
Detroit Housing Commission

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

Financial Report
with Supplemental Information
June 30, 2018

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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 basic 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, 2018 and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the discretely presented component units, other than Woodbridge ILF Associates Limited Dividend Housing Limited Partnership; Woodbridge Estates IX; Limited Dividend Housing Association, LLC; and Gardenview Homes X Limited Dividend Housing Association, LLC. The discretely presented component units audited by other auditors represent 87 percent of the assets and 94 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 Limited Partnership, 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 opinion.

Opinions

In our opinion, based on our audit and the report of other auditors, the basic financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities and aggregate discretely presented component units of the Detroit Housing Commission as of June 30, 2018 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.

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 pension 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 actual program costs and advances are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

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

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

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, 2018 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, 2018

Management's Discussion and Analysis (Unaudited)

June 30, 2018

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, 2018. The purpose of this summary is to assist the reader in focusing on significant financial issues, to provide an overview of DHC's financial activities for the year, to highlight changes in DHC's financial position, and to identify individual fund or program issues or concerns. This MD&A does not include the information of the discretely presented component units.

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

Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Interim Executive Director Hellen Kipplen., 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, 2018 by \$294,331,950 (net position).
- The Commission had operating revenue from HUD of \$63,420,642 and HUD capital grants of \$5,285,718, which includes funds for redevelopment and capital asset activities.
- The Commission's unrestricted cash and cash equivalents totaled \$21,968,582 at June 30, 2018
- Public housing has maintained occupancy of an average of 93.0 percent for the fiscal year ended June 30, 2018.
- The Commission utilized 80.6 percent of its Section 8 baseline vouchers under the Housing Choice Voucher program and spent 101.0 percent of its annual budget authority.
- HUD loans HOPE VI and Replacement Housing Factor (RHF) funds to discrete component units for the redevelopment and acquisition of housing. In addition, the Commission has other sources of funds that were loaned as well. The discrete component units are required to repay these funds of \$136,066,465 to the Commission, which are included in the notes, loans, and mortgages receivable at June 30, 2018.
- During fiscal year 2018, 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, 2018

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

The Commission's Programs

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

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

Section 8 Program - Within the Assisted Housing division is our main Section 8 program, which is known as the Housing Choice Voucher (HCV) program. DHC administers contracts with private landlords that own and lease units within our community. DHC subsidizes the family's rent through a monthly housing assistance payment (HAP) made to the landlord. These programs are operated under annual contribution contracts (ACC) with HUD, which enables DHC to structure a lease that sets the participants' housing costs at 30 percent of household income, adjusted for family composition and certain allowances. DHC currently administers 6,067 Housing Choice Vouchers and 144 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.

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

June 30, 2018

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.

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.

Management's Discussion and Analysis (Unaudited)

June 30, 2018

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

Financial Analysis

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

Statement of Net Position			
	2018	2017	Net Change
Assets and Deferred Outflows			
Current Assets	\$ 33,518,773	\$ 32,930,492	\$ 588,281
Capital Assets - Net	113,884,688	121,056,356	(7,171,668)
Other noncurrent assets	<u>156,760,833</u>	<u>149,478,025</u>	<u>7,282,808</u>
Total assets and deferred outflows	304,164,294	303,464,873	699,421
Liabilities and Deferred Inflows			
Current Liabilities	\$ 8,021,454	\$ 7,422,899	\$ 598,555
Other noncurrent Liabilities	<u>1,810,890</u>	<u>2,054,213</u>	<u>(243,323)</u>
Total Liabilities and deferred inflows	9,832,344	9,477,112	355,232
Net Position			
Net investment in capital assets	113,884,688	121,056,356	(7,171,668)
Restricted	142,113,740	136,593,366	5,520,374
Unrestricted	<u>38,333,522</u>	<u>36,338,039</u>	<u>1,995,483</u>
Total net position	<u>294,331,950</u>	<u>293,987,761</u>	<u>344,189</u>
Total liabilities and net position	<u>\$ 304,164,294</u>	<u>\$ 303,464,873</u>	<u>\$ 699,421</u>

Current assets increased by 1.7 percent primarily due to an increase in the restricted cash (NRA for HCV program) and in the HUD receivable for capital grants.

The Commission's net investment in capital assets decreased by 6 percent or approximately \$7.1 million. This was primarily due to the sale of several large vacant buildings and 126 Scattered Sites homes.

Other noncurrent assets increased by 3.9 percent due to an increase of accrued interest receivable on the loans and notes receivable.

Total assets decreased by approximately \$700,000 or less than 1 percent, due mostly to the property sales mentioned above. Total liabilities increased by approximately \$355,000 or less than 1 percent, primarily due to the liability recorded for the pension (GASB 68).

Management's Discussion and Analysis (Unaudited)

June 30, 2018

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

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

Detroit Housing Commission

Management's Discussion and Analysis (Unaudited)

June 30, 2018

	2018	2017	Net Change
Operating Revenue			
HUD operating revenue	\$ 63,420,642	\$ 66,326,390	\$ (2,905,748)
Tenant revenue - Net	5,568,909	5,509,940	58,969
Other operating revenue	<u>463,254</u>	<u>909,337</u>	<u>(446,083)</u>
Total operating revenue	69,452,805	72,745,667	(3,292,862)
Operating Expenses			
Administrative	10,460,488	12,105,433	(1,644,945)
Tenant services	57,699	83,881	(26,182)
Utilities	4,644,470	4,286,078	358,392
Maintenance	12,609,865	13,337,279	(727,414)
Protective services	973,998	989,438	(15,440)
General	5,985,439	5,688,297	297,142
Depreciation and amortization	4,835,189	5,089,294	(254,105)
Housing assistance payments	<u>36,221,426</u>	<u>37,135,456</u>	<u>(914,030)</u>
Total operating expenses	<u>75,788,574</u>	<u>78,715,156</u>	<u>(2,926,582)</u>
Operating Loss	(6,335,769)	(5,969,489)	(366,280)
Nonoperating Revenue (Expense)			
Loss on sale of asset	(1,052,692)	-	(1,052,692)
Investment income - Unrestricted	271,877	117,513	154,364
Interest Income - Restricted	<u>2,175,055</u>	<u>2,163,489</u>	<u>11,566</u>
Total nonoperating revenue	<u>1,394,240</u>	<u>2,281,002</u>	<u>(886,762)</u>
Decrease in Net Position Before Capital Contributions	(4,941,529)	(3,688,487)	(1,253,042)
Capital Contributions			
Capital contributions - HUD	5,285,718	1,203,317	4,082,401
Capital Contributions - Local grants	<u>-</u>	<u>103,676</u>	<u>(103,676)</u>
Decrease in Net Position	344,189	(2,381,494)	2,725,683
Net Position - Beginning of year	<u>293,987,761</u>	<u>296,369,255</u>	<u>(2,381,494)</u>
Net Position - End of year	<u>\$ 294,331,950</u>	<u>\$ 293,987,761</u>	<u>\$ 344,189</u>

Total operating revenue decreased by approximately \$3,292,000 for the fiscal year ended June 30, 2018, primarily due to a decrease in HUD subsidy income. There was also an decrease in HUD subsidy income. This year's subsidy formula for the Low-income Housing Program included a 91.09 percent funding level for calendar year 2018 (affecting six months of DHC's fiscal year funding). This was a decrease from the prior calendar year level of approximately 93.1 percent pro-ration.

Management's Discussion and Analysis (Unaudited)

June 30, 2018

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 \$2.9 million (4 percent) in total operating expenses is primarily due to a decrease in available funding.

Non-operating revenue decreased by approximately \$886,000 primarily due to the loss on sale of assets.

Capital contributions increased by \$4.0 due mainly to the spending of HOPE VI.

The Commission has no long-term debt as of June 30, 2018.

Capital Assets and Debt Activity

Note to Auditor: Obtain an analysis from the client discussing the capital asset and long-term debt activity, and paste the client's analysis below.

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>2018</u>	<u>2017</u>	<u>Net Change</u>
Nondepreciable			
Land	\$ 73,209,783	\$ 73,789,283	\$ (579,500)
Construction in progress	<u>2,531,607</u>	<u>2,200,190</u>	<u>331,417</u>
Total nondepreciable	75,741,390	75,989,473	(248,083)
Depreciated			
Structures and improvements	\$ 79,100,171	\$ 84,778,465	\$ (5,678,294)
Equipment	<u>7,380,050</u>	<u>7,380,050</u>	<u>-</u>
Total depreciated	<u>86,480,221</u>	<u>92,158,515</u>	<u>(5,678,294)</u>
Total capital assets	162,221,611	168,147,988	(5,926,377)
Total Accumulated depreciation	<u>(48,336,923)</u>	<u>(47,091,632)</u>	<u>(1,245,291)</u>
Capital assets - Net	<u>\$ 113,884,688</u>	<u>\$ 121,056,356</u>	<u>\$ (7,171,668)</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 2019 and 2020 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, 2018

	Primary Government - Business-Type Activities	Total Discrete Component Units
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and cash equivalents - Unrestricted (Note 3)	\$ 21,968,582	\$ 8,281,958
Cash and cash equivalents - Restricted (Note 3)	9,721,228	10,926,850
Receivables - Net	870,624	244,036
Prepaid expenses	420,699	243,275
Due from other governments	546,491	-
Total current assets	33,527,624	19,696,119
Noncurrent Assets		
Capital assets - Nondepreciable (Notes 4 and 11)	75,741,390	27,801,460
Capital assets - Depreciable - Net (Notes 4 and 11)	38,143,298	184,647,258
Accrued interest receivable - Unrestricted (Note 7)	2,437,761	-
Accrued interest receivable - Restricted (Note 7)	17,186,284	-
Other noncurrent assets	-	1,407,122
Notes, loans, and mortgages receivable - Net (Note 7) - Due from discrete component units with the exception of \$567,175 which is due from the Homeownership Program	136,065,957	-
Total assets	303,102,314	233,551,959
Deferred Outflows of Resources - Deferred outflows related to pensions (Note 8)	1,070,831	-
Total assets and deferred outflows of resources	\$ 304,173,145	\$ 233,551,959
Liabilities, Deferred Inflows of Resources, and Net Position		
Current Liabilities		
Current portion of long-term debt (Note 11)	\$ -	\$ 179,459
Accounts payable	1,472,525	7,758,492
Accrued interest payable	-	20,545,791
Accrued salaries and benefits	128,745	-
Accrued compensated absences	20,602	-
Due to other governments	300,687	-
Tenant security deposits	304,163	315,203
Unearned revenue	4,244,017	43,104
Other current liabilities	1,559,566	1,714,110
Total current liabilities	8,030,305	30,556,159
Noncurrent Liabilities		
Long-term debt - Includes \$134,896,521 which is due to Detroit Housing Commission (Note 11)	-	186,817,974
Accrued compensated absences	381,825	-
Net pension liability (Note 8)	304,705	-
Other noncurrent liabilities	-	2,662,441
Total liabilities	8,716,835	220,036,574
Deferred Inflows of Resources - Deferred inflows related to pensions (Note 8)	1,124,360	-
Net Position		
Net investment in capital assets	113,884,688	25,451,285
Restricted for reserves	8,417,247	10,722,034
Restricted for housing assistance payment	128,865	-
Restricted for housing projects (notes receivable)	133,567,628	-
Unrestricted net position	38,333,522	(22,657,934)
Total net position	294,331,950	13,515,385
Total liabilities, deferred inflows of resources, and net position	\$ 304,173,145	\$ 233,551,959

Statement of Activities

Year Ended June 30, 2018

	Primary Government - Business-Type Activities	Total Discrete Component Units
Operating Revenue		
HUD operating revenue	\$ 63,420,642	\$ -
Tenant revenue - Net	5,568,909	12,526,307
Other operating revenue	<u>463,254</u>	<u>59,760</u>
Total operating revenue	69,452,805	12,586,067
Operating Expenses		
Administrative	10,460,488	3,489,918
Tenant services	57,699	-
Utilities	4,644,470	1,946,443
Maintenance	12,609,865	3,067,104
Protective services	973,998	270,061
General	5,985,439	2,029,953
Depreciation and amortization	4,835,189	10,829,173
Housing assistance payments	<u>36,221,426</u>	<u>-</u>
Total operating expenses	<u>75,788,574</u>	<u>21,632,652</u>
Operating Loss Before Nonoperating Expense	(6,335,769)	(9,046,585)
Nonoperating Revenue (Expense)		
Loss on sale of asset	(1,052,692)	
Investment income - Unrestricted	271,877	121,319
Investment Income - Restricted	2,175,055	21,557
Interest Expense	<u>-</u>	<u>(3,433,159)</u>
Total nonoperating revenue (expense)	<u>1,394,240</u>	<u>(3,290,283)</u>
Decrease in Net Position Before Capital Contributions and Distributions	(4,941,529)	(12,336,868)
Capital Contributions and Distributions		
Capital contributions - HUD	5,285,718	-
Partner contributions	-	1,949,109
Partner distributions and syndication costs	<u>-</u>	<u>(220,833)</u>
Decrease in Net Position	344,189	(10,608,592)
Net Position - Beginning of year	<u>293,987,761</u>	<u>24,123,977</u>
Net Position - End of year	<u>\$ 294,331,950</u>	<u>\$ 13,515,385</u>

