



## FINANCIAL REPORTS

DECEMBER 31,  
2016



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

	<u>PAGES</u>
FINANCIAL HIGHLIGHTS	1-2
BALANCE SHEETS	3-4
CONSOLIDATED STATEMENTS OF REVENUE & EXPENSES	5-6
LOW RENT PUBLIC HOUSING TREND GRAPH	7
VETS HOUSING TREND GRAPH	8
RENTAL ASSISTANCE TREND GRAPH	9
CENTRAL OFFICE COST TREND GRAPH	10
SUMMARY OF ALL GRANTS - CHART	11
NOTES TO THE FINANCIAL REPORTS	12-13
GLOSSARY OF TERMS	14-15

**HA of the City Milwaukee  
Financial Highlights  
As of December 31, 2016**

**Financial Position (pp. 3-4)**

As of December 31, 2016, HACM has total assets of \$224.5mm compared to September 30, 2016 at \$220.3mm. The net proceeds in bond refinancing that was done in March 2015 is temporarily invested and held under trust by US Bank. This will be drawn as rehabilitation expenses are incurred. Agency-wide working capital (difference between current assets & current liabilities) was at \$31.8mm indicating HACM's strong capacity to meet maturing obligations. Total cash & investments as of the end of December was \$44.8mm. 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	\$8.67mm
Unsubsidized Housing	20.43
Rental Assistance Program	4.16
Central Office	10.90
Home Ownership & Grants	0.67

Net unrestricted reserves as of December 31, of the major programs are as follow: (p. 4)

Low Rent Public Housing	\$6.75mm
Unsubsidized Housing	6.47
Rental Assistance Program-Admin	0.78
Central office	1.51

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 1% higher than budget (p. 5) and total spending was 1% under budget (p.6). Administrative expenses were over budget by 2%. Tenant services were 27% below budget; Utilities were 15% below budget; Maintenance expenses were 5% over budget, protective services 2% under budget and general expenses were 0.2% under budget.

Consolidated net income from operations for the period ended December 31, 2016 was \$147,710 (p. 6).

#### *Low Rent Public Housing (LRPH)*

LRPH operations resulted in a net income from operations of \$1,624,770 (p. 6) in the fourth quarter. Operating revenue was \$826,887 over budget and total operating expenses for the period were \$835,212 under budget. All combined, LRPH posted a positive variance of \$1,662,099 (see p. 7).

#### *Unsubsidized Housing*

Unsubsidized Housing has a favorable result of operations during the quarter. Net income from operation was at \$1,339,470 (p.6) before amortization of principal on series 2015 bonds of around \$540,000 for 2016. Revenue was \$59,017 below budget and operating expenses were over budget by \$206,989 during the period. All combined, VETS posted a negative variance of \$266,006 (see p. 8).

#### *Rental Assistance Program (RAP)*

RAP had a net income of \$57,913 by the end of the period (p. 6). Administrative revenue was \$42,441 below budget and spending was under budget by \$28,515, resulting in an overall negative net income variance of \$13,926 (see p. 9).

The Housing Assistance Payment (HAP) grant during the period was \$33.86mm against total disbursement of \$33.94mm, reflecting a budget utilization of 100%. 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 \$1,775,504 (p.6) at the end of the quarter. Total revenue was under budget by \$558,978 (see p. 10). Operating expenses were over budget by \$585,646. All combined, COCC posted a negative variance of \$1,144,624 (see p. 10).

#### Grant Management (pp.11)

As of December 31, 2016, HACM is on track with its obligation and spending timelines as required by the grant agreements. Currently open grants are Capital Fund Programs 2013-2016. As of end of the quarter 76% has been obligated and 75% has been expended. Around 58% of the total grants will be spent on modernization & mixed finance developments. The balance is supplementing HACM operations.

