AGENDA
Committee of the Whole
Monday, August 6, 2018 5:30 p.m
City Council Chambers, City Hall 10th Floor

Council Member Wood, Chairperson
Council Member Washington, Vice Chairperson

1. **Call to Order**

2. **Roll Call**

3. **Minutes**
   - July 23, 2018

4. **Public Comment on Agenda Items (Up to 3 Minutes)**

5. **Presentations:**

   - Lansing Housing Commission – Financial Reports

6. **Discussion/Action:**

   A.) **RESOLUTION** – Reappointments of two (2) Individuals to Multiple Boards/Commissions
   Cassandra Nelson – At Large; Historic District Commission
   Joseph Quick – At Large; Board of Zoning Appeals

7. **Other**
   Place on File - Lansing Housing Commission 2016 Financial Report
   Lansing Housing Commission 2017 Financial Report

8. **Adjourn**

PUBLIC COMMENT AND SIGN IN SHEET

COMMITTEE OF THE WHOLE

DATE Aug 6, 2018

Please print

NAME	ADDRESS	Purpose for Attending	Email Address	PHONE
Elaine Womboldt		/	RSC	

MINUTES
Committee of the Whole
Monday, July 23, 2018 @ 5:30 p.m.
City Council Chambers, City Hall 10th Floor

CALL TO ORDER
Council President Wood called the meeting to order at 5:30 p.m.

PRESENT
Councilmember Kathie Dunbar
Councilmember Jeremy A. Garza
Councilmember Adam Hussain
Council Member Brian T. Jackson
Councilmember Peter Spadafore
Councilmember Patricia Spitzley
Councilmember Jody Washington
Councilmember Carol Wood

OTHERS PRESENT
Sherrie Boak, Council Staff
Heather Sumner, Deputy City Attorney
Samantha Harkins, Mayor's Executive Assistant
Eric Brewer, Council Internal Auditor
Elaine Womboldt
Deb Parrish
Loretta Stanaway
Kathy Miles
Amber Paxton, Financial Empowerment
Mary Reynolds
Chris Swope, City Clerk
Greg Venker, Assistant City Attorney – arrived at 5:51 p.m.
Steve Wilobee, LEAP
Joel Ferguson
Pat Lindeman
Savannah Detzler
Pete Wood
Rose Wallace

Minutes
MOTION BY COUNCIL MEMBER WASHINGTON TO APPROVE THE MINUTES FROM JULY 9, 2018 AS PRESENTED. MOTION CARRIED 8-0.

Public Comment on Agenda Items
Ms. Parrish pointed out that the copies of the agenda were missing the second page, and asked applications of reappointments be included in the packets.

Ms. Miles spoke on her concern with the proposed ballot changes and asked that the Committee not sell the Red Cedar property.

Ms. Stanaway asked for the reappointments names, boards and terms be listed on the agendas. She also asked the agendas be posted separately on the website for easier download and the Clerk provide a link to the Committee of the Whole agenda on his email with the Council agenda. Ms. Stanaway then spoke in opposition to the proposed ballot language and the sale of the Red Cedar property.

Mr. Wood spoke in opposition to the ballot language and suggested language that would ensure all park land will continue as park land.

Ms. Womboldt spoke on behalf of Rejuvenating South Lansing and their opposition to the sale of Red Cedar property and opposition to the proposed ballot language.

Ms. Reynolds asked if Council was financially in trouble and that is why they were selling the Red Cedar property to Ferguson Development.

Discussion/Action
RESOLUTION – Temporary Relocation of Polling Place for Ward 1, Precinct 4 for the August 2018 Primary (Fairview to Pattengill)
Mr. Swope informed the Committee that the Clerk's office had received word from the Lansing School District that the construction at Fairview would not be completed in time for the primary so they had to move the location to Pattengill just for that election. The department will be sending out post cards to the voters in that precinct, reach out to the candidates on the ballot, and have signage for both locations. Council Member Jackson asked if they would have staff at Fairview to direct people to Pattengill, and Mr. Swope stated they would look into it.

MOTION BY COUNCIL MEMBER WASHINGTON TO APPROVE THE RESOLUTION FOR THE TEMPORARY RELOCATION OF POLLING PLACE WARD 1, PRECINCT 4 FOR THE AUGUST PRIMARY FROM FAIRVIEW TO PATTENGILL. MOTION CARRIED 8-0.

ORDINANCE – Repeal Chapter 810, Section 810.21of the Codified Ordinances to Eliminate the Cable Advisory Board and its duties and functions
Council President Wood noted that a hearing was already held and this ordinance change would be to eliminate a board that no longer functions and whose tasks are no longer active.

MOTION BY COUNCIL MEMBER SPTIZLEY TO APPROVE THE ORDINANCE TO REPEAL CHAPTER 810, SECTION 810.21, ELIMINATION OF THE CABLE ADVISORY BOARD. MOTION CARRIED 8-0.

RESOLUTION – Corridor Façade Grant Area Implementation & Requirements
Council President Wood referenced the resolution noting it included the facts from LEAP and the Committee request for $1,500 for the marketing. Mr. Willobee confirmed there had been no changes to the program.

MOTION BY COUNCIL MEMBER SPADAFORE TO APPROVE THE RESOLUTION FOR THE CORRIDOR FAÇADE GRANT AREA IMPLEMENTATOIN AND REQUIREMENTS. MOTION CARRIED 8-0.

RESOLUTION - Budget Amendment; Offender Success Program
Ms. Paxton stated per the contract with the State for the program, once the State approves the changes Council has to also approve. The $22,282 will be used for 2 FTE with Advent House. The remaining $6,000 will be put in the social services budget. Those services are sub contracted out to four (4) vendors. Ms. Paxton ended by stating this was an increase for the five (5) years of the contract.

MOTION BY COUNCIL MEMBER HUSSAIN TO APPROVE THE RESOLUTION FOR THE BUDGET AMENDMENT FOR THE OFFENDER SUCCESS PROGRAM. MOTION CARRIED 8-0.

RESOLUTION - Reappointments of four (4) Individuals to Various Boards & Commissions
The Committee reviewed the resolution that would reappoint Samara E Morgan to the Board of Public Service, Beth Graham and David Price to the Lansing Board of Water and Light Commission, and Claire Corr to the Saginaw Street Corridor Improvement Authority. Council President Wood read the resolution which listed each appointee's terms.

MOTION BY COUNCIL MEMBER SPADAFORE TO APPROVE THE RESOLUTION TO REAPPOINT FOUR (4) INDIVIDUALS TO VARIOUS BOARDS AND COMMISSIONS. MOTION CARRIED 8-0.

RESOLUTION – Reappointments of six (6) Individuals to Various Boards & Commissions
The Committee reviewed the resolution that would reappoint Tricia Spain to the Board of Review, Curtis Sonnenberg to the Historic District Commission, Charles Janssen and Charles Mikkens to the LEPFA Board, Richard Kibbey to the Parks Board and Katie Alexandar to the Planning Board. Council President Wood read the resolution which listed each appointee's terms.

MOTION BY COUNCIL MEMBER SPADAFORE TO APPROVE THE RESOLUTION TO REAAPOINT SIX (6) INDIVIDUALS TO VARIOUS BOARDS AND COMMISSIONS. MOTION CARRIED 8-0.

ORDINANCE – Amend Chapter 1034, Repeal Section 1034.01—1034.09 of the Codified Ordinances to Eliminate the Memorial Review Board, its duties and functions and to cancel the process and procedure for naming and renaming public memorials.
The Committee reviewed the ordinance that would have the Public Service Board review proposals and make recommendations to the City Council for streets and public right of ways, and the Park Board review proposals and make recommendations to the Mayor for public amenity.

MOTION BY COUNCIL MEMBER SPITZLEY TO APPROVE THE ORDINANCE TO AMEND CHAPTER 1034, REPEAL SECTION 1034.01- 1034.09, ELIMINATION OF THE MEMORIAL REVIEW BOARD.

Ms. Sumner cited that the naming of streets is a legislative function and naming of parks is a management function, therefore handled by the Mayor.

MOTION CARRIED 8-0.

RESOLUTION – Set Public Hearing; Ballot Language to amend Charter 8-403.7 Property Sale

Council President Wood clearly stated to the public that a public hearing is not required to place something on the ballot, but there is a public hearing planned with this resolution so Council is aware if the public actually wants the language on the ballot.