Statement of Cash Flows

June 30, 2018

Cash Flows from Operating Activities	
Cash received from HUD operating subsidies and grants	\$ 63,613,106
Cash received from tenants	5,426,814
Other receipts	945,921
Cash payments for housing assistance	(36,221,426)
Cash payments to employees	(10,366,789)
Cash payments to suppliers	<u>(23,976,865)</u>
Net cash and cash equivalents used in operating activities	(579,239)
Cash Flows from Investing Activities	
Investment in notes receivable - Net	(5,273,294)
Interest received	<u>213,119</u>
Net cash and cash equivalents provided by investing activities	(5,060,175)
Cash Flows from Capital and Related Financing Activities	
HUD capital grants	5,478,182
Proceeds from sale of property and equipment	1,186,600
Purchase of property and equipment	<u>(417,123)</u>
Net cash and cash equivalents provided by capital and related financing activities	<u>6,247,659</u>
Net Increase in Cash and Cash Equivalents	608,245
Cash and Cash Equivalents - Beginning of year	<u>31,081,565</u>
Cash and Cash Equivalents - End of year	<u>\$ 31,689,810</u>
Cash Reconciliation	
Current cash and cash equivalents - Unrestricted	\$ 21,968,582
Current cash and cash equivalents - Restricted	<u>9,703,657</u>
Total cash and cash equivalents	<u>\$ 31,672,239</u>
Reconciliation of Operating Loss to Net Cash from Operating Activities	
Operating loss	\$ (6,335,769)
Adjustments to reconcile operating loss to net cash and cash equivalents from	
operating activities:	
Depreciation	4,835,189
Loss on disposal of fixed assets	514,310
Bad debt	167,239
Change in pension liability and deferrals	(53,988)
(Increase) decrease in operating assets:	
Receivables - Net	(309,334)
Prepaid expenses and other assets	(30,405)
Increase (decrease) in operating liabilities:	
Accounts payable	(213,409)
Due to HUD	133,836
Accrued salaries and benefits	(131,512)
Tenant security deposits	(18,820)
Deferred revenue and other liabilities	<u>863,424</u>
Net cash used in operating activities	<u>\$ (579,239)</u>

Detroit Housing Commission

Combining Balance Sheet for Discretely Presented Component Units

	The Villages of Parkside II, LLC June 30, 2018	The Villages of Parkside IV, LLC June 30, 2018	Woodbridge Estates Apartments I, LLC December 31, 2017	Woodbridge Estates Apartments II, LLC December 31, 2017	Woodbridge Estates Apartments III, Limited Dividend Housing Association, LLC December 31, 2017	Woodbridge Estates Apartments IV, Limited Dividend Housing Association, LLC December 31, 2017	Woodbridge Estates Apartments V, Limited Dividend Housing Association, LLC December 31, 2017
Assets							
Current Assets							
Cash and cash equivalents - Unrestricted	98,655	8,555	58,240	94,697	70,418	63,273	91,054
Cash and cash equivalents - Restricted	190,342	109,451	106,975	185,772	195,796	294,853	362,702
Receivables - Net	8,434	12,285	2,183	12,969	3,807	6,671	3,876
Prepaid expenses	5,755	5,446	8,140	11,871	7,123	8,649	11,871
Total current assets	303,186	135,737	175,538	305,309	277,144	373,446	469,503
Noncurrent Assets							
Capital assets - Net	7,784,832	6,687,152	4,129,246	5,402,382	4,449,721	5,393,345	7,856,467
Other noncurrent assets	-	-	3,561	5,017	21,736	12,109	17,416
Total assets	<u>\$ 8,088,018</u>	<u>\$ 6,822,889</u>	<u>\$ 4,308,345</u>	<u>\$ 5,712,708</u>	<u>\$ 4,748,601</u>	<u>\$ 5,778,900</u>	<u>\$ 8,343,386</u>
Liabilities and Net Position							
Current Liabilities							
Current portion of long-term debt	-	-	17,300	25,600	26,800	33,400	49,900
Accounts payable	73,729	109,994	1,239	-	21,334	11,525	41,194
Accrued interest payable	4,461,889	1,869,185	1,216,568	1,824,738	1,020,933	1,164,278	1,350,733
Tenant security deposits	17,150	12,800	7,688	10,266	6,221	11,403	7,384
Deferred revenue	-	6,209	5,231	139	2,621	2,405	632
Other current liabilities	21,154	10,797	18,087	28,056	13,632	16,855	23,969
Total current liabilities	4,573,922	2,008,985	1,266,113	1,888,799	1,091,541	1,239,866	1,473,812
Noncurrent Liabilities							
Long-term debt	25,514,772	20,990,363	3,307,015	4,401,369	3,357,442	4,013,732	5,432,379
Other noncurrent liabilities	-	-	-	-	75,868	60,058	239,426
Total liabilities	30,088,694	22,999,348	4,573,128	6,290,168	4,524,851	5,313,656	7,145,617
Net Position							
Net investment in capital assets	(17,729,940)	(14,303,211)	804,931	975,413	1,065,479	1,346,213	2,374,188
Restricted net assets	167,422	93,292	106,975	185,772	188,518	282,353	354,702
Unrestricted net assets	(4,438,158)	(1,966,540)	(1,176,689)	(1,738,645)	(1,030,247)	(1,163,322)	(1,531,121)
Total net position	(22,000,676)	(16,176,459)	(264,783)	(577,460)	223,750	465,244	1,197,769
Total liabilities and net position	<u>\$ 8,088,018</u>	<u>\$ 6,822,889</u>	<u>\$ 4,308,345</u>	<u>\$ 5,712,708</u>	<u>\$ 4,748,601</u>	<u>\$ 5,778,900</u>	<u>\$ 8,343,386</u>

See notes to financial statements.

Detroit Housing Commission

Combining Balance Sheet for Discretely Presented Component Units (Continued)

	Woodbridge Estates VI Limited Dividend Housing Association, LLC December 31, 2017	Woodbridge Estates IX Limited Dividend Housing Association, LLC June 30, 2018	Woodbridge ILF Associates Limited Dividend Housing Association Limited Partnership December 31, 2017	Alexandrine Square Limited Dividend Housing Association Limited Partnership December 31, 2017	Gardenview Homes I Limited Dividend Housing Association, LLC December 31, 2017	Gardenview Homes II Limited Dividend Housing Association, LLC December 31, 2017	Gardenview Homes III Limited Dividend Housing Association, LLC December 31, 2017	Gardenview Homes IV Limited Dividend Housing Association, LLC December 31, 2017
ASSETS								
Current Assets								
Cash and cash equivalents - Unrestricted	196,245	118,915	30,891	2,830	154,610	68,629	86,799	146,057
Cash and cash equivalents - Restricted	293,869	82,350	948,967	2,308	753,047	686,931	707,932	471,161
Receivables - Net	2,868	-	23,233	16,203	5,438	2,608	6,288	4,900
Prepaid expenses	7,801	-	26,568	-	15,401	7,219	7,219	7,850
Total current assets	500,783	201,265	1,029,659	21,341	928,496	765,387	808,238	629,968
Noncurrent Assets								
Capital assets - Net	8,177,639	2,568,379	8,939,406	1,159,156	15,332,863	6,613,420	6,451,998	7,434,301
Other noncurrent assets	227,837	-	-	-	-	-	-	-
Total assets	<u>\$ 8,906,259</u>	<u>\$ 2,769,644</u>	<u>\$ 9,969,065</u>	<u>\$ 1,180,497</u>	<u>\$ 16,261,359</u>	<u>\$ 7,378,807</u>	<u>\$ 7,260,236</u>	<u>\$ 8,064,269</u>
Liabilities and Net Position								
Current Liabilities								
Current portion of long-term debt	-	-	-	-	26,459	-	-	-
Accounts payable	-	687,771	46,092	140,042	12,105	2,137	2,137	-
Accrued interest payable	517,527	-	2,908,327	360,991	9,298	-	-	194,865
Tenant security deposits	2,656	-	26,165	2,308	22,304	3,455	5,455	4,518
Deferred revenue	1,899	-	3,012	2,702	206	85	163	230
Other current liabilities	58,277	-	33,715	275,692	41,298	19,197	21,781	19,335
Total current liabilities	580,359	687,771	3,017,311	781,735	111,670	24,874	29,536	218,948
Noncurrent Liabilities								
Long-term debt	2,442,921	1,323,568	3,680,393	265,780	11,635,270	8,815,134	8,852,919	3,887,485
Other noncurrent liabilities	-	-	-	442,000	-	-	-	24,771
Total liabilities	3,023,280	2,011,339	6,697,704	1,489,515	11,746,940	8,840,008	8,882,455	4,131,204
Net Position								
Net investment in capital assets	5,734,718	1,244,811	5,259,013	893,376	3,671,134	(2,201,714)	(2,400,921)	3,546,816
Restricted net assets	290,703	82,350	900,068	-	729,047	682,181	702,332	471,161
Unrestricted net assets	(142,442)	(568,856)	(2,887,720)	(1,202,394)	114,238	58,332	76,370	(84,912)
Total net position	5,882,979	758,305	3,271,361	(309,018)	4,514,419	(1,461,201)	(1,622,219)	3,933,065
Total liabilities and net position	<u>\$ 8,906,259</u>	<u>\$ 2,769,644</u>	<u>\$ 9,969,065</u>	<u>\$ 1,180,497</u>	<u>\$ 16,261,359</u>	<u>\$ 7,378,807</u>	<u>\$ 7,260,236</u>	<u>\$ 8,064,269</u>

Detroit Housing Commission

Combining Balance Sheet for Discretely Presented Component Units (Continued)

	Gardenview Homes V Limited Dividend Housing Association, LLC December 31, 2017	Gardenview Homes VI Limited Dividend Housing Association, LLC December 31, 2017	Gardenview Homes VII Limited Dividend Housing Association, LLC December 31, 2017	Gardenview Homes VIII Limited Dividend Housing Association, LLC December 31, 2017	Gardenview Homes IX Limited Dividend Housing Association, LLC December 31, 2017	Gardenview Homes X Limited Dividend Housing Association, LLC June 30, 2018	Emerald Springs IA Limited Dividend Housing Association Limited Partnership Year Ended December 31, 2017
Assets							
Current Assets							
Cash and cash equivalents - Unrestricted	202,672	119,165	116,725	114,762	159,022	5,294,812	6,539
Cash and cash equivalents - Restricted	414,711	402,226	513,048	516,430	271,874	-	744,270
Receivables - Net	-	3,409	3,852	2,246	4,361	-	61,312
Prepaid expenses	7,850	7,380	13,155	13,476	7,540	-	12,839
Total current assets	625,233	532,180	646,780	646,914	442,797	5,294,812	824,960
Noncurrent Assets							
Capital assets - Net	10,504,488	9,628,208	11,992,800	11,605,923	8,711,978	13,272,484	10,173,989
Other noncurrent assets	-	-	-	-	48,006	55,550	287,321
Total assets	<u>\$ 11,129,721</u>	<u>\$ 10,160,388</u>	<u>\$ 12,639,580</u>	<u>\$ 12,252,837</u>	<u>\$ 9,202,781</u>	<u>\$ 18,622,846</u>	<u>\$ 11,286,270</u>
Liabilities and Net Position							
Current Liabilities							
Current portion of long-term debt	-	-	-	-	-	-	-
Accounts payable	-	-	-	-	1,908	6,431,541	109,470
Accrued interest payable	-	-	1,254,350	-	-	-	120,314
Tenant security deposits	6,093	6,095	12,626	10,976	8,968	-	30,067
Deferred revenue	1,348	235	1,868	43	44	-	4,279
Other current liabilities	27,369	57,130	237,793	258,378	30,546	119,291	110,964
Total current liabilities	34,810	63,460	1,506,637	269,397	41,466	6,550,832	375,094
Noncurrent Liabilities							
Long-term debt	5,414,293	4,841,976	10,230,000	10,031,000	4,408,936	11,078,701	5,276,012
Other noncurrent liabilities	95,306	-	158,120	1,437,559	129,333	-	-
Total liabilities	5,544,409	4,905,436	11,894,757	11,737,956	4,579,735	17,629,533	5,651,106
Net Position							
Net investment in capital assets	5,090,195	4,786,232	1,762,800	1,574,923	4,303,042	2,193,783	4,897,977
Restricted net assets	408,138	395,976	499,680	504,450	260,809	-	744,270
Unrestricted net assets	86,979	72,744	(1,517,657)	(1,564,492)	59,195	(1,200,470)	(7,083)
Total net position	<u>5,585,312</u>	<u>5,254,952</u>	<u>744,823</u>	<u>514,881</u>	<u>4,623,046</u>	<u>993,313</u>	<u>5,635,164</u>
Total liabilities and net position	<u>\$ 11,129,721</u>	<u>\$ 10,160,388</u>	<u>\$ 12,639,580</u>	<u>\$ 12,252,837</u>	<u>\$ 9,202,781</u>	<u>\$ 18,622,846</u>	<u>\$ 11,286,270</u>

See notes to financial statements.

