



FINANCIAL REPORTS

JUNE 30, 2020

HOUSING AUTHORITY OF THE CITY OF MILWAUKEE
FINANCIAL REPORTS
TABLE OF CONTENTS

	PAGES
FINANCIAL HIGHLIGHTS	1-2
BALANCE SHEETS	3-4
CONSOLIDATED STATEMENTS OF REVENUE & EXPENSES	5-7
SUMMARY OF ALL GRANTS - CHART	8
DASHBOARD - SUMMARY OF ACTUAL DATA VS BUDGETED	9
NOTES TO THE FINANCIAL REPORTS	10-11
GLOSSARY OF TERMS	12-13

HA of the City Milwaukee
Financial Highlights
As of June 30, 2020

Financial Position (pp. 3-4)

As of June 30, 2020, HACM has total assets of \$355mm. Agency-wide working capital (difference between current assets & current liabilities) was at \$45mm indicating HACM's strong capacity to meet maturing obligations. Total cash & investments as of the end of June was \$45mm. These funds are invested in Institutional Trust, Local Government Investment Pool, certificate of deposits, money market placements, and regular checking accounts. All deposits are covered under FDIC insurance or are invested in secured US Treasury obligations. Total cash & investments are distributed as follow; (p. 3)

Low Rent Public Housing	\$11.91mm
Unsubsidized Housing	17.13
Rental Assistance Program	5.98
Central Office	0.06

Net unrestricted reserves as of June 30, of the major programs are as follow: (p. 4)

Low Rent Public Housing	\$3.33mm
Unsubsidized Housing	12.41
Rental Assistance Program-Admin	1.40
Central office	1.47

The unrestricted reserve is indicative of the program's ability to withstand funding or revenue shortfall in the coming years. Changes in funding level have significantly affected the overall financial position of HACM. Low Rent Public Housing and Rental Assistance Program were severely impacted. Given funding trend in the program, management has implemented a Resiliency Plan to address the projected decline in funding levels and subsidies to ensure HACM's long-term fiscal sustainability.

Results of Operations (pp.5-6)

Agency-wide revenues were 6% over budget (p. 5) and total spending was 12% under budget (p.6). Administrative expenses compared to budgeted expenses were slightly under budget. Tenant services were 13% under budget; Utilities were 21% under budget; Maintenance expenses were 21% under budget, protective services 3% over budget and general expenses were 14% under budget. Consolidated net income from operations for the period ended June 30, 2020 was \$3,542,964 (p. 6).

Low Rent Public Housing (LRPH)

LRPH operations resulted in a net income from operations of \$1,879,204 (p. 6) in the second quarter. Operating revenue was \$790,341 over budget and total operating expenses for the period were \$1,119,050 under budget. All combined, LRPB posted a positive variance of \$1,909,391.

Unsubsidized Housing

Unsubsidized Housing has a favorable result of operations during the quarter. Net income from operations was \$1,047,239 (p.6) before amortization of principal on series 2015 bonds. Revenue was \$190,059 under budget and operating expenses were under budget by \$296,065 during the period. All combined, Unsubsidized Housing has a positive variance of \$106,006.

Rental Assistance Program (RAP)

RAP has net income of \$765,893 at the end of the period (p. 6). Administrative revenue was \$616,074 over budget and spending was under budget by \$241,783, resulting in an overall positive net loss variance of \$857,857.

The Housing Assistance Payment (HAP) grant during the period was \$17.59mm against total disbursement of \$17.07mm, reflecting a utilization of 97%. RAP continues to issue vouchers. HUD continues to offset HAP reserved in accordance with the new accounting guidelines.

Central Office Cost Center (COCC)

COCC posted a net loss of \$149,372 (p.6) at the end of the quarter. Total revenue was under budget by \$101,231 (see p. 10). Operating expenses were under budget by \$552,882. All combined, COCC posted a positive variance of \$451,652.

Grant Management

As of June 30, 2020, HACM is on track with its obligation and spending timelines as required by the grant agreements. Currently open grants are Capital Fund Programs 2017-2020. As of end of the quarter 84% has been obligated and 74% has been expended. Around 64% of the total grants will be spent on modernization. The balance is supplementing HACM operations (see p. 7).

