

To the Board of Commissioners
Lansing Housing Commission

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November XX, 2017 on our consideration of Lansing 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 Lansing Housing Commission's internal control over financial reporting and compliance.

February 28, 2018

**Lansing Housing Commission
Lansing, Michigan**

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2017

This management's discussion and analysis (MD&A) of Lansing Housing Commission provides an overview of the Commission's financial performance during the fiscal year ended June 30, 2017. The operations of the Lansing Housing Commission are comprised of a Low Income Public Housing Program, a Housing Choice Voucher program, a Capital Fund Program, a Section 8 New Construction Program, and a Resident Opportunity and Supportive Services Program. The Low Income Public Housing Program is funded with tenant rental revenue, miscellaneous tenant charges, and Department of Housing and Urban Development (HUD) grants and subsidies. The remaining programs are funded entirely by federal grants. The Commission also maintains a central office cost center, various business activities, and component units. This MD&A covers only the Commission's primary government activities, including its blended component unit and the Lansing Housing Commission Non Profit Development Corporation (LHCNPDC), and do not analyze the financial position or current year activity of the discretely presented component unit - Oliver Gardens LDHA Limited Partnership (Oliver Gardens). Please read this summary along with the accompanying audited financial statements of the Commission for the fiscal year ended June 30, 2017. The audited financial statements of Oliver Gardens have been presented in the financial statements of the Commission.

Financial Highlights

1. Total assets exceed total liabilities by	\$ 16,592,680
2. Unrestricted net position equals	2,281,993
3. Total net position increased by	189,747

Required Financial Statements

The financial statements of the Commission have been prepared on the accrual basis of accounting following the business-type activities reporting requirements of the Governmental Accounting Standards Board (GASB) as a single enterprise fund. These statements are as follows:

- Statement of net position - includes all of the Commission's assets and liabilities and provides information about the amounts and investments in assets and the obligations to commission creditors. It also provides a basis of assessing the liquidity and financial flexibility of the Commission. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial health of the Commission is improving or deteriorating.
- Statement of revenue, expenses, and changes in net position - provides information as to the increase or decrease of current year revenue over expenses.
- Statement of cash flows - provides information about the Commission's cash receipts and disbursements during the reporting period. The statement discloses net cash provided by or used in operating activities and noncapital financing activities from capital and related financing activities and from investing activities.

Financial Analysis

Statement of Net Position

	2016	2017	Change	Percent Change
Assets				
Current and restricted assets	\$ 6,090,137	\$ 5,335,778	\$ (754,359)	-12%
Capital assets	15,647,363	15,562,494	(84,869)	-1%
Noncurrent assets	<u>909,675</u>	<u>924,330</u>	<u>14,655</u>	2%
Total assets	22,647,175	21,822,602	(824,573)	-4%
Deferred Outflows of Resources	992,302	1,017,239	24,937	3%
Total assets and deferred outflows of resources	23,639,477	22,839,841	(799,636)	-3%
Liabilities				
Current liabilities	880,792	630,636	(250,156)	-28%
Long-term liabilities	<u>6,273,462</u>	<u>5,481,415</u>	<u>(792,047)</u>	-13%
Total liabilities	7,154,254	6,112,051	(1,042,203)	-15%
Deferred Inflows of Resources	<u>82,290</u>	<u>135,110</u>	<u>52,820</u>	64%
Net Position				
Net investment in capital assets	13,195,546	13,268,885	73,339	1%
Restricted	952,587	1,041,802	89,215	9%
Unrestricted	<u>2,254,800</u>	<u>2,281,993</u>	<u>27,193</u>	1%
Total net position	<u>\$ 16,402,933</u>	<u>\$ 16,592,680</u>	<u>\$ 189,747</u>	1%

As illustrated in the statement of net position, the overall net position of the Commission increased by \$189,747 primarily as a result in a decrease in current and long-term liabilities net of decreases in current and capital assets. Current assets decreased primarily due to a decrease in cash and an overall decrease in accounts receivable due from HUD. There were no large new capital asset projects in the current year and as a result net capital assets decreased by normal depreciation. The increase in noncurrent assets was due to an increase in the COCC investment in Oliver Gardens. Current liabilities decreased primarily due to the decrease in the activity of accounts payable related to the insignificant purchases of capital assets. While there was an increase in OPEB liabilities, the decrease in net pension liability led to an overall decrease in noncurrent liabilities.

Financial Analysis (Continued)

Statement of Activities

	2016	2017	Change	Percent Change
Revenue				
Tenant rental revenue	\$ 1,717,181	\$ 1,655,669	\$ (61,512)	-4%
Federal grants	17,108,785	15,562,618	(1,546,167)	-9%
Other revenue	<u>1,500,717</u>	<u>1,580,120</u>	<u>79,403</u>	5%
Total revenue	<u>20,326,683</u>	<u>18,798,407</u>	<u>(1,528,276)</u>	-8%
Expenses				
Administrative expenses	3,169,731	3,064,073	(105,658)	-3%
Tenant services	21,976	41,195	19,219	87%
Utilities	769,111	893,395	124,284	16%
Maintenance and operations	2,108,351	2,392,757	284,406	13%
Insurance and general expenses	430,957	450,813	19,856	5%
Housing assistance payments	9,970,034	10,404,199	434,165	4%
Depreciation and amortization	1,358,328	1,273,346	(84,982)	-6%
Interest expense	<u>86,744</u>	<u>88,882</u>	<u>2,138</u>	2%
Total expenses	<u>17,915,232</u>	<u>18,608,660</u>	<u>693,428</u>	4%
Change in Net Position	<u>\$ 2,411,451</u>	<u>\$ 189,747</u>	<u>\$ (2,221,704)</u>	-92%

Revenue

In reviewing the statement of revenue and expenses, you will find that 83 percent of the Commission's revenue is derived from grants from the Department of Housing and Urban Development, 9 percent of the Commission's revenue is from dwelling rent, and 8 percent is from investment income and other income.

Expenses

In reviewing the statement of revenue and expenses, you will find that 56 percent of the Commission's expenses are for housing assistance payments, 16 percent for administrative, 5 percent are for utilities, 13 percent are for maintenance, 7 percent are for depreciation and amortization, and 3 percent are for tenant services, protective services, general expenses, and interest expense.

Change in Net Position

Although there was a significant decrease in overall revenue during fiscal year 2017, the Commission increased the net position due to effective management of expenses. The overall revenue decrease was primarily a result of decrease in the federal grant revenue received under the Continuum of Care program and the Public Housing Capital Fund program. Noted increases in tenant services, utilities, maintenance and operations, and housing assistance payments were there result of high occupancy rates exceeding 97 percent. Other expenses fluctuated at relatively expected amounts due to changes in salaries, benefits, and other housing operating expenditures with the net effect on expenditures consistent overall to the prior year.

Financial Analysis (Continued)

Capital Assets

As of year end, the Commission had \$15,562,493 invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease (additions, deductions and depreciation) of 1 percent from the end of last year.

	2016	2017	Change	Percent Change
Land	\$ 1,554,771	\$ 1,554,771	\$ -	0%
Buildings	48,743,568	49,742,492	998,924	2%
Furniture and equipment	1,541,301	1,353,588	(187,713)	-12%
Construction in progress	2,245,979	2,331,065	85,086	4%
Accumulated depreciation	<u>(38,438,256)</u>	<u>(39,419,422)</u>	<u>(981,166)</u>	3%
Net capital assets	<u>\$ 15,647,363</u>	<u>\$ 15,562,494</u>	<u>\$ (84,869)</u>	-1%

The following reconciliation summarizes the change in capital assets:

Beginning balance - July 1, 2016	\$ 15,647,363
Additions:	
Construction in progress	911,341
Building and improvements	290,099
Furniture and equipment	37,558
Disposals net of depreciation	(50,521)
Depreciation expense	<u>(1,273,346)</u>
Ending balance - June 30, 2017	<u>\$ 15,562,494</u>

Debt Outstanding

As of the end of the fiscal year, the Commission had \$2,293,609 in debt outstanding compared to \$2,451,817 in the previous year. The net change in debt for the year was a decrease of \$158,208 of principal payments.

	Long-term Debt	
	2016	2017
Note payable - Davenport	\$ 522,879	\$ 474,903
Note payable - PNC	<u>1,928,938</u>	<u>1,818,706</u>
Total long-term debt	<u>\$ 2,451,817</u>	<u>\$ 2,293,609</u>

Financial Analysis (Continued)

Economic Factors and Events Affecting Operations

Factors that may affect the financial position of the Commission in the subsequent fiscal year are as follows:

- Federal funding appropriations as budgeted by Congress for funding to the Department of Housing and Urban Development
- Local labor supply and demand, which can affect salary and wage rates and the need to contract more work because of employee hiring challenges
- Union contract negotiations
- Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore the amount of rental income
- Inflationary pressure on utility rates, supplies, and other costs
- Pay down of underfunded pension liability

In the current year and for future years, the financial position of the Commission is also impacted by the Commission's adoption of Governmental Accounting Standards Board (GASB) Statement No. 68 as of July 1, 2014. The objective of which is to improve accounting and financial reporting by state and local employers about financial support for pensions that is provided by other entities. The Commission participates in an agent multiple-employer defined benefit pension plan administered by the Municipal Employees Retirement System of Michigan (MERS) that covers all employees of the Commission. The Commission's net pension liability for this plan is determined annually using a measure of the total pension liability and the pension net position at the end of each calendar year.

REAC

The Real Estate Assessment Center's (REAC) mission is to provide and promote accurate information in assessing the condition of HUD's housing portfolio. The Commission receives periodic physical inspections and an annual financial evaluation provided by REAC. This performance data provides an annual assessment of how each Public Housing Commission compares to its peers. The Commission did not undergo an inspection or evaluation during the fiscal year ended June 30, 2017.

Conclusion

The Commission's management is committed to staying abreast of regulations and appropriations as well as maintaining an ongoing analysis of all budgets and expenses to ensure that the Commission continues to operate at the highest standards established by the Real Estate Assessment Center and the Department of Housing and Urban Development.

Contact

This financial report is designed to provide a general overview of the Commission's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Martell Armstrong, Executive Director, Lansing Housing Commission, 419 Cherry, Lansing, MI 48933, or call (517)372-7996.

Lansing Housing Commission

Statement of Net Position June 30, 2017

	Primary Government (LHC)	Discrete Component Unit - Oliver Gardens
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and cash equivalents (Note 2)	\$ 3,278,089	\$ 33,994
Cash and cash equivalents - Restricted (Note 2)	1,070,995	300,878
Tenant security deposits - Restricted (Note 2)	127,326	4,406
Receivables:		
Tenant receivables	23,555	-
Accrued interest receivable	34,555	-
Other receivables	229,461	2,336
Due from other governmental units - HUD	4,292	-
Allowance for doubtful accounts	(2,356)	-
Investments (Note 2)	512,144	-
Prepaid expenses and other assets	57,717	3,783
Total current assets	5,335,778	345,397
Noncurrent Assets		
Investment in partnership	924,230	-
Other assets	100	7,638
Capital Assets - Nondepreciable (Note 3)	3,885,836	685,162
Capital Assets - Net of depreciation (Notes 3)	11,676,658	1,933,967
Total assets	21,822,602	2,972,164
Deferred Outflows of Resources - Pension (Note 5)	1,017,239	-
Total assets and deferred outflows of resources	<u>\$ 22,839,841</u>	<u>\$ 2,972,164</u>

Lansing Housing Commission

Statement of Net Position (Continued) June 30, 2017

	Primary Government (LHC)	Discrete Component Unit - Oliver Gardens
Liabilities, Deferred Inflows of Resources, and Net Position		
Current Liabilities		
Accounts payable - Operating	\$ 162,072	\$ 3,685
Security deposits liability	160,051	4,528
Accrued liabilities and other:		
Accrued PILOT	64,909	17,915
Accrued interest	-	49,799
Accrued salaries and wages	56,391	-
Compensated absences < 1 year	17,528	-
Other current liabilities	-	73,005
Accrued partnership management fees	-	90,000
Notes payable - Current portion (Note 4)	169,685	29,818
Total current liabilities	630,636	268,750
Noncurrent Liabilities		
Notes payable - Net of current portion (Note 4)	2,123,924	2,524,965
Compensated absences	99,325	-
Net OPEB obligation (Note 6)	1,865,920	-
Net pension liability (Note 5)	1,363,053	-
Other noncurrent liabilities	29,193	822,312
Total liabilities	6,112,051	3,616,027
Deferred Inflows of Resources - Pension (Note 5)	135,110	-
Net Position		
Net investment in capital assets	13,268,885	31,255
Restricted	1,041,802	-
Unrestricted	2,281,993	(675,118)
Total net position	16,592,680	(643,863)
Total liabilities, deferred inflows of resources, and net position	<u>\$ 22,839,841</u>	<u>\$ 2,972,164</u>

Lansing Housing Commission

Statement of Activities Year Ended June 30, 2017

	Primary Government (LHC)	Discrete Component Unit - Oliver Gardens
Operating Revenue		
Tenant revenue - Net	\$ 1,655,669	\$ 260,063
HUD operating revenue	14,670,381	-
Other grant revenue	1,362,750	-
Other operating revenue	250,669	-
Total operating revenue	17,939,469	260,063
Operating Expenses		
Administrative	3,064,073	23,488
Tenant services	41,195	-
Utilities	893,395	67,907
Maintenance	2,392,757	20,886
Insurance	252,021	14,348
Other general expenses	198,792	49,912
Housing assistance payments	10,404,199	-
Depreciation and amortization	1,273,346	140,260
Total operating expenses	18,519,778	316,801
Operating Loss	(580,309)	(56,738)
Nonoperating Income (Expenses)		
Investment income	5,926	20,968
Interest expense (Note 4)	(88,882)	(94,858)
Loss on sale of assets	(39,225)	-
Total nonoperating expenses	(122,181)	(73,890)
Gain (Loss) - Before contributions	(702,490)	(130,628)
Capital Contributions - Capital grants - HUD	892,237	-
Change in Net Position	189,747	(130,628)
Net Position - Beginning of year	16,402,933	(513,235)
Net Position - End of year	<u>\$ 16,592,680</u>	<u>\$ (643,863)</u>

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

Lansing Housing Commission

Statement of Cash Flows Year Ended June 30, 2017

	Primary Government
Cash Flows from Operating Activities	
Cash received from HUD operating subsidies and grants	\$ 15,074,461
Cash received from tenants	1,678,290
Other receipts	1,486,066
Cash payments for housing assistance	(10,404,199)
Cash payments for administrative expenses	(3,064,073)
Cash payments for other operating expenses	(4,990,091)
Net cash used in operating activities	(219,546)
Cash Flows from Capital and Related Financing Activities	
Receipt of capital grants	892,237
Proceeds from sales of capital assets	342,697
Purchase of capital assets	(1,238,994)
Principal and interest paid on capital debt	(247,090)
Net cash used in capital and related financing activities	(251,150)
Cash Flows from Investing Activities	
Interest received on investments	3,977
Purchase of investment securities	(2,888)
Net cash provided by investing activities	1,089
Net Decrease in Cash and Cash Equivalents	(469,607)
Cash and Cash Equivalents - Beginning of year	4,946,017
Cash and Cash Equivalents - End of year	<u><u>\$ 4,476,410</u></u>
Balance Sheet Classification of Cash and Cash Equivalents	
Cash and cash equivalents	\$ 3,278,089
Restricted cash and cash equivalents	1,070,995
Tenant security deposits	127,326
Total cash and cash equivalents	<u><u>\$ 4,476,410</u></u>

Lansing Housing Commission

Statement of Cash Flows (Continued) Year Ended June 30, 2017

Reconciliation of Operating Loss to Net Cash from Operating Activities	
Operating loss	\$ (580,309)
Adjustments to reconcile operating loss to net cash from operating activities:	
Depreciation and amortization	1,273,346
Bad debts	120,832
Deferred outflows and inflows	27,883
Changes in assets and liabilities:	
Receivables	305,869
Prepaid and other assets	(481,510)
Accounts payable	(297,270)
Security and other trust deposits	20,060
Accrued and other liabilities	(608,447)
Net cash used in operating activities	<u>\$ (219,546)</u>

Lansing Housing Commission

Notes to Financial Statements June 30, 2017

Note I - Organization and Summary of Significant Accounting Policies

Organization and Program Descriptions

The Lansing Housing Commission (LHC or the "Commission") is a Michigan public body corporation operating as a public housing authority under the Michigan Housing Facilities Act, MCL 125.65 to provide decent, safe, and adequate housing for low-income program participants. The Commission owns and provides subsidy and operation support for housing units located throughout the Lansing area. LHC's assets, liabilities, net position, and changes in net position are included in its primary government fund and include all AMPs, COCC, business activities, and programs of the Commission. The Commission receives and administers funds from the U.S. Department of Housing and Urban Development (HUD) and has signed an annual contributions contract (ACC) under the provisions of the ACC and all applicable provisions of the United States Housing Act of 1937 (42 U.S.C 1437 Section I.1). The ACC allows the Commission to obtain financial support from HUD and provide low-income housing throughout Lansing. The Commission administers the following significant programs:

Low-rent Public Housing - The Commission owns, operates, and maintains 833 units of public housing in four properties throughout the city of Lansing. The Low Rent Housing Assistance Program is designed to provide subsidized housing to low-income individuals who pay monthly rent in accordance with prescribed rent formulas based on family income limits. Revenue consists primarily of this rental income, other tenant fees collected, and an operating subsidy from HUD.

Housing Choice Voucher Program (HCVP) - Section 8 of the Housing and Community Development Act of 1974 provides Housing Assistance Payments on behalf of lower-income families to participating housing owners. Under the program, the landlord-tenant relationship is between a housing owner and a family, rather than the Commission and a family as in the Public Housing program. HUD contracts with the Commission to enter into contracts with owners to either make assistance payments or to pay the difference between the approved contract rent and the actual rent paid by the lower-income families. Housing assistance payments made to landlords and some participants are funded through annual contributions contracts, as well as the administrative cost of managing the program up to a per-unit limit established in the contracts. The Commission administered an average of 1,552 tenant-based vouchers monthly for the year ended June 30, 2017.