## HOUSING AUTHORITY OF THE CITY OF MILWAUKEE

## BALANCE SHEETS

**AS OF DECEMBER 31, 2016**

HOUSING AUTHORITY OF THE CITY OF MILWAUKEE

BALANCE SHEETS

AS OF DECEMBER 31, 2016

	LRPH	UNSUBSIDIZED HOUSING	RAP	COCC	GRANTS/DEVT	HOME OWNERSHIP	Dec. 31, 2016	Sep. 30, 2016
							Total HACM	Total HACM
<b>CURRENT LIABILITIES</b>								
ACCOUNTS PAYABLE								
ACCOUNTS PAYABLE	108,175	566,784	11,088	1,941,544	55,463	500	2,683,554	2,042,792
<i>TOTAL ACCOUNTS PAYABLE</i>	<i>108,175</i>	<i>566,784</i>	<i>11,088</i>	<i>1,941,544</i>	<i>55,463</i>	<i>500</i>	<i>2,683,554</i>	<i>2,042,792</i>
ACCRUED LIABILITIES								
ACCRUED SALARIES & BENEFITS				790,154	248		790,402	1,049,632
ACCRUED INTEREST PAYABLE		311,683			0		311,683	155,841
DEFERED REVENUE	2,500		3,233,466				3,235,966	354,367
DUE TO GOVERNMENT - PILOT & OTHERS	1,470,782	1,141,411		1,046,937			3,659,130	4,602,424
ACCRUED COMPENSATED ABSENCES (Note 7)	0	0	0	926,965	0	0	926,965	923,621
OTHER ACCRUED LIABILITIES				400,000		371,850	771,850	683,185
<i>TOTAL ACCRUED LIABILITIES</i>	<i>1,472,965</i>	<i>1,453,018</i>	<i>3,233,466</i>	<i>3,164,056</i>	<i>248</i>	<i>371,850</i>	<i>9,695,603</i>	<i>7,768,677</i>
OTHER CURRENT LIABILITIES								
TENANT SECURITY DEPOSITS	665,721	466,901					1,132,622	1,128,674
FSS ESCROW ACCOUNT	185,452		274,315				459,767	425,961
CURRENT PORTION-LT DEBT		540,000					540,000	540,000
<i>TOTAL OTHER CURRENT LIABILITIES</i>	<i>851,173</i>	<i>1,006,901</i>	<i>274,315</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>2,132,389</i>	<i>2,094,635</i>
<b>TOTAL CURRENT LIABILITIES</b>	<b>2,432,313</b>	<b>3,026,703</b>	<b>3,518,869</b>	<b>5,105,600</b>	<b>55,711</b>	<b>372,350</b>	<b>14,511,546</b>	<b>11,906,104</b>
<b>NON-CURRENT LIABILITIES</b>								
LONG TERM DEBT								
MORTGAGE REVENUE BONDS				126,306			126,306	166,450
NOTES PAYABLE		18,231,959			0		18,231,959	18,115,000
TOTAL	0	18,231,959	0	126,306	0	0	18,358,265	18,281,450
LESS CURRENT PORTION		(540,000)					(540,000)	
<i>TOTAL LONG TERM DEBT - NET</i>	<i>0</i>	<i>17,691,959</i>	<i>0</i>	<i>126,306</i>	<i>0</i>	<i>0</i>	<i>17,818,265</i>	<i>17,741,450</i>
NONCURRENT LIABILITIES-OTHER								
NET OPEB LIABILITY (Note 8)				4,869,697			4,869,697	4,869,697
NET PENSION LIABILITY				1,450,000			1,450,000	1,450,000
<i>TOTAL NONCURRENT LIABILITIES-OTHER</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>6,319,697</i>	<i>0</i>	<i>0</i>	<i>6,319,697</i>	<i>6,319,697</i>
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>0</b>	<b>17,691,959</b>	<b>0</b>	<b>6,446,003</b>	<b>0</b>	<b>0</b>	<b>24,137,962</b>	<b>24,061,147</b>
<b>TOTAL LIABILITIES</b>	<b>2,432,313</b>	<b>20,718,662</b>	<b>3,518,869</b>	<b>11,551,603</b>	<b>55,711</b>	<b>372,350</b>	<b>38,649,508</b>	<b>35,967,251</b>
<b>EQUITY</b>								
INVESTED IN CAPITAL ASSETS, NET OF DEBT	87,849,765	(12,580,014)	0	5,563,059	340,150	235,087	81,408,047	83,525,615
UNRESTRICTED RESERVE	6,746,084	6,469,056	782,543	1,510,108	(339,821)	687,431	15,855,401	13,851,804
RESTRICTED RESERVE (Note 9)	66,236,599	11,681,063	(44,381)	9,910,293	0	801,908	88,585,482	86,906,172
<b>TOTAL EQUITY</b>	<b>160,832,448</b>	<b>5,570,105</b>	<b>738,162</b>	<b>16,983,460</b>	<b>329</b>	<b>1,724,426</b>	<b>185,848,930</b>	<b>184,283,591</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>163,264,761</b>	<b>26,288,767</b>	<b>4,257,031</b>	<b>28,535,063</b>	<b>56,040</b>	<b>2,096,776</b>	<b>224,498,438</b>	<b>220,250,842</b>