HOUSING AUTHORITY OF THE CITY OF MILWAUKEE

BALANCE SHEETS

AS OF JUNE 30, 2020

	June 30, 2020					June 30, 2019	
	LRPH	UNSUBSIDIZED HOUSING	RAP	COCC	GRANTS/DEVT	Total HACM	Total HACM
ASSETS							
CURRENT ASSETS							
CASH							
UNRESTRICTED CASH	11,463,684	10,836,560	3,735,431	0	11,328,642	37,364,317	23,710,922
RESTRICTED CASH (Note 1)		3,777,906	1,935,862	57,976	18,750	5,790,494	4,247,391
TOTAL CASH	11,463,684	14,614,466	5,671,293	57,976	11,347,392	43,154,811	27,958,313
ACCOUNTS RECEIVABLE-TENANTS	698,824	354,736				1,053,560	653,535
ALLOWANCE FOR DOUBTFUL ACCOUNTS (Note 2)	(45,770)	(22,660)				(68,430)	(208,825)
NET ACCOUNTS RECEIVABLE-TENANTS	653,054	332,076	0	0	0	985,130	444,710
ACCOUNTS RECEIVABLE-MISC							
AR-HUD (Note 3)	277,410			510,336	366,036	1,153,782	1,537,500
AR- DEVELOPMENT FEE (Note 4)				2,865,473		2,865,473	0
AR - OTHERS	171,246	1,337	31,741	689,733	18,737	912,794	1,736,078
TOTAL AR-MISC	448,656	1,337	31,741	4,065,542	384,773	4,932,049	3,273,578
INVESTMENTS							
RESTRICTED (Note 1)	450,517	2,513,817	310,483	32		3,274,849	3,274,746
TOTAL INVESTMENTS	450,517	2,513,817	310,483	32	0	3,274,849	3,274,746
PREPAID EXPENSES AND OTHER ASSETS							
PREPAID EXPENSES AND OTHER ASSETS	367,397	68,875	143,709	5,709,563		6,289,544	16,467,945
TOTAL PREPAID EXPENSES AND OTHER ASSETS	367,397	68,875	143,709	5,709,563	0	6,289,544	16,467,945
CURRENT INTERFUNDS							
TOTAL DUE FROM AMOUNTS - CURRENT (Note 5)	0	0	0	182,716	(182,716)	0	0
TOTAL CURRENT ASSETS	13,383,308	17,530,571	6,157,226	10,015,829	11,549,449	58,636,383	51,419,292
NON-CURRENT ASSETS							
FIXED ASSETS							
LAND & LAND IMPROVEMENTS	31,800,833	2,759,343		461,283	835,493	35,856,952	35,737,041
BUILDINGS	205,433,485	50,203,141		10,170,201	25,971,001	291,777,828	275,960,364
FURNITURES, EQPT. MACHINERY	1,336,306	203,303	72,604	1,791,529	288,109	3,691,851	3,522,024
CONSTRUCTION IN PROGRESS	214,985	11,391		471,845	69,220,926	69,919,147	38,312,033
TOTAL FIXED ASSETS	238,785,609	53,177,178	72,604	12,894,858	96,315,529	401,245,778	353,531,462
ACCUMULATED DEPRECIATION	(168,975,951)	(45,464,609)	(72,604)	(5,875,802)	(75,742)	(220,464,708)	(226,599,098)
FIXED ASSETS, NET OF DEPRECIATION	69,809,658	7,712,569	0	7,019,056	96,239,787	180,781,070	126,932,364
OTHER ASSETS							
NOTES RECEIVABLE (Note 7)	57,988,391	3,000,000		26,268,135	12,407,949	99,664,475	73,596,718
NOTES INTEREST RECEIVABLE (Note 6)	11,017,035			591,025	249,020	11,857,080	10,301,037
FINANCING FEES & OTHER ASSETS	942,255		684,841	2,075,391	225,825	3,928,312	3,702,487
TOTAL OTHER ASSETS	69,947,681	3,000,000	684,841	28,934,551	12,882,794	115,449,867	87,600,242
TOTAL NON-CURRENT ASSETS	139,757,339	10,712,569	684,841	35,953,607	109,122,581	296,230,937	214,532,606
TOTAL ASSETS	153,140,647	28,243,140	6,842,067	45,969,436	120,672,030	354,867,320	265,951,898
LIABILITIES AND EQUITY							
CURRENT LIABILITIES							