Capital Fund Program (CFP) - Funds from the Capital Fund Program provided by HUD are used to maintain and improve the Public Housing portfolio. Substantially all additions to land, structures, and equipment for these properties are accomplished by using capital grant funds.

Lansing Housing Commission

Notes to Financial Statements June 30, 2017

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

Continuum of Care Program (Shelter Plus Care and Permanent Supportive Housing) - This program provides rental assistance to homeless individuals and families with disabilities. The Commission is a subrecipient of the funding from the City of Lansing.

Recovery Agreement and Action Plan

On September 25, 2014, the Commission was designated as a troubled agency by HUD based on a failing Public Housing Assessment System audited financial score. When a public housing agency is determined to be substandard, it is asked to provide an assessment of its deficiencies from its own self diagnosis and identify solutions to recover its performance for long-term sustainability. The Commission has completed its Public Housing Agency Recovery and Sustainability Assessment and on January 6, 2016, entered into a Recovery Agreement and Action Plan with HUD. The Commission began submitting monthly progress reports to the local HUD Field Office commencing on March 1, 2016 and every month thereafter. The monthly reports will continue until the Recovery Agreement is terminated. These financial statements have not been modified for this status.

Reporting Entity

The nucleus of the financial reporting entity, as defined by Governmental Accounting Standards Board (GASB) Statement No. 14, as amended, is the primary government. A fundamental characteristic of a primary government is that it is a fiscally independent entity. In evaluation of how to define the financial reporting entity, management has considered all potential component units. A component unit is a legally separate entity for which the primary government is financially accountable. The criteria of financial accountability is the appointment of a voting majority plus the ability of the primary government to impose its will upon the potential component unit. These criteria were considered in determining the reporting entity.

The five-member board of commissioners of LHC is appointed to five-year terms by the mayor of the City of Lansing, but the Commission board independently oversees the Commission's operation and designates its management. The City of Lansing is not financially accountable for the Commission as it cannot impose its will on the Commission, and there is no potential for the Commission to provide financial benefits to, or impose financial burdens on, the City of Lansing. Accordingly, the Commission is not a component unit of the financial reporting entity of the City of Lansing.

Lansing Housing Commission

Notes to Financial Statements June 30, 2017

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

GASB Statements 14, 39, 61 and 80 define a primary government and those organizations that should be reported as component units. The following organizations have been determined under this guidance to be component units of the Commission.

Blended Component Units - One component unit, despite being legally separate, is so integrated with the primary government that it is in substance part of the primary government. The Commission has included as a blended component unit in business activities the operations of Lansing Housing Commission Non Profit Development Corporation (LHCNPDC), a nonprofit organization. LHCNPDC has a 99 percent ownership interest in Oliver Gardens, LLC. The Commission has financial accountability for the nonprofit and controls its board of directors and management. As of June 30, 2017, LHCNPDC had assets of \$830,411, liabilities of \$879,491, and net deficit position of (\$49,080). The total revenue and change in net position was \$93,321 for the year ended June 30, 2017.

Discretely Presented Component Unit - The component unit column in the financial statements includes the financial data of the Commission's legally separate component unit, Oliver Gardens LDHA Limited Partnership, which meets the criteria for discrete component presentation. The separate column presentation clearly distinguishes the component unit balances and transactions from that of the primary government. The balances are presented as of December 31, 2016. A complete financial report can be obtained at their administrative offices at 419 Cherry St., Lansing, MI 48933.

The Commission has a 1 percent managing member ownership interest in Oliver Gardens, LLC, which has a 0.01 percent general partner ownership interest in Oliver Gardens LDHA Limited Partnership (Oliver Gardens). Oliver Gardens is a residential apartment complex in Lansing, Michigan consisting of 30 low-income housing units. The Commission does have financial accountability for Oliver Gardens, but it does not have majority ownership of the entity.

Oliver Gardens follows all applicable Financial Accounting Standards Board (FASB) standards. Since it does 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.

Lansing Housing Commission

Notes to Financial Statements June 30, 2017

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

Basis of Accounting and Presentation

The basic financial statements of the Commission have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (GAAP), 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 offsets operating expenses. Operating expenses include the cost of administrative, tenant services, utilities, maintenance, protective services, general operations, depreciation, and housing assistance payments.

As a proprietary fund, revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. 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.

Budgets - The Commission is required by its HUD annual contributions contracts to adopt annual budgets for the Low Rent Public Housing Program and the Housing Choice Vouchers Program. Annual budgets are not required for the Capital Fund Program, as those budgets are approved for the length of any given project. Annual, project, and grant length budgets require grantor approval.

Appropriations are authorized at the function level. Management may transfer budget authorization between functions. All appropriations that are not used lapse at year end. Budgeted amounts are as originally adopted or as amended by the board.

Lansing Housing Commission

Notes to Financial Statements June 30, 2017

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

Assets, Liabilities, and Net Position

Cash and Cash Equivalents - Cash and cash equivalents consist of cash on hand and all highly liquid investments purchased with an original maturity of three months or less.

Current Receivables and Recognition of Bad Debts - Current receivables consist of revenue that is earned at year end but not yet received. Tenant accounts generally are collectible as long as the tenant is occupying the unit; however, the Commission has established an allowance of \$2,356 as potentially uncollectible as of June 30, 2017. Tenant bad debt for the year ended June 30, 2017 was \$120,832.

Prepaid Expenses - Prepaid items consist of certain payments to vendors that reflect costs applicable to future fiscal years.

Investment in Partnership - The amount of this investment includes amounts invested in and due from the Commission's discretely presented component unit, Oliver Gardens LDHA LP. Of the amount due, \$405,767 is for developer fees earned that are payable from limited partner contributions or upon the availability of cash flow generated at the operating partnership level.

Capital Assets - Purchased assets and self-constructed assets and certain improvements are recorded as assets at cost in accordance with the Commission's capitalization policy. Costs equal or above the capitalization threshold of \$2,500 that materially add to the productive capacity and extend the life of an asset longer than one year are capitalized, while maintenance and repair costs are expensed as incurred. Property and equipment are depreciated using the straight-line method over the following useful lives:

Property and Equipment	Years
Buildings	40
Building improvements	7-40
Furniture and fixtures, equipment, and machinery	3-10

GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, establishes accounting and financial reporting standards for the impairment of capital assets. 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 2017, no impairments were recorded.

Lansing Housing Commission

Notes to Financial Statements June 30, 2017

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

Restricted Cash - Restricted cash represents amounts held in escrow accounts in the name of the entity for insurance and PILOT expenses, FSS escrows, Section 8 funds, tenant deposits, and replacement reserves. Restrictions for use in operations and approval are governed by HUD, lender requirements, or other outside parties.

Other Noncurrent Assets - Other assets of the component unit include \$22,917 of costs related to obtaining tax credits, net of accumulated amortization. These costs have been capitalized and are being amortized over 15 years using the straight-line method. Amortization expense for the year ended June 30, 2017 was \$1,527.

Compensated Absences - The Commission allows employees to accumulate earned but unused sick and vacation pay benefits. The Commission accrues a liability for benefits attributable to services already rendered by the Commission's employees. Employees are entitled to a specific amount of leave per month capped at 480 hours total. Upon separation from employment, employees with 20 years of service hired before December 31, 2009 are entitled to receive pay for 50 percent of their accrued unused sick time, and employees with 25 years of service hired on or after January 1, 2010 are entitled to receive pay for 25 percent of their accrued unused sick time. The liability for accrued and unused leave was \$116,853 at June 30, 2017, of which \$17,528 is current and \$99,325 is noncurrent.

Net Position - Net position is comprised of three categories: (1) net investment in capital assets, (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 assets are available, the Commission's policy is to first apply restricted resources. Each component of net assets 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 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 position 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.
- iii. *Unrestricted* - This category includes all of the remaining net position that does not meet the definition of the other two categories.

Lansing Housing Commission

Notes to Financial Statements June 30, 2017

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

Revenue Recognition - The Commission receives funds from certain federal and other agencies under various grant programs. Receivables are recorded based upon amounts expended for the various programs for which funds have not been received, to the extent grant limits have not been exceeded.

The Commission leases properties to tenants under various rental arrangements. Payments from tenants are recognized as revenue in the period during which the associated use of premises occurred.

Operating Revenue and Expenses - The Commission's operating revenue includes HUD and state/local in support of housing units and programs as well as 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.

The Commission also received a ROSS (Resident Opportunities & Self Sufficiency) Grant from HUD in fiscal year 2017 to cover the costs of the service coordinator.

Capital Grants - The Commission records grants received for capital outlay as contributions of capital grants.

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.

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 period. Actual results could differ.

Subsequent Events - The financial statements and related disclosures include evaluation of events through and including January 15, 2018, which is the date the financial statements were available to be issued.

Lansing Housing Commission

Notes to Financial Statements June 30, 2017

Note 2 - Deposits and Investments

Deposits and investments are reported in the financial statements as follows:

	Primary Government (LHC)	Component Unit
Cash and cash equivalents - Unrestricted	\$ 3,278,089	\$ 33,994
Cash and cash equivalents - Restricted	1,070,995	300,878
Tenant security deposits - Restricted	127,326	4,406
Investments	512,144	-
Total deposits and investments	<u>\$ 4,988,554</u>	<u>\$ 339,278</u>

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 law also allows investments outside the state of Michigan when fully insured. 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 has designated two banks for the deposit of its funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and CDs, but not the remainder of state statutory authority as listed above. The Commission's deposits and investment policies are in accordance with statutory authority.

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 \$0 of bank deposits (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized.

Lansing Housing Commission

Notes to Financial Statements June 30, 2017

Note 2 - Deposits and Investments (Continued)

Custodial Credit Risk of Investments - Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Commission will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Commission does not have a policy for custodial credit risk. At year end, \$262,144 of investment securities was uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the Commission's name.

Note 3 - Capital Assets

A summary of property and equipment by class is as follows:

	Balance July 1, 2016	Reclassifications	Additions	Reductions	Balance June 30, 2017
Primary Government					
Capital assets not being depreciated:					
Land	\$ 1,554,771	\$ -	\$ -	\$ -	\$ 1,554,771
Construction in progress	2,245,979	(826,255)	911,341	-	2,331,065
Total nondepreciable assets	3,800,750	(826,255)	911,341	-	3,885,836
Capital assets being depreciated:					
Building and improvements	48,743,568	808,742	290,099	(99,917)	49,742,492
Furniture and fixtures, equipment, and machinery	1,541,301	17,513	37,558	(242,784)	1,353,588
Total depreciable capital assets	50,284,869	826,255	327,657	(342,701)	51,096,080
Accumulated depreciation	38,438,256	-	(292,180)	1,273,346	39,419,422
Net capital assets being depreciated	11,846,613	826,255	619,837	(1,616,047)	11,676,658
Net capital assets	\$ 15,647,363	\$ -	\$ 1,531,178	\$ (1,616,047)	\$ 15,562,494
	Balance January 1, 2016	Additions	Disposals		Balance 12/31/2016
Component Unit					
Capital assets not being depreciated - Land	\$ 685,162	\$ -	\$ -		\$ 685,162
Capital assets being depreciated:					
Buildings and improvements	3,318,485	-	-		3,318,485
Furniture and equipment	188,459	-	-		188,459
Subtotal	3,506,944	-	-		3,506,944
Accumulated depreciation	1,432,717	140,260	-		1,572,977
Net capital assets being depreciated	2,074,227	(140,260)	-		1,933,967
Net capital assets	\$ 2,759,389	\$ (140,260)	\$ -		\$ 2,619,129

Lansing Housing Commission

Notes to Financial Statements June 30, 2017

Note 3 - Capital Assets (Continued)

Construction in Progress

Capital improvements made for LHC's low-rent housing units are financed by grant funds provided by HUD under capital grants. Capital grants are awarded annually based on a five-year comprehensive modernization plan submitted by the Commission. Related construction in progress are costs incurred for the modernization of low-rent units. When modernization projects are completed, HUD issues a modernization cost certificate for each grant, closing out the grant for that year, and at which time construction in progress for that grant is placed in service and transferred to the buildings or improvements categories.

Note 4 - Long-term Debt

Primary Government

LHC's debt is comprised of a promissory note payable to Davenport University and a lease with PNC for the Energy Performance Contract.

Davenport University

The Commission purchased an office building and land from Davenport University (the "Lender") in 2012 for \$950,000 with a \$700,000 promissory note payable to the Lender. The note bears an annual interest rate of 2.4 percent, which is subject to adjustment concurrently with changes in the Lender's cost of funds. Equal monthly payments of \$5,000 are due beginning on July 28, 2012. The outstanding principal and interest balance will be due when the note matures on June 28, 2022.

PNC

Energy Conservation Measures (ECMs), as defined in the Commission's Energy Performance Contract (EPC) dated December 11, 2013, are financed by PNC as stipulated in the Master Equipment Lease-Purchase Agreement in the principal amount of \$2,051,375. This obligation was issued pursuant to the provisions of Act 18, *Public Acts of Michigan 1933 (Ex. Sess)*, as amended, and Chapter 260 of the *Code of Ordinances of the City of Lansing*. HUD's Public Housing EPC program is an innovative financing technique that uses cost savings from reduced energy consumption to repay the cost of installing ECMs. The project is financed with a tax-exempt lease for a term of 15 years at a fixed interest rate of 3.91 percent. PNC as the lender has a security interest in the ECMs.

Lansing Housing Commission

Notes to Financial Statements June 30, 2017

Note 4 - Long-term Debt (Continued)

Component Unit

Oliver Gardens LDHA Limited Partnership (the "Partnership") has the following loans outstanding as of December 31, 2016 that are secured by land and substantially all real property owned by the Partnership:

Mortgage dated October 17, 2006 held by Michigan State Housing Development Authority (MSHDA) in the amount of \$1,775,482. The mortgage bears interest at a rate of 5.5 percent. However, an amount equal to 0.5 percent of interest is deferred until the mortgage principal balance is paid in full. Monthly payments of principal and interest are required in the amount of \$8,961. Financing fees of \$45,415 were incurred in connection with obtaining loans to rehabilitate the property. These costs are being amortized over the term of the related debt and are reported net of debt on the statement of net position. As of December 31, 2016, total accumulated amortization related to these costs was \$12,324. Amortization expense was \$1,527 for the year ended December 31, 2016 and has been included as a component of interest expense on statement of activities

\$ 1,534,650

HOME loan dated June 1, 2006 in the amount of \$170,000. The loan is held by the City of Lansing under the HOME Investments Partnership Program and bears interest at a rate of 1 percent per annum. Principal and interest are due on the loan when it matures on December 31, 2041

170,000

Community Development Block Grant (CDBG) loan dated May 31, 2006 in the amount of \$550,000. The loan is held by the City of Lansing under the CDBG Program and bears interest at a rate of 1 percent per annum. Principal and interest are due on the loan when it matures on May 31, 2046

550,000

Lansing Housing Commission (LHC) note dated December 31, 2007 in the amount of \$300,133. The loan is held by LHC and bears an interest rate of 1 percent per annum. Principal and interest are due on the loan when it matures on January 1, 2048

300,133

Total 2,554,783

Less current portion 29,818

Long-term portion \$ 2,524,965

Lansing Housing Commission

Notes to Financial Statements June 30, 2017

Note 4 - Long-term Debt (Continued)

Primary Government

Future minimum principal and interest payments on the LHC promissory note with Davenport to maturity for the years ending June 30 are as follows:

	Principal	Interest	Total
2018	49,141	10,859	60,000
2019	301,000	4,000	305,000
2020	58,000	2,000	60,000
2021	59,000	1,000	60,000
2022	7,762	609	8,371
Total payments	<u>\$ 474,903</u>	<u>\$ 18,468</u>	<u>\$ 493,371</u>

Future minimum principal and interest payments on LHC's lease with PNC to maturity for the years ending June 30 are as follows:

	Principal	Interest
2018	120,544	72,000
2019	131,000	67,000
2020	138,000	62,000
2021	144,000	56,000
2022	150,000	50,000
2023-2027	847,000	150,000
2028-2029	288,162	9,000
Total payments	<u>\$ 1,818,706</u>	<u>\$ 466,000</u>

Lansing Housing Commission

Notes to Financial Statements June 30, 2017

Note 4 - Long-term Debt (Continued)

Component Unit

Future minimum principal and interest payments on long-term debt to maturity for the years ending December 31 for the discretely presented component unit are as follows:

	Principal	Interest
2017	29,818	77,714
2018	31,343	76,189
2019	32,953	74,579
2020	34,638	72,894
2021	36,411	71,121
2022-2026	211,977	325,683
2027-2031	272,042	265,618
2032-2036	349,128	188,532
2037-2041	618,056	89,604
2042-2046	671,375	305,910
2047-2048	300,133	-
Total payments	<u>\$ 2,587,874</u>	<u>\$ 1,547,844</u>

Changes in long-term debt for the year ended June 30, 2017 (or December 31, 2016 for the discretely presented component unit) are presented below:

	Balance - Beginning of Year	Additions	Deletions	Balance - End of Year	Due in 1 Year
Primary government:					
Davenport	\$ 522,879	\$ -	\$ (47,976)	\$ 474,903	\$ 49,141
PNC	1,928,938	-	(110,232)	1,818,706	120,544
Total	<u>\$ 2,451,817</u>	<u>\$ -</u>	<u>\$ (158,208)</u>	<u>\$ 2,293,609</u>	<u>\$ 169,685</u>
Component unit:					
MSHDA	\$ 1,596,108	\$ -	\$ (28,367)	\$ 1,567,741	\$ 29,818
City of Lansing	720,000	-	-	720,000	-
LHC	300,133	-	-	300,133	-
Total	<u>\$ 2,616,241</u>	<u>\$ -</u>	<u>\$ (28,367)</u>	<u>\$ 2,587,874</u>	<u>\$ 29,818</u>

Interest expense for the year ended June 30, 2017 was \$88,882 for the primary government and interest expense for the year ended December 31, 2016 was \$92,033 for the discrete component unit, excluding \$1,298 of amortization expense of financing fees which has been reported as a component of interest expense on the statement of activities.