Detroit Housing Commission

Combining Balance Sheet for Discretely Presented Component Units (Continued)

	Emerald Springs IB Limited Dividend Housing Association Limited Partnership Year Ended December 31, 2017	Emerald Springs II Limited Dividend Housing Association Limited Partnership Year Ended June 30, 2018	Cornerstone Estates I Limited Dividend Housing Association, LLC Year Ended December 31, 2017	Cornerstone Estates II Limited Dividend Housing Association, LLC Year Ended December 31, 2017	Cornerstone Estates III Limited Dividend Housing Association, LLC Year Ended December 31, 2017	Total Discrete Component Units
ASSETS						
Current Assets						
Cash and cash equivalents - Unrestricted	11,739	394,297	239,924	146,730	185,703	8,281,958
Cash and cash equivalents - Restricted	827,903	518,519	588,892	237,884	498,637	10,926,850
Receivables - Net	34,000	5,324	5,854	9,230	2,685	244,036
Prepaid expenses	12,480	6,720	9,964	10,307	10,651	243,275
Total current assets	886,122	924,860	844,634	404,151	697,676	19,696,119
Noncurrent Assets						
Capital assets - Net	9,827,318	7,600,094	6,532,799	7,006,356	7,211,974	212,448,718
Other noncurrent assets	286,903	34,319	202,952	-	204,395	1,407,122
Total assets	<u>\$ 11,000,343</u>	<u>\$ 8,559,273</u>	<u>\$ 7,580,385</u>	<u>\$ 7,410,507</u>	<u>\$ 8,114,045</u>	<u>\$ 233,551,959</u>
Liabilities and Net Position						
Current Liabilities						
Current portion of long-term debt	-	-	-	-	-	179,459
Accounts payable	56,916	9,333	25	-	-	7,758,492
Accrued interest payable	105,832	168,725	1,162,454	-	834,784	20,545,791
Tenant security deposits	28,827	17,013	13,491	26,408	14,866	315,203
Deferred revenue	6,853	1,308	1,212	126	254	43,104
Other current liabilities	111,220	81,379	27,821	23,161	27,213	1,714,110
Total current liabilities	309,648	277,758	1,205,003	49,695	877,117	30,556,159
Noncurrent Liabilities						
Long-term debt	4,629,954	7,197,200	3,690,783	9,071,757	3,026,820	186,817,974
Other noncurrent liabilities	-	-	-	-	-	2,662,441
Total liabilities	4,939,602	7,474,958	4,895,786	9,121,452	3,903,937	220,036,574
Net Position						
Net investment in capital assets	5,197,364	402,894	2,842,016	(2,065,401)	4,185,154	25,451,285
Restricted net assets	827,903	518,519	588,892	237,884	498,637	10,722,034
Unrestricted net assets	35,474	162,902	(746,309)	116,572	(473,683)	(22,657,934)
Total net position	6,060,741	1,084,315	2,684,599	(1,710,945)	4,210,108	13,515,385
Total liabilities and net position	<u>\$ 11,000,343</u>	<u>\$ 8,559,273</u>	<u>\$ 7,580,385</u>	<u>\$ 7,410,507</u>	<u>\$ 8,114,045</u>	<u>\$ 233,551,959</u>

See notes to financial statements.

Detroit Housing Commission

Combining Statement of Activities For Discretely Presented Component Units

	The Villages of Parkside II, LLC June 30, 2018	The Villages of Parkside IV, LLC June 30, 2018	Woodbridge Estates Apartments I, LLC December 31, 2017	Woodbridge Estates Apartments II, LLC December 31, 2017	Woodbridge Estates Apartments III, Limited Dividend Housing Association, LLC December 31, 2017	Woodbridge Estates Apartments IV, Limited Dividend Housing Association, LLC December 31, 2017	Woodbridge Estates Apartments V, Limited Dividend Housing Association, LLC December 31, 2017
Operating Revenue							
Tenant revenue - Net	\$ 830,134	\$ 887,024	\$ 409,427	\$ 598,745	\$ 347,202	\$ 420,683	\$ 592,803
Other operating revenue	-	-	-	-	-	-	-
Total operating revenue	830,134	887,024	409,427	598,745	347,202	420,683	592,803
Operating Expenses							
Administrative	203,426	194,224	96,097	134,760	83,792	100,638	117,183
Utilities	273,018	283,935	30,904	52,282	43,077	37,135	57,835
Maintenance	441,823	391,043	78,191	108,844	55,245	59,712	114,564
Protective services	32,023	91,844	-	-	-	-	5,005
General	65,001	62,339	58,668	91,297	45,152	55,666	65,301
Depreciation and amortization	962,848	827,886	158,451	206,346	158,194	188,290	273,512
Total operating expenses	1,978,139	1,851,271	422,311	593,529	385,460	441,441	633,400
Operating (Loss) Income	(1,148,005)	(964,247)	(12,884)	5,216	(38,258)	(20,758)	(40,597)
Nonoperating Revenue (Expense)							
Investment income - Unrestricted	761	-	-	-	-	-	-
Investment income - Restricted	-	-	-	-	-	-	-
Interest expense	(431,750)	(94,724)	(226,937)	(333,485)	(166,681)	(198,487)	(261,747)
Total nonoperating (expense) revenue	(430,989)	(94,724)	(226,937)	(333,485)	(166,681)	(198,487)	(261,747)
Decrease in Net Assets Before Capital Contributions and Distributions	(1,578,994)	(1,058,971)	(239,821)	(328,269)	(204,939)	(219,245)	(302,344)
Capital Contributions and Distributions							
Partner contributions	-	-	-	-	-	-	-
Partner distributions and syndication costs	-	-	-	(12,000)	-	-	-
Change in Net Position	(1,578,994)	(1,058,971)	(239,821)	(340,269)	(204,939)	(219,245)	(302,344)
Net Position - Beginning of year	(20,421,682)	(15,117,488)	(24,962)	(237,191)	428,689	684,489	1,500,113
Net Position - End of year	\$ (22,000,676)	\$ (16,176,459)	\$ (264,783)	\$ (577,460)	\$ 223,750	\$ 465,244	\$ 1,197,769

Detroit Housing Commission

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

	Woodbridge Estates VI Limited Dividend Housing Association, LLC December 31, 2017	Woodbridge Estates IX, Limited Dividend Housing Association, LLC June 30, 2018	Woodbridge LLC Associates Limited Dividend Housing Association Limited Partnership December 31, 2017	Alexandrine Square Limited Dividend Housing Association Limited Partnership December 31, 2017	Gardenview Homes I Limited Dividend Housing Association, LLC December 31, 2017	Gardenview Homes II Limited Dividend Housing Association, LLC December 31, 2017	Gardenview Homes III Limited Dividend Housing Association, LLC December 31, 2017	Gardenview Homes IV Limited Dividend Housing Association, LLC December 31, 2017
Operating Revenue								
Tenant revenue - Net	\$ 422,484	\$ -	\$ 747,210	\$ 83,927	\$ 791,189	\$ 330,985	\$ 356,505	\$ 365,392
Other operating revenue	-	6	-	5,606	11,402	8,201	2,285	-
Total operating revenue	422,484	6	747,210	89,533	802,591	339,186	358,790	365,392
Operating Expenses								
Administrative	102,269	-	317,569	34,348	179,203	92,846	91,386	93,887
Utilities	35,978	-	151,150	46,822	93,399	46,237	44,501	57,034
Maintenance	80,878	-	38,355	21,583	181,637	91,237	88,618	97,780
Protective services	-	-	51,847	-	-	-	-	1,258
General	59,418	69	81,677	30,947	121,418	36,584	56,170	74,576
Depreciation and amortization	503,975	-	362,796	95,749	540,668	332,073	358,096	457,826
Total operating expenses	782,518	69	1,003,394	229,449	1,116,325	598,977	638,771	782,361
Operating (Loss) Income	(360,034)	(63)	(256,184)	(139,916)	(313,734)	(259,791)	(279,981)	(416,969)
Nonoperating Revenue (Expense)								
Investment income - Unrestricted	-	-	-	1	27,285	30,785	31,345	392
Investment income - Restricted	-	-	-	-	-	-	-	-
Interest expense	(162,554)	-	(328,393)	(36,529)	(106,028)	-	-	(29,156)
Total nonoperating (expense) revenue	(162,554)	-	(328,393)	(36,528)	(78,743)	30,785	31,345	(28,764)
Decrease in Net Assets Before Capital Contributions and Distributions	(522,588)	(63)	(584,577)	(176,444)	(392,477)	(229,006)	(248,636)	(445,733)
Capital Contributions and Distributions								
Partner contributions	-	758,368	-	-	-	-	-	-
Partner distributions and syndication costs	-	-	-	-	(468)	(20,407)	(17,152)	-
Change in Net Position	(522,588)	758,305	(584,577)	(176,444)	(392,945)	(249,413)	(265,788)	(445,733)
Net Position - Beginning of year	6,405,567		3,855,938	(132,574)	4,907,364	(1,211,788)	(1,356,431)	4,378,798
Net Position - End of year	\$ 5,882,979	\$ 758,305	\$ 3,271,361	\$ (309,018)	\$ 4,514,419	\$ (1,461,201)	\$ (1,622,219)	\$ 3,933,065

Detroit Housing Commission

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

	Gardenview Homes V Limited Dividend Housing Association, LLC December 31, 2017	Gardenview Homes VI Limited Dividend Housing Association, LLC December 31, 2017	Gardenview Homes VII Limited Dividend Housing Association, LLC December 31, 2017	Gardenview Homes VIII Limited Dividend Housing Association, LLC December 31, 2017	Gardenview Homes IX Limited Dividend Housing Association, LLC December 31, 2017	Gardenview Homes X Limited Dividend Housing Association, LLC June 30, 2018	Lincoln Springs in Limited Dividend Housing Association Limited Partnership Year Ended December 31, 2017
Operating Revenue							
Tenant revenue - Net	\$ 384,113	\$ 359,067	\$ 577,432	\$ 548,314	\$ 370,135	\$ -	\$ 594,229
Other operating revenue	-	-	-	4,474	-	-	15,502
Total operating revenue	384,113	359,067	577,432	552,788	370,135	-	609,731
Operating Expenses							
Administrative	87,959	91,434	158,597	199,125	90,024	-	192,525
Utilities	51,427	45,039	95,093	73,070	38,589	-	83,747
Maintenance	74,384	101,456	146,484	140,647	73,186	-	156,468
Protective services	-	3,939	36,895	46,376	874	-	-
General	109,191	80,199	112,307	65,629	85,006	1,232	151,297
Depreciation and amortization	578,784	419,843	697,687	670,462	321,011	-	576,041
Total operating expenses	901,745	741,910	1,247,063	1,195,309	608,690	1,232	1,160,078
Operating (Loss) Income	(517,632)	(382,843)	(669,631)	(642,521)	(238,555)	(1,232)	(550,347)
Nonoperating Revenue (Expense)							
Investment income - Unrestricted	2,543	2,542	21,275	-	10	-	1,259
Investment income - Restricted	-	-	-	21,557	-	-	-
Interest expense	-	-	(306,900)	(301,190)	-	-	(26,883)
Total nonoperating (expense) revenue	2,543	2,542	(285,625)	(279,633)	10	-	(25,624)
Decrease in Net Assets Before Capital Contributions and Distributions	(515,089)	(380,301)	(955,256)	(922,154)	(238,545)	(1,232)	(575,971)
Capital Contributions and Distributions							
Partner contributions	-	-	-	-	196,196	994,545	-
Partner distributions and syndication costs	(9,989)	(54,969)	-	-	(9,686)	-	-
Change in Net Position	(525,078)	(435,270)	(955,256)	(922,154)	(52,035)	993,313	(575,971)
Net Position - Beginning of year	6,110,390	5,690,222	1,700,079	1,437,035	4,675,081	-	6,211,135
Net Position - End of year	<u>\$ 5,585,312</u>	<u>\$ 5,254,952</u>	<u>\$ 744,823</u>	<u>\$ 514,881</u>	<u>\$ 4,623,046</u>	<u>\$ 993,313</u>	<u>\$ 5,635,164</u>

See notes to financial statements.