Council Member Washington stated she had promised the constituents in 2017 after the Ormond Park road that she would work on a proposed language changes. The current Mayor has not been involved in this proposed, clearly stated to the public. She noted she had work with Law over the last 6 months and they had already cleared the language with the Attorney General office for the ballot, presented to the Park Board and worked with the Parks Director. At the Park Board she noted it was mentioned to change the percentage of land considered could be anything not more than 15% was proposed but was voted down. Council Member Washington stated to the Committee she was open to discussion on a different percentage, but 25% was proposed because the common use on parks have been cell towers and that is the amount they roughly take up. The language for the ballot was then read:

> 8-403.7. In addition to Section 8-403.6, not more than 25% of any dedicated parkland parcel may be disposed of by transfer, easement, lease, license, or other exchange, or be converted to another use without approval, by majority vote, of the electors of the City voting on the question at a regular or special election.
>
> As used in this Section, “converted to another use” means changing the use of a park, or significant part thereof, from a recreation or conservation use to another use not directly or materially related to public recreation or conservation.

As used in this Section, “disposed of” or “converted to another use” shall not mean or include a park use that is for a recreational, civic, artistic or cultural activity, event or festival, or an entirely subsurface use for public utility purpose, including communications and the Board of Water and Light under Section 5-203.8.

Council Member Spadafore acknowledged Council Member Washington for her work on the changes and noted that 8-403.6 still requires a public vote for sale, so this only changes the language. Council Member Spitzley asked if this change would have prevented the sale of the BWL substation property, and Council President Wood confirmed, then Council Member Washington stated that project was for the subsurface as stated in the ballot language above so this would have. Council Member Spitzley asked if it would have prevented Ormond Park road and if it will prevent the sale of the City Market. Council Member Washington stated the sale has to go to the vote of the people no matter what. Council Member Spitzley asked if law drafted sub language that would carve out some exemption for BWL. Council Member Washington stated that be already in the Code of Ordinance, but the Charter supersedes the ordinance. Council President Wood asked Law to review Charter 5-203.8 referenced in the above ballot language and come back with an opinion. Council Member Hussain asked for further discussion on the proposed 25% and asked why the Park Board did not support 15%.

Council Member Jackson asked if there would still be a vote. Council President Wood provided the timeline of a proposed hearing on August 13th, action on August 13th then submitted for the November ballot on August 14th. Council Member Jackson then asked if the City sells park land will there always be a vote of the people, and Council Member Washington confirmed. Council President Wood asked for a definitive answer from Law on her earlier question and also confirmed to Council Member Jackson that for any sale of any amount of park property it has to go to the voters. Council Member Washington stated to the Committee she wished to have it go forward for a public hearing on August 13th to see if the public wants it on the ballot, but if the Committee was interested in lowering the percentage, she would be interested in hearing what they propose. However she added, the Park Board recommendation was supporting the 25%. Council Member Spitzley supported waiting on the answers from Law and if the language was correct for addressing BWL, was not positive on her support of lower than 25%, and also was interested in why the Park Board was not comfortable with 15%.

Council President Wood reminded the Committee that it appeared there would only be five (5) members present on August 13th, so she wanted to make sure all members were aware and would not be there for the final vote. Mr. Swope stated that the Attorney General, Governor and County Clerk still have to certify, and Council Member Washington stated that was already done and signed off on. Mr. Swope then stated the next election for a ballot option would be May, 2019.

Council Member Spadafore asked what the process for leasing or disposing of property was now and Ms. Sumner read 8-403.6 from the Charter. Council Member Spadafore spoke in support of waiting until 2019, but wanted to know if there was a check process to make sure nothing can happen before that with property.

Council Member Washington stated for the record and the public that if the Committee chooses to not set a hearing and take action for the November ballot, she did what she promised them she would do in 2017.

Council Member Spadafore asked if there was a way to pass an ordinance for a vote of Council for a lease under 5 years. Council President Wood stated there is already a legal opinion when the length of the lease is longer than a temporary and the value of $50,000. Council Member Jackson suggested that if a public hearing is set to invite Mr. Kaschinske Council Member Hussain asked if changes can be made the night of the hearing. Council President Wood reiterated that a public hearing is not even required but the hearing is for public input not on the language but on if the public wants it on the ballot for a vote of the public. Council Member Washington stated any change in a percentage the night of the hearing would not be substantive enough to have to go back to the Attorney General so it would still be on track to get on the November ballot.

MOTION BY COUNCIL MEMBER WASHINGTON TO SET THE PUBLIC HEARING FOR THE BALLOT LANGUAGE TO AMEND THE CHARTER CHAPTER 8-403.7 FOR AUGUST 13, 2018.

Council Member Spitzley asked if the hearing would be on August 13th. Council President Wood confirmed and noted they would also be taking action that night. She added that if the consensus of the Committee was they did not feel comfortable for taking action that same night, then the hearing can be moved back also. The deadline for the November ballot is August 14th. Council Member Spadafore stated he would prefer to wait on any hearing and action.

MOTION failed 3-5.

Council President Wood asked Law to check into the questions asked and report back before a public hearing is set.

RESOLUTION - Set Public Hearing; Ballot Language to amend Chapter 8-403.8 Property Monetary Designation

A discussion on this was incorporated in the connecting agenda item prior to this. Questions were referred to Law.

Council Member Spitzley asked that both items be continued at the Committee of the Whole meetings.

Council Member Washington stated her recommendation would be that since the Committee is slowing down on the action for both these items, that it not be brought back to Committee of the Whole until 2019, so hearings and discussion can be held directly before it could be on a May ballot, not 6 months before that election.

RESOLUTION – Amended & Restated Real Estate Purchase & Development Agreement; Ferguson/Continental Lansing, LLC

Council President Wood recapped that over the last meetings the Committee had gone through the agreement line by line, and last week were provided the resolution prior to this meeting. She noted that the one concern she heard was addressed in the Be It Further Resolved "that any net proceeds from the sale of the Property described herein will go towards the Capital Improvement Fund for the City of Lansing Parks and Recreation Department and will not be used within the Park Property as identified in the Amended and Restated Real Estate Purchase and Development Agreement at Section E.2. of the Recitals and legally described in Exhibit A-2 of the same."

Council Member Washington spoke in support of the agreement and the work the developer had done to address the concern with bonding, local labor and prevailing wage. Lastly she stated that the project will have a good economic impact for the City. Council Member Spitzley spoke in support of the project and at the earlier meetings when she asked about the $2.2 million price tag and appraisal Mr. Trezise with LEAP provided the answer. Council Member Hussain spoke in support of the agreement and resolution. Council President Wood concluded the discussion stated she acknowledges Council, the public and the developer for their work on the agreement and resolution, and also acknowledged she understood the negotiation on the price took place with the earlier administration with a handshake deal.

MOTION BY COUNCIL MEMBER WASHINGTON TO APPROVE THE RESOLUTION FOR THE AMENDED AND RESTATED REAL ESTATE PURCHASE AND DEVELOPMENT AGREEMENT FERGUSON/CONTINENTIAL LANSING LLC. WITH THE ADDENDUM. MOTION 8-0.

OTHER

No other topics of discussion.

ADJOURN

The meeting was adjourned 6:45 p.m.
Respectfully Submitted by,
Sherrie Boak, Recording Secretary
Lansing City Council
Approved by the Committee on

Lansing Housing Commission

Financial Report
with Supplemental Information
June 30, 2016

Contents

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Independent Auditor's Report

To the Board of Commissioners
Lansing Housing Commission

Report on the Financial Statements

We have audited the accompanying 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, 2016 and the related notes to the financial statements, which collectively comprise Lansing Housing Commission's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the discretely presented component unit. Those financial statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component unit, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

To the Board of Commissioners
Lansing Housing Commission

Opinion

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of Lansing Housing Commission as of June 30, 2016 and the respective changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplemental Information

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

Other Information

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

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

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

To the Board of Commissioners
Lansing Housing Commission

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 9, 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.

