-	-	1,102	-	-	-
94300	Ordinary Maintenance and Operations - Contracts	16,426	-	-	-	-	319	-	-	16,107
94000	<b>Total Maintenance</b>	<b>25,464</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,421</b>	<b>-</b>	<b>-</b>	<b>24,043</b>
95200	Protective Services - Other Contract Costs	2,244	-	-	-	-	-	-	-	2,244
95000	<b>Total Protective Services</b>	<b>2,244</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,244</b>
96120	Liability Insurance	26,609	-	-	-	-	24,948	-	-	1,661
96100	<b>Total Insurance Premiums</b>	<b>26,609</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>24,948</b>	<b>-</b>	<b>-</b>	<b>1,661</b>
96200	Other General Expenses	2,034,851	1,554	-	870	-	12,572	-	-	2,019,855
96210	Compensated Absences	1,935	-	-	495	307	1,133	-	-	-
96600	Bad Debt - Other	1,636,940	-	-	-	-	2,693	-	-	1,634,247
96000	<b>Total Other General Expenses</b>	<b>3,673,726</b>	<b>1,554</b>	<b>-</b>	<b>1,365</b>	<b>307</b>	<b>16,398</b>	<b>-</b>	<b>-</b>	<b>3,654,102</b>
96900	<b>Total Operating Expenses</b>	<b>8,413,927</b>	<b>205,543</b>	<b>206,165</b>	<b>209,070</b>	<b>43,720</b>	<b>1,710,625</b>	<b>-</b>	<b>1,814</b>	<b>6,036,990</b>
97000	Excess of Operating Revenue over (under) Operating Expenses	25,673,547	1,974,122	-	2,319,202	323,277	(1,611,751)	18,684,629	243,932	3,740,136

**Ann Arbor Housing Commission**  
**Financial Data Schedule**  
**Program Financials - Income Statement**  
*For the Year Ended June 30, 2023*

Line Item #	Account Description	Total Programs	14.871 Housing Choice Vouchers	14.896 PIH Family Self-Sufficiency Program	14.879 Mainstream Vouchers	14.EHV Emergency Housing Voucher	14.881 Moving to Work Demonstration Program	14.HCV MTW Demonstration Program for HCV Program	14.EFA FSS Escrow Forfeiture Account	Business Activities
97300	Housing Assistance Payments	\$ 22,060,766	\$ 1,974,122	\$ -	\$ 2,309,722	\$ 317,390	\$ 17,459,532	\$ -	\$ -	\$ -
97400	Depreciation Expense	30,057	-	-	-	-	12,347	-	-	17,710
90000	Total Expenses	30,504,750	2,179,665	206,165	2,518,792	361,110	19,182,504	-	1,814	6,054,700
10010	Operating Transfer In	18,684,629	-	-	-	-	18,684,629	-	-	-
10020	Operating Transfer Out	(18,684,629)	-	-	-	-	-	(18,684,629)	-	-
10100	Total Other Financing Sources (Uses)	-	-	-	-	-	18,684,629	(18,684,629)	-	-
10000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	3,582,724	-	-	9,480	5,887	(399,001)	-	243,932	3,722,426
11030	Beginning Equity	1,932,765	-	-	26,124	(1,847)	(10,748)	-	-	1,919,236
11190	Unit Months Available	26,808	3,082	-	3,012	348	20,366	-	-	-
11210	Number of Unit Months Leased	196,190	2,434	-	2,322	295	191,139	-	-	-

**Ann Arbor Housing Commission**  
**Financial Data Schedule**  
**PHA Financial Data - Balance Sheet**  
**June 30, 2023**