**HA OF THE CITY OF MILWAUKEE**  
**CONSOLIDATED STATEMENT OF REVENUE & EXPENSES**  
**BUDGETED PROGRAM ONLY**  
**AS OF DECEMBER 31, 2016**

	LRPH	UNSUBSIDIZED HSNG	RAP	COCC	HOME OWN	YTD ACTUAL	YTD BUDGET	VARIANCE	
								AMOUNT	PERCENT
<b>Operating Income</b>									
<i>Operating/admin subsidies</i>	8,834,817		3,175,424			12,010,241	11,744,967	265,274	2% 12,800,963
<i>Dwelling rents</i>	10,102,747	6,823,458				16,926,205	17,072,107	(145,902)	-1% 16,371,014
<i>Excess utilities &amp; other</i>	252,972	123,631				376,603	376,625	(22)	0% 313,792
<i>Capital fund transfer in (Note 10)</i>	2,148,667		29,850			2,178,517	1,750,000	428,517	24% 3,228,280
<i>Other income</i>	959,297	128,633	74,148	485,050	169,265	1,816,393	2,034,916	(218,523)	-11% 2,622,364
<i>Management fees</i>				4,138,179		4,138,179	4,222,931	(84,752)	-2% 3,868,667
<i>Central maintenance revenue</i>				3,545,139		3,545,139	3,611,048	(65,909)	-2% 3,181,393
<i>Developers fee</i>						0	400,000	(400,000)	0% 3,800,000
<i>Interest on general fund</i>	15,019	205,335	2	83,661		304,017	21,606	282,411	1307% 604,744
<b>Total Income</b>	<b>22,313,519</b>	<b>7,281,057</b>	<b>3,249,574</b>	<b>8,281,879</b>	<b>169,265</b>	<b>41,295,294</b>	<b>41,234,200</b>	<b>61,094</b>	<b>0% 46,791,216</b>
<b>Operating Expenditures</b>									
<i>Administrative</i>									
<i>Salaries</i>	1,317,868	273,581	1,497,804	3,370,609	52,676	6,512,538	6,574,881	62,343	1% 7,592,550
<i>Employee benefits</i>	589,346	138,824	678,157	1,046,541	58,034	2,510,902	2,369,353	(141,549)	-6% 2,984,396
<i>Legal and accounting</i>	32,230	13,731	3,700	93,866		143,527	241,940	98,413	41% 249,961
<i>Audit</i>	62,852	17,558	15,664	8,354		104,428	155,200	50,772	33% 136,110
<i>Travel and training</i>	3,798	11	16,292	225,291	4,588	249,980	254,500	4,520	2% 302,971
<i>Contracted property management</i>				289,084		289,084	295,795	6,711	2% 289,808
<i>Management fees</i>	2,798,203	739,976	600,000			4,138,179	4,222,931	84,752	2% 3,868,667
<i>Housing intake</i>	510,102	96,182				606,284	612,203	5,919	1% 883,621
<i>Office supplies &amp; printing</i>	44,094	3,787	24,651	83,508	3,021	159,061	182,100	23,039	13% 212,830
<i>Telephone</i>	27,327	2,123	13,439	52,600	653	96,142	90,100	(6,042)	-7% 177,542
<i>Postage</i>	3,942	971	30,132	17,988	495	53,528	67,200	13,672	20% 72,771
<i>Other contracted services</i>	100,607	150,091	133,765	455,767	125	840,355	660,500	(179,855)	-27% 745,334
<i>Other</i>	280,073	91,054	34,959	809,589	9,711	1,225,386	876,617	(348,769)	-40% 877,274
<b>Total admin</b>	<b>5,770,442</b>	<b>1,527,889</b>	<b>3,048,563</b>	<b>6,453,197</b>	<b>129,303</b>	<b>16,929,394</b>	<b>16,603,320</b>	<b>(326,074)</b>	<b>-2% 18,393,834</b>
<i>Tenant Services</i>									
<i>Resident services allocation</i>	166,224					166,224	280,709	114,485	41% 1,072,601
<i>Salaries &amp; benefits</i>	134,026		8,800	28,621		171,447	209,507	38,060	18% 143,189
<i>Contracts, trainings, others</i>	148,284		300	61,618		210,202	264,682	54,480	21% 156,129
<b>Total tenant services</b>	<b>448,534</b>	<b>0</b>	<b>9,100</b>	<b>90,239</b>	<b>0</b>	<b>547,873</b>	<b>754,898</b>	<b>207,025</b>	<b>27% 1,371,920</b>