Plante & Moran, PLLC

January 9, 2017

Lansing Housing Commission
Lansing, Michigan

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2016

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, 2016. 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 Shelter plus Care Program. The Public Housing Program is funded with rental revenue, miscellaneous tenant charges, and Department of Housing and Urban Development (HUD) grants. 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, which includes the blended component unit, 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, 2016. 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	$ 16,402,933
2.	Unrestricted net position equals	2,254,800
3.	Total net position increased by	2,411,451

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

	Restated 2014	2015	2016	Change	Percent Change
Assets					
Current and restricted assets	$ 3,459,833	$ 3,339,211	$ 6,090,137	$ 2,750,926	82%
Capital assets	15,511,120	14,844,567	15,647,363	802,796	5%
Noncurrent assets	1,464,346	1,478,780	909,675	(569,105)	-38%
Total assets	20,435,299	19,662,558	22,647,175	2,984,617	15%
Deferred Outflows of Resources	118,212	208,788	992,302	783,514	375%
Total assets and deferred outflows of resources	20,553,511	19,871,346	23,639,477	3,768,131	19%
Liabilities					
Current liabilities	628,673	719,583	880,792	161,209	22%
Long-term liabilities	4,966,888	5,160,281	6,273,462	1,113,181	22%
Total liabilities	5,595,561	5,879,864	7,154,254	1,274,390	22%
Deferred Inflows of Resources	-	-	82,290	82,290	n/a
Net Position					
Net investment in capital assets	13,135,256	12,245,548	13,195,546	949,998	8%
Restricted	633,791	545,721	952,587	406,866	75%
Unrestricted	1,188,903	1,200,213	2,254,800	1,054,587	88%
Total net position	**$ 14,957,950**	**$ 13,991,482**	**$ 16,402,933**	**$ 2,411,451**	17%

As illustrated in the statement of net position, the overall net position of the Commission increased by $2,411,451. Current assets increased primarily due to an increase in cash received from the sale of certain assets that were held for sale and an increase in accounts receivable due from HUD. Additions to construction work in progress accounts for the increase in capital assets. The decrease in noncurrent assets was due to the sale of certain assets that were held for sale. Current liabilities increased primarily due to the increases in the accounts payable related to the purchase of capital assets. Noncurrent liabilities increased due to an increase in OPEB liabilities and the addition of the net pension liability in accordance with GASB 68.

Financial Analysis
(Continued)

Statement of Revenue and Expenses

	2014	2015	2016	Change	Percent Change
Revenue					
Tenant rental revenue	$ 1,522,720	$ 1,651,196	$ 1,717,181	$ 65,985	4%
Federal grants	16,488,971	15,003,554	17,108,785	2,105,231	14%
Other revenue	575,926	1,090,110	1,500,717	410,607	38%
Total revenue	18,587,617	17,744,860	20,326,683	2,581,823	15%
Expenses					
Administrative expenses	2,520,740	3,028,025	3,169,731	141,706	5%
Tenant services	97,939	69,978	21,976	(48,002)	-69%
Utilities	1,093,095	899,135	769,111	(130,024)	-14%
Maintenance and operations	2,488,488	2,178,672	2,108,351	(70,321)	-3%
Insurance and general expenses	367,237	481,043	430,957	(50,086)	-10%
Housing assistance payments	10,682,277	10,559,434	9,970,034	(589,400)	-6%
Depreciation and amortization	1,275,203	1,348,290	1,358,328	10,038	1%
Interest expense	21,680	146,751	86,744	(60,007)	-41%
Total expenses	18,546,659	18,711,328	17,915,232	(796,096)	-4%
Change in Net Position	**$ 40,958**	**$ (966,468)**	**$ 2,411,451**	**$ 3,377,919**	**-350%**

Revenue

In reviewing the statement of revenue and expenses, you will find that 84 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 7 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, 18 percent for administrative, 4 percent are for utilities, 12 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

The Commission operated in fiscal year 2016 at a profit due to an increase in revenue coupled with a slight decrease in overall expenses. The overall revenue increase was primarily a result of the increases in available HUD funding over prior year and the gain on the sale of certain capital assets. Housing assistance payments decreased due to a repayment (to HUD) of a prior year advance that occurred in 2015. The decrease in utility expenses is the result of the Energy Performance Contract implemented during 2015. 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. Depreciation expense increases are a function of additional capital projects being placed in service at the capital grant close-out. Interest expense decreased due to the reduction in existing debt entered into in prior years.

Financial Analysis
(Continued)

Capital Assets

As of year end, the Commission had $15,647,363 invested in a variety of capital assets as reflected in the following schedule, which represents a net increase (additions, deductions and depreciation) of 5 percent from the end of last year.

	2014	2015	2016	Change	Percent Change
Land	$ 1,648,584	$ 1,648,584	$ 1,554,771	$ (93,813)	-6%
Buildings	46,315,845	48,777,078	48,743,568	(33,510)	0%
Furniture and equipment	909,221	1,255,227	1,541,301	286,074	23%
Construction in progress	2,513,451	387,948	2,245,979	1,858,031	479%
Accumulated depreciation	(35,875,891)	(37,224,270)	(38,438,256)	(1,213,986)	3%
Net capital assets	**$ 15,511,210**	**$ 14,844,567**	**$ 15,647,363**	**$ 802,796**	**5%**

The following reconciliation summarizes the change in capital assets:

Beginning balance - July 1, 2015	$ 14,844,567
Additions:	
Construction in progress	2,245,979
Furniture and equipment	17,445
Disposals net of depreciation	(102,300)
Depreciation expense	(1,358,328)
Ending balance - June 30, 2016	**$ 15,647,363**

Debt Outstanding

As of the end of the fiscal year, the Commission had $2,451,817 in debt outstanding compared to $2,599,019 in the previous year. The net change in debt for the year was a decrease of $147,202 of principal payments.

	Long-term Debt		
	2014	2015	2016
Note payable - Davenport	$ 611,681	$ 574,719	$ 522,879
Note payable - PNC	2,051,375	2,024,300	1,928,938
Total long-term debt	**$ 2,663,056**	**$ 2,599,019**	**$ 2,451,817**

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 will also be impacted by the Commission's adoption of Governmental Accounting Standards Board (GASB) Statement No. 68 as of July 1, 2014. The beginning of the year net position was restated to comply with GASB 68,

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 a physical inspection 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.

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 Ms. Patricia Baines-Lake, Executive Director, Lansing Housing Commission, 419 Cherry, Lansing, MI 48933, or call (517)372-7996.

Statement of Net Position
June 30, 2016

	Primary Government (LHC)	Discrete Component Unit - Oliver Gardens
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and cash equivalents (Note 2)	$ 3,844,361	$ 30,294
Cash and cash equivalents - Restricted (Note 2)	984,529	275,431
Tenant security deposits - Restricted (Note 2)	117,127	4,406
Receivables:		
Tenant receivables	47,022	-
Accrued interest receivable	32,606	-
Other receivables	100,446	1,799
Due from other governmental units	408,372	-
Allowance for doubtful accounts	(3,202)	-
Investments (Note 2)	509,256	-
Prepaid expenses and other assets	49,620	5,161
Total current assets	6,090,137	317,091
Noncurrent Assets		
Investment in partnership	909,575	-
Other assets	100	43,554
Capital Assets - Nondepreciable (Note 3)	3,800,750	685,162
Capital Assets - Net of depreciation (Notes 3)	11,846,613	2,074,227
Total assets	22,647,175	3,120,034
Deferred Outflows of Resources - Pension (Note 5)	992,302	-
Total assets and deferred outflows of resources	**$ 23,639,477**	**$ 3,120,034**

Statement of Net Position (Continued)
June 30, 2016

	Primary Government (LHC)	Discrete Component Unit - Oliver Gardens
Liabilities, Deferred Inflows of Resources, and Net Position		
Current Liabilities		
Accounts payable - Operating	$ 357,937	$ 3,685
Security deposits liability	139,991	4,499
Accrued liabilities and other:		
Accrued PILOT	161,903	25,067
Accrued interest	-	44,843
Accrued salaries and wages	49,876	-
Compensated absences < 1 year	12,878	-
Other current liabilities	-	58,875
Notes payable - Current portion (Note 4)	158,207	28,367
Total current liabilities	880,792	165,336
Noncurrent Liabilities		
Notes payable - Net of current portion (Note 4)	2,293,610	2,587,874
Compensated absences	72,972	-
Net OPEB obligation (Note 6)	1,372,830	-
Net pension liability (Note 5)	2,502,108	-
Other noncurrent liabilities	31,942	800,059
Total liabilities	7,154,254	3,553,269
Deferred Inflows of Resources - Pension (Note 5)	82,290	-
Net Position		
Net investment in capital assets	13,195,546	143,168
Restricted	952,587	-
Unrestricted	2,254,800	(576,403)
Total net position	16,402,933	(433,235)
Total liabilities, deferred inflows of resources, and net position	**$ 23,639,477**	**$ 3,120,034**