Line Item #	Account Description	Project Totals	Program Totals	Central Office Cost Center	Subtotal	Elimination	Total
111	Cash - Unrestricted	\$ 174,658	\$ 2,239,472	\$ 310,786	\$ 2,724,916	\$ -	\$ 2,724,916
113	Cash - Other Restricted	-	567,125	-	567,125	-	567,125
114	Cash - Tenant Security Deposits	1,000	-	-	1,000	-	1,000
100	Total Cash	<u>175,658</u>	<u>2,806,597</u>	<u>310,786</u>	<u>3,293,041</u>	<u>-</u>	<u>3,293,041</u>
124	Accounts Receivable - Other Government	-	705,486	13,333	718,819	-	718,819
125	Accounts Receivable - Miscellaneous	-	12,663,252	50,347	12,713,599	-	12,713,599
126.2	Allowance for Doubtful Accounts - Other	-	(16,138,945)	-	(16,138,945)	-	(16,138,945)
129	Accrued Interest Receivable	-	3,480,835	-	3,480,835	-	3,480,835
120	Total Receivables, Net of Allow. for Doubtful Accounts	<u>-</u>	<u>710,628</u>	<u>63,680</u>	<u>774,308</u>	<u>-</u>	<u>774,308</u>
142	Prepaid Expenses and Other Assets	-	23,386	46,604	69,990	-	69,990
144	Inter Program - Due From	-	-	49,304	49,304	(49,304)	-
150	Total Current Assets	<u>175,658</u>	<u>3,540,611</u>	<u>470,374</u>	<u>4,186,643</u>	<u>(49,304)</u>	<u>4,137,339</u>
162	Buildings	-	-	10,193	10,193	-	10,193
164	Furniture, Equipment & Machinery - Administration	-	251,481	257,033	508,514	-	508,514
165	Leasehold Improvements	-	-	5,049	5,049	-	5,049
166	Accumulated Depreciation	-	(52,203)	(226,277)	(278,480)	-	(278,480)
167	Construction in Progress	-	-	18,057	18,057	-	18,057
160	Total Capital Assets, Net of Accumulated Depreciation	<u>-</u>	<u>199,278</u>	<u>64,055</u>	<u>263,333</u>	<u>-</u>	<u>263,333</u>
174	Other Assets	-	5,000,000	-	5,000,000	-	5,000,000
180	Total Noncurrent Assets	<u>-</u>	<u>5,199,278</u>	<u>64,055</u>	<u>5,263,333</u>	<u>-</u>	<u>5,263,333</u>
200	Deferred Outflow of Resources	-	-	101,991	101,991	-	101,991
290	Total Assets	<u>\$ 175,658</u>	<u>\$ 8,739,889</u>	<u>\$ 636,420</u>	<u>\$ 9,551,967</u>	<u>\$ (49,304)</u>	<u>\$ 9,502,663</u>
312	Accounts Payable <= 90 Days	\$ 1,315	\$ 1,056,492	\$ 320,792	\$ 1,378,599	\$ -	\$ 1,378,599
321	Accrued Wage/Payroll Taxes Payable	-	39,562	32,970	72,532	-	72,532
322	Accrued Compensated Absences - Current Portion	-	33,601	43,260	76,861	-	76,861
341	Tenant Security Deposits	1,000	-	-	1,000	-	1,000
342	Unearned Revenue	-	164,796	-	164,796	-	164,796
346	Accrued Liabilities - Other	-	30,466	-	30,466	-	30,466
347	Inter Program - Due To	-	49,304	-	49,304	(49,304)	-
310	Total Current Liabilities	<u>2,315</u>	<u>1,374,221</u>	<u>397,022</u>	<u>1,773,558</u>	<u>(49,304)</u>	<u>1,724,254</u>
353	Noncurrent Liabilities - Other	-	1,823,193	-	1,823,193	-	1,823,193
354	Accrued Compensated Absences - Noncurrent	-	26,986	62,065	89,051	-	89,051
357	Accrued Pension and OPEB Liabilities	-	-	87,987	87,987	-	87,987
350	Total Noncurrent Liabilities	<u>-</u>	<u>1,850,179</u>	<u>150,052</u>	<u>2,000,231</u>	<u>-</u>	<u>2,000,231</u>
300	Total Liabilities	<u>2,315</u>	<u>3,224,400</u>	<u>547,074</u>	<u>3,773,789</u>	<u>(49,304)</u>	<u>3,724,485</u>
400	Deferred Inflows of Resources	-	-	5,013	5,013	-	5,013
508.4	Net Investment in Capital Assets	-	199,278	64,055	263,333	-	263,333
511.4	Restricted Net Position	-	243,932	-	243,932	-	243,932
512.4	Unrestricted Net Position	173,343	5,072,279	20,278	5,265,900	-	5,265,900
513	Total Equity - Net Assets / Position	<u>173,343</u>	<u>5,515,489</u>	<u>84,333</u>	<u>5,773,165</u>	<u>-</u>	<u>5,773,165</u>
600	Total Liab., Def. Inflow of Res., and Equity - Net Assets / Position	<u>\$ 175,658</u>	<u>\$ 8,739,889</u>	<u>\$ 636,420</u>	<u>\$ 9,551,967</u>	<u>\$ (49,304)</u>	<u>\$ 9,502,663</u>