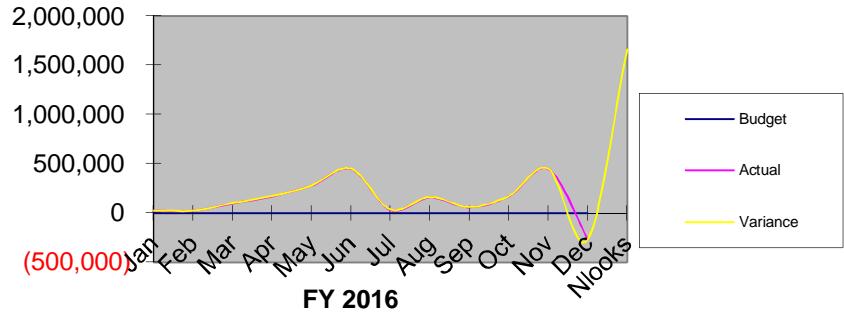
**HA OF THE CITY OF MILWAUKEE**  
**CONSOLIDATED STATEMENT OF REVENUE & EXPENSES**  
**BUDGETED PROGRAM ONLY**  
**AS OF DECEMBER 31, 2016**

	LRPH	UNSUBSIDIZED HSNG	RAP	COCC	HOME OWN	YTD ACTUAL	YTD BUDGET	VARIANCE	
								AMOUNT	PERCENT
<b>Utilities</b>									
Water	1,845,102	743,264		12,410		2,600,776	2,487,200	(113,576)	-5%
Electric	1,469,333	67,408		46,035		1,582,776	1,797,800	215,024	12%
Gas	630,881	40,407		11,318		682,606	1,423,100	740,494	52%
<b>Total utilities</b>	<b>3,945,316</b>	<b>851,079</b>	<b>0</b>	<b>69,763</b>	<b>0</b>	<b>4,866,158</b>	<b>5,708,100</b>	<b>841,942</b>	<b>15%</b>
<b>Ordinary maintenance</b>									
Salaries	1,200,020	311,112		2,035,693		3,546,825	3,817,365	270,540	7%
Employee benefits Maint	582,589	124,274		812,721	18,901	1,538,485	1,617,617	79,132	5%
Maintenance materials	903,815	274,260	3,596	63,433	1,837	1,246,941	1,230,365	(16,576)	-1%
Maintenance contracts	3,495,052	1,007,225	3,991	311,809	18,770	4,836,847	3,949,079	(887,768)	-22%
<b>Total maintenance</b>	<b>6,181,476</b>	<b>1,716,871</b>	<b>7,587</b>	<b>3,223,656</b>	<b>39,508</b>	<b>11,169,098</b>	<b>10,614,426</b>	<b>(554,672)</b>	<b>-5%</b>
<b>Protective Services</b>									
Public safety allocation	1,290,262	138,547	607	13,767		1,443,183	1,423,153	(20,030)	-1%
Contracts, others	12,489			2,125	433	15,047	62,100	47,053	76%
<b>Total protective services</b>	<b>1,302,751</b>	<b>138,547</b>	<b>607</b>	<b>15,892</b>	<b>433</b>	<b>1,458,230</b>	<b>1,485,253</b>	<b>27,023</b>	<b>2%</b>
<b>General</b>									
Insurance	700,960	230,820	99,263	168,923	6,506	1,206,472	1,118,646	(87,826)	-8%
Pilot	670,782	619,076				1,289,858	1,150,565	(139,293)	-12%
Interest Expense		619,659		10,595		630,254	628,000	(2,254)	0%