Statement of Activities
Year Ended June 30, 2016

	Primary Government (LHC)	Discrete Component Unit - Oliver Gardens
Operating Revenue		
Tenant revenue - Net	$ 1,717,181	$ 82,504
HUD operating revenue	14,862,802	172,653
Other grant revenue	747,910	-
Other operating revenue	288,857	-
Total operating revenue	17,616,750	255,157
Operating Expenses		
Administrative	3,169,731	42,218
Tenant services	21,976	-
Utilities	769,111	72,715
Maintenance	2,108,351	20,156
Insurance	235,525	12,587
Other general expenses	195,432	24,550
Housing assistance payments	9,970,034	-
Depreciation and amortization	1,358,328	141,627
Total operating expenses	17,828,488	313,853
Operating Loss	(211,738)	(58,696)
Nonoperating Income (Expenses)		
Investment income	7,429	18,717
Interest expense (Note 4)	(86,744)	(93,461)
Gain on sale of assets	456,521	-
Total nonoperating expenses	377,206	(74,744)
Gain (Loss) - Before contributions	165,468	(133,440)
Capital Contributions - Capital grants - HUD	2,245,983	-
Change in Net Position	2,411,451	(133,440)
Net Position - Beginning of year	13,991,482	(299,795)
Net Position - End of year	**$ 16,402,933**	**$ (433,235)**

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

Statement of Cash Flows
Year Ended June 30, 2016

	Primary Government
Cash Flows from Operating Activities	
Cash received from HUD operating subsidies and grants	$ 14,638,886
Cash received from tenants	1,690,965
Other receipts	1,021,712
Cash payments for housing assistance	(9,970,034)
Cash payments for administrative expenses	(3,169,730)
Cash payments for other operating expenses	(1,721,731)
Net cash provided by operating activities	2,490,068
Cash Flows from Capital and Related Financing Activities	
Receipt of capital grants	2,245,983
Proceeds from sales of capital assets	246,646
Purchase of capital assets	(2,263,429)
Principal and interest paid on capital debt	(233,946)
Net cash used in capital and related financing activities	(4,746)
Cash Flows from Investing Activities	
Interest received on investments	3,581
Purchase of investment securities	(3,544)
Net cash provided by investing activities	37
Net Increase in Cash and Cash Equivalents	2,485,359
Cash and Cash Equivalents - Beginning of year	2,460,658
Cash and Cash Equivalents - End of year	**$ 4,946,017**
Balance Sheet Classification of Cash and Cash Equivalents	
Cash and investments	$ 3,844,361
Restricted cash	984,529
Tenant security deposits	117,127
Total cash and cash equivalents	**$ 4,946,017**

Statement of Cash Flows (Continued)
Year Ended June 30, 2016

Reconciliation of Operating Loss to Net Cash from Operating Activities	
Operating loss	$ (211,738)
Adjustments to reconcile operating loss to net cash from operating activities:	
Depreciation and amortization	1,358,328
Bad debts	64,417
Deferred outflows and inflows	(701,225)
Changes in assets and liabilities:	
Receivables	(314,549)
Prepaid and other assets	907,638
Accounts payable	45,605
Security and other trust deposits	35,273
Accrued and other liabilities	1,306,319
Net cash provided by operating activities	**$ 2,490,068**

Note 1 - 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 1.1). 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 1,539 tenant-based vouchers monthly for the year ended June 30, 2016.

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.

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

Shelter Plus Care - This program provides rental assistance to homeless persons with disabilities and their families.

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.

GASB Statements 14, 39, and 61 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.

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

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, 2016, LHCNPDC had assets of $737,090, liabilities of $879,491, and net deficit position of ($142,401). The total revenue and change in net position was $3,288 for the year ended June 30, 2016.

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, 2015. 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.

Note 1 - 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.

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 $3,202 as potentially uncollectible as of June 30, 2016. Tenant bad debt for the year ended June 30, 2016 was $64,417.

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 2016, no impairments were recorded.

Note 1 - 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 $45,415 of costs related to obtaining debt financing and $22,917 of costs related to obtaining tax credits, net of accumulated amortization. These costs have been capitalized and are being amortized over 35 years and 15 years, respectively, using the straight-line method. Amortization expense for the year ended June 30, 2016 was $2,825.

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 $85,850 at June 30, 2016, of which $12,878 is current and $72,972 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.

Note 1 - 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 funding and other amounts received from tenants for rent and other charges for services provided. Operating expenses are costs incurred during the operation of its primary housing activities. Such revenue and expenses are reported when earned or incurred, respectively.

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. During the year ended June 30, 2016, the Oliver Tower Property was sold for $1,050,000, resulting in a gain on the sale of the asset of $456,521.

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 9, 2017, which is the date the financial statements were available to be issued.

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	$ 3,844,361	$ 30,294
Cash and cash equivalents - Restricted	984,529	275,431
Tenant security deposits - Restricted	117,127	4,406
Investments	509,256	-
Total designated	$ 5,455,273	$ 310,131

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.

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, $259,256 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:

Primary Government	Balance July 1, 2015	Reclassifications	Additions	Reductions	Balance June 30, 2016
Capital assets not being depreciated:					
Land	$ 1,648,584	$ -	$ -	$ (93,813)	$ 1,554,771
Construction in progress	387,948	(387,948)	2,245,979	-	2,245,979
Total nondepreciable assets	2,036,532	(387,948)	2,245,979	(93,813)	3,800,750
Capital assets being depreciated:					
Building and improvements	48,777,078	105,203	-	(138,713)	48,743,568
Furniture and fixtures, equipment, and machinery	1,255,228	282,745	17,445	(14,117)	1,541,301
Total depreciable capital assets	50,032,306	387,948	17,445	(152,830)	50,284,869
Accumulated depreciation	37,224,271	-	1,358,328	(144,343)	38,438,256
Net capital assets being depreciated	12,808,035	387,948	(1,340,883)	(8,487)	11,846,613
Net capital assets	$ 14,844,567	$ -	$ 905,096	$ (102,300)	$ 15,647,363

Component Unit	Balance January 1, 2015	Additions	Disposals	Balance December 31, 2015
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	175,949	12,510	-	188,459
Subtotal	3,494,434	12,510	-	3,506,944
Accumulated depreciation	1,293,915	138,802	-	1,432,717
Net capital assets being depreciated	2,200,519	(126,292)	-	2,074,227
Net capital assets	$ 2,885,681	$ (126,292)	$ -	$ 2,759,389

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.

Note 4 - Long-term Debt (Continued)

Component Unit

Oliver Gardens LDHA Limited Partnership (the "Partnership") has the following loans outstanding as of December 31, 2015 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	$ 1,596,108
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	2,616,241
Less current portion	28,367
Long-term portion	$ 2,587,874

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
2017	$ 47,976	$ 12,000	$ 59,976
2018	49,000	11,000	60,000
2019	301,000	4,000	305,000
2020	58,000	2,000	60,000
2021	59,000	1,000	60,000
2022	7,903	468	8,371
Total payments	$ 522,879	$ 30,468	$ 553,347

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
2017	$ 110,231	$ 77,000
2018	121,000	72,000
2019	131,000	67,000
2020	138,000	62,000
2021	144,000	56,000
2022-2026	813,000	184,000
2027-2029	471,707	25,000
Total payments	$ 1,928,938	$ 543,000

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
2016	$ 28,367	$ 79,166
2017	29,818	77,714
2018	31,343	76,189
2019	32,953	74,579
2020	34,638	72,894
2021-2025	201,659	336,001
2026-2030	258,801	278,859
2031-2035	332,135	205,525
2036-2040	426,248	111,412
2041-2045	390,146	314,672
2046-2048	850,133	-
Total payments	$ 2,616,241	$ 1,627,011

Changes in long-term debt for the year ended June 30, 2016 (or December 31, 2015 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	$ 574,719	$ -	$ (51,840)	$ 522,879	$ 47,976
PNC	2,024,300	-	(95,362)	1,928,938	110,231
Total	$ 2,599,019	$ -	$ (147,202)	$ 2,451,817	$ 158,207
Component unit:					
MSHDA	$ 1,623,094	$ -	$ (26,986)	$ 1,596,108	$ 28,367
City of Lansing	720,000	-	-	720,000	-
LHC	300,133	-	-	300,133	-
Total	$ 2,643,227	$ -	$ (26,986)	$ 2,616,241	$ 28,367

Interest expense for the year ended June 30, 2016 was $86,744 for the primary government and interest expense for the year ended December 31, 2015 was $93,461 for the discrete component unit.