HOUSING AUTHORITY OF THE CITY OF MILWAUKEE

BALANCE SHEETS

AS OF JUNE 30, 2020

	June 30, 2020					June 30, 2019	
	LRPH	UNSUBSIDIZED HOUSING	RAP	COCC	GRANTS/DEVT	Total HACM	Total HACM
ACCOUNTS PAYABLE							
ACCOUNTS PAYABLE	141,222	36,260	9,883	881,589	1,718,378	2,787,332	17,712,101
TOTAL ACCOUNTS PAYABLE	141,222	36,260	9,883	881,589	1,718,378	2,787,332	17,712,101
ACCRUED LIABILITIES							
ACCRUED SALARIES & BENEFITS	(400)		(1,076)	471,599	(251)	469,872	498,108
ACCRUED INTEREST PAYABLE		286,408			284,452	570,860	296,978
DEFERED REVENUE						0	0
DUE TO GOVERNMENT - PILOT & OTHERS	887,492	979,372		206,033		2,072,897	2,088,353
ACCRUED COMPENSATED ABSENCES (Note 7)	0	0	0	865,251	0	865,251	846,412
OTHER ACCRUED LIABILITIES	3,518			959,675		963,193	886,153
TOTAL ACCRUED LIABILITIES	890,610	1,265,780	(1,076)	2,502,558	284,201	4,942,073	4,616,004
OTHER CURRENT LIABILITIES							
TENANT SECURITY DEPOSITS	570,261	527,203		4,200		1,101,664	1,155,292
FSS ESCROW ACCOUNT	100,517		310,483			411,000	440,869
NOTES PAYABLE						0	0
CURRENT PORTION-LT DEBT		790,000			3,434,260	4,224,260	745,000
TOTAL OTHER CURRENT LIABILITIES	670,778	1,317,203	310,483	4,200	3,434,260	5,736,924	2,341,161
TOTAL CURRENT LIABILITIES	1,702,610	2,619,243	319,290	3,388,347	5,436,839	13,466,329	24,669,266
NON-CURRENT LIABILITIES							
LONG TERM DEBT							
MORTGAGE REVENUE BONDS		15,444,083		52,098	3,505,000	19,001,181	16,261,181
NOTES PAYABLE	3,900,168				82,896,757	86,796,925	23,522,361
TOTAL	3,900,168	15,444,083	0	52,098	86,401,757	105,798,106	39,783,542
LESS CURRENT PORTION		(790,000)				(790,000)	(765,000)
TOTAL LONG TERM DEBT - NET	3,900,168	14,654,083	0	52,098	86,401,757	105,008,106	39,018,542
NONCURRENT LIABILITIES-OTHER							
NET OPEB LIABILITY (Note 8)	2,429,447		1,738,950	5,048,615		9,217,012	9,217,012
NET PENSION LIABILITY	2,023,509		1,448,148	4,202,334		7,673,991	7,673,991
TOTAL NONCURRENT LIABILITIES-OTHER	4,452,956	0	3,187,098	9,250,949	0	16,891,003	16,891,003
TOTAL NON-CURRENT LIABILITIES	8,353,124	14,654,083	3,187,098	9,303,047	86,401,757	121,899,109	55,909,545
TOTAL LIABILITIES	10,055,734	17,273,326	3,506,388	12,691,394	91,838,596	135,365,438	80,578,811
EQUITY							
INVESTED IN CAPITAL ASSETS, NET OF DEBT	69,809,658	(7,731,514)	0	7,019,056	96,239,787	165,336,987	110,723,281
UNRESTRICTED RESERVE	3,327,574	12,409,605	1,399,817	1,468,761	(80,289,147)	(61,683,390)	(12,020,901)
RESTRICTED RESERVE (Note 9)	69,947,681	6,291,723	1,935,862	24,790,225	12,882,794	115,848,285	86,670,707
TOTAL EQUITY	143,084,913	10,969,814	3,335,679	33,278,042	28,833,434	219,501,882	185,373,087
TOTAL LIABILITIES AND EQUITY	153,140,647	28,243,140	6,842,067	45,969,436	120,672,030	354,867,320	265,951,898