Detroit Housing Commission

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

	Cornerstone Springs II Limited Dividend Housing Association Limited Partnership Year Ended December 31, 2017	Cornerstone Springs II Limited Dividend Housing Association Limited Partnership Year Ended June 30, 2018	Cornerstone Estates I Limited Dividend Housing Association, LLC Year Ended December 31, 2017	Cornerstone Estates II Limited Dividend Housing Association, LLC Year Ended December 31, 2017	Cornerstone Estates III Limited Dividend Housing Association, LLC Year Ended December 31, 2017	Total Discrete Component Units
Operating Revenue						
Tenant revenue - Net	\$ 594,725	\$ 372,514	\$ 535,197	\$ 486,728	\$ 520,143	\$ 12,526,307
Other operating revenue	12,284	-	-	-	-	59,760
Total operating revenue	607,009	372,514	535,197	486,728	520,143	12,586,067
Operating Expenses						
Administrative	205,122	123,618	143,990	195,146	160,750	3,489,918
Utilities	82,491	47,336	48,054	64,892	63,398	1,946,443
Maintenance	154,565	92,701	92,306	85,833	99,564	3,067,104
Protective services	-	-	-	-	-	270,061
General	161,262	79,836	117,611	44,859	117,241	2,029,953
Depreciation and amortization	541,860	396,672	367,859	400,483	431,761	10,829,173
Total operating expenses	1,145,300	740,163	769,820	791,213	872,714	21,632,652
Operating (Loss) Income	(538,291)	(367,649)	(234,623)	(304,485)	(352,571)	(9,046,585)
Nonoperating Revenue (Expense)						
Investment income - Unrestricted	1,369	1,228	524	-	-	121,319
Investment income - Restricted	-	-	-	-	-	21,557
Interest expense	(23,579)	(58,934)	(183,056)	-	(156,146)	(3,433,159)
Total nonoperating (expense) revenue	(22,210)	(57,706)	(182,532)	-	(156,146)	(3,290,833)
Decrease in Net Assets Before Capital Contributions and Distributions	(560,501)	(425,355)	(417,155)	(304,485)	(508,717)	(12,336,868)
Capital Contributions and Distributions						
Partner contributions	-	-	-	-	-	1,949,109
Partner distributions and syndication costs	-	-	(64,038)	-	(32,124)	(220,833)
Change in Net Position	(560,501)	(425,355)	(481,193)	(304,485)	(540,841)	(10,608,592)
Net Position - Beginning of year	6,621,242	1,509,670	3,165,792	(1,406,460)	4,750,949	24,123,977
Net Position - End of year	<u>\$ 6,060,741</u>	<u>\$ 1,084,315</u>	<u>\$ 2,684,599</u>	<u>\$ (1,710,945)</u>	<u>\$ 4,210,108</u>	<u>\$ 13,515,385</u>

June 30, 2018**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 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, 2018, 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 of the commission from the board.

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

Low-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 Funds (RHF), and capital funds. Repayment of the mortgage notes is based on availability of net cash flows from operations, as defined in the note agreements.

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

June 30, 2018**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 No. 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.

The discretely presented component units are as follows:

Note 2 - Significant Accounting Policies (Continued)

- 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
- Gardenview Homes I Limited Dividend Housing Association, LLC
- Gardenview Homes II Limited Dividend Housing Association, LLC
- Gardenview Homes III Limited Dividend Housing Association, LLC
- Gardenview Homes IV Limited Dividend Housing Association, LLC
- Gardenview Homes V Limited Dividend Housing Association, LLC
- Gardenview Homes VI Limited Dividend Housing Association, LLC
- Gardenview Homes VII Limited Dividend Housing Association, LLC
- Gardenview Homes VIII Limited Dividend Housing Association, LLC
- Gardenview Homes IX Limited Dividend Housing Association, LLC
- 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
- Cornerstone Estates III Limited Dividend Housing Association, LLC

All of these discrete component units are either for-profit limited liability corporations or partnerships that were created for the development, ownership, and management of affordable housing properties in the City of Detroit, 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.

Note 2 - Significant Accounting Policies (Continued)

All of the discrete component units, with the exception of The Villages at Parkside II, LLC; The Villages Parkside IV, LLC; Woodbridge Estates IX Limited Dividend Housing Association, LLC; Gardenview Homes X 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, 2018. For reporting purposes, the information reported in the basic financial statements is presented as of and for the 12-month period ended December 31, 2017 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, 2018 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.

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.

June 30, 2018**Note 2 - Significant Accounting Policies (Continued)*****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, 2018, there is an allowance for uncollectible tenant receivables of approximately \$106,000. 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, 2018 was approximately \$167,000.

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 \$408,000 and the amount due from HUD for rental subsidies is approximately \$129,000.

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, 2018. The homeownership loans are presented net of their related amortization.

Accrued Interest Receivable - Restricted

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

Capital Assets - Net

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

Note 2 - Significant Accounting Policies (Continued)

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 2018, 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, 2018 totaled approximately \$403,000, of which \$21,000 is reported as current and \$382,000 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.

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

June 30, 2018**Note 2 - Significant Accounting Policies (Continued)*****Operating Revenue and Expenses***

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

Nonoperating Revenue and Expenses

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

Capital Grants

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

Eliminations

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

- *Interprogram Due to/from* - In the normal course of operations, certain programs pay for common costs that create interprogram receivables or payables. These interprogram receivables or payables are eliminated for the presentation of the Commission as a whole. For the year ended June 30, 2018, \$2,681,381 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, \$4,463,949 of fees has been eliminated for the year ended June 30, 2018.
- *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, \$100,554 of internal charges has been eliminated for the year ended June 30, 2018.

Pensions

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

Use of Estimates

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

June 30, 2018

Note 2 - Significant Accounting Policies (Continued)

Upcoming Accounting Pronouncements

In November 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 83, *Certain Asset Retirement Obligations*, which establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations. 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 fiscal year ending June 30, 2019.

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, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

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

	Primary Government - Business-type Activities	Total Discretely Presented Component Units
Cash and cash equivalents	\$ 21,904,315	\$ 8,281,958
Restricted cash and investments	9,703,657	10,926,850
Total deposits and investments	<u>\$ 31,607,972</u>	<u>\$ 19,208,808</u>

The above amounts are classified by Governmental Accounting Standards Board Statements No. 3 and No. 40 in the following categories as of June 30, 2018:

	Primary Government
Bank deposits	\$ 3,606,398
Sweep accounts - Less than two months	28,001,574
Total	<u>\$ 31,607,972</u>

June 30, 2018

Note 3 - Deposits and Investments (Continued)

As of June 30, 2018, the Commission's cash and cash equivalents consist of cash in banks of \$32,617,624.

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 \$2,800,000 of bank deposits (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized. The discrete component units had approximately \$19 million in deposits, of which approximately \$13 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 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, 2018, the Commission has investments in a sweep account with a fair value of \$29,035,310 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, 2018 is as follows:

	Primary Government - Business-type Activities	Total Discretely Presented Component Units
Current:		
Tenant security deposits	\$ 304,014	\$ 210,516
Funded reserves	-	10,589,398
Family self-sufficiency escrow	41,370	-
HAP equity	9,358,273	-
Restricted for payment of current liability	-	126,936
Total	<u>\$ 9,703,657</u>	<u>\$ 10,926,850</u>

June 30, 2018

Note 4 - Property and Equipment

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

	Balance July 1, 2017	Additions	Disposals and Adjustments	Balance June 30, 2018
Capital assets not being depreciated:				
Land	\$ 73,789,283	\$ -	\$ (579,500)	\$ 73,209,783
Construction in progress	2,200,190	331,417	-	2,531,607
Subtotal	75,989,473	331,417	(579,500)	75,741,390
Capital assets being depreciated:				
Structures and improvements	84,778,465	85,706	(5,764,000)	79,100,171
Equipment	7,380,050	-	-	7,380,050
Subtotal	92,158,515	85,706	(5,764,000)	86,480,221
Accumulated depreciation:				
Structures and improvements	40,424,091	4,148,360	(3,485,392)	41,087,059
Equipment	6,667,541	582,323	-	7,249,864
Subtotal	47,091,632	4,730,683	(3,485,392)	48,336,923
Net capital assets being depreciated	45,066,883	(4,644,977)	(2,278,608)	38,143,298
Net governmental activities capital assets	<u>\$ 121,056,356</u>	<u>\$ (4,313,560)</u>	<u>\$ (2,858,108)</u>	<u>\$ 113,884,688</u>

Subsequent to year end, the Commission entered into a purchase agreement for sale of the Douglass property in the amount of \$23,000,000. This sale has not yet been finalized, as it is in the due diligence stage.

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.

June 30, 2018

Note 7 - Notes, Loans, and Mortgages Receivable

Notes, loans, and mortgages receivable consists of HUD HOPE VI, RHF, and other funds loaned by the Commission to discrete component units for development of affordable housing in Detroit, repayable from future cash flows, as defined in the agreements. During 2018, the Commission loaned approximately \$5,900,000 to these discrete component units from these sources.

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

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

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

	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Balance</u>	<u>Accrued Interest Receivable</u>
Due from discretely presented component units:				
The Villages at Parkside II, LLC (HOPE VI)*	December 2038	0.45%	\$ 22,930,193	\$ 2,024,128
The Villages at Parkside II, LLC (Business Activities)*	December 2038	7.00%	2,584,579	2,437,762
The Villages at Parkside IV, LLC (HOPE VI)*	December 2038	0.45%	20,990,363	1,869,184
Woodbridge Estates Apartments I, LLC (HOPE VI)*	January 2048	4.72 %	1,279,824	1,280,671
Woodbridge Estates Apartments I, LLC (HOPE VI)*	January 2048	0.00%	840,510	-
Woodbridge Estates Apartments II, LLC (HOPE VI)*	January 2048	4.72%	1,888,460	1,879,837
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	1,074,738
Woodbridge Estates Apartments IV, Limited Dividend Housing Association, LLC (HOPE VI)*	January 2051	4.61%	1,764,801	1,224,283
Woodbridge Estates Apartments V, Limited Dividend Housing Association, LLC (HOPE VI)*	January 2051	4.61%	2,057,829	1,417,825
Woodbridge Estates VI Limited Dividend Housing Association, LLC (HOPE VI)*	September 2063	3.75%	2,719,779	282,783
Woodbridge Estates IX Limited Dividend Housing Association, LLC (HOPE VI)*	December 2067	0.00%	804,590	-
Woodbridge ILF Associates Limited Dividend Housing Association Limited Partnership (HOPE VI)*	June 2049	5.20%	3,713,014	3,080,405
Alexandrine Square Limited Dividend Housing Association Limited Partnership* (HOPE VI)*	November 2047	2.00%	265,780	147,589
Emerald Springs IA Limited Dividend Housing Association Limited Partnership (RHF)*	January 2056	0.50%	5,292,434	134,509
Emerald Springs IB Limited Dividend Housing Association Limited Partnership (RHF)*	January 2056	0.50%	4,644,006	118,233
Emerald Springs IB Limited Dividend Housing Association Limited Partnership (RHF)*	March 2058	0.50%	7,431,331	162,968
Cornerstone Estates I Limited Dividend Housing Association, LLC (HOPE VI)*	August 2060	3.79%	3,734,751	1,252,768
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	915,738

June 30, 2018

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

	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Balance</u>	<u>Accrued Interest Receivable</u>
Due from discretely presented component units:				
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	210,901
Gardenvue Homes V Limited Dividend Housing Association, LLC (RHF and HOPE VI)*	March 2061	0.00%	5,407,128	-
Gardenvue Homes VI Limited Dividend Housing Association, LLC (RHF and HOPE VI)*	March 2061	0.00%	4,836,094	-
Gardenvue Homes IX Limited Dividend Housing Association, LLC (RHF and HOPE VI)*	June 2064	0.00%	4,377,292	-
Gardenvue Homes X Limited Dividend Housing Association, LLC (RHF and HOPE VI)*	June 2067	2.50	5,193,660	-
Subtotal			<u>\$ 135,499,290</u>	<u>\$ 19,514,322</u>
Due from other - Homeownership loans - Net (accumulated amortization for forgiveness of debt of \$86,250)				
	Various	0%	566,667	-
Total noncurrent notes receivable			<u>\$ 136,065,957</u>	<u>\$ 19,514,322</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. 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.