Subsidy to Mixed finance dev't.	1,572,015					1,572,015	1,617,710	45,695	3%
Other general expense	96,473		24,541	286		121,300	313,660	192,360	61%
<b>Total general</b>	<b>3,040,230</b>	<b>1,469,555</b>	<b>123,804</b>	<b>179,804</b>	<b>6,506</b>	<b>4,819,899</b>	<b>4,828,581</b>	<b>8,682</b>	<b>0%</b>
<b>Total Operating Expenditures</b>	<b>20,688,749</b>	<b>5,703,941</b>	<b>3,189,661</b>	<b>10,032,551</b>	<b>175,750</b>	<b>39,790,652</b>	<b>39,994,578</b>	<b>203,926</b>	<b>1%</b>
<b>Excess (deficiency) of total revenue over expenses</b>									
	<b>1,624,770</b>	<b>1,577,116</b>	<b>59,913</b>	<b>(1,750,672)</b>	<b>(6,485)</b>	<b>1,504,642</b>	<b>1,239,622</b>	<b>265,020</b>	<b>21%</b>
Extra-ordinary maintenance	1,089,922	237,646	2,000	24,832	2,532	1,356,932	1,970,929	613,997	31%
Program Income	(1,089,922)								(1,458,388)
<b>Net income/(loss) from operation.</b>	<b>1,624,770</b>	<b>1,339,470</b>	<b>57,913</b>	<b>(1,775,504)</b>	<b>(9,017)</b>	<b>147,710</b>	<b>(731,307)</b>	<b>879,017</b>	<b>-120%</b>
Depreciation expense	5,107,342	511,201	0	358,433	1,603	5,978,579			
<b>Net Income (loss)</b>	<b>(3,482,572)</b>	<b>828,269</b>	<b>57,913</b>	<b>(2,133,937)</b>	<b>(10,620)</b>	<b>(5,830,869)</b>			

#### NET INCOME BEF. EXTRA ORDINARY MAINTENANCE

	Budget	Actual	Variance
Jan	(3,111)	23,630	26,741
Feb	(3,111)	22,066	25,177
Mar	(3,111)	96,552	99,663
Apr	(3,111)	168,302	171,413
May	(3,111)	276,081	279,192
Jun	(3,111)	447,164	450,275
Jul	(3,111)	32,406	35,517
Aug	(3,111)	157,766	160,877
Sep	(3,111)	58,206	61,317
Oct	(3,111)	167,450	170,561
Nov	(3,111)	446,703	449,814
Dec	(3,111)	(271,556)	(268,445)
Nlooks			1,662,099
	(37,329)	1,624,770	

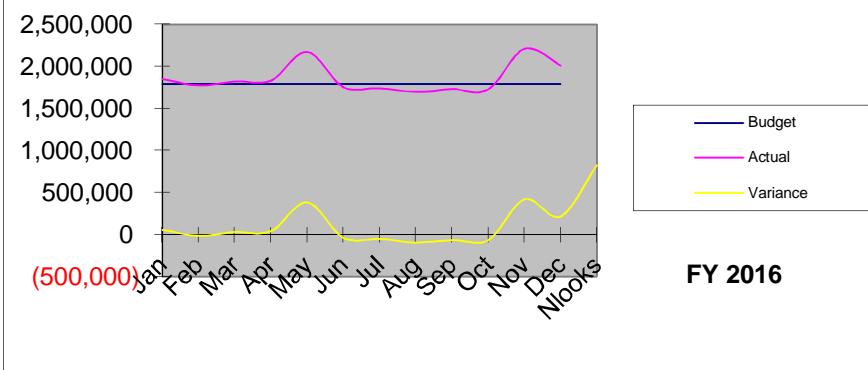
#### LRPH NET INCOME BEF. EXTRA ORD MAINT