Lansing Housing Commission

Notes to Financial Statements June 30, 2017

Note 5 - Agent Defined Benefit Pension Plan Description

Plan Description - The Commission participates in an agent multiple-employer defined benefit pension plan administered by the Municipal Employees Retirement System of Michigan (MERS), that covers all employees of the Commission. 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 of Michigan at 1134 Municipal Way, Lansing, Michigan 48917.

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

The MERS plan covers employees in the general open division, employees hired after May 1, 2012, and exempt employees hired before May 1, 2012.

Retirement benefits for employees in the open general division are calculated as 2.25 percent of the employee's final three-year average salary times the employee's years of service. Normal retirement age is 60 with early retirement at 55 with 15 years of service. Early retirement age with reduced benefits is 50 with 25 years of service. Vesting period is eight years. Employees are eligible for non-duty disability benefits after eight years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. Death benefits equal 80 times the employee's final full-year salary. An employee who leaves service may withdraw his or her contributions plus any accumulated interest.

Retirement benefits for employees hired after May 1, 2012 are calculated as 1.70 percent of the employee's final three-year average salary times the employee's years of service. Normal retirement age is 60. Early retirement age with reduced benefits is at 50 with 25 years of service or 55 with 15 years of service. Vesting period is eight years. Employees are eligible for non-duty disability benefits after eight years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. Death benefits for a surviving spouse equal 80 percent of the deceased member's accrued retirement allowance, computed in the same manner as a service retirement allowance, based on service and final average compensation at the time of death. An employee who leaves service may withdraw his or her contributions plus any accumulated interest.

Lansing Housing Commission

Notes to Financial Statements June 30, 2017

Note 5 - Agent Defined Benefit Pension Plan Description (Continued)

Retirement benefits for exempt employees hired before May 1, 2012 are calculated as 2.25 percent of the employee's final three-year average salary times the employee's years of service. Normal retirement age is 60 with early retirement at 55 with 15 years of service. Early retirement age with reduced benefits is 50 with 25 years of service. Vesting period is eight years. Employees are eligible for non-duty disability benefits after eight years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. Death benefits equal 80 times the employee's final full-year salary. An employee who leaves service may withdraw his or her contributions plus any accumulated interest.

Benefit terms provide for annual cost-of-living adjustments to each employee's retirement allowance subsequent to the employee's retirement date. The annual adjustments are 3 percent, noncompounding.

Benefit terms, within the parameters established by MERS, are generally established and amended by authority of the board of commissioners, generally after negotiations of these terms with the affected unions. Police and fire employees benefit terms may be subject to binding arbitration in certain circumstances.

Employees Covered by Benefit Terms - At the December 31, 2016 measurement date, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	35
Inactive plan members entitled to but not yet receiving benefits	14
Active plan members	<u>27</u>
Total employees covered by MERS	<u><u>76</u></u>

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

For the year ended June 30, 2017, the average active employee contribution rate was 5.0 percent of annual pay for all divisions and the Commission's average contribution rate was 19.66 percent in the open general division and 4.41 percent under the new hires division of annual payroll.

Lansing Housing Commission

Notes to Financial Statements June 30, 2017

Note 5 - Agent Defined Benefit Pension Plan Description (Continued)

Net Pension Liability

The net pension liability reported at June 30, 2017 was determined using a measure of the total pension liability and the pension net position as of December 31, 2016. The December 31, 2016 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, 2015	\$ 9,188,776	\$ 6,686,668	\$ 2,502,108
Service cost	126,678	-	126,678
Interest	714,076	-	714,076
Changes in benefits	(349,397)	-	(349,397)
Differences between expected and actual experience	(140,946)	-	(140,946)
Contributions - Employer	-	693,689	(693,689)
Contributions - Employee	-	67,424	(67,424)
Net investment income	-	743,039	(743,039)
Benefit payments, including refunds	(651,805)	(651,805)	-
Administrative expenses	-	(14,686)	14,686
Miscellaneous other charges	(521)	(521)	-
Net changes	(301,915)	837,140	(1,139,055)
Balance at December 31, 2016	\$ 8,886,861	\$ 7,523,808	\$ 1,363,053

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

For the year ended June 30, 2017, the Commission recognized pension expense of \$951,902. At June 30, 2017, the Commission reported deferred outflows of resources related to pensions from the following sources:

Lansing Housing Commission

Notes to Financial Statements June 30, 2017

Note 5 - Agent Defined Benefit Pension Plan Description (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 135,110
Changes in assumptions	135,322	-
Net difference between projected and actual earnings on pension plan investments	297,768	-
Employer contributions to the plan subsequent to the measurement date	584,149	-
Total	<u>\$ 1,017,239</u>	<u>\$ 135,110</u>

Amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows. These amounts are exclusive of the employer contributions to the plan made subsequent to the measurement date (\$584,149), which will impact the net pension liability in fiscal year 2018, rather than pension expense.

Years Ending June 30	Amount
2018	\$ 168,687
2019	74,510
2020	95,652
2021	(40,869)

Actuarial Assumptions - The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%	
Salary increases	3.75%	In the long term, plus a merit and longevity increase ranging from 0 to 11 percent
Investment rate of return	8.00 %	Net of pension plan investment expense

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

Lansing Housing Commission

Notes to Financial Statements June 30, 2017

Note 5 - Agent Defined Benefit Pension Plan Description (Continued)

Mortality rates were a 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, all with a 50 percent male and 50 percent female blend. For disabled retirees, the RP-2014 Disabled Retiree Mortality Table with a 50 percent male and 50 percent female blend is used to reflect the higher expected mortality rates of disabled members.

The actuarial assumptions used in the December 31, 2016 valuation were based on the results of the most recent actuarial experience study covering the period from January 1, 2009 through December 31, 2013.

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

Projected Cash Flows

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

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, 2016, the measurement date, for each major asset class are summarized in the following table:

Asset Class	Target Allocation (%)	Long-term Expected Real Rate of Return
Global equity	58 %	5.00 %
Global fixed income	20	2.18
Real assets	12	4.23
Diversifying strategies	10	6.56

Lansing Housing Commission

Notes to Financial Statements June 30, 2017

Note 5 - Agent Defined Benefit Pension Plan Description (Continued)

The preceding target allocation was amended as of January 1, 2017 to reduce the previous allocation to global equity and global fixed income and to increase the allocation of real assets and diversifying strategies. The target allocation as of January 1, 2017 will be 55.5% global equity, 18.5% global fixed income, 13.5% real assets and 12.5% diversifying strategies.

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 8.00 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 (7.00 percent) or 1 percentage point higher (9.00 percent) than the current rate:

	1 Percent Decrease (7.00%)	Current Discount Rate (8.00%)	1 Percent Increase (9.00%)
Net pension liability of the Commission	\$ 2,288,989	\$ 1,363,053	\$ 577,944

Pension Plan Fiduciary Net Position - Detailed information about the plan's fiduciary net position is available in the separately issued financial report. For the purpose of measuring the net pension liability, deferred outflows of resources, and deferred inflows or resources related to pension and pension expense, information about the plan's fiduciary net position and addition to/deduction from fiduciary net position has been determined on the same basis as they are reported 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 6 - Other Postemployment Benefits

Plan Description - The Commission provides retiree healthcare benefits to eligible employees and their spouses. This is a single-employer defined benefit plan administered by the Commission and is provided under a separate collective bargaining agreement on health care. The plan does not issue a publicly available financial report.

Lansing Housing Commission

Notes to Financial Statements June 30, 2017

Note 6 - Other Postemployment Benefits (Continued)

Funding Progress - For the year ended June 30, 2017, the Commission has estimated the cost of providing retiree healthcare benefits through the alternative measurement method permitted by GASB Statement 45 for employers in plans with fewer than 100 plan members. The valuation computes an annual required contribution which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. This valuation's computed contribution and actual funding are summarized as follows:

Annual required contribution (recommended)	\$ 616,028
Interest on the prior year's net OPEB obligation	2,746
Less adjustment to the annual required contribution	<u>(61,132)</u>
Annual OPEB cost	557,642
Amounts contributed:	
Payments of current premiums	(64,552)
Advance funding	<u>-</u>
Increase in net OPEB obligation	493,090
OPEB obligation - Beginning of year	<u>1,372,830</u>
OPEB obligation - End of year	<u>\$ 1,865,920</u>

Lansing Housing Commission

Notes to Financial Statements June 30, 2017

Note 6 - Other Postemployment Benefits (Continued)

The annual required contribution, the percentage contributed to the plan, and the net OPEB obligation for the current and two preceding years as well as funding progress are as follows:

	Fiscal Year Ended	Annual Required Contribution *	Percentage Contributed	Net OPEB Obligation
	6/30/17	\$ 616,028	10.5 %	\$ 1,865,920
	6/30/16	421,898	15.3	1,372,830
	6/30/15	291,357	28.3	1,058,787

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
6/30/17	\$ -	\$ 2,850,309	\$ 2,850,309	- %	\$ 1,448,372	196.8 %
6/30/16	-	3,687,831	3,687,831	-	1,278,377	288.5
6/30/15	-	3,575,100	3,575,100	-	1,190,293	300.4

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented above, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of June 30, 2017, the unfunded actuarial liability (UAAL) of \$2,850,309 was equal to the actuarial accrued liability (AAL).

The following simplifying assumptions were made:

Retirement age for active employees - Based on the historical average retirement age for the covered group, active plan members were assumed to retire at age 55, or at the first subsequent year in which the member would qualify for benefits.

Lansing Housing Commission

Notes to Financial Statements June 30, 2017

Note 6 - Other Postemployment Benefits (Continued)

Marital status - Marital status of members at the calculation date was assumed to continue throughout retirement. As of March 31, 1997, the policy changed to an employee-only benefit without spouse coverage at retirement.

Mortality - Life expectancies were based on mortality tables from the National Center for Health Statistics; the 2002 version (Tables 2 and 3 from the National Vital Statistics Reports) for males and for females was used.

Turnover - Nongroup-specific age-based turnover data from GASB Statement 45 was used as the basis for assigning active members a probability of remaining employed until the assumed retirement age and for developing an expected future working lifetime assumption for purposes of allocating to periods the present value of total benefits to be paid.

Healthcare cost trend rate - The expected rate of increase in healthcare insurance premiums was based on projections of the Office of the Actuary at the Centers for Medicare & Medicaid Services. A rate of 5.0 percent was used initially, increased to an ultimate rate of 5.9 percent after six years.

Health insurance premiums - 2015 health insurance premiums for retirees were used as the basis for calculation of the present value of total benefits to be paid.

Inflation rate - A wage inflation rate of 1.5 percent was used based on Commission budgets averaging from 0 to 2.5 percent.

Payroll growth rate - The expected long-term payroll growth rate was assumed to equal the rate of inflation.

The Commission expects little return over investment and has used a rate of .20 percent and a simplified version of the entry age actuarial cost method. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2017 was 30 years.

Note 7 - Commitments and Contingencies

The Commission receives financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with the terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Commission. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Commission at June 30, 2017.

Lansing Housing Commission

Notes to Financial Statements June 30, 2017

Note 7 - Commitments and Contingencies (Continued)

The collective bargaining five-year agreement between the Housing Commission Employees' and Chapter of Local 1390.11 and Michigan Council #25, AFSCME, AFL-CIO covering approximately 60 percent of the Commission's labor force will be in place from July 1, 2014 through December 31, 2018.

Note 8 - 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. The Commission has purchased commercial insurance for all risks of loss, included workers' compensation, employee health, and accident insurance. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

Note 9 - Concentrations

The Commission operates in a heavily regulated environment. The operations of the Commission are subject to the administrative directives, rules, and regulations of federal, state, and local regulatory agencies, including, but not limited to HUD. Such administrative directives, rules, and regulations are subject to change by an Act of Congress or an administrative change mandated by HUD. Such changes may occur with little notice or inadequate funding to pay for the related costs and the additional administrative burden to comply with the changes.

For the year ended June 30, 2017, approximately 82 percent of the operating revenue reflected in the primary government basic financial statements is from HUD.

Note 10 - Upcoming Accounting Pronouncements

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which addresses reporting by governments that provide postemployment benefits other than pensions (OPEB) to their employees and for governments that finance OPEB for employees of other governments. This OPEB standard will require the Commission to recognize on the face of the financial statements its net OPEB liability related to its retiree healthcare benefits offered to retirees. The statement also enhances accountability and transparency through revised note disclosures and required supplemental information (RSI). 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, 2018.

Lansing Housing Commission

Notes to Financial Statements June 30, 2017

Note 10 - Upcoming Accounting Pronouncements (Continued)

In June 2017, the Governmental Accounting Standards Board issued GASB 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 previously were 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 2020-2021 fiscal year.

Required Supplemental Information

Lansing Housing Commission

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

	2017	2016	2015
Total Pension Liability			
Service cost	\$ 126,678	\$ 114,272	\$ 114,461
Interest	714,076	698,614	684,653
Changes in assumptions	(349,397)	405,966	-
Differences between expected and actual experience	(140,946)	(123,435)	-
Benefit payments, including refunds	(651,805)	(635,102)	(624,495)
Other	(521)	-	-
Net Change in Total Pension Liability	(301,915)	460,315	174,619
Total Pension Liability - Beginning of year	9,188,776	8,728,461	8,553,842
Total Pension Liability - End of year	\$ 8,886,861	\$ 9,188,776	\$ 8,728,461
Plan Fiduciary Net Position			
Contributions - Employer	\$ 693,689	\$ 158,735	\$ 215,191
Contributions - Member	67,424	55,586	37,167
Net investment income	743,039	(104,348)	446,261
Administrative expenses	(14,686)	(15,480)	(16,314)
Benefit payments, including refunds	(651,805)	(635,102)	(624,495)
Other	(521)	-	-
Net Change in Plan Fiduciary Net Position	837,140	(540,609)	57,810
Plan Fiduciary Net Position - Beginning of year	6,686,668	7,227,277	7,169,467
Plan Fiduciary Net Position - End of year	\$ 7,523,808	\$ 6,686,668	\$ 7,227,277
Commission's Net Pension Liability - Ending	\$ 1,363,053	\$ 2,502,108	\$ 1,501,184
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	84.66 %	72.77 %	82.80 %
Covered Employee Payroll	\$ 1,333,333	\$ 1,235,367	\$ 1,164,556
Commission's Net Pension Liability as a Percentage of Covered Employee Payroll	102.2 %	202.5 %	128.9 %

Lansing Housing Commission

Required Supplemental Information Schedule of Commission Contributions Calendar Year

	2016	2015	2014
Actuarially determined contribution	\$ 122,057	\$ 103,079	\$ 213,163
Contributions in relation to the actuarially determined contribution	693,689	158,735	215,191
Contribution deficiency (excess)	<u>\$ (571,632)</u>	<u>\$ (55,656)</u>	<u>\$ (2,028)</u>
Covered Employee Payroll	\$ 1,333,333	\$ 1,235,367	\$ 1,164,556
Contributions as a Percentage of Covered Employee Payroll	52.0 %	12.8 %	18.5 %

Notes to Schedule of Commission Contributions

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.
Methods and assumptions used to determine contribution rates	
Actuarial cost method	Entry age normal cost method
Amortization method	Level percentage of payroll, open
Remaining amortization period	24 years
Asset valuation method	10-year smoothed
Inflation	3.0 to 4.0 percent
Salary increases	4.5 percent, with merit and longevity increases ranging from 0 to 13 percent
Investment rate of return	8.0 percent
Retirement age	60
Mortality	50 percent male to 50 percent female blend of the 1994 Group Annuity Mortality Table
Other information	None

Other Supplemental Information

Lansing Housing Commission

Financial Data Schedules Year Ended June 30, 2017

		Public Housing Project Total	14.CFP Capital Fund	14.871 Housing Choice Vouchers	14.238 Supportive Housing Program	State/Local	Business Activities	Central Office Cost Center	Subtotal	Eliminations	Total	6.1 Component Units - Discretely Presented
	Balance Sheet											
	Assets											
111.00	Cash - Unrestricted	1,938,322.00	-	375,421.00	-	154,558.00	-	689,244.00	3,157,545.00	-	3,157,545.00	33,872.00
113.00	Cash - Other restricted	-	-	1,070,995.00	-	-	-	-	1,070,995.00	-	1,070,995.00	300,878.00
114.00	Cash - Tenant security deposits	127,326.00	-	-	-	-	-	-	127,326.00	-	127,326.00	4,528.00
115.00	Cash - Restricted for payment of current liabilities	120,544.00	-	-	-	-	-	-	120,544.00	-	120,544.00	-
100.00	Total Cash	2,186,192.00	-	1,446,416.00	-	154,558.00	-	689,244.00	4,476,410.00	-	4,476,410.00	339,278.00
122.00	Total accounts receivable - HUD other projects	4,292.00	-	-	-	-	-	-	4,292.00	-	4,292.00	-
124.00	Accounts receivable - Other government	1,662.00	-	-	-	-	-	-	1,662.00	-	1,662.00	-
125.00	Total accounts receivable - Miscellaneous	-	-	-	-	91,627.00	90,000.00	46,172.00	227,799.00	-	227,799.00	1,799.00
126.00	Accounts receivable - Tenants - Dwelling rents	23,555.00	-	-	-	-	-	-	23,555.00	-	23,555.00	537.00
126.10	Allowance for doubtful accounts - Dwelling rents	(2,356.00)	-	-	-	-	-	-	(2,356.00)	-	(2,356.00)	-
128.00	Accounts and notes receivable fraud recovery	-	-	-	-	-	-	-	-	-	-	-
129.00	Accrued interest receivable	124.00	-	-	-	-	34,431.00	-	34,555.00	-	34,555.00	-
120.00	Total Receivables - Net Of Allowances For Doubtful Accounts	27,277.00	-	-	-	91,627.00	124,431.00	46,172.00	289,507.00	-	289,507.00	2,336.00
131.00	Investments - Unrestricted	512,144.00	-	-	-	-	-	-	512,144.00	-	512,144.00	-
142.00	Prepaid expenses and other assets	31,128.00	-	2,747.00	-	-	-	23,842.00	57,717.00	-	57,717.00	3,783.00
144.00	Interprogram - Due from	-	-	-	-	-	-	879,491.00	879,491.00	(879,491.00)	-	-
150.00	Total Current Assets	2,756,741.00	-	1,449,163.00	-	246,185.00	124,431.00	1,633,749.00	6,215,269.00	(879,491.00)	5,335,778.00	345,397.00
161.00	Land	1,364,771.00	-	-	-	-	-	190,000.00	1,554,771.00	-	1,554,771.00	685,162.00
162.00	Buildings	49,023,620.00	-	-	-	-	-	718,871.00	49,742,491.00	-	49,742,491.00	3,318,485.00
163.00	Furniture - Equipment and machinery - Dwellings	948,105.00	-	-	-	-	-	-	948,105.00	-	948,105.00	-
164.00	Furniture - Equipment and machinery - Administration	13,600.00	-	27,596.00	-	-	-	364,287.00	405,483.00	-	405,483.00	175,949.00
166.00	Accumulated depreciation	(38,526,405.00)	-	(27,596.00)	-	-	-	(865,420.00)	(39,419,421.00)	-	(39,419,421.00)	(1,572,977.00)
167.00	Construction in progress	2,311,965.00	-	-	-	-	-	19,100.00	2,331,065.00	-	2,331,065.00	12,510.00
160.00	Total Fixed Assets - Net Of Accumulated Depreciation	15,135,656.00	-	-	-	-	-	426,838.00	15,562,494.00	-	15,562,494.00	2,618,129.00
171.00	Total notes - Loans - And mortgages receivable - Noncurrent	-	-	-	-	-	705,880.00	218,350.00	924,230.00	-	924,230.00	-
174.00	Total other assets	-	-	-	-	-	100.00	-	100.00	-	100.00	7,638.00
180.00	Total Noncurrent Assets	15,135,656.00	-	-	-	-	705,980.00	645,188.00	16,486,824.00	-	16,486,824.00	2,626,767.00
190.00	Total Assets	17,892,397.00	-	1,449,163.00	-	246,185.00	830,411.00	2,283,937.00	22,702,093.00	(879,491.00)	21,822,602.00	2,972,164.00
200.00	Deferred outflow of resources	705,540.00	-	185,626.00	-	-	-	126,073.00	1,017,239.00	-	1,017,239.00	-
250.00	Total Assets and Deferred Outflow of Resources	18,597,937.00	-	1,634,789.00	-	246,185.00	830,411.00	2,410,010.00	23,719,332.00	(879,491.00)	22,839,841.00	2,972,164.00