**Ann Arbor Housing Commission**  
**Financial Data Schedule**  
**PHA Financial Data - Income Statement**  
*For the Year Ended June 30, 2023*

Line Item #	Account Description	Project Totals	Program Totals	Central Office Cost Center	Subtotal	Elimination	Total
70300	Net Tenant Rental Revenue	\$ 7,492	\$ -	\$ -	\$ 7,492	\$ -	\$ 7,492
70500	Total Tenant Revenue	7,492	-	-	7,492	-	7,492
70600	HUD PHA Operating Grants	7,683	23,921,794	-	23,929,477	-	23,929,477
70610	Capital Grants	-	-	6,549	6,549	-	6,549
70800	Other Government Grants	-	3,544,009	-	3,544,009	-	3,544,009
70710	Management Fee	-	-	387,655	387,655	(387,655)	-
70730	Bookkeeping Fee	-	-	181,327	181,327	(181,327)	-
70750	Other Fees	-	-	410,063	410,063	-	410,063
70700	Total Fee Revenue	-	-	979,045	979,045	(568,982)	410,063
71100	Investment Income - Unrestricted	1,837	5,795	-	7,632	-	7,632
71400	Fraud Recovery	-	107,811	-	107,811	-	107,811
71500	Other Revenue	-	6,507,688	125,380	6,633,068	-	6,633,068
71600	Gain or Loss on Sale of Capital Assets	-	-	800	800	-	800
72000	Investment Income - Restricted	-	377	-	377	-	377
70000	Total Revenue	17,012	34,087,474	1,111,774	35,216,260	(568,982)	34,647,278
91100	Administrative Salaries	-	1,424,190	822,491	2,246,681	-	2,246,681
91200	Auditing Fees	-	12,140	5,010	17,150	-	17,150
91300	Management Fee	681	386,974	-	387,655	(387,655)	-
91310	Bookkeeping Fee	90	181,237	-	181,327	(181,327)	-
91500	Employee Benefit Contributions - Administrative	-	36,153	14,460	50,613	-	50,613
91600	Office Expenses	21	699,034	139,731	838,786	-	838,786
91700	Legal Expense	-	-	35	35	-	35
91800	Travel	-	147	2,141	2,288	-	2,288
91000	Total Operating - Administrative	792	2,739,875	983,868	3,724,535	(568,982)	3,155,553
92400	Tenant Services - Other	25	1,946,009	272	1,946,306	-	1,946,306
92500	Total Tenant Services	25	1,946,009	272	1,946,306	-	1,946,306
93100	Water	1,317	-	15	1,332	-	1,332
93000	Total Utilities	1,317	-	15	1,332	-	1,332

**Ann Arbor Housing Commission**  
**Financial Data Schedule**  
**PHA Financial Data - Income Statement**  
*For the Year Ended June 30, 2023*