#### OPERATING REVENUE

	Budget	Actual	Variance
Jan	1,790,553	1,849,866	59,313
Feb	1,790,553	1,774,837	(15,716)
Mar	1,790,553	1,821,013	30,460
Apr	1,790,553	1,830,945	40,392
May	1,790,553	2,173,794	383,241
Jun	1,790,553	1,752,842	(37,711)
Jul	1,790,553	1,739,781	(50,772)
Aug	1,790,553	1,697,273	(93,280)
Sep	1,790,553	1,727,988	(62,565)
Oct	1,790,553	1,727,161	(63,392)
Nov	1,790,553	2,210,745	420,192
Dec	1,790,553	2,007,274	216,721
Nlooks			826,887
	21,486,632	22,313,519	

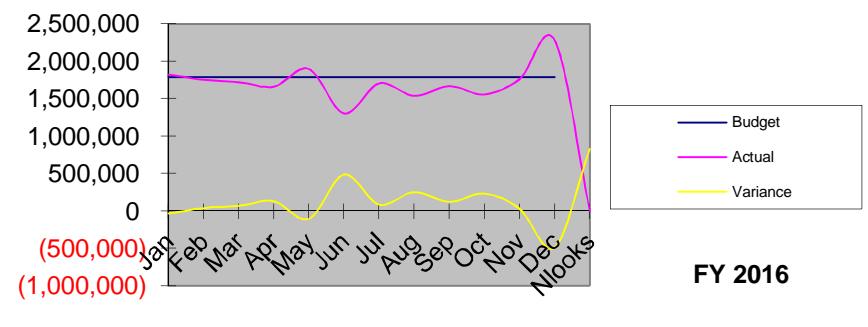
#### LRPH TTL REVENUE



#### OPERATING EXPENSES

	Budget	Actual	Variance
Jan	1,793,663	1,826,236	(32,573)
Feb	1,793,663	1,752,771	40,892
Mar	1,793,663	1,724,461	69,202
Apr	1,793,663	1,662,643	131,020
May	1,793,663	1,897,713	(104,050)
Jun	1,793,663	1,305,678	487,985
Jul	1,793,663	1,707,375	86,288
Aug	1,793,663	1,539,507	254,156
Sep	1,793,663	1,669,782	123,881
Oct	1,793,663	1,559,711	233,952
Nov	1,793,663	1,764,042	29,621
Dec	1,793,663	2,278,830	(485,167)
Nlooks		0	835,212
	21,523,961	20,688,749	

#### LRPH TTL OPEX

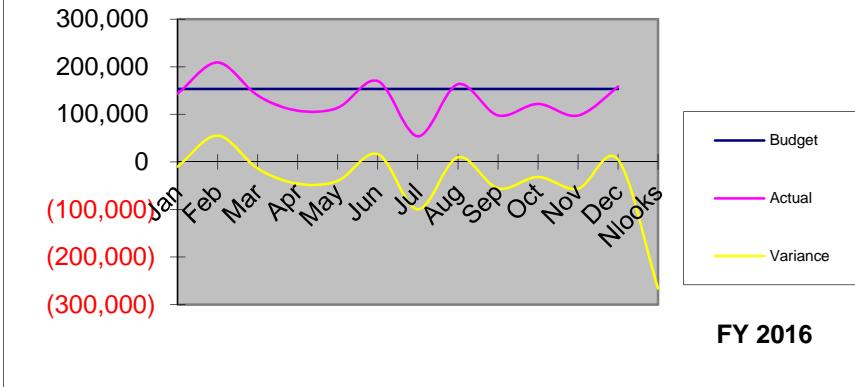


NL - Nlooks = Actual year to date (highlighted in yellow) + remaining budget of the year

### NET INCOME BEF. EXTRA ORDINARY MAINTENANCE

	Budget	Actual	Variance
Jan	153,594	143,741	(9,853)
Feb	153,594	209,095	55,501
Mar	153,594	139,543	(14,051)
Apr	153,594	107,704	(45,890)
May	153,594	114,007	(39,587)
Jun	153,594	170,048	16,454
Jul	153,594	53,851	(99,743)
Aug	153,594	163,449	9,855
Sep	153,594	97,871	(55,723)
Oct	153,594	121,959	(31,635)
Nov	153,594	97,350	(56,244)
Dec	153,594	158,498	4,904
Nlooks			(266,006)
	1,843,122	1,577,116	