Lansing Housing Commission

Financial Data Schedules (Continued) Year Ended June 30, 2017

		Public Housing Project Total	14.CFP Capital Fund	14.071 Housing Choice Vouchers	14.238 Supportive Housing Program	State/Local	Business Activities	Central Office Cost Center	Subtotal	Eliminations	Total	6.1 Component Units - Discretely Presented
	Liabilities											
312.00	Accounts payable <= 90 Days	70,000.00	-	8,176.00	-	-	-	4,282.00	82,458.00	-	82,458.00	1,381.00
321.00	Accrued wage/payroll taxes payable	30,125.00	-	13,510.00	-	-	-	12,756.00	56,391.00	-	56,391.00	61,009.00
322.00	Accrued compensated absences - Current portion	9,281.00	-	3,943.00	-	-	-	4,299.00	17,528.00	-	17,528.00	-
325.00	Accrued Interest Payable	-	-	-	-	-	-	-	-	-	-	139,595.00
331.00	Total accounts payable - HUD Pha programs	-	-	-	-	-	-	-	-	-	-	-
333.00	Accounts payable - Other government	64,909.00	-	-	-	-	-	-	64,909.00	-	64,909.00	17,915.00
341.00	Tenant security deposits	127,326.00	-	-	-	-	-	-	127,326.00	-	127,326.00	4,528.00
342.00	Total deferred revenue	32,725.00	-	-	-	-	-	-	32,725.00	-	32,725.00	-
343.00	Total current portion of LTD-capital projects/mortgage revenue bonds	120,544.00	-	-	-	-	-	49,141.00	169,685.00	-	169,685.00	(3,273.00)
346.00	Accrued liabilities - Other	78,622.00	-	17.00	-	-	-	975.00	79,614.00	-	79,614.00	148,360.00
347.00	Interprogram - Due to	-	-	-	-	-	879,491.00	-	879,491.00	(879,491.00)	-	-
348.00	Loan Liability-Current	-	-	-	-	-	-	-	-	-	-	177,762.00
310.00	Total Current Liabilities	533,832.00	-	25,651.00	-	-	879,491.00	71,453.00	1,510,127.00	(879,491.00)	630,636.00	682,204.00
351.00	Total LTD-net of current-capital projects/mortgage revenue bonds	1,698,162.00	-	-	-	-	-	425,762.00	2,123,924.00	-	2,123,924.00	2,558,056.00
353.00	Noncurrent liabilities - Other	-	-	29,193.00	-	-	-	-	29,193.00	-	29,193.00	405,767.00
354.00	Accrued compensated absences - Non-current	52,594.00	-	22,370.00	-	-	-	24,361.00	99,325.00	-	99,325.00	-
357.00	Accrued pension and OPEB liabilities	2,137,003.00	-	808,997.00	-	-	-	282,973.00	3,228,973.00	-	3,228,973.00	-
350.00	Total Noncurrent Liabilities	3,887,759.00	-	860,560.00	-	-	-	733,096.00	5,481,415.00	-	5,481,415.00	2,963,823.00
300.00	Total Liabilities	4,421,291.00	-	886,211.00	-	-	879,491.00	804,549.00	6,991,542.00	(879,491.00)	6,112,051.00	3,616,027.00
400.00	Deferred inflow of resources	93,710.00	-	24,655.00	-	-	-	16,745.00	135,110.00	-	135,110.00	-
	Equity											
508.10	Invested in capital assets - Net of related debt	13,316,950.00	-	-	-	-	-	(48,065.00)	13,268,885.00	-	13,268,885.00	31,255.00
511.40	Restricted net assets	-	-	1,041,802.00	-	-	-	-	1,041,802.00	-	1,041,802.00	-
512.10	Unrestricted net assets	765,986.00	-	(317,879.00)	-	246,185.00	(49,080.00)	1,636,781.00	2,281,993.00	-	2,281,993.00	(675,118.00)
513.00	Total Equity/Net Assets	14,082,936.00	-	723,923.00	-	246,185.00	(49,080.00)	1,588,716.00	16,592,680.00	-	16,592,680.00	(643,863.00)
600.00	Total Liabilities and Equity/Net Assets	18,597,937.00	-	1,634,789.00	-	246,185.00	830,411.00	2,410,010.00	23,719,332.00	(879,491.00)	23,039,841.00	2,972,164.00

Lansing Housing Commission

Financial Data Schedules (Continued) Year Ended June 30, 2017

		Public Housing Project Total	14.CFP Capital Fund	14.071 Housing Choice Vouchers	14.238 Supportive Housing Program	State/Local	Business Activities	Central Office Cost Center	Subtotal	Eliminations	Total	6.1 Component Units - Discretely Presented
	Income Statement											
	Revenue											
70300	Net tenant rental revenue	1,556,075.00	-	-	-	-	-	-	1,556,075.00	-	1,556,075.00	85,152.00
70400	Tenant revenue - Other	99,594.00	-	-	-	-	-	-	99,594.00	-	99,594.00	-
70500	Total Tenant Revenue	1,655,669.00	-	-	-	-	-	-	1,655,669.00	-	1,655,669.00	85,152.00
70600	Total HUD P/w operating grants	3,712,245.00	603,937.00	10,354,199.00	-	-	-	-	14,670,381.00	-	14,670,381.00	174,911.00
70610	Capital grants	-	892,237.00	-	-	-	-	-	892,237.00	-	892,237.00	-
70710	Management fee	-	-	-	-	-	-	786,023.00	786,023.00	(786,023.00)	-	-
70720	Asset management fee	-	-	-	-	-	-	99,960.00	99,960.00	(99,960.00)	-	-
70730	Bookkeeping fee	-	-	-	-	-	-	72,015.00	72,015.00	(72,015.00)	-	-
70750	Other fees	-	-	-	-	-	-	-	-	-	-	-
70700	Total Fee Revenue	3,712,245.00	1,496,174.00	10,354,199.00	-	-	-	957,998.00	957,998.00	(957,998.00)	-	-
70800	Other government grants	-	-	-	-	1,362,750.00	-	-	1,362,750.00	-	1,362,750.00	-
71100	Total investment income - Unrestricted	2,446.00	-	160.00	-	-	3,321.00	-	5,927.00	-	5,927.00	20,968.00
71400	Total revenue fraud recovery	-	-	9,900.00	-	-	-	-	9,900.00	-	9,900.00	-
71500	Other revenue	62,183.00	-	12,806.00	-	-	90,000.00	75,780.00	240,769.00	-	240,769.00	-
71600	Gain or loss on sale of fixed assets	(39,225.00)	-	-	-	-	-	-	(39,225.00)	-	(39,225.00)	-
70000	Total Revenue	5,393,318.00	1,496,174.00	10,377,065.00	-	1,362,750.00	93,321.00	1,033,778.00	19,756,406.00	(957,998.00)	18,798,408.00	281,031.00

Lansing Housing Commission

Financial Data Schedules (Continued) Year Ended June 30, 2017

		Public Housing Project Total	14.CFP Capital Fund	14.871 Housing Choice Vouchers	14.238 Supportive Housing Program	State/Local	Business Activities	Central Office Cost Center	Subtotal	Eliminations	Total	6.1 Component Units - Discretely Presented
	Expenses											
91100	Administrative salaries	318,689.00	-	276,393.00	-	56,377.00	-	325,263.00	976,722.00	-	976,722.00	5,934.00
91200	Auditing fees	15,360.00	-	27,725.00	-	-	-	5,545.00	48,630.00	-	48,630.00	13,050.00
91300	Management fee	609,395.00	137,265.00	176,628.00	-	-	-	-	923,288.00	(786,023.00)	137,265.00	30,654.00
91310	Bookkeeping fee	72,015.00	-	-	-	-	-	-	72,015.00	(72,015.00)	-	-
91400	Advertising and marketing	-	-	-	-	-	-	509.00	509.00	-	509.00	-
91500	Employee benefit contributions - Administrative	369,390.00	-	242,506.00	-	12,841.00	-	130,137.00	754,874.00	-	754,874.00	-
91600	Office expenses	186,968.00	-	148,380.00	-	-	-	33,376.00	368,724.00	-	368,724.00	5,311.00
91700	Legal expense	104,784.00	-	-	-	-	-	3,639.00	108,423.00	-	108,423.00	-
91800	Travel	2,272.00	-	920.00	-	-	-	1,502.00	4,694.00	-	4,694.00	-
91900	Other	-	-	146,028.00	-	103,845.00	-	49,458.00	299,331.00	-	299,331.00	112.00
91000	Total Administrative	1,678,873.00	137,265.00	1,618,586.00	-	173,063.00	-	549,439.00	3,557,210.00	(858,038.00)	2,699,172.00	55,061.00
92000	Asset management fee	99,960.00	-	-	-	-	-	-	99,960.00	(99,960.00)	-	-
92400	Tenant services - Other	41,134.00	-	-	-	-	-	61.00	41,195.00	-	41,195.00	-
92500	Total Tenant Services	141,094.00	-	-	-	-	-	61.00	41,195.00	-	41,195.00	-
93100	Water	175,131.00	-	114.00	-	-	-	892.00	176,137.00	-	176,137.00	11,210.00
93200	Electricity	224,569.00	-	893.00	-	-	-	8,230.00	233,692.00	-	233,692.00	35,938.00
93300	Gas	202,397.00	-	73.00	-	-	-	1,691.00	204,161.00	-	204,161.00	10,318.00
93600	Sewer	251,588.00	-	95.00	-	-	-	542.00	253,225.00	-	253,225.00	10,441.00
93800	Other utilities expense	-	-	-	-	-	-	-	-	-	-	-
93000	Total Utilities	854,685.00	-	1,175.00	-	-	-	11,355.00	867,215.00	-	867,215.00	67,907.00
94100	Ordinary maintenance and operations - Labor	471,587.00	-	-	-	-	-	-	471,587.00	-	471,587.00	2,902.00
94200	Ordinary maintenance and operations - Materials and other	364,336.00	-	-	-	-	-	-	364,336.00	-	364,336.00	577.00
94300	Total ordinary maintenance and operations - Contract costs	1,541,373.00	-	33,981.00	-	-	-	66,154.00	1,641,508.00	-	1,641,508.00	16,773.00
94500	Employee benefit contributions - Ordinary maintenance	233,446.00	-	-	-	-	-	-	233,446.00	-	233,446.00	-
94000	Total Maintenance	2,610,742.00	-	33,981.00	-	-	-	66,154.00	2,710,877.00	-	2,710,877.00	20,252.00
95200	Protective services - Other contract costs	11,175.00	-	261.00	-	-	-	1,662.00	13,098.00	-	13,098.00	635.00
96110	Property insurance	124,309.00	-	-	-	-	-	1,487.00	125,796.00	-	125,796.00	11,482.00
96120	Liability insurance	51,696.00	-	16,279.00	-	-	-	226.00	68,201.00	-	68,201.00	1,275.00
96130	Workers compensation	16,834.00	-	5,734.00	-	-	-	1,059.00	23,627.00	-	23,627.00	-
96140	All other insurance	14,716.00	-	554.00	-	-	-	19,127.00	34,397.00	-	34,397.00	1,591.00
96100	Total Insurance Premiums	207,555.00	-	22,567.00	-	-	-	21,899.00	252,021.00	-	252,021.00	14,348.00

Lansing Housing Commission

Financial Data Schedules (Continued) Year Ended June 30, 2017

		Public Housing Project Total	14.CFP Capital Fund	14.071 Housing Choice Vouchers	14.238 Supportive Housing Program	State/Local	Business Activities	Central Office Cost Center	Subtotal	Eliminations	Total	6.1 Component Units - Discretely Presented
96210	Compensated absences	38,715.00	-	19,310.00	-	-	-	17,696.00	75,721.00	-	75,721.00	-
96300	Payments in lieu of taxes	63,156.00	-	-	-	-	-	-	63,156.00	-	63,156.00	18,338.00
96400	Bad debt - Tenant rents	69,832.00	-	-	-	-	-	51,000.00	120,832.00	-	120,832.00	-
96000	Total Other General Expenses	171,703.00	-	19,310.00	-	-	-	68,696.00	259,709.00	-	259,709.00	18,338.00
96710	Interest Of Mortgage (or Bonds) Payable	-	-	-	-	-	-	-	-	-	-	93,331.00
96720	Interest on notes payable (short and long-term)	76,858.00	-	-	-	-	-	12,024.00	88,882.00	-	88,882.00	-
96730	Amortization of bond issue costs	-	-	-	-	-	-	-	-	-	-	1,527.00
96700	Total Interest Expense And Amortization Cost	76,858.00	-	-	-	-	-	12,024.00	88,882.00	-	88,882.00	94,858.00
96900	Total Operating Expenses	5,752,685.00	137,265.00	1,095,874.00	-	173,063.00	-	731,280.00	7,890,167.00	(957,998.00)	6,932,169.00	271,399.00
97000	Excess revenue over operating expenses	(359,367.00)	1,358,909.00	9,281,191.00	-	1,189,687.00	93,321.00	302,498.00	11,866,239.00	-	11,866,239.00	9,632.00
97300	Total housing assistance payments	-	-	9,276,898.00	-	1,126,248.00	-	-	10,403,146.00	-	10,403,146.00	-
97400	Depreciation expense	1,155,512.00	-	705.00	-	-	-	117,129.00	1,273,346.00	-	1,273,346.00	140,260.00
98000	Total Other Nonoperating Expenses	1,155,512.00	-	9,277,603.00	-	1,126,248.00	-	117,129.00	11,676,492.00	-	11,676,492.00	140,260.00
90000	Total Expenses	6,908,197.00	137,265.00	10,373,477.00	-	1,299,311.00	-	848,409.00	19,566,659.00	(957,998.00)	18,608,661.00	411,659.00
10010	Operating transfers in	466,672.00	-	-	-	-	-	-	466,672.00	-	466,672.00	-
10020	Operating transfers out	-	(466,672.00)	-	-	-	-	-	(466,672.00)	-	(466,672.00)	-
10100	Total Other Financing Sources (Uses)	466,672.00	(466,672.00)	-	-	-	-	-	-	-	-	-
10000	Excess (Deficiency) Of Total Revenue Over (Under) Total Expenses	(1,048,207.00)	892,237.00	3,588.00	-	63,439.00	93,321.00	185,389.00	189,747.00	-	189,747.00	(130,628.00)
11020	Required Annual debt Principal Payments	110,231.00	-	-	-	-	-	47,976.00	158,207.00	-	158,207.00	28,367.00
11030	Beginning Equity	14,238,906.00	-	724,182.00	(143.00)	179,042.00	(142,401.00)	1,403,347.00	16,402,933.00	-	16,402,933.00	(433,235.00)
11040	Prior Period Adjustments- Equity Transfers- And Correction Of Errors	-	-	(3,847.00)	143.00	3,704.00	-	-	-	-	-	(80,000.00)
11170	Administrative Fee Equity	-	-	-	-	-	-	-	-	-	-	-
11180	Housing Assistance Payments Equity	-	-	-	-	-	-	-	-	-	-	-
11190	Unit Months Available	9,996.00	-	21,936.00	-	1,050.00	-	-	32,982.00	-	32,982.00	30.00
11210	Number of Unit Months Leased	9,602.00	-	16,424.00	-	1,050.00	-	-	27,076.00	-	27,076.00	30.00
11520	Building Purchases	-	892,237.00	-	-	-	-	-	892,237.00	-	892,237.00	-
13901	Replacement Housing Factor Funds	-	-	-	-	-	-	-	-	-	-	-

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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. 20410-3800. 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:

Lansing Housing Commission

Modernization Project Number:

MI33P058501-14

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	\$ \$1,292,413.00
B. Funds Disbursed	\$ \$1,292,413.00
C. Funds Expended (Actual Modernization Cost)	\$ \$1,292,413.00
D. Amount to be Recaptured (A-C)	\$ 0
E. Excess of Funds Disbursed (B-C)	\$ 0

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):

Patricia Baines-Lake, Executive Director

Signature of Executive Director (or Authorized Designee):

X

Date:

11-22-16

For HUD Use Only

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

Approved for Audit (Director, Office of Public Housing)

Date:

12/11/16

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

Approved: (Director, Office of Public Housing)

X

Date:

6/13/17

Actual Modernization Cost Certificate

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

OMB Approval # 2577-0044 (exp. 10/3/2017)
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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: Lansing Housing Commission	Modernization Project Number: MI33P058501-15
---	---

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	\$ 1,324,342.00
B. Funds Disbursed	\$ 1,324,342.00
C. Funds Expended (Actual Modernization Cost)	\$ 1,324,342.00
D. Amount to be Recaptured (A-C)	\$
E. Excess of Funds Disbursed (B-C)	\$

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):

Patricia Baines-Lake, Executive Director

Signature of Executive Director (or Authorized Designee):

X

Date:
1-12-2017

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:
2/1/17

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

Approved: (Director, Office of Public Housing)

X

Date:
9/16/17

Lansing Housing Commission

**Federal Awards
Supplemental Information
June 30, 2017**

Lansing Housing Commission

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Report on Schedule of Expenditures of Federal Awards
Required by the Uniform Guidance

Independent Auditor's Report

To the Board of Commissioners
Lansing Housing Commission

We have audited the basic financial statements of the business-type activities and the discretely presented component unit of Lansing Housing Commission (the "Commission") as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements. We issued our report thereon dated December 29, 2017 which contained an unmodified opinion on the financial statements. Our audit was conducted for the purpose of forming opinions on the financial statement that collectively comprise the basic financial statements. We have not performed any procedures with respect to the audited financial statements subsequent to February 28, 2018. .