Line Item #	Account Description	Project Totals	Program Totals	Central Office Cost Center	Subtotal	Elimination	Total
94100	Ordinary Maintenance and Operations - Labor	\$ -	\$ 7,936	\$ -	\$ 7,936	\$ -	\$ 7,936
94200	Ordinary Maintenance and Operations - Materials and Other	8,240	1,102	2,854	12,196	-	12,196
94300	Ordinary Maintenance and Operations - Contracts	5,893	16,426	5,103	27,422	-	27,422
94000	Total Maintenance	<u>14,133</u>	<u>25,464</u>	<u>7,957</u>	<u>47,554</u>	<u>-</u>	<u>47,554</u>
95200	Protective Services - Other Contract Costs	-	2,244	-	2,244	-	2,244
95000	Total Protective Services	<u>-</u>	<u>2,244</u>	<u>-</u>	<u>2,244</u>	<u>-</u>	<u>2,244</u>
96120	Liability Insurance	-	26,609	7,381	33,990	-	33,990
96100	Total Insurance Premiums	<u>-</u>	<u>26,609</u>	<u>7,381</u>	<u>33,990</u>	<u>-</u>	<u>33,990</u>
96200	Other General Expenses	-	2,034,851	-	2,034,851	-	2,034,851
96210	Compensated Absences	-	1,935	17,438	19,373	-	19,373
96600	Bad Debt - Other	-	1,636,940	-	1,636,940	-	1,636,940
96000	Total Other General Expenses	<u>-</u>	<u>3,673,726</u>	<u>17,438</u>	<u>3,691,164</u>	<u>-</u>	<u>3,691,164</u>
96900	Total Operating Expenses	<u>16,267</u>	<u>8,413,927</u>	<u>1,016,931</u>	<u>9,447,125</u>	<u>(568,982)</u>	<u>8,878,143</u>
97000	Excess of Operating Revenue over (under) Operating Expenses	<u>745</u>	<u>25,673,547</u>	<u>94,843</u>	<u>25,769,135</u>	<u>-</u>	<u>25,769,135</u>
97200	Casualty Losses - Noncapitalized	-	-	(1,043)	(1,043)	-	(1,043)
97300	Housing Assistance Payments	-	22,060,766	-	22,060,766	-	22,060,766
97400	Depreciation Expense	-	30,057	12,337	42,394	-	42,394
90000	Total Expenses	<u>16,267</u>	<u>30,504,750</u>	<u>1,028,225</u>	<u>31,549,242</u>	<u>(568,982)</u>	<u>30,980,260</u>
10010	Operating Transfer In						
10020	Operating Transfer Out	-	18,684,629	-	18,684,629	-	18,684,629
10030	Operating Transfers from/to Primary Government	-	(18,684,629)	-	(18,684,629)	-	(18,684,629)
10100	Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
10000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	<u>745</u>	<u>3,582,724</u>	<u>83,549</u>	<u>3,667,018</u>	<u>-</u>	<u>3,667,018</u>
11030	Beginning Equity	172,598	1,932,765	784	2,106,147	-	2,106,147
11190	Unit Months Available	12	26,808	-	26,820	-	26,820
11210	Number of Unit Months Leased	12	196,190	-	196,202	-	196,202
11270	Excess Cash	171,988	-	-	171,988	-	171,988



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A VETERAN OWNED BUSINESS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the *Ann Arbor Housing Commission*, a component unit of the City of Ann Arbor, Michigan as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the *Ann Arbor Housing Commission's* basic financial statements and have issued our report thereon dated November 13, 2023.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the *Ann Arbor Housing Commission's* internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the *Ann Arbor Housing Commission's* internal control. Accordingly, we do not express an opinion on the effectiveness of the *Ann Arbor Housing Commission's* internal control.