June 30, 2018

Note 8 - Pension Plan (Continued)

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.

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, 2017 measurement date, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	33
Inactive plan members entitled to but not yet receiving benefits	45
Active plan members	118
Total employees covered by the plan	196

Contributions

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

For the year ended June 30, 2017, 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 - 7.33 percent, contributing union members - 7.12 percent, contributing nonexecutive - 6.87 percent, executive director - 10.60 percent.

Note 8 - Pension Plan (Continued)

Net Pension Liability

The net pension liability reported at June 30, 2018 was determined using a measure of the total pension liability and the pension net position as of December 31, 2017. The December 31, 2017 total pension liability was determined by an actuarial valuation performed as of that date.

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, 2016	\$ 16,434,314	\$ 15,851,325	\$ 582,989
Changes for the year:			
Service cost	689,391	-	689,391
Interest	1,325,191	-	1,325,191
Differences between expected and actual experience	582,568	-	582,568
Contributions - Employer	-	448,258	(448,258)
Contributions - Employee	-	325,762	(325,762)
Net investment income	-	2,135,126	(2,135,126)
Benefit payments, including refunds	(428,238)	(428,238)	-
Administrative expenses	-	(33,712)	33,712
Net changes	2,168,912	2,447,196	(278,284)
Balance at December 31, 2017	<u>\$ 18,603,226</u>	<u>\$ 18,298,521</u>	<u>\$ 304,705</u>

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

For the year ended June 30, 2018, the Commission recognized pension expense of \$551,130. At June 30, 2018, 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	\$ 559,036	\$ (742,893)
Changes in assumptions	279,789	-
Net difference between projected and actual earnings on pension plan investments	-	(381,467)
Employer contributions to the plan subsequent to the measurement date	232,006	-
Total	<u>\$ 1,070,831</u>	<u>\$ (1,124,360)</u>

June 30, 2018

Note 8 - Pension Plan (Continued)

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 \$232,006 will reduce the net pension liability and, therefore, will not be included in future pension expense):

Years Ending June 30	Amount
2019	\$ 109,188
2020	60,022
2021	(400,352)
2022	(54,393)

Actuarial Assumptions

The total pension liability in the December 31, 2017 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 administrative and investment expenses) of 7.75 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 - 50 percent female RP-2014 Disabled Retiree Mortality Tables.

The actuarial assumptions used in the December 31, 2017 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, 2017, 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 %	6.65 %
Global fixed income	18.50	1.76
Real assets	13.50	7.72
Diversifying strategies	12.50	5.50

June 30, 2018

Note 8 - Pension Plan (Continued)

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 of the Commission	\$ 2,751,952	\$ 304,705	\$ (1,741,666)

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, 2018, the remaining HAP reserve is \$128,865, which is subject to possible future recapture.

Funds Awarded

The Commission receives funding from HUD through HOPE VI, Replacement Housing Fund, Capital Fund, and Public Housing Development programs to help subsidize the cost of redevelopment of projects, project repairs, improvements, component unit developments, and certain operating costs. Awards available to be spent as of June 30, 2018 for qualifying eligible expenditures amounted to \$11,649,419, \$929,553, \$663,942, and \$497,231, 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, 2018, the Commission is still liable for approximately \$12 million of this commitment.

June 30, 2018

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, 2018, approximately 91 percent of the operating revenue reflected in the primary government basic financial statements is from HUD.

June 30, 2018

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				Accumulated	2018 Net Capital
June 30, 2018 and December 31, 2017	Nondepreciable	Depreciable		Depreciation	Assets
	Land	Buildings and Improvements	Furniture, Fixtures, and Equipment		
Woodbridge Estates Apartments I, LLC	\$ -	\$ 6,216,574	\$ 12,368	\$ (2,099,696)	\$ 4,129,246
Woodbridge Estates Apartments II, LLC	-	8,135,870	7,629	(2,741,117)	5,402,382
Woodbridge Estates Apartments III, LDHA LLC	-	6,104,266	1,540	(1,656,085)	4,449,721
Woodbridge Estates Apartments IV, LDHA LLC	-	7,403,051	1,870	(2,011,576)	5,393,345
Woodbridge Estates Apartments V, LDHA LLC	-	10,699,537	16,679	(2,859,749)	7,856,467
Woodbridge Estates Apartments VI, LDHA LLC	-	9,517,950	396,215	(1,736,526)	8,177,639
Woodbridge ILF Associates LDHA LP	291,667	12,568,282	965,512	(4,886,055)	8,939,406
The Villages at Parkside II LLC	425,457	27,437,362	824,484	(20,902,471)	7,784,832
The Villages at Parkside IV LLC	446,650	23,709,418	1,053,208	(18,522,124)	6,687,152
Alexandrine Square LDHA LP	13,767	2,838,190	243,301	(1,936,102)	1,159,156
Cornerstone Estates I LDHA, LLC	-	8,871,414	368,243	(2,706,858)	6,532,799
Cornerstone Estates II LDHA, LLC	-	9,223,625	435,818	(2,653,087)	7,006,356
Cornerstone Estates III LDHA, LLC	-	9,325,228	411,920	(2,525,174)	7,211,974
Gardenview Homes I LDHA, LLC	2,935,950	15,964,590	734,243	(4,301,920)	15,332,863
Gardenview Homes II LDHA, LLC	1,143,034	6,785,621	1,360,059	(2,675,294)	6,613,420
Gardenview Homes III LDHA, LLC	1,164,608	6,791,783	1,317,998	(2,822,391)	6,451,998
Gardenview Homes IV LDHA, LLC	268,440	9,692,441	401,248	(2,927,828)	7,434,301
Gardenview Homes V LDHA, LLC	410,006	12,862,646	394,291	(3,162,455)	10,504,488
Gardenview Homes VI LDHA, LLC	368,485	11,404,236	601,043	(2,745,556)	9,628,208
Gardenview Homes VII LDHA, LLC	2,881,616	11,267,284	624,221	(2,780,321)	11,992,800
Gardenview Homes VIII LDHA, LLC	433,136	13,264,932	593,552	(2,685,697)	11,605,923
Gardenview Homes IX LDHA, LLC	250,986	8,851,959	337,402	(728,369)	8,711,978
Emerald Springs IA LDHA LP	242,444	13,036,722	185,344	(3,290,521)	10,173,989
Emerald Springs IB LDHA LP	366,545	12,398,477	147,172	(3,084,876)	9,827,318
Emerald Springs II LDHA LP	311,656	8,953,819	113,560	(1,778,941)	7,600,094
Total fixed assets placed in service - June 30, 2	\$ 11,954,447	\$ 273,325,277	\$ 11,548,920	\$ (100,220,789)	196,607,855
Woodbridge IX - Construction in Progress					2,568,379
Gardenview X - Construction in Progress					13,272,484
Total discrete component unit net capital assets					\$ 212,448,718

June 30, 2018

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	\$ 4,285,903	\$ -	\$ (156,657)	\$ 4,129,246
Woodbridge Estates Apartments II, LLC	5,606,203	-	(203,821)	5,402,382
Woodbridge Estates Apartments III, LDHA LLC	4,602,481	-	(152,760)	4,449,721
Woodbridge Estates Apartments IV, LDHA LLC	5,578,608	-	(185,263)	5,393,345
Woodbridge Estates Apartments V, LDHA LLC	8,125,623	-	(269,156)	7,856,467
Woodbridge Estates Apartments VI, LDHA LLC	8,674,082	-	(496,443)	8,177,639
Woodbridge ILF Associates LDHA LP	9,230,837	71,365	(362,796)	8,939,406
The Villages at Parkside II LLC	8,747,680	-	(962,848)	7,784,832
The Villages at Parkside IV LLC	7,515,038	-	(827,886)	6,687,152
Alexandrine Square LDHA LP	1,254,904	-	(95,748)	1,159,156
Cornerstone Estates I LDHA, LLC	6,890,367	-	(357,568)	6,532,799
Cornerstone Estates II LDHA, LLC	7,406,514	-	(400,158)	7,006,356
Cornerstone Estates III LDHA, LLC	7,634,376	-	(422,402)	7,211,974
Gardenview Homes I LDHA, LLC	15,872,558	-	(539,695)	15,332,863
Gardenview Homes II LDHA, LLC	6,945,494	(10,001)	(322,073)	6,613,420
Gardenview Homes III LDHA, LLC	6,827,246	-	(375,248)	6,451,998
Gardenview Homes IV LDHA, LLC	7,892,127	-	(457,826)	7,434,301
Gardenview Homes V LDHA, LLC	11,083,272	-	(578,784)	10,504,488
Gardenview Homes VI LDHA, LLC	10,048,051	-	(419,843)	9,628,208
Gardenview Homes VII LDHIA, LLC	12,690,487	-	(697,687)	11,992,800
Gardenview Homes VIII LDHIA, LLC	12,276,385	-	(670,462)	11,605,923
Gardenview Homes IX LDHA, LLC	9,029,212	-	(317,234)	8,711,978
Emerald Springs IA LDHA LP	10,698,967	37,038	(562,016)	10,173,989
Emerald Springs IB LDHA LP	10,320,752	34,448	(527,882)	9,827,318
Emerald Springs II LDHA LP	7,978,949	14,553	(393,408)	7,600,094
Total fixed assets placed in service - June 30, 2018	207,216,116	147,403	(10,755,664)	196,607,855
Woodbridge IX - Construction in Progress	2,568,379	-	-	2,568,379
Gardenview X - Construction in Progress	13,272,484	-	-	13,272,484
Total discrete component unit net capital assets	<u>\$ 223,056,979</u>	<u>\$ 147,403</u>	<u>\$ (10,755,664)</u>	<u>\$ 212,448,718</u>

June 30, 2018

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, 2018 and December 31, 2017	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	\$ 1,219,926	\$ (15,935)	\$ 1,203,991	\$ 17,300
	Detroit Housing Commission	AFR	2048	1,279,824	-	1,279,824	-
	Detroit Housing Commission	0.00%	2048	840,500	-	840,500	-
Woodbridge Estates Apartments II, LLC	SA Affordable Housing, LLC	7.06%	2035	1,764,121	\$ (23,566)	1,740,555	25,600
	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	1,406,964	\$ (18,729)	1,388,235	26,800
	Detroit Housing Commission	4.61%	2042	1,559,212	-	1,559,212	-
	City of Detroit, Michigan	0.00%	2036	452,835	\$ (16,040)	436,795	-
Woodbridge Estates Apartments IV, LDHA LLC	SA Affordable Housing, LLC	6.04%	2047	1,871,881	\$ (25,128)	1,846,753	33,400
	Detroit Housing Commission	4.61%	2051	1,763,593	-	1,763,593	-
	City of Detroit, Michigan	0.00%	2036	454,700	\$ (17,914)	436,786	-
Woodbridge Estates Apartments V, LDHA LLC	SA Affordable Housing, LLC	6.04%	2047	3,029,539	\$ (41,057)	2,988,482	49,900
	Detroit Housing Commission	4.61%	2051	2,056,904	-	2,056,904	-
	City of Detroit, Michigan	0.00%	2036	452,313	\$ (15,420)	436,893	-
Woodbridge Estates Apartments VI, LDHA LLC	Detroit Housing Commission	3.75%	2063	2,441,190	\$ 1,731	2,442,921	-
Woodbridge Estates Apartments IX, LDHA LLC	Detroit Housing Commission	0.00%	2067	-	\$ 874,790	874,790	-
	Citizens	5.00%	2067	-	\$ 448,778	448,778	-
Woodbridge ILF Associates LDHA LP	Detroit Housing Commission	5.20%	2049	3,679,405	\$ 988	3,680,393	-
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	3,689,760	\$ 1,023	3,690,783	-
Cornerstone II LDHA, LLC	Detroit Housing Commission	0.00%	2060	9,071,432	\$ 325	9,071,757	-
Cornerstone III LDHA, LLC	Detroit Housing Commission	4.25%	2061	3,025,414	\$ 1,406	3,026,820	-
Gardenview Homes I LDHA, LLC	MSHDA	6.00%	2046	1,611,310	\$ (21,053)	1,590,257	26,459
	MSHDA - HOME Note	3.00%	2058	278,556	\$ (3,127)	275,429	-
	Detroit Housing Commission	0.00%	2053	9,808,356	\$ (12,313)	9,796,043	-
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	19,717,823	\$ (507,525)	19,210,298	-
	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	5,154,703	-
	MSHDA	4.95%	2020	-	\$ 5,923,998	5,923,998	-
Emerald Springs IA and IB LDHA LP	Detroit Housing Commission	0.50%	2056	9,905,186	\$ 780	9,905,966	-
Emerald Springs II LDHA LP	Detroit Housing Commission	0.50%	2058	7,175,448	\$ 21,752	7,197,200	-
Totals				<u>\$ 175,284,966</u>	<u>\$ 11,712,467</u>	<u>\$ 186,997,433</u>	<u>\$ 179,459</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