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 hired before May 1, 2012, and employees hired after May 1, 2012.

Retirement benefits for employees in the open 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 25 years of service. Early retirement age with reduced benefits is 55 with 15 years of service or 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 with early retirement at 55 with 25 years of service. Early retirement age with reduced benefits is 55 with 15 years of service or 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 for a surviving spouse equal 85 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.

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

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, 2015 measurement date, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	32
Inactive plan members entitled to but not yet receiving benefits	16
Active plan members	26
Total employees covered by MERS	74

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, 2016, the average active employee contribution rate was 5.0 percent of annual pay and the Commission's average contribution rate was 15.05 percent of annual payroll.

Net Pension Liability

The net pension liability reported at June 30, 2016 was determined using a measure of the total pension liability and the pension net position as of December 31, 2015. The December 31, 2015 total pension liability was determined by an actuarial valuation performed as of that date.

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

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

Changes in Net Pension Liability	Increase (Decrease) Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at December 31, 2014	$ 8,728,461	$ 7,227,277	$ 1,501,184
Service cost	114,272	-	114,272
Interest	698,614	-	698,614
Differences between expected and actual experience	(123,435)	-	(123,435)
Changes in assumptions	405,966	-	405,966
Contributions - Employer	-	158,735	(158,735)
Contributions - Employee	-	55,586	(55,586)
Net investment income	-	(104,348)	104,348
Benefit payments, including refunds	(635,102)	(635,102)	-
Administrative expenses	-	(15,480)	15,480
Net changes	460,315	(540,609)	1,000,924
Balance at December 31, 2015	$ 9,188,776	$ 6,686,668	$ 2,502,108

Assumption Changes - The change in the total pension liability as a result of changes in assumptions was due to the mortality table being adjusted to reflect longer lifetimes and the assumed annual rate of return, net of expenses, being lowered.

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

For the year ended June 30, 2016, the Commission recognized pension expense of $451,061. At June 30, 2016, the Commission reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ 82,290
Changes in assumptions	270,644	-
Net difference between projected and actual earnings on pension plan investments	623,600	-
Employer contributions to the plan subsequent to the measurement date	98,058	-
Total	$ 992,302	$ 82,290

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

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 ($98,059), which will impact the net pension liability in fiscal year 2017, rather than pension expense.

Years Ending June 30	Amount
2017	$ 256,537
2018	256,537
2019	162,360
2020	136,520

Actuarial Assumptions - The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%	
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

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, 2015 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.

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

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, 2015, 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

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	$ 3,497,190	$ 2,502,108	$ 1,659,805

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

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.

Funding Progress - For the year ended June 30, 2016, 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)	$ 421,898
Interest on the prior year's net OPEB obligation	2,118
Less adjustment to the annual required contribution	(45,228)
Annual OPEB cost	378,788
Amounts contributed:	
Payments of current premiums	(64,745)
Advance funding	-
Increase in net OPEB obligation	314,043
OPEB obligation - Beginning of year	1,058,787
OPEB obligation - End of year	$ 1,372,830

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
6/30/16	$ 421,898	15.3 %	$ 1,372,830
6/30/15	291,357	28.3	1,058,787
6/30/14	330,416	24.7	879,953

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
6/30/16	$ -	$ 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
6/30/14	-	3,677,118	3,677,118	-	1,140,604	322.4

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, 2016, the unfunded actuarial liability (UAAL) of $3,628,877 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.

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, 2016 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, 2016.

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, 2016, approximately 84 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.

Required Supplemental Information

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

	2016	2015
Total Pension Liability		
Service cost	$ 114,272	$ 114,461
Interest	698,614	684,653
Changes in benefit terms	-	-
Differences between expected and actual experience	(123,435)	-
Changes in assumptions	405,966	-
Benefit payments, including refunds	(635,102)	(624,495)
Net Change in Total Pension Liability	460,315	174,619
Total Pension Liability - Beginning of year	8,728,461	8,553,842
Total Pension Liability - End of year	**$ 9,188,776**	**$ 8,728,461**
Plan Fiduciary Net Position		
Contributions - Employer	$ 158,735	$ 215,191
Contributions - Member	55,586	37,167
Net investment income	(104,348)	446,261
Administrative expenses	(15,480)	(16,314)
Benefit payments, including refunds	(635,102)	(624,495)
Other	-	-
Net Change in Plan Fiduciary Net Position	(540,609)	57,810
Plan Fiduciary Net Position - Beginning of year	7,227,277	7,169,467
Plan Fiduciary Net Position - End of year	**$ 6,686,668**	**$ 7,227,277**
Commission's Net Pension Liability - Ending	**$ 2,502,108**	**$ 1,501,184**
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	72.77 %	82.80 %
Covered Employee Payroll	$ 1,235,367	$ 1,164,556
Commission's Net Pension Liability as a Percentage of Covered Employee Payroll	202.5 %	128.9 %

Required Supplemental Information
Schedule of Commission Contributions
Calendar Year

	2015	2014
Actuarially determined contribution	$ 103,079	$ 213,163
Contributions in relation to the actuarially determined contribution	158,735	215,191
Contribution Deficiency	**$ (55,656)**	**$ (2,028)**
Covered Employee Payroll	$ 1,235,367	$ 1,164,556
Contributions as a Percentage of Covered Employee Payroll	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	25 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, 2016