The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by the Uniform Guidance, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

February 28, 2018

Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

To Management and the Board of Commissioners
Lansing Housing Commission

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the discretely presented component unit of Lansing Housing Commission (the "Commission") as of and for the year ended June 30, 2017 and related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated December 29, 2017.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency. See Finding 2017-001.

Compliance and Other Matters

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

Lansing Housing Commission's Response to Findings

The Lansing Housing Commission's response to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Lansing Housing Commission's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

February 28, 2018

Report on Compliance For Each Major Federal Program;
Report on Internal Control Over Compliance

Independent Auditor's Report

To the Board of Commissioners
Lansing Housing Commission

Report on Compliance for Each Major Federal Program

We have audited Lansing Housing Commission's (the "Commission") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017. Lansing Housing Commission's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Lansing Housing Commission's major federal programs based on our audit of the types of compliance requirements referred to above.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Lansing Housing Commission's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Lansing Housing Commission's compliance.

Opinion on Each Major Federal Program

In our opinion, Lansing Housing Commission complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Report on Internal Control Over Compliance

Management of Lansing Housing Commission is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Lansing Housing Commission's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as Finding 2017-002, that we consider to be a significant deficiency.

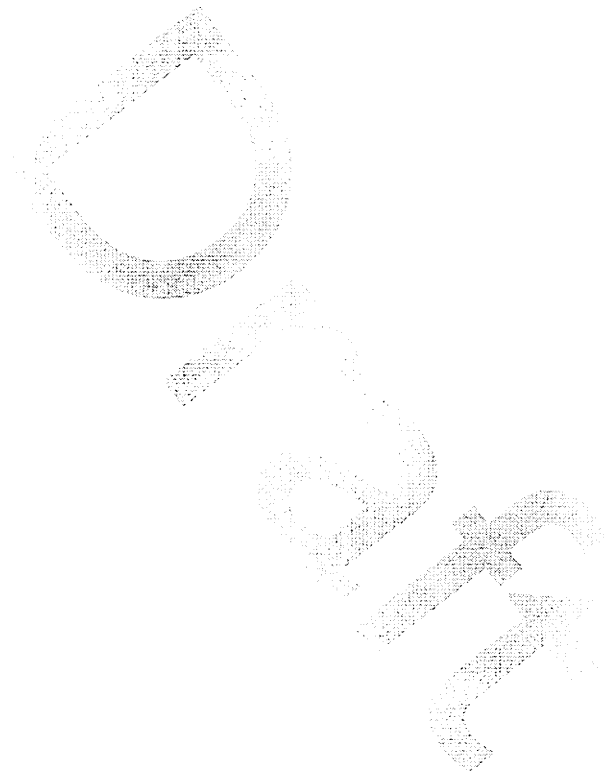
The Lansing Housing Commission's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs and/or corrective action plan. Lansing Housing Commission's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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

Auburn Hills, MI

February 28, 2018

Lansing Housing Commission



Lansing Housing Commission

Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2017

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Lansing Housing Commission under programs of the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of Lansing Housing Commission, it is not intended to and does not present the financial position, changes in net position, or cash flows of Lansing Housing Commission.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

Lansing Housing Commission has not elected to use the 10 percent *de minimus* indirect cost rate to recover indirect costs as allowed under the Uniform Guidance.

Lansing Housing Commission

Schedule of Findings and Questioned Costs Year Ended June 30, 2017

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted?

☐ Yes ☒ No

Federal Awards

Internal control over major programs:

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

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516 (a)?

☒ Yes ☐ No

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
14.850	Low-rent Public Housing and Development
14.871	Section 8 Housing Choice Vouchers

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? ☐ Yes ☒ No

Lansing Housing Commission

Schedule of Findings and Questioned Costs Year Ended June 30, 2017

Section II - Financial Statement Audit Findings

Reference

Number

Finding

2017-001 Finding Type - Significant Deficiency

Criteria - An effective review of the Other Post-Employment Benefits (OPEB) calculation should be completed in advance of the year-end audit including the identification and documentation of any changes in assumptions or estimates from the prior year.

Condition - The OPEB expense and liability was recorded based on the calculation prepared by the fee accountant and reviewed by management. The initial calculation excluded eight retired employees resulting in an immaterial understatement of OPEB liability and expense as of and for the year ended June 30, 2017.

Context - The auditor identified that the OPEB calculation failed to include retired employees who would be eligible to receive benefits. The retired employees have been included in the calculation in previous years. There were no policy changes effective during the year under audit which would change the assumptions or estimates used by management in this calculation.

Cause - The OPEB calculation is an estimate based on the assumptions determined by management and policies approved by the Board of Commissioners. The fee accountant excluded the retired employees from the calculation and management did not identify this change in the calculation in advance of recording the year-end accrual.

Effect - The OPEB liability and expense are understated as of and for the year ended June 30, 2017 by \$27,598.

Recommendation - An effective review of the OPEB calculation should be completed in advance of year-end audit including the identification and documentation of any changes in assumptions or estimates from the prior year.

Views of Responsible Officials and Planned Corrective Actions - The Commission shall implement a management review of the OPEB calculation during the preparation for the year end audit process.

Lansing Housing Commission

Schedule of Findings and Questioned Costs (Continued) Year Ended June 30, 2017

Section III - Federal Program Audit Findings

Reference Number	Finding
2017-002	<p>CFDA number, Federal Agency, and Program Name - U.S. Department of Housing and Urban Development - Direct programs - Low-rent Public Housing and Development - 14.850</p> <p>Federal Award Identification Number and Year - Not applicable</p> <p>Pass-through Entity - Not applicable</p> <p>Finding Type - Significant Deficiency</p> <p>Repeat Finding - Yes; 2015-005, 2016-003</p> <p>Criteria - Under 24 CFR 5.230, 5.601, 5.609, 960.206, 960.208, 960.253, 960.255, 960.257, and 960.259, the Commission must:</p> <ol style="list-style-type: none">As a condition of admission or continued occupancy, require the participant and other family members to provide necessary information, documentation, and releases for the Commission to verify income eligibility.For both family income examinations and re-examinations, obtain and document in the family file third-party verification of: (1) reported family annual income, (2) the value of assets, (3) expenses related to deductions from annual income, and (4) other factors that affect the determination of adjusted income or income-based rent.Determine income eligibility and calculate the participant's rent payment using documentation from third-party verification.Select participant from the public housing waiting list (see Special Tests and Provisions - Public Housing Waiting List)Re-examine family income and composition at least once every 12 months and adjust the tenant rent and housing assistance payment as necessary using the documentation from third-party verification <p>Condition - Some participant files tested did not include complete information to support participant eligibility and/or the level of benefits provided.</p> <p>Questioned Costs - None</p> <p>Identification of How Questioned Costs Were Computed - Not applicable</p>

Lansing Housing Commission

Schedule of Findings and Questioned Costs (Continued) Year Ended June 30, 2017

Section III - Federal Program Audit Findings (Continued)

Reference Number	Finding
---------------------	---------

2017-002

(Con't)

Context - 60 participant files were tested and the results are as follows:

- One participant file included income at the incorrect amount on HUD-50058 due to improper determination of income based on third-party detail.
- Four participant files did not have a completed annual recertification performed during the fiscal year.
- Two participant files included the utility allowance at the incorrect amount on HUD-50058.

Four participant files failed to include sufficient evidence to support appropriate selection from the public housing waiting list

Cause and Effect - Controls in place have not resulted in the Commission consistently following policies and procedures to ensure proper compliance with regard to participant eligibility requirements. The Commission could be charging the incorrect amount of tenant rent or could be housing ineligible tenants and/or selecting them inappropriately from the maintained wait list.

Recommendation - The Commission should follow established procedures to ensure participant selection from the wait list is properly supported; eligibility is documented and complete tenant files are maintained. Periodic internal review of tenant files would help identify errors in a timely manner.

In addition, tenant rent payment calculations should be prepared and reviewed by individuals with the appropriate skills and knowledge necessary to ensure complete and accurate forms resulting in correct tenant rent payments.

Views of Responsible Officials and Planned Corrective Actions - The Commission shall strengthen asset management file oversight, increase the number of file reviews conducted, and establish and maintain a file quality control process to improve regulatory compliance.

Lansing Housing Commission
Summary Results for JANUARY FY2018

Description	MT Vernon	Hildebrandt	LaRoy Froh	So Washington	LIPH Total	COCC	HCV
REVENUE:							
Total Revenue Variance - Fav (Unfav)	2,393	5,739	(1,215)	(7,687)	(770)	(2,466)	83,139
Tenant Revenue Variance	(1,914)	(1,051)	(4,845)	1,096	(6,714)		
HUD Revenue Variance	3,321	5,926	922	(9,996)	173		78,816
Capital Fund Income	875	875	875	875	3,500		
Other Income	111	(11)	1,833	338	2,271	(2,466)	4,323
Other	-	-	-	-	-	-	-
Budgeted Revenue	100,104	126,990	120,818	84,400	432,312	64,244	818,573
% Variance fav (unfav)	2%	5%	-1%	-9%	0%	-4%	10.2%
EXPENSES:							
Total Expense Variance Unfav (Fav)	33,107	49,758	36,216	20,487	139,568	1,340	86,862
<u>Contributing Factors:</u>							
MERS Contribution Special					-		
Adjusted Expense Variance	33,107	49,758	36,216	20,487	139,568	1,340	86,862
-Over spend (Under spend)							
Employee Benefit Expenses	(1,050)	(763)	(2,028)		(3,841)	(4,671)	
Salary Expenses	(3,404)	(7,206)	(4,917)	(3,253)	(18,780)	(6,214)	3,856
Utilities	(8,467)	(6,253)	(2,255)	12,236	(4,739)		
Recycling	5,547	(2,371)	11,102	1,085	15,363		
Legal	2,908		1,501	2,801	7,210		
Professional Services	2,038	1,414			3,452	-	
Auditing Fees	2,500	2,500	2,500	2,500	10,000	2,500	12,500
Insurance					-	1,832	
Travel/Training Costs					-	3,827	
HAP Expense					-	-	62,981
Software					-		6,189
Maintenance - Snow Removal	10,415	13,006	8,516	3,594	35,531		-
Maintenance Costs	11,935	9,642	3,751	-	25,328		-
Maintenance Contract - Unit Turns	9,163	36,652	15,491	-	61,306		
Other	1,522	3,137	2,555	1,524	8,738	4,066	1,336
Curr Mo. Actual Net Income (Loss)	\$ (25,629)	\$ (32,226)	\$ (28,709)	\$ (33,420)	\$ (119,984)	\$ 11,960	\$ (33,763)
YTD Actual Net Income (Loss) Net of CWIP	\$ 41,136	\$ 81,206	\$ 35,604	\$ (115,022)	\$ 42,924	\$ 106,800	\$ (527,864)
Prior YR YTD Net Income (Loss)	\$ 113,590	\$ 261,835	\$ 121,220	\$ (68,028)	\$ 428,617	\$ 199,485	\$ 1,055,132

Lansing Housing Commission
Budget vs. Actual
COCC
For the Period Ending January 31, 2018

	YTD Amount	YTD Budget	YTD Variance	Prior YTD Actual	Annual Budget	Remaining Budget
Management Fees Income	\$ 376,286	\$ 490,819	\$ (114,533)	\$ 516,730	\$ 755,690	\$ 264,871
Bookkeeping Fees Income	42,128	41,951	177	41,822	71,916	29,965
Fraud Recovery and Other	42,521	43,939	(1,418)	43,830	75,330	31,391
Total Operating Revenue	\$ 460,935	\$ 576,709	\$ (115,774)	\$ 602,382	\$ 902,936	\$ 326,227
Administrative Salaries	\$ 185,486	\$ 232,407	\$ (46,921)	\$ 161,071	\$ 402,839	\$ 170,432
Auditing Fees	5,000	5,200	(200)	3,750	5,200	-
Employee Benefits Contributions - Admin	45,732	67,913	(22,181)	139,214	116,762	48,848
Office Expenses	32,164	26,201	5,963	14,820	40,546	14,345
Legal	345	1,000	(656)	1,667	2,000	1,000
Travel	3,368	980	2,388	27	1,680	700
Other	17,234	14,252	2,982	23,031	28,104	13,852
Tenant Services - Other	-	-	-	-	-	-
Water	1,195	875	320	329	1,500	625
Electricity	5,222	7,387	(2,165)	3,941	11,514	4,127
Gas	632	641	(9)	579	1,909	1,268
Other Utilities Expense	215	240	(25)	144	300	60
Ordinary Maintenance and Operations - Materia	319	175	144	34	300	125
Ordinary Maintenance and Operations - Contrac	5,741	4,596	1,145	5,800	7,736	3,140
Protective Services - Other Contract Costs	438	350	88	1,537	600	250
Property Insurance	1,415	764	650	957	1,310	546
Liability Insurance	-	791	(791)	226	1,356	565
Workers Compensation	814	1,008	(194)	770	1,728	720
All Other Insurance	16,853	-	16,853	2,182	-	-
Other General Expenses	25,485	22,264	3,221	35,860	38,534	16,270
Compensated Absences	-	-	-	-	-	-
Interest Expense	6,478	6,478	(0)	6,960	10,860	4,382
Total Operating Expenses	\$ 354,135	\$ 393,523	\$ (39,388)	\$ 402,897	\$ 674,778	\$ 281,255
Net Income (Loss)	\$ 106,800	\$ 183,186	\$ (76,387)	\$ 199,485	\$ 228,159	\$ 44,972

Lansing Housing Commission
Budget vs. Actual
Housing Choice Voucher
For the Period Ending January 31, 2018

	<u>YTD Amount</u>	<u>YTD Budget</u>	<u>YTD Variance</u>	<u>Prior YTD Actual</u>	<u>Annual Budget</u>	<u>Remaining Budget</u>
HUD PHA Operating Grants	\$ 5,631,021	\$ 5,727,211	\$ (96,190)	\$ 6,057,368	\$ 9,818,076	\$ 4,090,865
Other Revenue	225	-	225	336	-	-
Fraud Recovery and Other	12,141	2,800	9,341	2,131	4,800	2,000
Total Operating Revenue	<u>\$ 5,643,388</u>	<u>\$ 5,730,011</u>	<u>\$ (86,623)</u>	<u>\$ 6,059,835</u>	<u>\$ 9,822,876</u>	<u>\$ 4,092,865</u>
Administrative Salaries	\$ 153,823	\$ 146,780	\$ 7,043	\$ 99,235	\$ 255,352	\$ 108,572
Auditing Fees	25,000	19,000	6,000	18,750	27,950	8,950
Management Fees	100,148	95,810	4,338	105,294	164,246	68,436
Bookkeeping Fees	-	-	-	-	-	-
Employee Benefits Contributions - Admin	53,917	60,477	(6,559)	134,200	103,960	43,483
Office Expenses	85,529	104,100	(18,571)	90,323	154,800	50,700
Legal Expense	-	-	-	-	-	-
Travel	-	-	-	920	-	-
Other	16	15,400	(15,384)	5,318	26,400	11,000
Tenant Services - Other	-	-	-	-	-	-
Water	-	210	(210)	209	360	150
Electricity	-	910	(910)	893	1,560	650
Gas	107	840	(733)	56	1,440	600
Other Utilities Expense	285	-	285	-	-	-
Ordinary Maintenance and Operations - Materials	-	2,260	(2,260)	-	3,660	-
Ordinary Maintenance and Operations - Contract	19,088	2,436	16,652	19,440	4,176	-
Protective services - Other Contract Costs	209	250	(41)	261	500	250
Property Insurance	-	-	-	-	-	-
Liability Insurance	10,482	9,899	583	9,414	16,970	7,071
Workers Compensation	10,434	4,531	5,904	4,330	6,338	1,808
All Other Insurance	334	828	(494)	-	-	-
Other General Expenses	14,893	11,340	3,553	17,818	19,440	8,100
Compensated Absences	-	-	-	-	-	-
Housing Assistance Payments	5,693,304	5,248,159	445,145	5,348,619	8,996,844	3,748,685
Bad Debt - Tenant Rents	-	-	-	-	-	-
Interest Expense	-	-	-	-	-	-
Total Operating Expenses	<u>\$ 6,167,570</u>	<u>\$ 5,723,230</u>	<u>\$ 444,340</u>	<u>\$ 5,855,081</u>	<u>\$ 9,783,997</u>	<u>\$ 4,060,767</u>
Net Income (Loss)	<u>\$ (524,182)</u>	<u>\$ 6,781</u>	<u>\$ (530,963)</u>	<u>\$ 204,755</u>	<u>\$ 38,879</u>	<u>\$ 32,098</u>