Required Supplemental Information

Detroit Housing Commission

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

	Last Four Fiscal Years			
	2017	2016	2015	2014
Total Pension Liability				
Service cost	\$ 689,391	\$ 675,349	\$ 733,320	\$ 687,970
Interest	1,325,191	1,300,408	1,140,300	1,024,974
Changes in benefit terms	-	-	67,218	-
Differences between expected and actual experience	582,568	(1,238,155)	232,453	-
Changes in assumptions	-	-	699,473	-
Benefit payments, including refunds	(428,238)	(441,417)	(379,545)	(295,860)
Net Change in Total Pension Liability	2,168,912	296,185	2,493,219	1,417,084
Total Pension Liability - Beginning of year	16,434,314	16,138,129	13,644,910	12,227,826
Total Pension Liability - End of year	\$ 18,603,226	\$ 16,434,314	\$ 16,138,129	\$ 13,644,910
Plan Fiduciary Net Position				
Contributions - Employer	\$ 448,258	\$ 424,089	\$ 454,635	\$ 484,806
Contributions - Member	325,762	322,349	327,138	318,583
Net investment income (loss)	2,135,126	1,619,273	(215,842)	806,700
Administrative expenses	(33,709)	(31,909)	(30,915)	(29,860)
Benefit payments, including refunds	(428,238)	(441,417)	(379,545)	(295,860)
Net Change in Plan Fiduciary Net Position	2,447,199	1,892,385	155,471	1,284,369
Plan Fiduciary Net Position - Beginning of year	15,851,322	13,958,937	13,803,466	12,519,097
Plan Fiduciary Net Position - End of year	\$ 18,298,521	\$ 15,851,322	\$ 13,958,937	\$ 13,803,466
Commission's Net Pension Liability - Ending	\$ 304,705	\$ 582,992	\$ 2,179,192	\$ (158,556)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	98.36 %	96.45 %	86.50 %	101.16 %
Covered Payroll	\$ 6,362,792	\$ 6,304,406	\$ 6,730,040	\$ 6,283,273
Commission's Net Pension Liability as a Percentage of Covered Payroll	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										
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Actuarially determined contribution	\$ 448,258	\$ 424,089	\$ 454,635	\$ 484,806	\$ 775,604	\$ 694,053	\$ 630,937	\$ 780,792	\$ 710,646	\$ 725,436
Contributions in relation to the actuarially determined contribution	448,258	424,089	454,635	484,806	775,604	694,053	630,937	715,188	855,387	725,436
Contribution (Deficiency) Excess	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (65,604)	\$ 144,741	\$ -
Covered Payroll	\$ 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	\$ 5,783,636
Contributions as a Percentage of Covered Payroll	7.04 %	6.73 %	6.76 %	7.72 %	12.34 %	10.72 %	9.15 %	10.61 %	15.05 %	12.54 %

June 30, 2018***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
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 - 50 percent female blend of the RP-2014 Healthy Annuitant Mortality Tables, with rates multiplied by 105 percent, RP-2014 Employee Mortality Tables, and the RP-2014 Juvenile Mortality Tables
Other information	None

Benefit Changes

There were no changes of benefit terms in 2017.

Changes in Assumptions

There were no changes of benefit assumptions in 2017.

Changes in Size or Composition of the Covered Population

There were no significant changes in size or composition of the covered population in 2017.

Other Supplemental Information

Detroit Housing Commission

Capital Fund Program Schedule of Actual Program Costs and Advances

Year Ended June 30, 2018

Program	MI28P001501-13	MI28P001501-14	MI28P001501-15	MI28P001501-16	MI28P001501-17	TOTAL
Budget	\$ 7,196,738	\$ 8,255,478	\$ 8,345,644	\$ 8,524,639	\$ 8,586,102	\$ 40,908,601
Advances						
Cash receipts - prior years	\$ 6,758,613	\$ 7,347,391	\$ 4,751,151	\$ 2,739,320	\$ -	\$ 21,596,475
Cash receipts - current year	438,125	908,087	2,459,831	1,203,538	2,653,126	7,662,708
Cumulative as of June 30, 2017	7,196,738	8,255,478	7,210,982	3,942,858	2,653,126	29,259,182
Costs						
Prior years	6,762,710	7,360,685	4,784,575	2,739,320	-	21,647,290
Current year	434,028	894,793	2,440,578	1,203,538	2,653,126	7,626,063
Cumulative as of June 30, 2017	7,196,738	8,255,478	7,225,153	3,942,858	2,653,126	29,273,353
Excess (Deficiency) of Advances Due to HUD	\$ -	\$ -	\$ (14,171)	\$ -	\$ -	\$ (14,171)
Soft Costs						
Prior years	\$ 6,806,419	\$ 7,350,102	\$ 4,862,087	\$ 1,034,396	\$ -	\$ 20,053,004
Current year	412,936	881,549	2,461,748	1,248,126	942,613	5,946,972
Cumulative as of June 30, 2017	7,219,355	8,231,651	7,323,835	2,282,522	942,613	25,999,975
Hard Costs						
Prior years	(43,709)	10,583	(77,512)	1,704,924	-	1,594,286
Current year	21,092	13,244	(21,170)	(44,588)	1,710,514	1,679,092
Cumulative as of June 30, 2017	(22,617)	23,827	(98,682)	1,660,336	1,710,514	3,273,378
Other Costs						
Prior years	-	-	-	-	-	-
Current year	-	-	-	-	-	-
Cumulative as of June 30, 2017	-	-	-	-	-	-
Cumulative Hard, Soft, and Other Costs	\$ 7,196,738	\$ 8,255,478	\$ 7,225,153	\$ 3,942,858	\$ 2,653,126	\$ 29,273,353

Detroit Housing Commission

Replacement Housing Fund Schedule of Actual Program Costs and Advances

Year Ended June 30, 2018

Program	MI28R001501-13	MI28R001502-13	TOTAL
Budget	\$ 614,995	\$ 689,980	\$ 1,304,975
Advances			
Cash receipts - prior years	\$ 578,912	\$ 551,272	\$ 1,130,184
Cash receipts - current year	36,083	138,708	174,791
Cumulative as of June 30, 2017	614,995	689,980	1,304,975
Costs			
Prior years	578,912	551,272	1,130,184
Current year	36,083	138,708	174,791
Cumulative as of June 30, 2017	614,995	689,980	1,304,975
Excess of Advances Due to HUD	\$ 0	\$ -	\$ 0
Soft Costs			
Prior years	\$ 117,497	\$ 230,000	\$ 347,497
Current year	-	-	-
Cumulative as of June 30, 2017	117,497	230,000	347,497
Hard Costs			
Prior years	461,415	321,272	782,687
Current year	36,083	138,708	174,791
Cumulative as of June 30, 2017	497,498	459,980	957,478
Other Costs			
Prior years	-	-	-
Current year	-	-	-
Cumulative as of June 30, 2017	-	-	-
Cumulative Hard and Other Costs	\$ 614,995	\$ 689,980	\$ 1,304,975

Detroit Housing Commission

HOPE VI Schedule of Actual Program Costs and Advances

Year Ended June 30, 2018

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	\$ 38,500,153	\$ 45,849,454	\$ 21,458,331	\$ 105,807,938
Cash receipts - current year	<u>725,862</u>	<u>1,452,657</u>	<u>2,735,720</u>	<u>4,914,238</u>
Cumulative as of June 30, 2017	39,226,014	47,302,111	24,194,051	110,722,176
Costs				
Prior years	38,561,280	45,892,069	21,978,359	106,431,707
Current year	<u>881,519</u>	<u>1,520,017</u>	<u>2,215,705</u>	<u>4,617,241</u>
Cumulative as of June 30, 2017	<u>39,442,798</u>	<u>47,412,086</u>	<u>24,194,064</u>	<u>111,048,948</u>
Excess of Advances Due to HUD	\$ 216,784	\$ 109,975	\$ 13	\$ 326,772
Soft Costs				
Prior years	\$ 17,565,169	\$ 10,343,214	\$ 6,379,995	\$ 34,288,378
Current year	<u>223,517</u>	<u>226,609</u>	<u>377,282</u>	<u>827,408</u>
Cumulative as of June 30, 2017	\$ 17,788,686	\$ 10,569,823	\$ 6,757,277	\$ 35,115,786
Hard Costs				
Prior years	20,996,111	35,548,855	15,598,363	72,143,329
Current year	<u>658,002</u>	<u>1,293,408</u>	<u>1,838,423</u>	<u>3,789,833</u>
Cumulative as of June 30, 2017	21,654,113	36,842,263	17,436,786	75,933,162
Other Costs				
Prior years	-	-	-	-
Current year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cumulative as of June 30, 2017	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cumulative Hard, Soft, and Other Costs	\$ 39,442,799	\$ 47,412,086	\$ 24,194,064	\$ 111,048,948

Year Ended June 30, 2018

Program	MI28P001061
Budget	\$ 19,578,300
Advances	
Cash receipts - prior years	\$ 18,626,955
Cash receipts - current year	287,403
Cumulative as of June 30, 2018	18,914,358
Costs	
Prior years	18,626,955
Current year	298,276
Cumulative as of June 30, 2018	18,925,231
Excess of Advances Due to HUD	\$ (10,872)
Soft Costs	
Prior years	\$ 7,253,458
Current year	-
Cumulative as of June 30, 2018	7,253,458
Hard Costs	
Prior years	11,373,497
Current year	298,276
Cumulative as of June 30, 2018	11,671,773
Other Costs	
Prior years	-
Current year	-
Cumulative as of June 30, 2018	-
Cumulative Hard, Soft, and Other Costs	\$ 18,925,231

Detroit Housing Commission

ROSS Schedule of Actual Program Costs and Advances

				Year Ended June 30, 2018
Program	MI001FSH330A017	MI001FSH440A016	MI001RPS440A015	Total
Budget	\$ 284,392	\$ 296,700	\$ 654,147	\$ 1,235,239
Advances				
Cash receipts - prior years	\$ -	\$ 127,487	\$ 169,749	\$ 297,236
Cash receipts - current year	99,654	169,213	171,905	440,772
Cumulative as of June 30, 2017	99,654	296,700	341,654	738,008
Costs				
Prior years	-	164,078	187,014	351,092
Current year	130,762	132,621	189,047	452,431
Cumulative as of June 30, 2017	130,762	296,699	376,061	803,523
Deficiency of Advances Due from HUD	\$ 31,108	\$ (0)	\$ 34,407	\$ 65,515
Soft Costs				
Prior years	\$ -	\$ 164,078	\$ 187,014	\$ 351,092
Current year	130,490	132,621	189,047	452,158
Cumulative as of June 30, 2017	130,490	296,699	376,061	803,250
Hard Costs				
Prior years	-	-	-	-
Current year	273	-	0	273
Cumulative as of June 30, 2017	273	-	0	273
Other Costs				
Prior years	-	-	-	-
Current year	-	-	-	-
Cumulative as of June 30, 2017	-	-	-	-
Cumulative Hard, Soft, and Other Costs	\$ 130,762	\$ 296,699	\$ 376,061	\$ 803,523