		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	Cash - Unrestricted	$ 2,612,181	$ -	$ 487,127	$ 4,239	$ 63,583	$ -	$ 567,001	$ 3,734,131	$ -	$ 3,734,131	$ 30,291
113	Cash - Other restricted	-	-	984,529	-	-	-	-	984,529	-	984,529	275,431
114	Cash - Tenant security deposits	117,127	-	-	-	-	-	-	117,127	-	117,127	4,409
115	Cash - Restricted for payment of current liabilities	110,231	-	-	-	-	-	-	110,231	-	110,231	-
100	**Total Cash**	**2,839,539**	**-**	**1,471,656**	**4,239**	**63,583**	**-**	**567,001**	**4,946,018**	**-**	**4,946,018**	**310,131**
122	Total accounts receivable - HUD other projects	268,550	-	-	24,364	-	-	-	292,914	-	292,914	-
124	Accounts receivable - Other government	-	-	-	-	115,459	-	-	115,459	-	115,459	-
125	Total accounts receivable - Miscellaneous	-	-	-	-	-	-	99,776	99,776	-	99,776	1,799
126	Accounts receivable - Tenants - Dwelling rents	47,021	-	-	-	-	-	-	47,021	-	47,021	-
126.1	Allowance for boubtful accounts - Dwelling rents	(3,202)	-	-	-	-	-	-	(3,202)	-	(3,202)	-
128	Accounts and notes receivable fraud recovery	670	-	-	-	-	-	-	670	-	670	-
129	Accrued interest receivable	1,496	-	-	-	-	31,110	-	32,606	-	32,606	-
120	**Total Receivables - Net Of Allowances For Doubtful Accounts**	**314,535**	**-**	**-**	**24,364**	**115,459**	**31,110**	**99,776**	**585,244**	**-**	**585,244**	**1,799**
131	Investments - Unrestricted	509,256	-	-	-	-	-	-	509,256	-	509,256	-
142	Prepaid expenses and other assets	28,540	-	2,548	-	-	-	18,531	49,619	-	49,619	5,161
144	Interprogram - Due from	-	-	-	-	-	-	902,755	902,755	(902,755)	-	-
150	**Total Current Assets**	**3,691,870**	**-**	**1,474,204**	**28,603**	**179,042**	**31,110**	**1,588,063**	**6,992,892**	**(902,755)**	**6,090,137**	**317,091**
161	Land	1,364,771	-	-	-	-	-	190,000	1,554,771	-	1,554,771	685,162
162	Buildings	48,022,801	-	-	-	-	-	720,764	48,743,565	-	48,743,565	3,318,485
163	Furniture - Equipment and machinery - Dwellings	1,125,675	-	-	-	-	-	-	1,125,675	-	1,125,675	-
164	Furniture - Equipment and machinery - Administration	-	-	27,596	-	-	-	388,030	415,626	-	415,626	175,949
166	Accumulated depreciation	(37,637,437)	-	(26,891)	-	-	-	(773,928)	(38,438,256)	-	(38,438,256)	(1,432,717)
167	Construction in progress	2,245,982	-	-	-	-	-	-	2,245,982	-	2,245,982	12,510
160	**Total Fixed Assets - Net Of Accumulated Depreciation**	**15,121,792**	**-**	**705**	**-**	**-**	**-**	**524,866**	**15,647,363**	**-**	**15,647,363**	**2,759,389**
171	Total notes - Loans - And mortgages receivable - Noncurrent	-	-	-	-	-	705,880	203,695	909,575	-	909,575	-
174	Total other assets	-	-	-	-	-	100	-	100	-	100	43,554
180	**Total Noncurrent Assets**	**15,121,792**	**-**	**705**	**-**	**-**	**705,980**	**728,561**	**16,557,038**	**-**	**16,557,038**	**2,802,943**
190	**Total Assets**	**18,813,662**	**-**	**1,474,909**	**28,603**	**179,042**	**737,090**	**2,316,624**	**23,549,930**	**(902,755)**	**22,647,175**	**3,120,034**
200	Deferred outflow of resources	688,244	-	181,076	-	-	-	122,982	992,302	-	992,302	-
290	**Total Assets and Deferred Outflow of Resources**	**$ 19,501,906**	**$ -**	**$ 1,655,985**	**$ 28,603**	**$ 179,042**	**$ 737,090**	**$ 2,439,606**	**$ 24,542,232**	**$ (902,755)**	**$ 23,639,477**	**$ 3,120,034**

		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
	Liabilities											
312	Accounts payable <= 90 Days	$ 10,137	$ -	$ 30	$ -	$ -	$ -	$ 765	$ 10,932	$ -	$ 10,932	$ 3,685
321	Accrued wage/payroll taxes payable	28,832	-	10,223	-	-	-	10,821	49,876	-	49,876	-
322	Accrued compensated absences - Current portion	6,088	-	1,591	-	-	-	5,199	12,878	-	12,878	-
331	Total accounts payable - HUD Pha programs	9,194	-	-	-	-	-	-	9,194	-	9,194	-
333	Accounts payable - Other government	161,903	-	-	-	-	-	-	161,903	-	161,903	25,067
341	Tenant security deposits	117,127	-	-	-	-	-	-	117,127	-	117,127	4,499
342	Total deferred revenue	22,864	-	-	-	-	-	-	22,864	-	22,864	-
343	Total current portion of LTD-capital projects/mortgage revenue bonds	110,231	-	-	-	-	-	47,976	158,207	-	158,207	28,367
346	Accrued liabilities - Other	327,130	-	4,640	-	-	-	6,041	337,811	-	337,811	58,875
347	Interprogram - Due to	-	-	-	23,264	-	879,491	-	902,755	(902,755)	-	-
310	**Total Current Liabilities**	**793,506**	**-**	**16,484**	**23,264**	**-**	**879,491**	**70,802**	**1,783,547**	**(902,755)**	**880,792**	**120,493**
351	Total LTD-net of current-capital projects/mortgage revenue bonds	1,818,707	-	-	-	-	-	474,903	2,293,610	-	2,293,610	2,587,874
353	Noncurrent liabilities - Other	-	-	31,942	-	-	-	-	31,942	-	31,942	844,902
354	Accrued compensated absences - Non-current	34,497	-	9,015	-	-	-	29,460	72,972	-	72,972	-
357	Accrued pension and OPEB liabilities	2,559,215	-	859,346	5,482	-	-	450,895	3,874,938	-	3,874,938	-
350	**Total Noncurrent Liabilities**	**4,412,419**	**-**	**900,303**	**5,482**	**-**	**-**	**955,258**	**6,273,462**	**-**	**6,273,462**	**3,432,776**
300	**Total Liabilities**	**5,205,925**	**-**	**916,787**	**28,746**	**-**	**879,491**	**1,026,060**	**8,057,009**	**(902,755)**	**7,154,254**	**3,553,269**
400	Deferred inflow of resources	57,075	-	15,016	-	-	-	10,199	82,290	-	82,290	-
	Equity											
508.1	Invested in capital assets - Net of related debt	13,192,854	-	705	-	-	-	1,987	13,195,546	-	13,195,546	143,168
511.1	Restricted net assets	-	-	952,587	-	-	-	-	952,587	-	952,587	-
512.1	Unrestricted net assets	1,046,052	-	(229,110)	(143)	179,042	(142,401)	1,401,360	2,254,800	-	2,254,800	(576,403)
513	**Total Equity/Net Assets**	**14,238,906**	**-**	**724,182**	**(143)**	**179,042**	**(142,401)**	**1,403,347**	**16,402,933**	**-**	**16,402,933**	**(433,235)**
600	**Total Liabilities And Equity/Net Assets**	**$ 19,501,906**	**$ -**	**$ 1,655,985**	**$ 28,603**	**$ 179,042**	**$ 737,090**	**$ 2,439,606**	**$ 24,542,232**	**$ (902,755)**	**$ 23,639,477**	**$ 3,120,034**

		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
	Income Statement											
	Revenue											
70300	Net tenant rental revenue	$ 1,591,996	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,591,996	$ -	$ 1,591,996	$ 82,504
70400	Tenant revenue - Other	125,184	-	-	-	-	-	-	125,184	-	125,184	25
70500	**Total Tenant Revenue**	**1,717,180**	-	-	-	-	-	-	**1,717,180**	-	**1,717,180**	**82,529**
70600	Total HUD Pha operating grants	3,441,431	769,298	10,340,542	311,531	-	-	-	14,862,802	-	14,862,802	172,653
70610	Capital grants	-	2,245,983	-	-	-	-	-	2,245,983	-	2,245,983	-
70710	Management fee	-	-	-	-	-	-	1,029,107	1,029,107	(1,029,107)	-	-
70720	Asset management fee	-	-	-	-	-	-	73,560	73,560	(73,560)	-	-
70730	Bookkeeping fee	-	-	-	-	-	-	71,723	71,723	(71,723)	-	-
70750	Other fees	-	-	-	-	-	-	-	-	-	-	-
70700	**Total Fee Revenue**	-	-	-	-	-	-	**1,174,390**	**1,174,390**	**(1,174,390)**	-	-
70800	Other government grants	-	-	-	-	747,910	-	-	747,910	-	747,910	-
71100	Total investment income - Unrestricted	4,141	-	50	-	-	3,288	-	7,479	-	7,479	18,692
71400	Total revenue fraud recovery	1,005	-	3,238	-	-	-	-	4,243	-	4,243	-
71500	Other revenue	116,472	-	50,099	-	-	-	117,236	283,807	-	283,807	-
71600	Gain or loss on sale of fixed assets	367,908	-	-	-	-	-	88,613	456,521	-	456,521	-
70000	**Total Revenue**	**$ 5,648,137**	**$ 3,015,281**	**$ 10,393,929**	**$ 311,531**	**$ 747,910**	**$ 3,288**	**$ 1,380,239**	**$ 21,500,315**	**$ (1,174,390)**	**$ 20,325,925**	**$ 273,874**