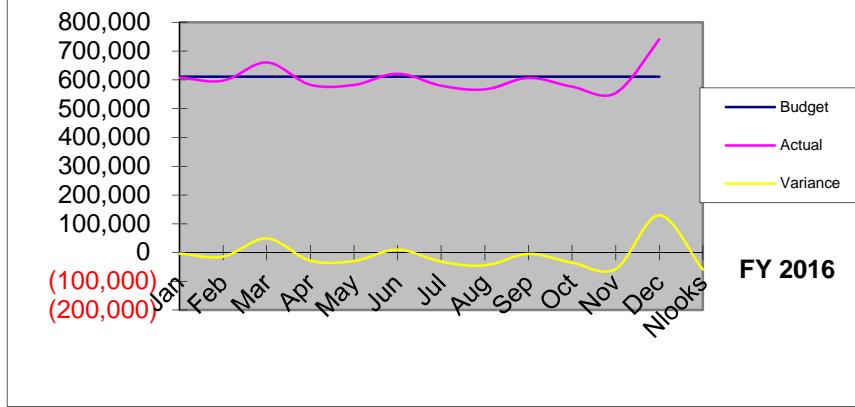
### UNSUBSIDIZED HSNG NET INCOME BEF. EXTRA ORD MAINT



### OPERATING REVENUE

	Budget	Actual	Variance
Jan	611,673	608,474	(3,199)
Feb	611,673	597,564	(14,109)
Mar	611,673	660,936	49,263
Apr	611,673	583,170	(28,503)
May	611,673	582,483	(29,190)
Jun	611,673	621,788	10,115
Jul	611,673	580,116	(31,557)
Aug	611,673	566,951	(44,722)
Sep	611,673	607,134	(4,539)
Oct	611,673	576,528	(35,145)
Nov	611,673	554,525	(57,148)
Dec	611,673	741,388	129,715
Nlooks			(59,017)
	7,340,074	7,281,057	

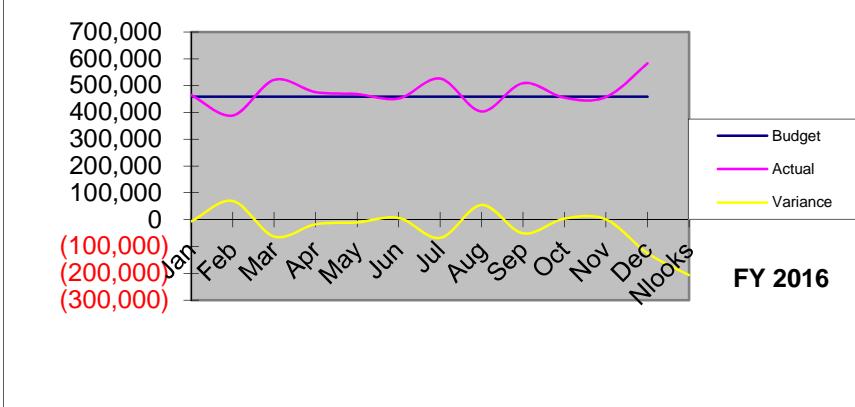
### UNSUBSIDIZED HSNG. OPERATING REVENUE