Lansing Housing Commission
Budget vs. Actual
Hildebrandt
For the Period Ending January 31, 2018

	YTD Amount	YTD Budget	YTD Variance	Prior YTD Actual	Annual Budget	Remaining Budget
Tenant Rental Revenue	\$ 221,359	\$ 248,087	\$ (26,728)	\$ 242,199	\$ 425,292	\$ 177,205
Tenant Revenue - Other	18,070	13,145	4,925	14,475	22,640	9,495
Total Tenant Revenue	<u>\$ 239,429</u>	<u>\$ 261,232</u>	<u>\$ (21,803)</u>	<u>\$ 256,674</u>	<u>\$ 447,932</u>	<u>\$ 186,700</u>
HUD PHA Operating Grants	685,898	626,876	59,022	662,767	1,074,644	447,768
CFP Operational Income	14,249	40,000	(25,751)	139,059	40,000	-
Fraud Recovery and Other	2,214	8,126	(5,912)	2,335	11,252	3,126
Total Operating Revenue	<u>\$ 941,791</u>	<u>\$ 936,234</u>	<u>\$ 5,557</u>	<u>\$ 1,060,835</u>	<u>\$ 1,573,828</u>	<u>\$ 637,594</u>
Administrative Salaries	\$ 47,467	\$ 47,610	\$ (143)	\$ 41,279	\$ 82,524	\$ 34,914
Auditing Fees	5,000	4,000	1,000	3,750	4,000	-
Management Fees	73,410	72,624	786	110,449	123,922	51,298
Bookkeeping Fees	11,200	11,078	123	11,318	18,990	7,913
Employee Benefits Contributions - Admin	22,430	21,052	1,377	30,103	36,159	15,107
Office Expenses	24,994	22,630	2,364	25,112	32,935	10,305
Legal	12,011	15,272	(3,261)	8,963	24,639	9,367
Travel	380	-	380	192	-	-
Other	(733)	1,800	(2,533)	(7,327)	2,400	600
Tenant Services - Other	10,390	17,360	(6,970)	3,585	29,760	12,400
Water	59,763	65,486	(5,723)	72,955	111,164	45,678
Electricity	21,104	16,835	4,269	33,296	28,860	12,025
Gas	17,279	16,450	829	21,183	33,393	16,943
Other Utilities Expense	-	9,100	(9,100)	-	9,100	-
Ordinary Maintenance and Operations - Labor	50,657	84,565	(33,908)	58,669	146,580	62,015
Ordinary Maintenance and Operations - Material	26,687	32,504	(5,817)	63,066	56,664	24,160
Ordinary Maintenance and Operations - Contract	343,582	160,413	183,169	125,459	281,708	121,295
Employee Benefits Contributions - Ordinary	28,662	33,206	(4,544)	83,185	57,048	23,842
Protective Services - Other Contract Costs	2,251	2,149	102	1,943	3,684	1,535
Property Insurance	25,635	18,407	7,228	17,330	31,555	13,148
Liability Insurance	6,990	6,604	385	6,279	11,322	4,717
Workers Compensation	1,419	1,911	(492)	1,832	3,275	1,365
All Other Insurance	2,320	1,162	1,158	1,163	1,992	830
Other General Expenses	28,651	16,226	12,425	46,924	32,016	15,790
Compensated Absences	-	-	-	-	-	-
Payment in Lieu of Taxes	12,147	14,302	(2,155)	11,375	24,108	9,806
Bad debt - Tenant Rents	8,504	6,300	2,204	7,400	10,800	4,500
Interest Expense	18,387	18,359	28	19,515	31,029	12,670
Total Operating Expenses	<u>\$ 860,584</u>	<u>\$ 717,405</u>	<u>\$ 143,179</u>	<u>\$ 799,000</u>	<u>\$ 1,229,628</u>	<u>\$ 512,223</u>
Net Income (Loss)	<u>\$ 81,206</u>	<u>\$ 218,829</u>	<u>\$ (137,623)</u>	<u>\$ 261,835</u>	<u>\$ 344,200</u>	<u>\$ 125,371</u>

Lansing Housing Commission
Budget vs. Actual
LaRoy Froh
For the Period Ending January 31, 2018

	YTD Amount	YTD Budget	YTD Variance	Prior YTD Actual	Annual Budget	Remaining Budget
Tenant Rental Revenue	\$ 220,063	\$ 248,227	\$ (28,164)	\$ 235,377	\$ 425,532	\$ 177,305
Tenant Revenue - Other	18,645	10,615	8,030	15,534	18,720	8,105
Total Tenant Revenue	<u>\$ 238,708</u>	<u>\$ 258,842</u>	<u>\$ (20,134)</u>	<u>\$ 250,910</u>	<u>\$ 444,252</u>	<u>\$ 185,410</u>
HUD PHA Operating Grants	609,816	588,714	21,102	602,097	1,009,224	420,510
CFP Operational Income	14,249	40,000	(25,751)	142,208	40,000	-
Fraud Recovery and Other	3,039	8,126	(5,087)	4,118	11,252	3,126
Total Operating Revenue	<u>\$ 865,812</u>	<u>\$ 895,682</u>	<u>\$ (29,870)</u>	<u>\$ 999,333</u>	<u>\$ 1,504,728</u>	<u>\$ 609,046</u>
Administrative Salaries	\$ 24,009	\$ 53,123	\$ (29,114)	\$ 39,927	\$ 92,080	\$ 38,957
Auditing Fees	5,000	4,000	1,000	3,750	4,900	900
Management Fees	69,871	70,215	(344)	105,069	119,811	49,596
Bookkeeping Fees	10,659	10,710	(51)	10,673	18,360	7,650
Employee Benefits Contributions - Admin	9,913	17,191	(7,278)	34,344	29,548	12,357
Office Expenses	24,270	20,795	3,475	22,702	37,091	16,296
Legal	12,099	18,284	(6,185)	7,759	31,344	13,060
Travel	-	581	(581)	428	996	415
Other	20,172	4,823	15,349	5,756	8,268	3,445
Tenant Services - Other	11,089	16,660	(5,571)	2,300	28,560	11,900
Water	39,107	38,789	318	37,005	66,495	27,706
Electricity	22,791	24,759	(1,968)	25,364	42,444	17,685
Gas	16,649	28,900	(12,251)	19,917	51,300	22,400
Other Utilities Expense	11,316	13,416	(2,100)	11,611	13,713	297
Ordinary Maintenance and Operations - Labor	63,759	83,475	(19,716)	58,296	140,002	56,527
Ordinary Maintenance and Operations - Material	47,682	83,591	(35,909)	87,739	143,656	60,065
Ordinary Maintenance and Operations - Contrac	299,453	150,949	148,504	159,026	260,418	109,469
Employee Benefits Contributions - Ordinary	38,624	49,871	(11,246)	121,650	85,256	35,385
Protective Services - Other Contract Costs	2,065	-	2,065	2,297	-	-
Property Insurance	28,931	26,079	2,852	24,360	44,706	18,628
Liability Insurance	8,817	8,248	568	7,871	14,140	5,892
Workers Compensation	1,584	1,911	(327)	1,866	3,275	1,365
All Other Insurance	2,816	-	2,816	1,508	-	-
Other General Expenses	26,370	17,008	9,362	51,183	26,228	9,220
Compensated Absences	-	-	-	-	-	-
Payment in Lieu of Taxes	13,247	14,878	(1,631)	14,323	25,329	10,451
Bad debt - Tenant Rents	9,055	7,000	2,055	9,862	12,000	5,000
Interest Expense	10,861	10,843	18	11,528	18,327	7,484
Total Operating Expenses	<u>\$ 830,208</u>	<u>\$ 776,098</u>	<u>\$ 54,110</u>	<u>\$ 878,113</u>	<u>\$ 1,318,248</u>	<u>\$ 542,150</u>
Net Income (Loss)	<u>\$ 35,604</u>	<u>\$ 119,584</u>	<u>\$ (83,980)</u>	<u>\$ 121,220</u>	<u>\$ 186,480</u>	<u>\$ 66,896</u>

Lansing Housing Commission
Budget vs. Actual
Mt. Vernon
For the Period Ending January 31, 2018

	YTD Amount	YTD Budget	YTD Variance	Prior YTD Actual	Annual Budget	Remaining Budget
Tenant Rental Revenue	\$ 196,815	\$ 218,393	\$ (21,578)	\$ 241,297	\$ 374,388	\$ 155,995
Tenant Revenue - Other	19,938	9,318	10,620	11,761	16,113	6,795
Total Tenant Revenue	<u>\$ 216,753</u>	<u>\$ 227,711</u>	<u>\$ (10,959)</u>	<u>\$ 253,058</u>	<u>\$ 390,501</u>	<u>\$ 162,790</u>
HUD PHA Operating Grants	503,381	473,942	29,439	501,349	812,472	338,530
CFP Operational Income	14,249	40,000	(25,751)	125,660	40,000	-
Fraud Recovery and Other	5,777	8,126	(2,349)	3,546	11,252	3,126
Total Operating Revenue	<u>\$ 740,160</u>	<u>\$ 749,779</u>	<u>\$ (9,620)</u>	<u>\$ 883,614</u>	<u>\$ 1,254,225</u>	<u>\$ 504,446</u>
Administrative Salaries	\$ 49,518	\$ 46,099	\$ 3,419	\$ 32,375	\$ 79,905	\$ 33,806
Auditing Fees	5,000	4,000	1,000	3,750	4,000	-
Management Fees	66,871	66,773	98	100,647	113,938	47,165
Bookkeeping Fees	10,202	10,185	17	10,276	17,460	7,275
Employee Benefits Contributions - Admin	18,989	20,785	(1,796)	25,727	35,699	14,914
Office Expenses	26,304	32,172	(5,868)	26,250	52,229	20,057
Legal	11,415	11,956	(541)	8,238	20,496	8,540
Travel	349	-	349	98	-	-
Other	2,331	4,500	(2,169)	15,563	4,500	-
Tenant Services - Other	10,350	15,860	(5,510)	3,744	26,960	11,100
Water	53,564	50,868	2,696	44,727	85,936	35,068
Electricity	25,154	24,000	1,154	17,760	39,400	15,400
Gas	16,732	24,300	(7,568)	22,420	47,200	22,900
Other Utilities Expense	5,644	6,000	(356)	5,918	6,000	-
Ordinary Maintenance and Operations - Labor	48,331	85,656	(37,325)	50,551	148,470	62,814
Ordinary Maintenance and Operations - Materials	36,060	23,059	13,001	48,273	39,529	16,470
Ordinary Maintenance and Operations - Contract	192,600	145,845	46,755	159,204	246,800	100,955
Employee Benefits Contributions - Ordinary	27,433	43,044	(15,611)	87,689	73,914	30,871
Protective Services - Other Contract Costs	1,355	1,400	(45)	1,265	2,400	1,000
Property Insurance	24,625	20,707	3,918	19,469	35,498	14,791
Liability Insurance	8,507	7,837	669	7,522	13,435	5,598
Workers Compensation	2,031	2,552	(522)	3,887	4,375	1,823
All Other Insurance	2,500	-	2,500	1,198	-	-
Other General Expenses	26,149	13,678	12,471	39,070	23,448	9,770
Compensated Absences	-	-	-	-	-	-
Payment in Lieu of Taxes	9,488	11,487	(1,999)	14,855	19,439	7,952
Bad debt - Tenant Rents	6,489	4,354	2,135	7,837	7,464	3,110
Interest Expense	11,032	11,015	17	11,709	18,616	7,601
Total Operating Expenses	<u>\$ 699,024</u>	<u>\$ 688,133</u>	<u>\$ 10,892</u>	<u>\$ 770,024</u>	<u>\$ 1,167,112</u>	<u>\$ 478,979</u>
Net Income (Loss)	<u>\$ 41,136</u>	<u>\$ 61,647</u>	<u>\$ (20,511)</u>	<u>\$ 113,590</u>	<u>\$ 87,113</u>	<u>\$ 25,466</u>

**Lansing Housing Commission
Budget vs. Actual
South Washington Park
For the Period Ending January 31, 2018**

	YTD Amount	YTD Budget	YTD Variance	Prior YTD Actual	Annual Budget	Remaining Budget
Tenant Rental Revenue	\$ 199,243	\$ 202,993	\$ (3,750)	\$ 215,483	\$ 347,988	\$ 144,995
Tenant Revenue - Other	15,520	10,600	4,920	13,132	18,000	7,400
Total Tenant Revenue	<u>\$ 214,763</u>	<u>\$ 213,593</u>	<u>\$ 1,170</u>	<u>\$ 228,615</u>	<u>\$ 365,988</u>	<u>\$ 152,395</u>
HUD PHA Operating Grants	325,976	377,865	(51,889)	425,809	647,768	269,903
CFP Operational Income	14,249	100,000	(85,751)	123,683	100,000	-
Fraud Recovery and Other	5,466	3,266	2,200	5,096	6,492	3,226
Total Operating Revenue	<u>\$ 560,454</u>	<u>\$ 694,724</u>	<u>\$ (134,270)</u>	<u>\$ 783,204</u>	<u>\$ 1,120,248</u>	<u>\$ 425,524</u>
Administrative Salaries	\$ 47,724	\$ 49,355	\$ (1,631)	\$ 69,712	\$ 85,549	\$ 36,194
Auditing Fees	5,000	4,000	1,000	3,750	4,000	-
Management Fees	65,986	65,396	590	95,269	111,589	46,193
Bookkeeping Fees	10,067	9,975	92	9,556	17,100	7,125
Employee Benefits Contributions - Admin	21,380	25,889	(4,509)	40,643	44,453	18,564
Office Expenses	22,103	27,151	(5,048)	28,430	45,741	18,590
Legal	17,514	17,675	(161)	14,131	30,300	12,625
Travel	-	-	-	692	-	-
Other	6,004	-	6,004	(691)	-	-
Tenant Services - Other	8,079	9,800	(1,721)	8,357	16,800	7,000
Water	106,961	53,550	53,411	54,848	91,800	38,250
Electricity	60,414	41,300	19,114	43,074	70,800	29,500
Gas	20,406	30,000	(9,594)	21,916	51,000	21,000
Other Utilities Expense	1,295	1,397	(101)	1,140	1,652	255
Ordinary Maintenance and Operations - Labor	88,936	101,460	(12,524)	95,806	175,864	74,404
Ordinary Maintenance and Operations - Material	32,554	37,465	(4,911)	49,092	63,420	25,955
Ordinary Maintenance and Operations - Contrac	61,576	51,115	10,461	112,064	86,890	35,775
Employee Benefits Contributions - Ordinary	41,201	42,888	(1,687)	110,310	73,670	30,782
Protective Services - Other Contract Costs	980	980	-	840	1,680	700
Property Insurance	6,560	10,736	(4,176)	10,495	18,404	7,668
Liability Insurance	9,292	8,666	625	8,279	14,857	6,190
Workers Compensation	1,487	3,829	(2,342)	3,424	6,563	2,735
All Other Insurance	1,826	699	1,126	818	1,199	500
Other General Expenses	30,698	16,163	14,535	40,626	27,708	11,545
Compensated Absences	-	-	-	-	-	-
Payment in Lieu of Taxes	723	7,114	(6,391)	7,736	12,239	5,125
Bad debt - Tenant Rents	4,229	7,000	(2,771)	18,281	12,000	5,000
Interest Expense	2,480	2,478	2	2,632	4,188	1,710
Total Operating Expenses	<u>\$ 675,476</u>	<u>\$ 626,081</u>	<u>\$ 49,395</u>	<u>\$ 851,232</u>	<u>\$ 1,069,465</u>	<u>\$ 443,384</u>
Net Income (Loss)	<u>\$ (115,022)</u>	<u>\$ 68,643</u>	<u>\$ (183,665)</u>	<u>\$ (68,028)</u>	<u>\$ 50,783</u>	<u>\$ (17,860)</u>