Detroit Housing Commission

Financial Data Schedule

Year Ended June 30, 2018

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	\$ 15,128,659	\$ 1,153,133	\$ 5,686,790		\$ 21,968,582	\$ 8,281,958	\$ 30,250,540
112	Cash - Restricted - Modernization and Development	-	-	-		-	1,592,979	1,592,979
113	Cash - other restricted	8,458,617	-	958,597		9,417,214	8,996,419	18,413,633
114	Cash - Tenant Security Deposits	304,014	-	-		304,014	210,516	514,530
115	Cash - Restricted for payment of current liability	-	-	-		-	126,936	126,936
100	Total Cash	23,891,290	1,153,133	6,645,387	-	31,689,810	19,208,808	50,898,618
		-	-	-		-	-	-
121	Accounts Receivable - PHA Projects	-	-	-		-	-	-
122-010	Accounts receivable - HUD other projects - Operating Subsidy	-	-	5,530		5,530	-	5,530
122-020	Accounts receivable - HUD other projects - Capital fund	14,171	-	403,159		417,330	-	417,330
122-030	Accounts receivable - HUD other projects - Other	19,040	-	104,591		123,631	-	123,631
124	Accounts Receivable - other government	-	-	-		-	71,479	71,479
125-050	Accounts Receivable - Miscellaneous	25,931	11,373	664,921		702,225	35,485	737,710
126	Accounts Receivable - Tenants - Dwelling Rents	248,808	-	-		248,808	137,072	385,880
126.1	Allowance for Doubtful Accounts - Dwelling Rents	(105,769)	-	-		(105,769)	-	(105,769)
126.2	Allowance for Doubtful Accounts - Other	(86,250)	-	-		(86,250)	-	(86,250)
127	Notes, Loans, & Mortgages Receivable - current	-	-	-		-	-	-
128	Fraud recovery	-	-	25,360		25,360	-	25,360
128.1	Allowance for doubtful accounts - fraud	-	-	-		-	-	-
129	Accrued interest receivable	-	-	-		-	-	-
120	Total Receivables, net of allowances for doubtful accounts	115,931	11,373	1,203,561	-	1,330,865	244,036	1,574,901
		-	-	-		(5,530)	-	(5,530)
131	Investments - Unrestricted	-	-	-		-	-	-
132	Investments - restricted	-	-	-		-	-	-
135	Investments - restricted for payment of current liability	-	-	-		-	-	-
142	Prepaid Expenses and Other Assets	160,264	218,622	41,813		420,699	243,275	663,974
143	Inventories	-	-	-		-	-	-
143.1	Allowance for Obsolete Inventories	-	-	-		-	-	-
144	Interprogram due from	1,285,207	1,352,714	99,162	(2,737,083)	-	-	-
145	Assets held for sale	-	-	-		-	-	-
146	Amounts to be provided	-	-	-		-	-	-
150	Total Current Assets	25,452,692	2,735,842	7,989,923	(2,737,083)	33,441,374	19,696,119	53,137,493
		-	-	-		-	-	-
161	Land	72,104,777	958,000	147,006		73,209,783	22,579,264	95,789,047
162	Buildings	77,513,540	1,494,899	-		79,008,439	244,217,997	323,226,436
163	Furniture, Equipment & Machinery - Dwellings	4,902,799	-	-		4,902,799	11,514,966	16,417,765
164	Furniture, Equipment & Machinery - Administration	810,122	1,630,189	36,933		2,477,244	33,954	2,511,198
165	Leasehold Improvements	-	-	-		-	18,476,312	18,476,312
166	Accumulated Depreciation	(46,140,357)	(2,070,532)	(34,295)		(48,245,184)	(100,220,788)	(148,465,972)
167	Construction In Progress	84,677	-	2,446,930		2,531,607	15,847,013	18,378,620
168	Infrastructure	-	-	-		-	-	-
160	Total Fixed Assets, Net of Accumulated Depreciation	109,275,558	2,012,556	2,596,574	-	113,884,688	212,448,718	326,333,406
		-	-	-		-	-	-
171-050	Notes, loans, and mortgages receivable - Noncurrent Other	126,787,828	-	9,364,379		136,152,207	-	136,152,207
172	Notes, Loans, & Mortgages Receivable - past due	-	-	-		-	-	-
173	Grants receivable - noncurrent	-	-	-		-	-	-
174-050	Other Assets	17,182,924	-	2,441,121		19,624,045	1,407,122	21,031,167
176	Investment in joint ventures	-	-	-		-	-	-
180	Total Non-Current Assets	253,246,310	2,012,556	14,402,074	-	269,660,940	213,855,840	483,516,780
		-	-	-		-	-	-
190	Total Assets	278,699,002	4,748,398	22,391,997	(2,737,083)	303,102,314	233,551,959	536,654,273
		-	-	-		-	-	-
200	Deferred Outflow of Resources	-	1,070,831	-		1,070,831	-	1,070,831
290	Total Assets and Deferred Outflow of Resources	278,699,002	5,819,229	22,391,997	(2,737,083)	304,173,145	233,551,959	537,725,104
		-	-	-		-	-	-

Financial Data Schedule

Year Ended June 30, 2018

Line Item No.	Account Description	Total AMPs 14,850	COCC Total	Total Programs	Elimination	Total Primary Government	Total Component Units (Discretely Presented)	REAC Total (Primary Government and Component Units)
311	Bank overdrafts	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -
312	Accounts Payable <= 90 Days	834,343	169,917	468,265		1,472,525	7,758,493	9,231,018
313	Accounts Payable >90 Days Past Due	-	-	-		-	-	-
321	Accrued Wage/Payroll Taxes Payable	37,380	48,866	42,499		128,745	11,183	139,928
322	Accrued Compensated Absences	6,243	11,240	3,119		20,602	-	20,602
324	Accrued contingency liability	-	-	-		-	-	-
325	Accrued interest payable	-	-	-		-	20,545,791	20,545,791
331	Accounts Payable - HUD PHA Programs	-	-	-		-	-	-
331-030	Accounts Payable - HUD Other	-	-	187,851		187,851	-	187,851
332	Accounts Payable - PHA Projects	-	-	-		-	-	-
333	Accounts Payable - Other Government	112,836	-	-		112,836	-	112,836
341	Tenant Security Deposits	304,163	-	-		304,163	315,203	619,366
342-010	Deferred Revenues-Operating Subsidy	-	-	-		-	-	-
342-030	Deferred Revenues-Operating Other	4,073,039	126,117	44,861		4,244,017	43,104	4,287,121
343	Current portion of L-T debt - capital projects	-	-	-		-	179,459	179,459
344	Current portion of L-T debt - operating borrowings	-	-	-		-	-	-
345	Other current liabilities	553,910	-	836,388		1,390,298	519,162	1,909,460
345.1	FSS Escrow	-	-	-		-	-	-
346	Accrued Liabilities - Other	160,830	1,885	6,553		169,268	1,183,765	1,353,033
347	Interprogram due to	1,942,392	-	794,692	(2,737,083)	1	-	1
348	Loan liability - current	-	-	-		-	-	-
310	Total Current Liabilities	8,025,136	358,025	2,384,228	(2,737,083)	8,030,306	30,556,160	38,586,466
		-	-	-		-	-	-
351	Long-term debt, net of current - capital projects	-	-	-		-	186,817,974	186,817,974
352	Long-Term debt, net of current - operating borrowings	-	-	-		-	654,010	654,010
353	Noncurrent Liabilities - Other	-	-	-		-	1,908,431	1,908,431
353.1	FSS Escrow	-	-	-		-	-	-
354	Accrued compensated Absences - Non Current	108,990	213,570	59,265		381,825	-	381,825
355	Loan liability - noncurrent	-	-	-		-	100,000	100,000
357	Accrued pension and OPEB liabilities	-	304,705	-		304,705	-	-
350	Total Noncurrent Liabilities	108,990	518,275	59,265	-	686,530	189,480,415	190,166,945
		-	-	-		-	-	-
300	Total Liabilities	8,134,126	876,300	2,443,493	(2,737,083)	8,716,836	220,036,575	228,753,411
		-	-	-		-	-	-
400	Deferred Inflow of Resources	-	1,124,360	-		1,124,360	-	-
		-	-	-		-	-	-
508.1	Invested in capital assets, net of related debt	109,275,558	2,012,556	2,596,574		113,884,688	25,451,285	139,335,973
511.1	Restricted Net Assets	135,205,075	-	6,908,665		142,113,740	10,722,034	152,835,774
512.1	Unrestricted Net Assets	26,084,243	1,806,013	10,443,266		38,333,522	(22,657,935)	15,675,587
513	Total Equity	270,564,876	3,818,569	19,948,504	-	294,331,949	13,515,384	307,847,333
		-	-	-		-	-	-
600	Total Liabilities, Deferred Inflows, and Equity	278,699,002	5,819,229	22,391,997	(2,737,083)	304,173,145	233,551,959	537,725,104
		-	(0)	-	-	-	-	(0)

Year Ended June 30, 2018

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	\$ 5,587,500	\$ -	\$ -		\$ 5,587,500	\$ 12,466,126	\$ 18,053,626
70400	Tenant Revenue - Other	201,148	-	-		201,148	235,195	436,343
70500	Total Tenant Revenue	5,788,648	-	-	-	5,788,648	12,701,321	18,489,969
		-	-	-		-	-	-
70600-010	Housing assistance payments	-	-	35,881,595		35,881,595	-	35,881,595
70600-020	Ongoing administrative fees earned	-	-	2,985,377		2,985,377	-	2,985,377
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	16,659,009	-	-		16,659,009	-	16,659,009
70600	HUD PHA Grants	7,435,195	-	459,466		7,894,661	-	7,894,661
70610	HUD PHA Capital Grants	273,420	57,698	4,954,600		5,285,718	-	5,285,718
		-	-	-		-	-	-
70710	Management Fee	-	3,601,467	-	(3,601,467)	-	-	-
70720	Asset Management Fee	-	394,280	-	(394,280)	-	-	-
70730	Book-Keeping Fee	-	292,898	-	(292,898)	-	-	-
70740	Front Line Service Fee	-	175,304	-	(175,304)	-	-	-
70750	Other Fees	-	-	-	-	-	-	-
70700	Total Fee Revenue	-	4,463,949	-	(4,463,949)	-	-	-
		-	-	-		-	-	-
70800	Other government grants	-	-	-		-	-	-
71100-030	Investment Income - Unrestricted	238,411	21,927	11,539		271,877	121,318	393,195
71100	Investment Income - restricted	-	-	-		-	-	-
71200	Mortgage interest income	-	-	-		-	1	1
71300	Proceeds from disposition of assets held for sale	-	-	-		-	-	-
71310	Cost of Sale of Assets	-	-	-		-	-	-
71400-010	Fraud recovery	-	-	15,919		15,919	-	15,919
71500	Other revenue	200,391	208,096	38,848		447,335	1,958,869	2,406,204
71600	Gain/Loss on Sale of Fixed Assets	(1,052,692)	-	-		(1,052,692)	-	(1,052,692)
72000-010	Investment income - restricted	1,815,726	-	359,329		2,175,055	21,557	2,196,612
70000	Total Revenue	31,358,108	4,751,671	44,706,673	(4,463,949)	76,352,503	14,803,066	91,155,569
		-	-	-		-	-	-
91100	Administrative salaries	1,299,316	2,183,481	1,743,033		5,225,830	1,557,642	6,783,472
91200	Auditing fees	52,113	13,815	24,823		90,751	125,601	216,352
91300	Management Fee	2,490,942	-	787,789	(3,601,467)	(322,736)	738,625	415,889
91310	Book-Keeping Fee	292,895	-	297,162	(292,898)	297,159	7,475	304,634
91400	Advertising and Marketing	4,512	5,004	166		9,682	55,558	65,240
91500	Employee benefit contributions - administrative	460,919	717,476	526,711		1,705,106	244,385	1,949,491
91600	Office Expenses	557,804	385,699	409,522		1,353,025	268,423	1,621,448
91700	Legal Expense	86,486	1,357	52,320	(74,750)	65,413	78,387	143,800
91800	Travel	17,530	49,078	20,710		87,318	85	87,403
91810	Allocated Overhead	-	-	-		-	-	-
91900	Other	1,018,188	563,005	392,307		1,973,500	576,122	2,549,622
		-	-	-		-	-	-
92000	Asset Management Fee	369,720	-	-	(394,280)	(24,560)	39,343	14,783
		-	-	-		-	-	-