HA OF THE CITY OF MILWAUKEE
CONSOLIDATED STATEMENT OF REVENUE & EXPENSES
BUDGETED PROGRAM ONLY
AS OF JUNE 30, 2020

	LRPH	UNSUBSIDIZED HSNG	RAP	COCC	YTD ACTUAL	YTD BUDGET	VARIANCE		JUNE 2019
							AMOUNT	PERCENT	
Operating Income									
<i>Operating/admin subsidies</i>	2,995,867		2,420,412		5,416,279	4,845,021	571,258	12%	5,031,140
<i>Dwelling rents</i>	4,196,287	3,654,834			7,851,121	8,777,497	(926,376)	-11%	8,368,734
<i>Excess utilities & other</i>	18,480	40,696			59,176	180,126	(120,950)	-67%	159,255
<i>Capital fund transfer in (Note 10)</i>	2,946,761				2,946,761	1,425,054	1,521,708	107%	1,537,500
<i>Other income</i>	364,896	18,501	37,258	404,258	824,913	620,790	204,124	33%	1,481,027
<i>Management fees</i>				2,343,949	2,343,949	2,042,151	301,799	15%	2,001,804
<i>Central maintenance revenue</i>				1,288,905	1,288,905	1,721,748	(432,843)	-25%	992,397
<i>Developers fee</i>				0	0	0	0	0%	0
<i>Interest on general fund</i>	635	41,364	2	22,525	64,526	67,650	(3,124)	-5%	111,680
Total Income	10,522,926	3,755,395	2,457,672	4,059,637	20,795,630	19,680,035	1,115,595	6%	19,683,537
Operating Expenditures									
Administrative									
<i>Salaries</i>	682,883	147,176	756,424	1,784,920	3,371,403	3,173,359	(198,045)	-6%	2,943,055
<i>Employee benefits</i>	186,158	82,392	336,086	551,539	1,156,175	1,352,925	196,750	15%	1,293,799
<i>Legal and accounting</i>	3,083	1,004		74,835	78,922	100,747	21,825	22%	31,715
<i>Audit</i>	17,651	7,078	5,156	2,750	32,635	71,126	38,491	54%	76,858
<i>Travel and training</i>	435		5,986	12,127	18,548	116,600	98,052	84%	57,062
<i>Contracted property management</i>				149,124	149,124	192,897	43,773	23%	123,122
<i>Management fees</i>	1,651,026	342,921	350,002		2,343,949	2,042,151	(301,799)	-15%	2,001,804
<i>Housing intake</i>	239,455				239,455	233,638	(5,817)	-2%	267,510
<i>Office supplies & printing</i>	14,438	4,413	28,979	17,206	65,036	56,625	(8,411)	-15%	45,156
<i>Telephone</i>	7,727	772	4,445	23,236	36,180	36,625	445	1%	33,449
<i>Postage</i>	2,589	759		131	3,479	34,330	30,851	90%	4,372
<i>Other contracted services</i>	32,445	17,968	59,250	271,793	381,456	335,800	(45,656)	-14%	294,020
<i>Other</i>	109,394	43,545	68,046	159,177	380,162	550,830	170,668	31%	407,680
Total admin	2,947,284	648,028	1,614,374	3,046,838	8,256,524	8,297,651	41,127	0%	7,579,602
Tenant Services									
<i>Salaries & benefits</i>	33,878			1,405	35,283	72,874	37,591	52%	97,047
<i>Contracts, trainings, others</i>	133,022			8,952	141,974	130,050	(11,924)	-9%	219,944
Total tenant services	166,900	0	0	10,357	177,257	202,924	25,667	13%	648,624