**Lansing Housing Commission
Budget vs. Actual
AMP Consolidated
For the Period Ending January 31, 2018**

	YTD Amount	YTD Budget	YTD Variance	Prior YTD Actual	Annual Budget	Remaining Budget
Tenant Rental Revenue	\$ 837,479	\$ 917,700	\$ (80,221)	\$ 934,356	\$ 1,573,200	\$ 655,500
Tenant Revenue - Other	72,173	43,678	28,495	54,901	75,473	31,795
Total Tenant Revenue	<u>\$ 909,652</u>	<u>\$ 961,378</u>	<u>\$ (51,726)</u>	<u>\$ 989,258</u>	<u>\$ 1,648,673</u>	<u>\$ 687,295</u>
HUD PHA Operating Grants	2,125,071	2,067,396	57,675	2,192,022	3,544,108	1,476,712
CFP Operational Income	56,997	220,000	(163,003)	530,611	220,000	-
Fraud Recovery and Other	16,496	27,644	(11,148)	15,096	40,246	12,602
Total Operating Revenue	<u>\$ 3,108,216</u>	<u>\$ 3,276,419</u>	<u>\$ (168,203)</u>	<u>\$ 3,726,986</u>	<u>\$ 5,453,028</u>	<u>\$ 2,176,609</u>
Administrative Salaries	\$ 168,719	\$ 196,187	\$ (27,468)	\$ 183,293	\$ 340,058	\$ 143,871
Auditing Fees	20,000	16,000	4,000	15,000	16,900	900
Management Fees	276,138	275,008	1,130	411,435	469,261	194,253
Bookkeeping Fees	42,128	41,948	181	41,823	71,910	29,963
Employee Benefits Contributions - Administrative	72,712	84,918	(12,205)	130,817	145,859	60,941
Office Expenses	97,672	102,748	(5,076)	102,494	167,996	65,248
Legal Expense	53,039	63,187	(10,148)	39,090	106,779	43,592
Travel	729	581	148	1,410	996	415
Other	27,773	11,123	16,650	13,301	15,168	4,045
Tenant Services - Other	39,908	59,680	(19,772)	17,986	102,080	42,400
Water	259,394	208,693	50,701	209,536	355,395	146,702
Electricity	129,463	106,894	22,569	119,494	181,504	74,610
Gas	71,066	99,650	(28,584)	85,437	182,893	83,243
Other Utilities Expense	18,255	29,912	(11,657)	18,669	30,464	552
Ordinary Maintenance and Operations - Labor	251,684	355,156	(103,472)	263,323	610,916	255,760
Ordinary Maintenance and Operations - Material	142,984	176,619	(33,635)	248,170	303,269	126,650
Ordinary Maintenance and Operations - Contract	897,211	508,322	388,889	555,753	875,816	367,494
Employee Benefits Contributions - Ordinary	135,921	169,009	(33,088)	402,834	289,888	120,879
Protective Services - Other Contract Costs	6,650	4,529	2,121	6,345	7,764	3,235
Property Insurance	85,750	75,929	9,822	71,654	130,163	54,235
Liability Insurance	33,604	31,356	2,248	29,952	53,754	22,397
Workers Compensation	6,520	10,202	(3,682)	11,008	17,489	7,287
All Other Insurance	9,462	1,861	7,600	4,688	3,191	1,330
Other General Expenses	111,868	63,075	48,793	177,804	109,400	46,325
Compensated Absences	-	-	-	-	-	-
Payments in Lieu of Taxes	35,604	47,781	(12,177)	48,289	81,114	33,333
Bad debt - Tenant Rents	28,277	24,654	3,623	43,380	42,264	17,610
Interest Expense	42,760	42,695	65	45,384	72,160	29,465
Total Operating Expenses	<u>\$ 3,065,292</u>	<u>\$ 2,807,716</u>	<u>\$ 257,576</u>	<u>\$ 3,298,369</u>	<u>\$ 4,784,452</u>	<u>\$ 1,976,736</u>
Net Income (Loss)	<u>\$ 42,924</u>	<u>\$ 468,703</u>	<u>\$ (425,779)</u>	<u>\$ 428,617</u>	<u>\$ 668,576</u>	<u>\$ 199,873</u>

**Lansing Housing Commission
5005 Central Office Cost Center
Balance Sheet for January 2018**

	Period Amount	Balance
ASSETS		
5005-0000-111105 LHC-Payroll Account	(2,270.58)	74,363.31
5005-0000-111111 Chase Checking	120,316.87	725,193.99
5005-1010-115700 Intercompany	(24,501.38)	(8,593.35)
5005-1020-115700 Intercompany	(25,737.51)	(9,815.86)
5005-1080-115700 Intercompany	(27,745.70)	(14,303.16)
5005-1090-115700 Intercompany	(14,940.02)	(5,525.00)
5005-4001-115700 Intercompany	-	879,197.00
5005-8001-115700 Intercompany	(14,242.93)	(557.17)
5005-8002-115700 Intercompany	(2,805.00)	10,595.92
5005-8005-115700 Intercompany	3,067.50	(9,944.67)
5005-8010-115700 Intercompany	(375.50)	4,825.93
5005-8021-115700 Intercompany	-	1.00
5005-9101-115700 Intercompany	-	46,171.67
5005-0000-121100 Prepaid Insurance	(1,934.97)	9,705.39
5005-0000-140000 Land	-	190,000.00
5005-0000-144000 Construction in Progress	-	19,100.00
5005-0000-146000 Dwelling Structures	-	718,870.74
5005-0000-146500 Dwelling Equipment - Ranges &	-	364,287.34
5005-0000-148100 Accumulated Depreciation-Build	-	(865,420.56)
5005-0000-150102 Investment in OG	-	237,253.00
5005-0000-150300 Deferred Outflow - MERS	-	126,073.00
TOTAL ASSETS	8,830.78	2,491,478.52
LIABILITIES		
5005-0000-200000 OPEB Liability	-	190,152.00
5005-0000-200300 Pension Liability	-	91,608.00
5005-0000-210000 Construction Costs Payable	-	16,745.00
5005-0000-211100 Accounts Payable	-	-
5005-0000-211343 Accounts Payable Misc	-	-
5005-0000-211704 Health Insurance W/H	969.40	6,557.31
5005-0000-212000 Accrued Payroll	-	12,756.12
5005-0000-213400 Utility Accrual	-	975.36
5005-0000-213500 Accrued Comp Absences - Curr	-	4,298.98
5005-0000-214000 Accrued Comp Absences - non curr	-	24,360.88
5005-0000-224000 Tenant Prepaid Rent	-	1,210.00
5005-0000-260700 Note Payable Non Curr - Davenport	(4,099.04)	397,240.32
5005-0000-260701 Note Payable - Curr - Davenport	-	49,140.51
TOTAL LIABILITIES	(3,129.64)	795,044.48
EQUITY		
5005-0000-280100 Invest C	-	262,161.00
5005-0000-280500 Unrestricted Net Assets	-	322,679.00
5005-0000-282000 Income and Expense Clearing	11,960.42	1,345,500.75
5005-3000-282000 Income and Expense Clearing	-	(233,906.71)
TOTAL EQUITY	11,960.42	1,696,434.04
TOTAL LIABILITES & EQUITY	8,830.78	2,491,478.52

**Lansing Housing Commission
Housing Choice Voucher
Balance Sheet for January 2018**

	Period Amount	Balance
ASSETS		
8001-0000-111111 Chase Checking	(21,941.24)	341,296.23
8002-0000-111111 Chase Checking	10,150.86	542,451.92
8004-0000-111111 Chase Checking	-	-
8002-0000-112954 Accounts Receivables-Misc	-	-
8001-5005-115700 Intercompany	14,242.93	557.17
8002-5005-115700 Intercompany	2,805.00	(10,595.92)
8004-5005-115700 Intercompany	-	-
8001-0000-121100 Prepaid Insurance	(1,547.25)	5,761.19
8001-0000-146500 Dwelling Equipment - Ranges &	-	27,596.00
8001-0000-148100 Accumulated Depreciation-Build	-	(27,596.00)
8002-0000-148100 Accumulated Depreciation-Build	-	-
8001-0000-150300 Deferred Outflow - MERS	-	185,626.00
TOTAL ASSETS	<u>3,710.30</u>	<u>1,065,096.59</u>
LIABILITIES		
8001-0000-200000 OPEB Liability	-	551,357.00
8001-0000-200300 Pension Liability	-	254,124.00
8001-0000-210000 Construction Costs Payable	-	24,655.00
8001-0000-211100 Accounts Payable	-	-
8002-0000-211100 Accounts Payable	-	-
8002-8002-211100 Accounts Payable	-	-
8001-0000-211343 Accounts Payable Misc	-	-
8001-0000-212000 Accrued Payroll	-	13,510.15
8001-0000-213400 Utility Accrual	-	16.89
8001-0000-213500 Accrued Comp Absences - Curr	-	3,947.61
8001-0000-214000 Accrued Comp Absences - non curr	-	22,369.76
TOTAL LIABILITIES	<u>-</u>	<u>869,980.41</u>
EQUITY		
8001-0000-280500 Unrestricted Net Assets	-	(326,093.99)
8001-0000-282000 Income and Expense Clearing	(9,245.56)	(7,476.91)
8001-0003-282000 Income and Expense Clearing	-	(1,038.20)
8001-3000-282000 Income and Expense Clearing	-	(2,130.72)
8002-0000-280100 Invest C	-	3,047.00
8002-0000-280400 Restricted Net Assets	-	152,357.00
8002-0000-280500 Unrestricted Net Assets	-	453,953.00
8002-0000-282000 Income and Expense Clearing	12,955.86	31,530,454.80
8002-8002-282000 Income and Expense Clearing	-	(31,607,955.80)
8004-0000-282000 Income and Expense Clearing	-	293,299.67
8004-8004-282000 Income and Expense Clearing	-	(293,299.67)
TOTAL EQUITY	<u>3,710.30</u>	<u>195,116.18</u>
TOTAL LIABILITES & EQUITY	<u>3,710.30</u>	<u>1,065,096.59</u>

Lansing Housing Commission
1020 Hildebrandt Park
Balance Sheet for January 2018

	Period Amount	Balance
ASSETS		
1020-0000-111102 Cash-Security Deposits	-	23,624.00
1020-0000-111111 Chase Checking	(49,837.47)	371,144.95
1020-0000-112200 Accounts Receivable	(6,187.18)	5,627.35
1020-0000-112201 Allowance for Doubtful Accounts	442.41	(500.00)
1020-0000-112500 Accounts Receivable HUD	-	-
1020-0000-114500 Accrued Interest Receivable	-	31.04
1020-5005-115700 Intercompany	25,737.51	9,815.86
1020-0000-116201 Investments Savings	-	128,036.35
1020-0000-121100 Prepaid Insurance	(5,146.02)	40,727.58
1020-0000-140000 Land	-	389,091.00
1020-0000-144000 Construction in Progress	-	14,683.83
1020-3000-144000 Construction in Progress	-	1,296,329.60
1020-0000-146000 Dwelling Structures	-	13,191,345.50
1020-1020-146000 Dwelling Structures	-	640,279.00
1020-0000-146500 Dwelling Equipment - Ranges &	-	106,382.59
1020-1020-146500 Dwelling Equipment - Ranges &	-	242,488.00
1020-0000-148100 Accumulated Depreciation-Build	-	(10,933,555.23)
1020-1020-148100 Accumulated Depreciation-Build	-	(118,118.00)
1020-1020-148300 Accumulated Depreciation-Equip	-	(44,734.00)
1020-0000-150300 Deferred Outflow - MERS	-	150,798.00
TOTAL ASSETS	(34,990.75)	5,513,497.42
LIABILITIES		
1020-0000-200000 OPEB Liability	-	201,724.00
1020-0000-200300 Pension Liability	-	280,324.00
1020-0000-210000 Construction Costs Payable	-	20,029.00
1020-0000-211100 Accounts Payable	-	-
1020-0000-211400 Tenant Security Deposits	(457.00)	31,176.19
1020-0000-211999 Tenant Refunds	29.00	8,167.18
1020-0000-212000 Accrued Payroll	-	7,122.76
1020-0000-213400 Utility Accrual	-	11,891.99
1020-0000-213500 Accrued Comp Absences - Curr	-	2,627.17
1020-0000-213700 Payment in Lieu of Taxes	2,023.00	32,716.61
1020-0000-214000 Accrued Comp Absences - non curr	-	14,887.27
1020-0000-260600 Note Payable Non Curr - PNC	(4,360.11)	700,429.19
1020-0000-260601 Note Payable - Curr - PNC	-	51,833.85
TOTAL LIABILITIES	(2,765.11)	1,362,929.21
EQUITY		
1020-0000-280100 Invest C	-	3,764,889.00
1020-0000-280500 Unrestricted Net Assets	-	(84,554.50)
1020-0000-282000 Income and Expense Clearing	(32,225.64)	(1,037,879.10)
1020-1020-282000 Income and Expense Clearing	-	(45,146.00)
1020-3000-282000 Income and Expense Clearing	-	1,553,258.81
TOTAL EQUITY	(32,225.64)	4,150,568.21
TOTAL LIABILITIES & EQUITY	(34,990.75)	5,513,497.42

**Lansing Housing Commission
1080 LaRoy Froh Townhomes
Balance Sheet for January 2018**

	<u>Period Amount</u>	<u>Balance</u>
ASSETS		
1080-0000-111102 Cash-Security Deposits	-	28,261.00
1080-0000-111111 Chase Checking	(53,130.76)	734,195.95
1080-0000-112200 Accounts Receivable	700.50	13,249.23
1080-0000-112201 Allowance for Doubtful Accounts	-	(500.00)
1080-0000-112500 Accounts Receivable HUD	-	-
1080-0000-114500 Accrued Interest Receivable	-	31.04
1080-5005-115700 Intercompany	27,745.70	14,303.16
1080-0000-116201 Investments Savings	-	128,036.35
1080-0000-121100 Prepaid Insurance	(5,879.60)	41,113.94
1080-0000-140000 Land	-	499,084.00
1080-3000-144000 Construction in Progress	-	756,674.55
1080-0000-146000 Dwelling Structures	-	11,805,229.11
1080-1080-146000 Dwelling Structures	-	520,795.00
1080-0000-146500 Dwelling Equipment - Ranges &	-	26,476.43
1080-0000-148100 Accumulated Depreciation-Build	-	(9,466,767.57)
1080-1080-148100 Accumulated Depreciation-Build	-	(96,075.00)
1080-0000-150300 Deferred Outflow - MERS	-	194,968.00
TOTAL ASSETS	<u>(30,564.16)</u>	<u>5,199,075.19</u>
LIABILITIES		
1080-0000-200000 OPEB Liability	-	324,823.00
1080-0000-200300 Pension Liability	-	146,984.00
1080-0000-210000 Construction Costs Payable	-	25,896.00
1080-0000-211100 Accounts Payable	-	42.32
1080-0000-211400 Tenant Security Deposits	365.00	35,689.06
1080-0000-211999 Tenant Refunds	(1,139.00)	4,703.66
1080-0000-212000 Accrued Payroll	-	5,077.12
1080-0000-213400 Utility Accrual	-	12,846.41
1080-0000-213500 Accrued Comp Absences - Curr	-	855.38
1080-0000-213700 Payment in Lieu of Taxes	1,494.00	36,938.26
1080-0000-214000 Accrued Comp Absences - non curr	-	4,847.13
1080-0000-260600 Note Payable Non Curr - PNC	(2,575.51)	413,741.90
1080-0000-260601 Note Payable - Curr - PNC	-	30,618.13
TOTAL LIABILITIES	<u>(1,855.51)</u>	<u>1,043,062.37</u>
EQUITY		
1080-0000-280100 Invest C	-	4,031,104.00
1080-0000-280500 Unrestricted Net Assets	-	447,889.50
1080-0000-282000 Income and Expense Clearing	(28,708.65)	(1,279,958.42)
1080-1080-282000 Income and Expense Clearing	-	(26,635.00)
1080-3000-282000 Income and Expense Clearing	-	983,612.74
TOTAL EQUITY	<u>(28,708.65)</u>	<u>4,156,012.82</u>
TOTAL LIABILITES & EQUITY	<u>(30,564.16)</u>	<u>5,199,075.19</u>

Lansing Housing Commission
1010 Mt. Vernon Park
Balance Sheet for January 2018

	<u>Period Amount</u>	<u>Balance</u>
ASSETS		
1010-0000-111102 Cash-Security Deposits	-	15,825.00
1010-0000-111111 Chase Checking	(41,354.82)	500,087.11
1010-0000-112200 Accounts Receivable	(3,290.18)	8,382.75
1010-0000-112201 Allowance for Doubtful Accounts	(0.31)	(500.00)
1010-0000-112500 Accounts Receivable HUD	-	-
1010-0000-114500 Accrued Interest Receivable	-	31.04
1010-5005-115700 Intercompany	24,501.38	8,593.35
1010-0000-116201 Investments Savings	-	128,036.35
1010-0000-121100 Prepaid Insurance	(5,229.10)	39,429.78
1010-0000-140000 Land	-	245,012.00
1010-3000-144000 Construction in Progress	-	191,307.90
1010-0000-146000 Dwelling Structures	-	12,837,212.63
1010-1010-146000 Dwelling Structures	-	501,502.00
1010-0000-146500 Dwelling Equipment - Ranges &	-	405,196.70
1010-1010-146500 Dwelling Equipment - Ranges &	-	27,589.00
1010-3000-146500 Dwelling Equipment - Ranges &	-	8,823.96
1010-0000-148100 Accumulated Depreciation-Build	-	(10,521,447.10)
1010-1010-148100 Accumulated Depreciation-Build	-	(92,513.00)
1010-1010-148300 Accumulated Depreciation-Equip	-	(5,089.00)
1010-0000-150300 Deferred Outflow - MERS	-	180,071.00
TOTAL ASSETS	<u>(25,373.03)</u>	<u>4,477,551.47</u>
LIABILITIES		
1010-0000-200000 OPEB Liability	-	385,367.00
1010-0000-200300 Pension Liability	-	298,810.00
1010-0000-210000 Construction Costs Payable	-	23,917.00
1010-0000-211100 Accounts Payable	-	-
1010-0000-211400 Tenant Security Deposits	1,053.00	32,116.30
1010-0000-211999 Tenant Refunds	-	7,525.59
1010-0000-212000 Accrued Payroll	-	7,617.05
1010-0000-213400 Utility Accrual	-	14,675.35
1010-0000-213500 Accrued Comp Absences - Curr	-	1,912.72
1010-0000-213700 Payment in Lieu of Taxes	1,819.00	30,134.80
1010-0000-214000 Accrued Comp Absences - non curr	-	10,838.78
1010-0000-260600 Note Payable Non Curr - PNC	(2,616.07)	420,257.53
1010-0000-260601 Note Payable - Curr - PNC	-	31,100.31
TOTAL LIABILITIES	<u>255.93</u>	<u>1,264,272.43</u>
EQUITY		
1010-0000-280100 Invest C	-	2,433,904.00
1010-0000-280500 Unrestricted Net Assets	-	443,085.50
1010-0000-282000 Income and Expense Clearing	(25,628.96)	(1,176,457.25)
1010-0003-282000 Income and Expense Clearing	-	(77.99)
1010-1010-282000 Income and Expense Clearing	-	(320.14)
1010-1010-282000 Income and Expense Clearing	-	(19,356.80)
1010-3000-282000 Income and Expense Clearing	-	1,532,501.72
TOTAL EQUITY	<u>(25,628.96)</u>	<u>3,213,279.04</u>
TOTAL LIABILITES & EQUITY	<u>(25,373.03)</u>	<u>4,477,551.47</u>