Financial Data Schedules (Continued)
Year Ended June 30, 2016

		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	$ 259,229	$ -	$ 206,874	$ 9,090	$ 24,601	$ -	$ 202,222	$ 702,016	$ -	$ 702,016	$ 8,508
91200	Auditing fees	74,020	-	91,900	-	-	-	18,380	184,300	-	184,300	6,300
91300	Management fee	470,212	371,390	187,505	-	-	-	-	1,029,107	(1,029,107)	-	20,464
91310	Bookkeeping fee	71,723	-	-	-	-	-	-	71,723	(71,723)	-	-
91400	Advertisting and marketing	371	-	-	-	-	-	220	591	-	591	-
91500	Employee benefit contributions - Administrative	509,492	-	224,120	2,763	10,993	-	132,765	880,133	-	880,133	-
91600	Office expenses	205,821	-	168,096	-	-	-	48,037	421,954	-	421,954	1,860
91700	Legal expense	86,974	-	-	-	-	-	1,529	88,503	-	88,503	-
91800	Travel	5,917	-	3,117	-	-	-	11,576	20,610	-	20,610	-
91900	Other	-	-	26,386	-	124,045	-	3,987	154,418	-	154,418	8,815
91000	**Total Administrative**	**1,683,759**	**371,390**	**907,998**	**11,853**	**159,639**	-	**418,716**	**3,553,355**	**(1,100,830)**	**2,452,525**	**45,947**
92000	Asset management fee	73,560	-	-	-	-	-	-	73,560	(73,560)	-	-
92400	Tenant services - Other	21,412	-	-	-	-	-	564	21,976	-	21,976	1,400
92500	**Total Tenant Services**	**21,412**	-	-	-	-	-	**564**	**21,976**	-	**21,976**	**1,400**
93100	Water	143,523	-	20	-	-	-	1,173	144,716	-	144,716	18,030
93200	Electricity	199,258	-	910	-	-	-	9,257	209,425	-	209,425	34,894
93300	Gas	204,634	-	46	-	-	-	1,592	206,272	-	206,272	14,929
93800	Other utilities expense	196,492	-	16	-	-	-	999	197,507	-	197,507	4,863
93000	**Total Utilities**	**743,907**	-	**992**	-	-	-	**13,021**	**757,920**	-	**757,920**	**72,716**
94100	Ordinary maintenance and operations - Labor	488,640	-	-	-	-	-	1,015	489,655	-	489,655	16,736
94200	Ordinary maintenance and operations - Materials and other	491,856	-	-	-	-	-	2,121	493,977	-	493,977	6,126
94300	Total ordinary maintenance and operations - Contract costs	1,446,590	-	37,424	-	-	-	85,102	1,569,116	-	1,569,116	10,733
94500	Employee benefit contributions - Ordinary maintenance	235,431	-	-	-	-	-	653	236,084	-	236,084	-
94000	**Total Maintenance**	**2,662,517**	-	**37,424**	-	-	-	**88,891**	**2,788,832**	-	**2,788,832**	**33,595**
95200	Protective services - Other contract costs	15,070	-	362	-	-	-	237	15,669	-	15,669	1,897
96110	Property insurance	122,458	-	313	-	-	-	3,746	126,517	-	126,517	10,975
96120	Liability insurance	52,401	-	15,464	-	-	-	1,344	69,209	-	69,209	1,612
96130	Workmens compensation	12,833	-	3,006	-	-	-	564	16,403	-	16,403	-
96140	All other insurance	21,663	-	-	-	-	-	1,733	23,396	-	23,396	-
96100	**Total Insurance Premiums**	**$ 209,355**	**$ -**	**$ 18,783**	**$ -**	**$ -**	**$ -**	**$ 7,387**	**$ 235,525**	**$ -**	**$ 235,525**	**$ 12,587**

Financial Data Schedules (Continued)
Year Ended June 30, 2016

		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
96210	Compensated absences	$ 35,929	$ -	$ 14,686	$ -	$ -	$ -	$ 11,424	$ 62,039	$ -	$ 62,039	$ -
96300	Payments in lieu of taxes	101,141	-	-	-	-	-	144	101,285	-	101,285	4,086
96400	Bad debt - Tenant rents	64,417	-	-	-	-	-	-	64,417	-	64,417	-
96000	**Total Other General Expenses**	**201,487**	-	**14,686**	-	-	-	**11,568**	**227,741**	-	**227,741**	**4,086**
96720	Interest on notes payable (hort and long-term)	73,584	-	-	-	-	-	13,160	86,744	-	86,744	93,459
96730	Amortization of bond issue costs	-	-	-	-	-	-	-	-	-	-	2,825
96700	**Total Interest Expense And Amortization Cost**	**73,584**	-	-	-	-	-	**13,160**	**86,744**	-	**86,744**	**96,284**
96900	**Total Operating Expenses**	**5,684,651**	**371,390**	**980,245**	**11,853**	**159,639**	-	**553,544**	**7,761,322**	**(1,174,390)**	**6,586,932**	**268,512**
97000	Excess revenue over operating expenses	(36,514)	2,643,891	9,413,684	299,678	588,271	3,288	826,695	13,738,993	-	13,738,993	5,362
97300	Total housing assistance payments	-	-	9,041,243	299,821	628,150	-	-	9,969,214	-	9,969,214	-
97400	Depreciation expense	1,248,163	-	821	-	-	-	109,344	1,358,328	-	1,358,328	138,802
98000	**Total Other Nonoperating Expenses**	**1,248,163**	-	**9,042,064**	**299,821**	**628,150**	-	**109,344**	**11,327,542**	-	**11,327,542**	**138,802**
90000	**Total Expenses**	**6,932,814**	**371,390**	**10,022,309**	**311,674**	**787,789**	-	**662,888**	**19,088,864**	**(1,174,390)**	**17,914,474**	**407,314**
10010	Operating transfers in	397,908	-	-	-	-	-	-	397,908	-	397,908	-
10020	Operating transfers out	-	(397,908)	-	-	-	-	-	(397,908)	-	(397,908)	-
10100	**Total Other Financing Sources (Uses)**	**397,908**	**(397,908)**	-	-	-	-	-	-	-	-	-
10000	**Excess (Deficiency) Of Total Revenue Over (Under) Total Expenses**	**$ (886,769)**	**$ 2,245,983**	**$ 371,620**	**$ (143)**	**$ (39,879)**	**$ 3,288**	**$ 717,351**	**$ 2,411,451**	**$ -**	**$ 2,411,451**	**$ (133,440)**

Actual Modernization Cost Certificate

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

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

Capital Fund Program (CFP)

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

Do not send this form to the above address.

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

PHA Name:	**Modernization Project Number:**
Lansing Housing Commission	MI33P058501-12

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	$ 1,225,248.00
B. Funds Disbursed	$ 1,225,248.00
C. Funds Expended (Actual Modernization Cost)	$ 1,225,248.00
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

Signature of Executive Director (or Authorized Designee):	**Date:**
X	5/6/2016

For HUD Use Only

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

Approved for Audit (Director, Office of Public Housing)	**Date:**
X	

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

Approved: (Director, Office of Public Housing)	**Date:**
X	

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

Actual Modernization Cost Certificate

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

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

Capital Fund Program (CFP)

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:	Modernization Project Number:
Lansing Housing Commission	MI33P058501-13

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	$ 1,191,186.00
B. Funds Disbursed	$ 1,191,186.00
C. Funds Expended (Actual Modernization Cost)	$ 1,191,186.00
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

Signature of Executive Director (or Authorized Designee):	Date:
X	5/6/2016

For HUD Use Only

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

Approved for Audit (Director, Office of Public Housing)	Date:
X	

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

Approved: (Director, Office of Public Housing)	Date:
X	

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

Lansing Housing Commission

Financial Report
with Supplemental Information
June 30, 2017

Lansing Housing Commission

Contents

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Independent Auditor's Report

To the Board of Commissioners
Lansing Housing Commission

Report on the Financial Statements

We have audited the accompanying 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 Lansing Housing Commission's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

To the Board of Commissioners
Lansing Housing Commission

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of Lansing Housing Commission as of June 30, 2017 and the respective changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplemental Information

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

Other Information

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

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

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

To the Board of Commissioners
Lansing Housing Commission

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2018 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.