Year Ended June 30, 2018

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)
92100	Tenant services - salaries	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -
92200	Relocation Costs	-	-	-		-	-	-
92300	Employee benefit contributions - tenant services	-	-	-		-	-	-
92400	Tenant Services - Other	57,363	-	336		57,699	-	57,699
		-	-	-		-	-	-
93100	Water	717,197	4,493	-		721,690	1,495,367	2,217,057
93200	Electricity	1,697,538	30,381	-		1,727,919	252,299	1,980,218
93300	Gas	648,311	50,099	-		698,410	97,239	795,649
93400	Fuel	-	-	-		-	-	-
93500	Labor	-	-	-		-	-	-
93600	Sewer	1,459,439	37,012	-		1,496,451	25,775	1,522,226
93700	Employee benefit contributions - utilities	-	-	-		-	-	-
93800	Other utilities expense	-	-	-		-	75,763	75,763
		-	-	-		-	-	-
94100	Ordinary Maintenance and Operations - Labor	2,382,167	119,089	-		2,501,256	497,698	2,998,954
94200	OMO - Materials and Other	725,585	41,171	6,075		772,831	1,446,448	2,219,279
	Ordinary Maintenance and Operations Contracts - Garbage and Trash Removal Contracts	148,199	2,340	250		150,789		150,789
	Ordinary Maintenance and Operations Contracts - Heating & Cooling Contracts	409,232	7,863	-		417,095		417,095
	Ordinary Maintenance and Operations Contracts - Snow Removal Contracts	291,611	7,650	-		299,261		299,261
	Ordinary Maintenance and Operations Contracts - Elevator Maintenance Contracts	-	-	-		-		-
	Ordinary Maintenance and Operations Contracts - Landscape & Grounds Contracts	785,289	4,660	-		789,949		789,949
	Ordinary Maintenance and Operations Contracts - Unit Turnaround Contracts	3,421,779	-	-		3,421,779		3,421,779
	Ordinary Maintenance and Operations Contracts - Electrical Contracts	118,720	10,987	-		129,707		129,707
	Ordinary Maintenance and Operations Contracts - Plumbing Contracts	1,020,471	3,597	-	-	1,024,068		1,024,068
	Ordinary Maintenance and Operations Contracts - Extermination Contracts	251,028	2,244	-	(65,283)	187,989		187,989
	Ordinary Maintenance and Operations Contracts - Janitorial Contracts	87,819	-	-		87,819		87,819
	Ordinary Maintenance and Operations Contracts - Routine Maintenance Contracts	15,083	-	-		15,083		15,083
	Ordinary Maintenance and Operations Contracts - Misc Contracts	2,071,822	93,520	1,920	(35,271)	2,131,991	-	2,131,991
94300	Ordinary Maintenance and Operations - Contract Costs	8,621,053	132,861	2,170	(100,554)	8,655,530	1,122,958	9,778,488
94500	Employee Benefit Contributions - Ordinary Maintenance	645,426	34,822	-		680,248	-	680,248
		-	-	-		-	-	-
95100	Protective Services - labor	-	-	-		-	-	-
95200	Protective Services - Other Contract Costs	955,998	462	17,538		973,998	270,061	1,244,059
95300	Protective Services - Other	-	-	-		-	-	-
95500	Employee benefit contributions - protective services	-	-	-		-	-	-
		-	-	-		-	-	-

Year Ended June 30, 2018

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)
96110	Property Insurance	\$ 394,012	\$ 25,594	\$ -		\$ 419,606	\$ 648,215	\$ 1,067,821
96120	Liability Insurance	-	-	-		-	46,428	46,428
96130	Workmen's Compensation	179,957	16,654	16,692		213,303	19,166	232,469
96140	All other Insurance	240,849	17,309	67,139		325,297	32,509	357,806
96200	Other General Expenses	4,846,002	130	-		4,846,132	1,029,753	5,875,885
96210	Compensated Absences	7,769	64,715	12,305		84,789	-	84,789
96300	Payments in Lieu of Taxes	112,836	-	-		112,836	255,782	368,618
96400	Bad Debt - Tenant Rents	167,239	-	-		167,239	175,068	342,307
96500	Bad Debt - Mortgages	-	-	-		-	-	-
96600	Bad Debt - Other	52,500	-	-		52,500	-	52,500
96710	Interest of Mortgage (or Bonds) Payable	-	-	-		-	3,395,571	3,395,571
96720	Interest on Notes Payable (Short and Long Term)	-	-	-		-	37,588	37,588
96730	Amortization of Bond Issue Costs	-	-	-		-	48,419	48,419
96800	Severance Expense	-	-	-		-	-	-
96900	Total Operating Expenses	30,561,666	4,493,707	4,376,798	(4,463,949)	34,968,222	14,663,753	49,631,975
		-	-	-		-	-	-
97000	Excess Operating Revenue over Operating Expenses	796,442	257,963	40,329,875	-	41,384,280	139,313	41,523,593
		-	-	-		-	-	-
97100	Extraordinary Maintenance	-	-	-		-	-	-
97200	Casualty Losses - Non-Capitalized	-	-	-		-	-	-
97300-050	Housing Assistance Payments	-	-	36,182,493		36,182,493	-	36,182,493
97300-070	All Other	38,933	-	-		38,933	-	38,933
97400	Depreciation Expense	4,746,740	88,449	-		4,835,189	10,797,906	15,633,095
97500	Fraud losses	-	-	-		-	-	-
97800	Dwelling units rent expense	-	-	-		-	-	-
90000	Total Expenses	35,347,339	4,582,156	40,559,291	(4,463,949)	76,024,837	25,461,659	101,486,496
		-	-	-		-	-	-
10010	Operating transfers in	1,717,223	-	-	(1,717,223)	-	-	-
10020	Operating transfers out	(1,717,223)	-	-	1,717,223	-	-	-
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	1,350,000	-	-	(1,350,000)	-	-	-
10092	Inter Project Excess Cash Transfer Out	(1,350,000)	-	-	1,350,000	-	-	-
10093	Special items, net gain/loss	-	-	-	-	-	-	-
10094	Special items, net gain/loss	-	-	-	-	-	-	-
10100	Total other financing sources (Uses)	-	-	-	-	-	-	-
		-	-	-		-	-	-
10000	Excess (deficiency) of total revenue over (under) total expenses	(3,989,231)	169,514	4,147,382	-	327,665	(10,658,593)	(10,330,928)
11010	Capital Outlays Enterprise Fund	522,852	-	-		522,852	-	522,852
11020	Debt Principal Payments - Enterprise Funds	-	-	-		-	-	-
11030	Beginning Equity	274,554,107	3,649,055	15,784,599		293,987,761	24,123,977	318,111,738
11040	Prior Period Adjustments, Equity transfer and correction of errors	-	-	16,523		16,523	50,000	66,523
11040-070	Equity transfer	-	-	-		-	-	-
		-	-	-		-	-	-
11190	Unit Months Available	40,911	-	74,532		115,443	-	115,443
11210	Number of Unit Months Leased	38,061	-	59,947		98,008	-	98,008
11170	Administrative Fee Equity	1	-	393,513		393,514	-	393,514
11180	Housing Assistance Payments Equity	-	-	128,865		128,865	-	128,865
		-	-	-		-	-	-
11270	Excess Cash	7,206,251	-	-		7,206,251	-	7,206,251
		-	-	-		-	-	-
11610	Land Purchases	-	-	-		-	-	-
11620	Building Purchases	-	-	3,828,916		3,828,916	-	3,828,916
11630	Furniture & Equipment - Dwelling Purchases	273,420	-	-		273,420	-	273,420
11640	Furniture & Equipment - Administrative Purchases	-	-	-		-	-	-
11650	Leasehold Improvements Purchases	-	-	-		-	-	-
11660	Infrastructure Purchases	-	-	336,419		336,419	-	336,419
13510	CFFP Debt Service Payments	-	-	-		-	-	-
13901	Replacement Housing Factor Funds	-	-	-		-	-	-

Actual Modernization Cost Certificate

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

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

Capital Fund Program (CFP)

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

Do not send this form to the above address.

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

PHA Name:

DETROIT HOUSING COMMISSION

Modernization Project Number:

MI28R00150209

The PHA hereby certifies to the Department of Housing and Urban Development as follows:

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

A. Funds Approved	\$ 4,229,235.00
B. Funds Disbursed	\$ 4,229,235.00
C. Funds Expended (Actual Modernization Cost)	\$ 4,229,235.00
D. Amount to be Recaptured (A-C)	\$ 0.00
E. Excess of Funds Disbursed (B-C)	\$ 0.00

2. That all modernization work in connection with the Modernization Grant has been completed;

3. That the entire Actual Modernization Cost or liabilities therefor incurred by the PHA have been fully paid;

4. That there are no undischarged mechanics', laborers', contractors', or material-men's liens against such modernization work on file in any public office where the same should be filed in order to be valid against such modernization work;

5. That the time in which such liens could be filed has expired; and

6. That for any years in which the grantee is subject to the audit requirements of the Single Audit Act, 31 U.S.C. § 7501 et seq., as amended, the grantee has or will perform an audit in compliance with said requirements.

7. Please mark one:

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

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

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

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

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

Harold Ince, Interim Executive Director

Signature of Executive Director (or Authorized Designee):

X

Date:

October 14, 2016

For HUD Use Only

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

Approved for Audit (Director, Office of Public Housing)

X

Date:

10/21/16

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

Approved: (Director, Office of Public Housing)

X

Date:

11/18/2018

form HUD-53001 (10/96)
ref Handbooks 7485.1 & 3

Actual Modernization Cost Certificate

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

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

Capital Fund Program (CFP)

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Do not send this form to the above address.

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PHA Name:

Detroit Housing Commission

Modernization Project Number:

MI28P001501-14

The PHA hereby certifies to the Department of Housing and Urban Development as follows:

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

A. Funds Approved	\$ 8,255,478.00
B. Funds Disbursed	\$ 8,255,478.00
C. Funds Expended (Actual Modernization Cost)	\$ 8,255,478.00
D. Amount to be Recaptured (A-C)	\$ 0.00
E. Excess of Funds Disbursed (B-C)	\$ 0.00

2. That all modernization work in connection with the Modernization Grant has been completed;

3. That the entire Actual Modernization Cost or liabilities therefor incurred by the PHA have been fully paid;

4. That there are no undischarged mechanics', laborers', contractors', or material-men's liens against such modernization work on file in any public office where the same should be filed in order to be valid against such modernization work;

5. That the time in which such liens could be filed has expired; and

6. That for any years in which the grantee is subject to the audit requirements of the Single Audit Act, 31 U.S.C. § 7501 et seq., as amended, the grantee has or will perform an audit in compliance with said requirements.

7. Please mark one:

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

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

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

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

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

Harold S. Ince, Jr.; Interim Executive Director

Signature of Executive Director (or Authorized Designee):

X

Date:

06-01-2018

For HUD Use Only

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

Approved for Audit (Director, Office of Public Housing)

X

Date:

6/8/18

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

Approved: (Director, Office of Public Housing)

X

Date:

Actual Modernization Cost Certificate

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

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

Capital Fund Program (CFP)

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PHA Name:

DETROIT HOUSING COMMISSION

Modernization Project Number:

MI28R00150214

The PHA hereby certifies to the Department of Housing and Urban Development as follows:

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

A. Funds Approved	\$ 2,320.00
B. Funds Disbursed	\$ 2,320.00
C. Funds Expended (Actual Modernization Cost)	\$ 2,320.00
D. Amount to be Recaptured (A-C)	\$ 0.00
E. Excess of Funds Disbursed (B-C)	\$ 0.00

2. That all modernization work in connection with the Modernization Grant has been completed;

3. That the entire Actual Modernization Cost or liabilities therefor incurred by the PHA have been fully paid;

4. That there are no undischarged mechanics', laborers', contractors', or material-men's liens against such modernization work on file in any public office where the same should be filed in order to be valid against such modernization work;

5. That the time in which such liens could be filed has expired; and

6. That for any years in which the grantee is subject to the audit requirements of the Single Audit Act, 31 U.S.C. § 7501 et seq., as amended, the grantee has or will perform an audit in compliance with said requirements.

7. Please mark one:

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

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

Harold Inge, Interim Executive Director

Signature of Executive Director (or Authorized Designee):

X

Date:

October 31, 2016

For HUD Use Only

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

Approved for Audit (Director, Office of Public Housing)

X

Date:

12/1/16

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

Approved: (Director, Office of Public Housing)

X

Date:

1/18/2018

form HUD-53001 (10/96)
ref Handbooks 7485.1 & 3