HA OF THE CITY OF MILWAUKEE
CONSOLIDATED STATEMENT OF REVENUE & EXPENSES
BUDGETED PROGRAM ONLY
AS OF JUNE 30, 2020

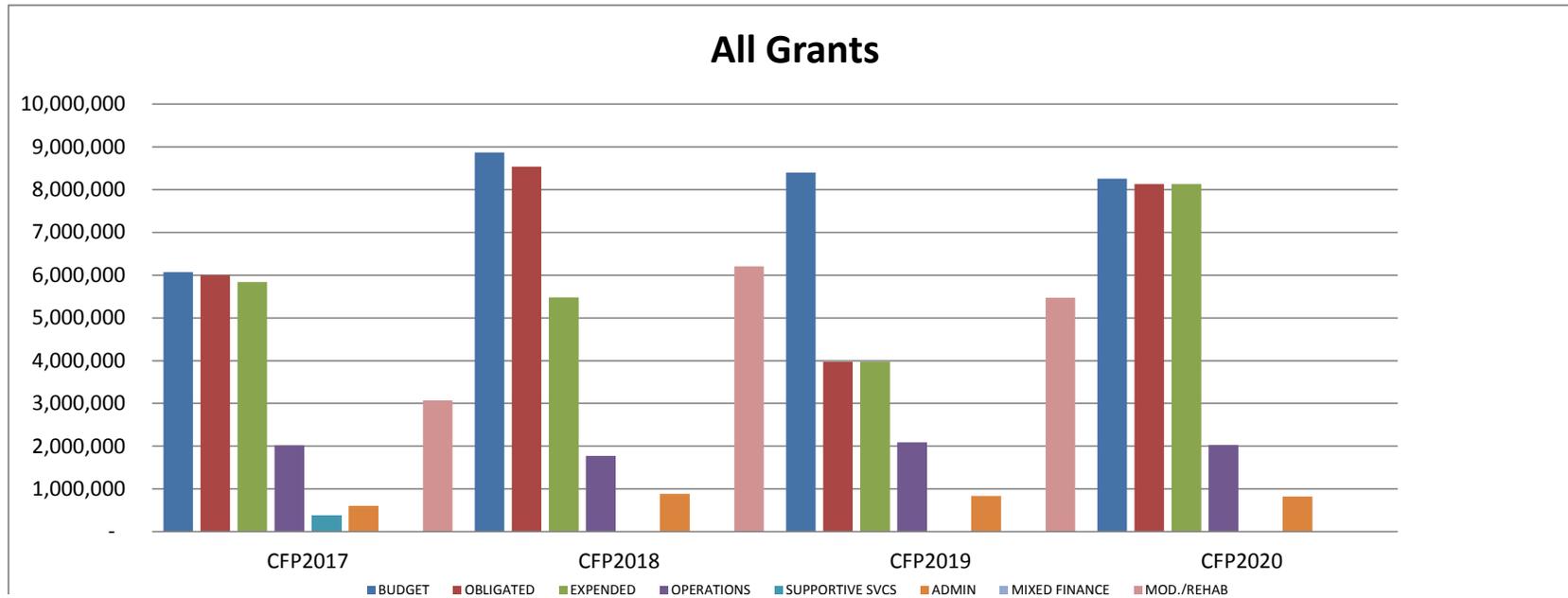
	LRPH	UNSUBSIDIZED HSNG	RAP	COCC	YTD ACTUAL	YTD BUDGET	VARIANCE		JUNE 2019
							AMOUNT	PERCENT	
<i>Utilities</i>									
Water	514,852	263,600	1,250	3,930	783,632	1,234,947	451,315	37%	913,486
Electric	425,036	23,105		17,336	465,477	664,530	199,053	30%	518,567
Gas	319,189	18,154		5,836	343,179	427,036	83,857	20%	443,131
Total utilities	1,259,077	304,859	1,250	27,102	1,592,288	2,326,513	734,225	32%	1,875,184
<i>Ordinary maintenance</i>									
Salaries	320,424	129,640		503,072	953,136	1,727,268	774,132	45%	1,306,753
Employee benefits Maint	226,198	70,200		400,095	696,493	721,384	24,891	3%	671,822
Maintenance materials	683,370	83,891	21,420	88,680	877,361	699,592	(177,770)	-25%	578,902
Maintenance contracts	1,545,668	409,390	8,717	58,857	2,022,632	2,590,930	568,298	22%	1,908,321
Total maintenance	2,775,660	693,121	30,137	1,050,704	4,549,622	5,739,173	1,189,551	21%	4,465,798
<i>Protective Services</i>									
Public safety allocation	603,945	58,530	293	6,475	669,243	607,976	(61,268)	-10%	699,870
Contracts, others	23,338				23,338	65,100	41,762	64%	11,522
Total protective services	627,283	58,530	293	6,475	692,581	673,076	(19,506)	-3%	711,392
<i>General</i>									
Insurance	331,494	125,228	45,725	45,470	547,917	606,058	58,141	10%	611,982
Pilot	302,149	337,231			639,380	653,161	13,781	2%	732,094
Interest Expense		286,384			286,384	280,607	(5,778)	-2%	296,978
Subsidy to Mixed finance dev't.					0	99,345	99,345	100%	(30,579)
Other general expense	53,857			1,000	54,857	128,083	73,226	57%	17,521
Total general	687,500	748,843	45,725	46,470	1,528,538	1,767,253	238,715	14%	1,627,996
Total Operating Expenditures	8,463,704	2,453,381	1,691,779	4,187,946	16,796,810	19,006,589	2,209,779	12%	16,908,596
Excess (deficiency) of total revenue over expenses	2,059,222	1,302,014	765,893	(128,309)	3,998,820	673,447	3,325,374	494%	2,774,941
Extra-ordinary maintenance	180,018	254,775		21,063	455,856	482,803	26,947	6%	840,675
Program Income					0	(105,000)	(105,000)	100%	(190,127)
Net income(loss) from operations	1,879,204	1,047,239	765,893	(149,372)	3,542,964	295,644	3,247,321	1098%	2,124,393
Income from transfer of Becher Court	3,573,000				3,573,000				2,501,616
Depreciation expense	2,084,675	212,367		200,420	2,497,462				