Plante & Moran, PLLC

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 (the "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 activities - 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	909,675	924,330	14,655	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	6,273,462	5,481,415	(792,047)	-13%
Total liabilities	7,154,254	6,112,051	(1,042,203)	-15%
Deferred Inflows of Resources	82,290	135,110	52,820	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	2,254,800	2,281,993	27,193	1%
Total net position	**$ 16,402,933**	**$ 16,592,680**	**$ 189,747**	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	1,500,717	1,580,120	79,403	5%
Total revenue	20,326,683	18,798,407	(1,528,276)	-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	86,744	88,882	2,138	2%
Total expenses	17,915,232	18,608,660	693,428	4%
Change in Net Position	**$ 2,411,451**	**$ 189,747**	**$ (2,221,704)**	**-92%**

Revenue

In reviewing the statement of activities, 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 activities, 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 the 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 $15,562,494 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	(38,438,256)	(39,419,422)	(981,166)	3%
Net capital assets	**$ 15,647,363**	**$ 15,562,494**	**$ (84,869)**	**-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	(1,273,346)
Ending balance - June 30, 2017	**$ 15,562,494**

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	1,928,938	1,818,706
Total long-term debt	**$ 2,451,817**	**$ 2,293,609**

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.

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	**$**	**22,839,841**	**$**	**2,972,164**

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

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	-	139,595
Accrued salaries and wages	56,391	-
Compensated absences < one year	17,528	-
Other current liabilities	-	399,754
Accrued partnership management fees	-	90,000
Notes payable - Current portion (Note 4)	169,685	29,818
Total current liabilities	630,636	685,295
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	405,767
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	64,346
Restricted	1,041,802	-
Unrestricted	2,281,993	(708,209)
Total net position	16,592,680	(643,863)
Total liabilities, deferred inflows of resources, and net position	**$ 22,839,841**	**$ 2,972,164**

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	141,787
Total operating expenses	18,519,778	318,328
Operating Loss	(580,309)	(58,265)
Nonoperating Income (Expenses)		
Investment income	5,926	20,968
Interest expense (Note 4)	(88,882)	(93,331)
Loss on sale of assets	(39,225)	-
Total nonoperating expenses	(122,181)	(72,363)
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 (as restated) (Note 1)	16,402,933	(513,235)
Net Position - End of year	**$ 16,592,680**	**$ (643,863)**

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	**$ 4,476,410**
Statement of Net Position 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	**$ 4,476,410**

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	**$**	**(219,546)**

Note 1 - 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 1.1). 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.

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, Michigan.

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, Michigan, but the Commission board independently oversees the Commission's operation and designates its management. The City of Lansing, Michigan 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, Michigan. Accordingly, the Commission is not a component unit of the financial reporting entity of the City of Lansing, Michigan.

GASB Statement Nos. 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.

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

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.

Note 1 - 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.

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.

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

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 Limited Partnership. 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.

Note 1 - 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 composed 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 the purpose 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.

Note 1 - 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.

Reporting Change (Prior Period Adjustment) - The financial statements for the year ended June 30, 2017 have been restated to correct an error within the discretely presented component unit. According to the partnership agreement of Oliver Gardens LDHA Limited Partnership, the limited partner was entitled to a cumulative annual partnership management fee of $10,000 per annum since inception of the partnership. The partnership did not previously recognize this expense and accrual.

The effect of the restatement on the financial statements of the Commission was to adjust the net position beginning balance from $(433,235) as reported for the year ended June 30, 2016 to $(513,235).

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

Subsequent Events - The financial statements and related disclosures include evaluation of events through and including February 28, 2018, which is the date the financial statements were available to be issued.

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	$ 4,988,554	$ 339,278

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:

Note 2 - Deposits and Investments (Continued)

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.

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:

Primary Government	Balance July 1, 2016	Reclassifications	Additions	Reductions	Balance June 30, 2017
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

Component Unit	Balance January 1, 2016	Additions	Disposals	Balance December 31, 2016
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

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.

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	$ 1,567,741
HOME loan dated June 1, 2006 in the amount of $170,000. The loan is held by the City of Lansing, Michigan 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, Michigan 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	2,587,874
Less current portion	29,818
Long-term portion	$ 2,558,056

Note 4 - Long-term Debt (Continued)

Primary Government

Future minimum principal and interest payments on the LHC promissory note with Davenport University 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	$ 474,903	$ 18,468	$ 493,371

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	$ 1,818,706	$ 466,000

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	$ 2,587,874	$ 1,547,844

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

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.

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 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 nonduty 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 nonduty 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

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 nonduty 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	27
Total employees covered by MERS	76

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 15.05 percent in the open general division and 3.24 percent under the new hires division of annual payroll.

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:

	Increase (Decrease)		
Changes in Net Pension Liability	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

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

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 and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ 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	$ 1,017,239	$ 135,110

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.

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

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 percent global equity, 18.5 percent global fixed income, 13.5 percent real assets, and 12.5 percent 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 of resources related to pension, and pension expense, information about the plan's fiduciary net position and additions to/deductions 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.

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 No. 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	(61,132)
Annual OPEB cost	557,642
Amounts contributed:	
Payments of current premiums	(64,552)
Advance funding	-
Increase in net OPEB obligation	493,090
OPEB obligation - Beginning of year	1,372,830
OPEB obligation - End of year	$ 1,865,920

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

Note 6 - Other Postemployment Benefits (Continued)

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.

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 No. 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.

Note 6 - Other Postemployment Benefits (Continued)

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 and 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.

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.

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

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 %

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 Excess	**$ (571,632)**	**$ (55,656)**	**$ (2,028)**
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

		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 boubtful 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**	**1,638,749.00**	**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	**2,619,129.00**
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	-
290.00	**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**

		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
	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	-	3,948.00	-	-	-	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	29,818.00
345.00	Other Current Liabilities	-	-	-	-	-	-	-	-	-	-	104,927.00
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**	**533,532.00**	**-**	**25,651.00**	**-**	**-**	**879,491.00**	**71,453.00**	**1,510,127.00**	**(879,491.00)**	**630,636.00**	**685,295.00**
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	2,524,965.00
353.00	Noncurrent liabilities - Other	-	-	29,193.00	-	-	-	-	29,193.00	-	29,193.00	405,767.00
354.00	Accrued compensated absences - Noncurrent	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	**2,930,732.00**
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	64,346.00
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	(708,209.00)
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)**	**22,839,841.00**	**2,972,164.00**

		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
	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 Pha 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**
	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**	**1,018,580.00**	**-**	**173,063.00**	**-**	**549,429.00**	**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	252,588.00	-	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**

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
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	Workmens 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**
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**	**185,369.00**	**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
11620	Building purchases	-	892,237.00	-	-	-	-	-	892,237.00	-	892,237.00	-
13901	Replacement housing factor funds	-	-	-	-	-	-	-	-	-	-	-

RECEIVED JUN 15 2017

Actual Modernization Cost Certificate

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

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

Capital Fund Program (CFP)

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

Do not send this form to the above address.

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

PHA Name:	Modernization Project Number:
Lansing Housing Commission	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):	Date:
X	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:
X for DG	12/1/16

The costs shown above agree with HUD verified costs (if box 7A or 7B is marked): Approved: (Director, Office of Public Housing)	Date:
X	6/13/17

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

Actual Modernization Cost Certificate

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

OMB Approval No. 2577-0157 (exp. 01/31/2017) RECEIVED SEP 11 2017

Capital Fund Program (CFP)

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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:	Modernization Project Number:
Lansing Housing Commission	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:

- [x] **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):	Date:
X	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)	Date:
X	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)	Date:
X	9/6/17

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

BY THE COMMITTEE OF THE WHOLE
RESOLVED BY THE CITY COUNCIL OF THE CITY OF LANSING

WHEREAS, the Mayor made the reappointments to various Boards as stated below:

Historical District Commission:
Cassandra Nelson as an At-Large Member for a term to expire June 30, 2019; and

Board of Zoning Appeals:
Joseph Quick, as an At-Large Member for a term to expire June 30, 2021; and

WHEREAS, the Mayor's office has verified that the nominees has been vetted and meet the qualifications as required by the City Charter; and

WHEREAS, the Committee of the Whole met on August 6, 2018 and took affirmative action.

NOW, THEREFORE, BE IT RESOLVED that the Lansing City Council, hereby, confirms the reappointments to various Boards as stated below:

Historical District Commission:
Cassandra Nelson as an At-Large Member for a term to expire June 30, 2019.

Board of Zoning Appeals:
Joseph Quick, as an At-Large Member for a term to expire June 30, 2021.