**Lansing Housing Commission
1090 South Washington Park
Balance Sheet for January 2018**

	Period Amount	Balance
ASSETS		
1090-0000-111102 Cash-Security Deposits	-	20,054.08
1090-0000-111111 Chase Checking	(98,926.35)	192,952.73
1090-0000-112200 Accounts Receivable	(2,092.00)	4,448.06
1090-0000-112201 Allowance for Doubtful Accounts	-	(500.00)
1090-0000-112500 Accounts Receivable HUD	-	-
1090-0000-114500 Accrued Interest Receivable	-	31.04
1090-5005-115700 Intercompany	14,940.02	5,525.00
1090-0000-116201 Investments Savings	-	128,036.36
1090-0000-121100 Prepaid Insurance	(2,190.46)	8,554.63
1090-0000-140000 Land	-	231,584.00
1090-3000-144000 Construction in Progress	54,322.20	152,282.43
1090-0000-146000 Dwelling Structures	-	9,408,534.31
1090-1090-146000 Dwelling Structures	-	118,722.00
1090-0000-146500 Dwelling Equipment - Ranges &	-	131,148.45
1090-0000-147000 Nondwellin Structures	-	13,600.40
1090-0000-148100 Accumulated Depreciation-Build	-	(7,226,204.42)
1090-1090-148100 Accumulated Depreciation-Build	-	(21,902.00)
1090-0000-150300 Deferred Outflow - MERS	-	179,703.00
TOTAL ASSETS	(33,946.59)	3,346,570.07
LIABILITIES		
1090-0000-200000 OPEB Liability	-	200,673.00
1090-0000-200300 Pension Liability	-	291,203.00
1090-0000-210000 Construction Costs Payabe	-	23,868.00
1090-0000-211100 Accounts Payable	-	-
1090-0000-211400 Tenant Security Deposits	464.00	30,971.50
1090-0000-211999 Tenant Refunds	(96.00)	10,802.18
1090-0000-212000 Accrued Payroll	-	10,307.82
1090-0000-213400 Utility Accrual	-	39,209.42
1090-0000-213500 Accrued Comp Absences - Curr	-	3,886.03
1090-0000-213700 Payment in Lieu of Taxes	(306.00)	(939.52)
1090-0000-214000 Accrued Comp Absences - non curr	-	22,020.80
1090-0000-260600 Note Payable Non Curr - PNC	(588.10)	94,476.52
1090-0000-260601 Note Payable - Curr - PNC	-	6,991.54
TOTAL LIABILITIES	(526.10)	733,470.29
EQUITY		
1090-0000-280100 Invest C	-	3,083,846.00
1090-0000-280500 Unrestricted Net Assets	-	117,903.50
1090-0000-282000 Income and Expense Clearing	(33,420.49)	(1,054,737.04)
1090-1090-282000 Income and Expense Clearing	-	(6,072.00)
1090-3000-282000 Income and Expense Clearing	-	472,159.32
TOTAL EQUITY	(33,420.49)	2,613,099.78
TOTAL LIABILITES & EQUITY	(33,946.59)	3,346,570.07



COMMISSION 419 Cherry St., Lansing, MI 48933 Telephone: (517) 487-6550 Fax: (517) 487-6977

February 28, 2018

HONORABLE MEMBERS IN SESSION

Lansing Housing Commission
419 Cherry St.
Lansing Michigan 48933

SUBJECT:

January Housing Choice Voucher Monthly Report

CONTACT PERSON:

Kim Shirey
HCV Supervisor

Family Self Sufficiency:

The FSS Coordinator sent out of 38 letters to offer orientation for the FSS Program. They were instructed to attend an orientation on either 2/14/18 or 3/2/18. After these orientations the FSS Coordinator will determine eligibility and actual interest for the program and will then begin to schedule contract signings.

HCV Orientations:

LHC had one (1) orientation during the month of January 2018 and seventeen (17) vouchers issued. There are approximately 150 people out searching.

One (1) VASH orientation was also held for the month of January, and twelve (12) Vouchers were issued.

Waiting List:

There are currently 200 applicants left on the waiting list. It is anticipated that this list will be exhausted late spring.

Department Initiatives:

In the HCV Program there are currently 1,783 vouchers housed for all of its programs. Fifty-two participants are with the Shelter Plus Care Program (S+C), 83 are housed under the Permanent Supportive Housing Program (PSH), and 136 are housed under the HUD Veterans Affairs Supportive Housing (VASH). 1,512 are housed under the regular Housing Choice Voucher Program.





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Voucher Utilization

December Voucher Program Total Units	1,863
December Traditional HCV Utilization	1,636
December % Utilized Units	88%

January Voucher Program Total Units	1,863
January Traditional HCV Utilization	1,648
January % Utilized Units	88%

Voucher Disbursement

HUD December HAP Disbursement	\$777,158
LHC December HAP/UAP Disbursement	\$907,677
% Voucher Funding Utilization	116%

HUD January HAP Disbursement	\$ 828,553
LHC January HAP/UAP Disbursement	\$ 881,171
% Voucher Funding Utilization	106%
HUD Held Reserves as of July 2017	\$1,158,836

Based on HUD standards LHC's Voucher utilization is Optimized. However, LHC has determined the number of units leased can be increased by approximately 214 units. The funding to pay for the increased utilization will come from HUD held reserves.

SEMAP Indicators

Indicator 1- Selection from the Waiting List

This indicator measures whether LHC has written policies in its administrative plan for selecting applicants from the waiting list. This indicator is not scored by PIC but is based on an internal review. LHC is on track to receive all points for this indicator out of a possible 15 as it does have written policy.

Waiting List

PIC Scoring	Internal Scoring
N/A	15

Indicator 2- Rent Reasonableness

LHC has a method for determining the rent (for each unit leased) is reasonable based on current rents charged for comparable unassisted units. During the month of July, a quality control was conducted on nine (9) units and approved. This indicator is not scored by PIC but based on an internal review. LHC is on track to receive all the points for this indicator which is a possible 20.





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Rent Reasonableness

PIC Scoring	Internal Scoring
N/A	20

Indicator 3- Determination of Adjusted Income

This indicator measures if, at the time of admission and reexamination, LHC verifies and correctly determines adjusted annual income for each assisted family, and if LHC uses the appropriate utility allowance(s). This indicator is not scored in PIC, but is based on an internal review and scoring. LHC is on track to complete the 26 required file reviews, per fiscal year, and receive 20 points out of 20 for the fiscal year ending June 2018.

Adjusted Income

PIC Scoring	Internal Scoring
N/A	20

Indicator 4- Utility Allowance

The new Utility Allowances were approved and are effective 05/01/2017. This indicator is not scored through PIC, but is based on an internal review. Based on the internal review, LHC would receive five (5) of the possible five (5) points for this indicator by the end of the fiscal year. The utility allowance study is complete and is on the agenda for approval at the January 2018 Board Meeting.

Utility Allowance

PIC Scoring	Internal Scoring
N/A	5

Indicator 5- HQS Quality Control Inspections

The number of Quality Control Inspections needed for the year is 36. During this reporting period zero (0) quality control inspections were conducted. A total of zero (0) conducted so far, this fiscal year. This indicator is not scored by PIC, but is based on an internal review. Based on the internal review LHC is on track to receive five (5) of the five (5) possible points.

Quality Control Inspections

PIC Scoring	Internal Scoring
N/A	0





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Indicator 6- HQS Enforcement

Following each HQS inspection of a unit under contract where the unit fails to meet HQS, any cited life threatening HQS deficiencies are corrected within 24-hours and all other cited HQS deficiencies are corrected within 30 days. If deficiencies are not corrected timely LHC stops (abates) HAP payment or terminates the contract. This indicator is not scored by PIC, but is determined from an internal review. LHC's review indicates there were (7) 24-hour deficiencies and (56) 30-day deficiencies. All corrected, abated, or terminated as necessary.

HQS Enforcement

PIC Scoring	Internal Scoring
N/A	10

Indicator 7- Expanding Housing Opportunities

LHC adopted and implemented a written policy to encourage participation by owners of units located outside areas of poverty and minority concentration. This indicator is not scored in PIC, but is based on an internal review. As of this reporting period, LHC records this indicator as receiving five (5) of a possible five (5)

Housing Opportunities

PIC Scoring	Internal Scoring
N/A	5

Indicator 8- Payment Standards

This indicator shows whether LHC has adopted a current payment standard schedule for the voucher program by unit size. During this reporting period, the HCV Payment Standards were increased to 110%. The current payment standards have received Board approval. This indicator is not scored by PIC, but is based on an internal review. As of this reporting period, LHC records indicate a five (5) out of a possible five (5) points will be received.

The 2017 FMR's were approved by the Board to take effect 11/01/2017.

Payment Standards

PIC Scoring	Internal Scoring
N/A	5

Indicator 9- Annual Reexamination

This indicator is used to determine if LHC has completed a reexamination for each participating family at least every 12 months. As of January 31, the reporting rate is 96%. Based on PIC, LHC records this indicator as 10 of a possible 10 points.





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Annual Reexaminations

PIC Scoring	Internal Scoring
10	10

Indicator 10- Correct Tenant Rent Calculation

This indicator shows if LHC correctly calculates tenants' rent and the family share of the rent to the owner in the voucher program. As of this reporting period, PIC records indicate LHC will receive 100%. According to PIC records there are no tenant rent calculation discrepancies to report. Based on PIC, LHC records this indicator as receiving five (5) of a possible five (5) points.

Correct Tenant Rent

PIC Scoring	Internal Scoring
5	5

Indicator 11- Pre-Contract HQS Inspections

This indicator shows if newly leased units pass HQS inspection on or before the beginning date of the assisted lease and HAP contract. As of this reporting period, PIC recorded this indicator as receiving 100%. Based on PIC LHC would receive five (5) of a possible five (5) points.

Pre-Contract HQS

PIC Scoring	Internal Scoring
5	5

Indicator 12-Inspections

This indicator shows if LHC has inspected each unit under contract at least bi-annually. As of this reporting period, PIC recorded this indicator as receiving 100%. Based on PIC LHC would receive 10 of the possible 10 points.

Inspections

PIC Scoring	Internal Scoring
10	10

Indicator 13- Program Utilization

The department utilization rate during this reporting period is 106%. In an effort to maximize the number of participants that are housed, the program's utilization rate will continue to be closely monitored without exceeding funding capacity. SEMAP certification requires LHC to report the status of efforts in providing Housing Choice Vouchers and leasing units based on funds awarded by HUD.





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Program Utilization

PIC Scoring	Internal Scoring
N/A	20

Indicator 14-Family Self Sufficiency

As of this reporting period, the Family Self Sufficiency (FSS) Program has 38 mandatory slots, 20 slots/households or (55%) are enrolled. SEMAP certification requires the LHC to report the status of enrollment for the FSS program.

Enrollment and Escrow Accounts are documented by Indicator 14. As of this reporting period, LHC would receive eight (8) of 10 points.

FSS Enrollment

PIC Scoring	Internal Scoring
N/A	5

Currently 75% of the FSS participants enrolled in the program have escrow accounts. The maximum allowable points are five (10). LHC is currently doing an internal rating of eight (8) points.

Participants w/ Escrows

PIC Scoring	Internal Scoring
N/A	8

*Please note all PIC data is of 01/31/2018





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February 28, 2018

HONORABLE MEMBERS IN SESSION

Lansing Housing Commission
419 Cherry St.
Lansing Michigan 48933

SUBJECT:

January 2018 Asset Management Monthly Report

CONTACT PERSON:

Martell Armstrong
Executive Director
517-487-6550 Ext. 111

OVERVIEW:

Lansing Housing Commission ("LHC") communities had an overall occupancy rating of 96% (not including the modernization units) at the end of January. LHC has 96% occupancy including the units that are in modernization. LHC Unit Months Leased (UML) was 801 (with units in MOD) or 96% occupancy rate. LHC maintained a 96% occupancy level, which meets the 96% recovery plan occupancy goal.

Mt. Vernon Park occupancy was 95% at the end of January. There were three (3) households moved in, zero (0) resident moved out's, and zero (0) unit transfer. The UML was 192 which equals 95%.

Hildebrandt Park occupancy was 95% at the end of January There were three (3) households moved in, seven (7) resident moved out, and Zero (0) unit transfer's. The UML was 209 which equals 95%.

LaRoy Froh occupancy was 97% at the end of January. There were six (6) households moved in, two (2) residents moved out, and three (3) unit transfer's. The UML was 206 which equals 97%.





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South Washington Park occupancy was 98% at the end of January. There were one (1) households moved in, three (3) resident moved out, and zero (0) unit transfer. The UML was 194 which equals 98%.

OCCUPANCY:

Site	Total Number of Units	UML Occupied 1st day of month including MOD units	Gross (including MOD Occupancy rate)	Move Ins	Move Outs	Transfer Units	Total MOD Units
Mt Vernon	202	192	95%	3	0	0	0
Hildebrandt	220	209	95%	3	7	0	0
LaRoy Froh	213	206	97%	6	2	3	0
S. Washington	198	194	98%	1	3	0	0
Totals	833	801	96%	13	12	3	0

Rent Collection:

Site	Rent Charged	Receivables	Total Uncollected	Collection Rate
Mt Vernon	\$ 28,706.00	\$ 36,616.97	\$ (7,910.97)	128%
Hildebrandt	\$ 34,382.00	\$ 42,899.36	\$ (8,517.36)	125%
LaRoy Froh	\$ 31,555.00	\$ 37,598.00	\$ (6,043.00)	119%
S. Washington	\$ 29,848.00	\$ 33,455.00	\$ (3,607.00)	112%
Totals	\$ 124,491.00	\$ 150,569.33	\$ (26,078.33)	121%





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Move Out Analysis:

Move out Reason	Mt. Vernon	Hildebrandt Park	LaRoy Froh	S. Washington
Moved Out (Left Area)		5 HCV Accepted	2	1
Lease Violation (No Court action)		1		
Evicted – Nonpayment Judgment		1		2
Evicted – Nonpayment Writ Ordered but not executed				
Physical Eviction				
Criminal Activity				
Drug Activity				
Rent too high				
Transfer			3	
Totals		7	5	3





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Mt. Vernon Vacant Unit Status:

Unit	Make ready or Lease ready	Projected or actual Lease up date	Security deposit received	Vacant date Comments or reason for length of status
1338	TBD	TBD	TBD	Structural damage is currently in repair Now under contract effective 1-30-18
3866	Make Ready	Projected lease-up date 2-28-18	Offer sent	Vacant 2/1-Resident just turned in keys. Scope will be written 2/2. Parts will be ordered 2/5.
3316	Make Ready	Projected lease-up date 2/15/18	Yes	Vacant 1/31-Unit was cleaned out and scope was written on 2/1. Parts will be ordered 2/5.
1501	Make Ready	Projected lease-up date 2/9/18	Yes	Vacant 12/16-Unit is in make ready status and is expected to be complete by 2/7, cleaned by 2/9, and applicant to move in 2/9.
4309	Make Ready	Projected lease-up date 2/7/18	Yes	Vacant 12/1-This is unit is projected to be ready by 2/5, cleaned by 2/7, and resident transferred on 2/7.
1503	Make Ready	Projected lease-up date 2/5/18	Yes	Vacant 12/15- Experienced major plumbing issues which is scheduled for repair on 2/2. Cleaners will clean later that evening, and Resident is scheduled to move-in 2/5.

Hildebrandt Park Vacant Unit Status:

TDD/TTY #: 1-800-545-1833 Ext. 919



"Equal Housing Opportunity"



Lansing Housing Commission Board Meeting February 28, 2018

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Unit	Make ready or Lease ready	Projected or actual Lease up date	Security deposit received	Vacant date Comments or reason for length of status
2139 Forest	MR	2-19	No	12-29 not vacant 30 days
3204-C Turner	LR	2-5	Transfer	12-28 Not vacant 30 days, floors will begin 1-9-18 Move In (Transfer)
2127 Forest	MR	1-12	No	10/13/2017 Contractors assigned separately, (floors, cleaning, carpentry) will be completed date 1/8/18 (Unit was offered 3x and denied twice, 3 rd time applicant did not pay security deposit, processing applicant currently for next offer waiting on landlord references)
3118- B Turner	LR	2-22	Transfer	11/9/2017 Contract work to begin Friday (1-12) or Monday (1-15)
3118- E Turner	MR	2-9	Transfer	11/9/2017 Contract work to begin Friday (1-12) or Monday (1-15)
2139 Forest	MR	2-15	NO	12-29 Not vacant 30 days
2121 Forest	MR	2-28	NO	1-12 Not vacant 30 days
3208-D Turner	MR	2-28	NO	1-9 Not vacant 30 days
811 Pennsylvania	MR	2-28	NO	1-10 Not vacant 30 days
1912 Hoyt	MR	2-28	NO	1-2 Not vacant 30 days





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1013 Shepard	MR	2-28	NO	1-8 Not vacant 30 days
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LaRoy Froh Vacant Unit Status:

Unit	Make ready status	Projected or actual lease up date	Security deposit received	Comments/reason for length
2454	Make ready	2-16-18	Final offer accepted and made	Vacant 12-1-17. Pipes burst causing additional rehabbing to complete
2210	Make ready	2-10-18	1 st offer sent for the 3 rd time.	Vacant 12-5-17
3622	Lease Ready	2-15-18	1 st offer sent	Vacant 12-31-17
2707	Make Ready	2-15-18	1 st offer sent	Vacant 1-7-18
2452	Make Ready	2-28-18	1 st offer sent	Vacant 1-30-18
6020	Make Ready	2-28-18	UT	Vacant 1-23-18
2434	Make Ready	2-28-18	1 st offer sent	Vacant 1-31-18

South Washington Park Vacant Unit Status:

Unit	Make ready or Lease ready	Projected or actual Lease up date	Security deposit received	Vacant date Comments or reason for length of status
10500	Lease Ready	2-5-18	yes	Vacant 12-1-17
10307	Make Ready	2-9-18	No	

TDD/TTY #: 1-800-545-1833 Ext. 919



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10109	Make Ready	2-9-18	No	
10131	Make Ready	2-9-18	No	





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**LHC Board
Sign-In Sheet
Date of Meeting: February 28, 2018**

Name	Organization	Phone #	E-mail
ANDREA Bailey	LIPH	517 372-7145	ANDREAb@lanshc.org
Kimberly Gillespe	LIPH	517 862-0839	Kimmy@lanshc.org
Marcus Hardy	LIPH	517-862-0855	marcush@lanshc.org
Kim Shircey	HCV	487-0242	Kims@lanshc.org
MR. Black			