HA OF THE CITY OF MILWAUKEE
CONSOLIDATED STATEMENT OF REVENUE & EXPENSES
BUDGETED PROGRAM ONLY
AS OF JUNE 30, 2020

	LRPH	UNSUBSIDIZED HSNG	RAP	COCC	YTD ACTUAL	YTD BUDGET	VARIANCE		JUNE 2019
							AMOUNT	PERCENT	
Net Income (loss)	3,367,529	834,872	765,893	(349,792)	4,618,502				(377,223)

HACM
 MAJOR GRANTS SUMMARY
 30-Jun-20

	SPENDING PLAN								END DATE
	BUDGET	OBLIGATED	EXPENDED	OPERATIONS	SUPPORTIVE SVCS	ADMIN	MIXED FINANCE	MOD./REHAB	
CFP2017	6,071,406	6,000,530	5,838,155	2,017,528	376,583	607,140		3,070,155	8/16/2021
CFP2018	8,869,415	8,535,188	5,477,139	1,773,883	-	886,941		6,208,591	5/28/2022
CFP2019	8,399,756	3,970,172	3,970,172	2,089,464	-	835,786		5,474,506	4/15/2023
CFP2020	8,255,755	8,126,370	8,126,370	2,029,978	-	825,575		5,400,202	3/25/2024
TOTAL	31,596,332	26,632,260	23,411,836	7,910,853	376,583	3,155,442	-	20,153,454	
PERCENT	100%	84%	74%	25%	1%	10%	0%	64%	