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

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

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the *Ann Arbor Housing Commission's* financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Smith + Klauszewicz PC*

*Saginaw, Michigan*

November 13, 2023



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A VETERAN OWNED BUSINESS

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

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

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

***Opinion on Each Major Federal Program***

We have audited the *Ann Arbor Housing Commission's* compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of *Ann Arbor Housing Commission's* major federal programs for the year ended June 30, 2023. The *Ann Arbor Housing Commission's* major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the *Ann Arbor Housing Commission* complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the *Ann Arbor Housing Commission* and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the *Ann Arbor Housing Commission's* compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to *Ann Arbor Housing Commission's* federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the ***Ann Arbor Housing Commission's*** compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the **Ann Arbor Housing Commission's** compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding ***Ann Arbor Housing Commission's*** compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of ***Ann Arbor Housing Commission's*** internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the ***Ann Arbor Housing Commission's*** internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

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

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

*Smith + Klaushawitz PC*

***Saginaw, Michigan***

November 13, 2023

**Ann Arbor Housing Commission**  
**Schedule of Expenditures of Federal Awards**  
*For the Year Ended June 30, 2023*

<b>Federal Agency / Pass Through Agency / Program Title</b>	<b>Federal Assistance Listing Number</b>	<b>Amount Expended</b>
<b>Department of Housing and Urban Development</b>		
Direct programs:		
Public and Indian Housing	14.850	\$ 7,683
Section 8 Housing Choice Vouchers	14.871	2,179,665
Emergency Housing Vouchers	14.871	361,110
Mainstream Vouchers	14.879	2,518,792
Total Section 8 Housing Choice Vouchers		5,059,567
Capital Fund Program	14.872	6,549
Moving to Work Demonstration Program	14.881	19,170,157
Family Self-Sufficiency	14.896	206,165
Indirect programs:		
Pass through the City of Ann Arbor Community Project Funding	14.251	44,009
Total Department of Housing and Urban Development		24,494,130
<b>Department of Treasury</b>		
Direct program:		
Coronavirus State and Local Fiscal Recovery Funds	21.027	3,500,000
Total		\$ 27,994,130
<b>Reconciliation to Statement of Revenues, Expenses and Changes in Fund Net Position</b>		
Federal revenue reported on the Statement of Revenues, Expenses and Changes in Fund Net Position:		
Program grants - subsidies		\$ 27,429,477
Other governmental grants		3,544,009
Change in net position pertaining to HAP		(2,979,356)
Total expenditures per Schedule of Expenditures of Federal Awards		\$ 27,994,130

See accompanying notes to schedule of expenditures of federal awards



**Ann Arbor Housing Commission**  
**Schedule of Findings and Questioned Costs (continued)**  
*For the Year Ended June 30, 2023*

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

**Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting

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

Noncompliance material to financial statements noted? \_\_\_\_\_ Yes \_\_\_\_\_ X No

**Federal Awards**

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

Internal control over major program(s)

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

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

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

Federal Assistance Listing Number	Name of Federal Program(s) or Cluster(s)
14.881	Moving to Work Demonstration Program
21.027	Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between type A and type B programs: \$ 839,824

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

**Ann Arbor Housing Commission**  
**Notes to Schedule of Expenditures of Federal Awards**  
***For the Year Ended June 30, 2023***

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*Note 1 - Basis of Presentation*

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the ***Ann Arbor Housing Commission*** under programs of the federal government for the year ended June 30, 2023. The information in this schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the ***Ann Arbor Housing Commission***, it is not intended to and does not present the financial position, changes in net position or cash flows of the ***Ann Arbor Housing Commission***.

*Note 2 - Summary of Significant Accounting Policies*

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

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

*Note 3 - Subrecipients*

None of the federal expenditures presented in the Schedule were provided to subrecipients.

**Ann Arbor Housing Commission**  
**Schedule of Findings and Questioned Costs (*concluded*)**  
***For the Year Ended June 30, 2023***

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**Section II - Financial Statement Audit Findings**

*None*

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

*None*

**Section IV - Prior Year Findings**

*None*