Dashboard - Actual Data vs Budgeted

YTD Budget vs Actuals

Revenue vs Budget
\$20,795,630
 Budget: 19,680,035 6%

Tenant Ser vs Budget
\$177,257
 Budget: 202,924 13%

Ord Maint vs Budget
\$4,549,622
 Budget: 5,739,173 21%

General vs Budget
\$1,528,538
 Budget: 1,767,253 12%

Admin vs Budget
\$8,256,524
 Budget: 8,297,651 0%

Utilities vs Budget
\$1,592,288
 Budget: 2,326,513 32%

Protective Ser vs Budget
\$692,581
 Budget: 673,076 -3%

Total Exp vs Budget
\$16,796,810
 Budget: 19,006,589 12%

Net Income (loss) vs Budget
\$3,542,964
 Budget: 295,644 494%

LRPH

Revenue vs Budget
\$10,522,926
 Budget: 9,732,585 8%

Total Exp vs Budget
\$8,463,704
 Budget: 9,582,754 12%

Net Income (loss) vs Budget
\$2,059,222
 Budget: 149,831 1274%

Unsubsidized Housing

Revenue vs Budget
\$3,755,395
 Budget: 3,945,454 -5%

Total Exp vs Budget
\$2,453,381
 Budget: 2,749,447 11%

Net Income (loss) vs Budget
\$1,302,014
 Budget: 1,196,007 9%

RAP

Revenue vs Budget
\$2,457,672
 Budget: 1,841,599 33%

Total Exp vs Budget
\$1,691,779
 Budget: 1,933,562 13%

Net Income (loss) vs Budget
\$765,893
 Budget: (91,963) 933%

COCC

Revenue vs Budget
\$4,059,637
 Budget: 4,160,398 -2%

Total Exp vs Budget
\$4,187,946
 Budget: 4,740,827 12%

Net Income (loss) vs Budget
(\$128,309)
 Budget: (580,429) 78%

■ Under budget greater than 10%
■ 10% over or under budget
■ Over budget greater than 10%

HOUSING AUTHORITY OF THE CITY OF MILWAUKEE
NOTES TO FINANCIAL REPORT

1. Restricted Cash & investments

The amount presented is restricted either by regulation or contractual agreements. RAP restricted cash represents the net housing assistance payments (HAP). Excess of HAP grants over HAP disbursements to landlords can be spent only for rental assistance. Under the terms of mortgage agreement, certain developments (VETS Housing) are required to maintain replacement reserved to pay major rehabilitation expenses in the future. Disbursements from this money need the approval of lender or investor. Hence, restricted cash is not available to be used for general operations of the agency.

2. Allowance for Doubtful Accounts

This amount represents charges to tenants who have already moved out/evicted from the housing units. These amounts are deemed uncollectible and will be written off or removed from the records once the board approval is obtained to charge off the accounts. Collection is pursued through tax lien or when the tenants try to re-apply for public housing or RAP assistance in the future.

3. Accounts Receivable (AR) – HUD

These represent advanced disbursements on grants (from capital fund & stimulus grants) that are yet to be reimbursed by Housing and Urban Development (HUD). Grants are operated on reimbursement type basis. Grant expenditures during the month are usually paid or reimbursed the following month. Also included in this account are accruals of management fee on capital grant programs.

4. AR Development Fee

This represents development fee income from the mixed finance developments. The amount is usually paid once the tax credit investors pay their final capital contribution to the project.

5. Due From Accounts

This represents inter-program receivable (payable) balances. HACM maintains a central disbursing account under the Central Office Cost Center (COCC). Cost/expense allocation and charges result in inter-program transactions. Each program regularly settles their accounts through cash transfers.

6. Notes Receivable & Accrued Interest

This represents various loans extended to the different mixed finance developments. The loans have various terms of up to a maximum of 50 yrs. Interest rates vary from zero to 8%. Principal and accrued interest are payable depending the excess cash flow of each development. Considering that the mixed finance developments are supposed to operate at breakeven, loans and accrued interest are usually not paid until the end of the compliance period (15 years). After the 15 years, HACM will exercise its option to purchase the property. The Notes & accrued

interest accumulated balances are set-off during the process. Also included in this account are 2nd loans extended to the homeownership program participants. These loans are forgivable over a certain period of time.

7. Accrued Compensated Absences

This is the accumulated unused vacation & sick leave balances of employees. The leave balances are paid out when employees resign or retire from the agency.

8. Net OPEB Liability

This amount represents the accrued actuarial liability on Other Post Employment Benefits (OPEB). HACM provides post-employment health care benefits through a non-contributory single employer defined benefit health care plan. The plan provides medical insurance benefits to eligible retirees and their spouses. In 2007, an actuarial valuation was made to determine the amount of future liabilities. The total projected unfunded actuarial accrued liability (UAAL) was \$5,200,400. Every year, HACM accrues 1/10 of the UAAL as required under Governmental Accounting Standards Board (GASB) statement 45.

9. Restricted Reserved

This is the difference between restricted cash & investments and the related liabilities. Notes receivables from mixed finance developments are also restricted as these are expected to pay off the acquisition of the property at the end of the compliance period, hence may not available for general operations.

10. Capital Fund Transfer – in

This is the amount of money transferred from capital fund program to support the operations of the housing developments. HUD regulations allows up to a maximum of 40% of the capital fund grant to supplement the operating subsidy received by the public housing development. The amount of capital transfer is determined based on the current operating needs of the project.

11. Contingent Liabilities

Under the terms of the mixed finance agreements, HACM provides guarantee on the low-income tax credits generated by the project and operating deficit subsidies to the various mixed finance projects. The total cumulative not to exceed guarantee is \$8,926,000, broken down as follows:

Highland Park	\$1,000,000
Olga Village	1,026,000
Town Homes at Carver Park	800,000
Cherry Court	300,000
Convent Hill	100,000
Scattered Sites I	100,000
Scattered Sites II	100,000
Lapham Park LLC	2,000,000
Westlawn Renaissance	3,500,000
Total	\$8,926,000

HACM

FINANCIAL REPORTS

GLOSSARY OF TERMS & BASIC DEFINITIONS

AMP – Asset management projects. These are the various developments or rental property sites that HACM owned.

ARRA – American Recovery and Reinvestments Act, otherwise known as “stimulus”

CFP – Capital fund program

COCC – Central office cost center

FSS – Family self sufficiency

HAP – Housing assistance payment

HUD – Housing and Urban Development

IT – Information technology

LRPH – Low rent public housing

OPEX – operating expenses

PILOT – Payment in-lieu of taxes

RAP – Rental assistance program. Also, referred to Section 8 or Housing Voucher Choice Program

ROSS – Resident opportunity and supportive services

VETS – Veterans housing projects

NL – Now looks. As presented in the trend graph, Now looks is the expected balance of the revenue, expense or income item at the end of the year. Now looks is calculated at: ***Actual year to date expense plus the remaining budget or projected balances if known at the time of the report presentation.***

Balance Sheets

A **balance sheet** is a snapshot of a business' financial condition at a specific moment in time, usually at the close of an accounting period. A **balance sheet** comprises assets, liabilities, and owners' or stockholders' equity. Assets and liabilities are divided into short- and long-term obligations including cash accounts such as checking, money market, or government securities. At any given time, assets must equal liabilities plus owners' equity. An asset is anything the business owns that has monetary value. Liabilities are the claims of creditors against the assets of the business.

What is a **balance sheet** used for?

A **balance sheet** helps a small business owner quickly get a handle on the financial strength and capabilities of the business. Is the business in a position to expand? Can the business easily handle the normal financial ebbs and flows of revenues and expenses? Or should the business take immediate steps to bolster cash reserves?

Balance sheets can identify and analyze trends, particularly in the area of receivables and payables. Is the receivables cycle lengthening? Can receivables be collected more aggressively? Is some debt uncollectable? Has the business been slowing down payables to forestall an inevitable cash shortage?

Balance sheets, along with income statements, are the most basic elements in providing financial reporting to potential lenders such as banks, investors, and vendors who are considering how much credit to grant the firm.

Statement of revenue and expenses

Otherwise known as income statement or a profit and loss **statement**, is a summary of a company's profit or loss during any one given period of time, such as a month, three months, or one year. The **income statement** records all revenues for a business during this given period, as well as the operating expenses for the business.

What are income statements used for?

You use an **income statement** to track revenues and expenses so that you can determine the operating performance of your business over a period of time. Small business owners use these statements to find out what areas of their business are over budget or under budget. Specific items that are causing unexpected expenditures can be pinpointed, such as phone, fax, mail, or supply expenses

Income statements, along with balance sheets, are the most basic elements required by potential lenders, such as banks, investors, and vendors. They will use the financial reporting contained therein to determine credit limits.

Source: www.businesstown.com