### OPERATING EXPENSES

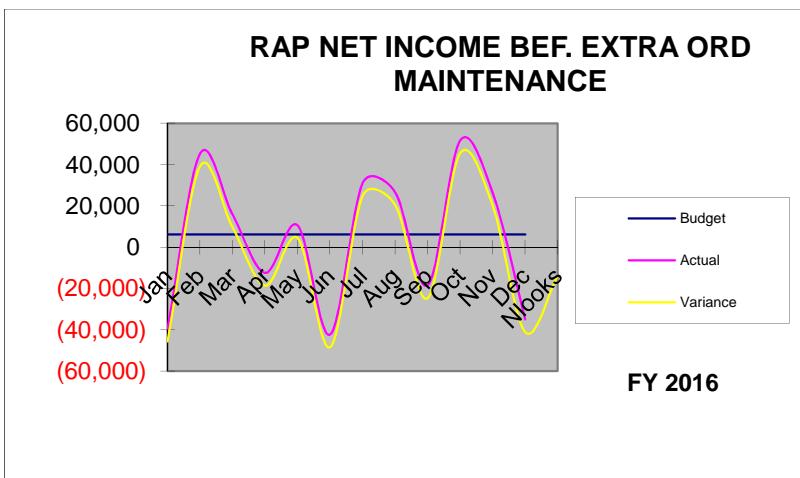
	Budget	Actual	Variance
Jan	458,079	464,733	(6,654)
Feb	458,079	388,469	69,610
Mar	458,079	521,393	(63,314)
Apr	458,079	475,466	(17,387)
May	458,079	468,476	(10,397)
Jun	458,079	451,740	6,339
Jul	458,079	526,265	(68,186)
Aug	458,079	403,502	54,577
Sep	458,079	509,263	(51,184)
Oct	458,079	454,569	3,510
Nov	458,079	457,175	904
Dec	458,079	582,890	(124,811)
Nlooks			(206,989)
	5,496,952	5,703,941	

### UNSUBSIDIZED HSNG. OPEX

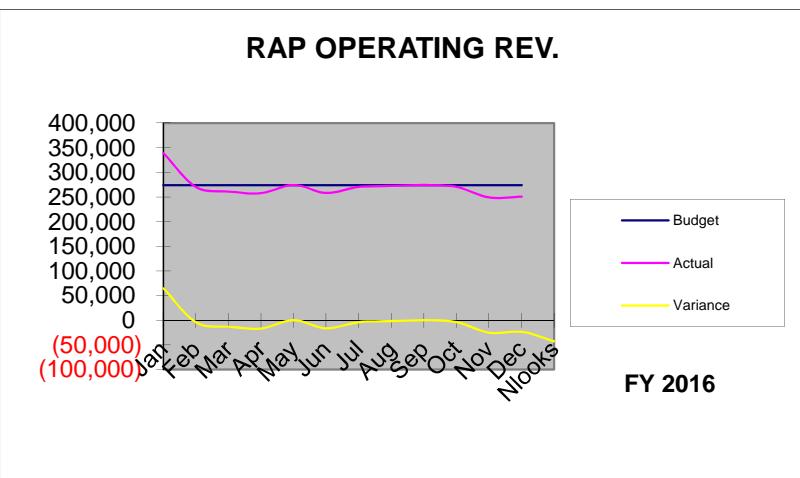


NL - Nlooks = Actual year to date (highlighted in yellow) + remaining budget of the year

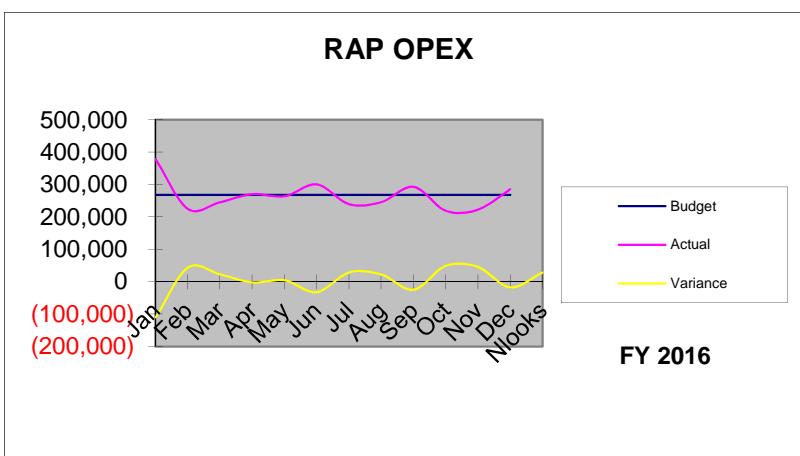
NET INCOME			
	Budget	Actual	Variance
Jan	6,153	(39,414)	(45,567)
Feb	6,153	45,319	39,166
Mar	6,153	15,790	9,637
Apr	6,153	(12,420)	(18,573)
May	6,153	10,575	4,422
Jun	6,153	(42,254)	(48,407)
Jul	6,153	31,042	24,889
Aug	6,153	26,695	20,542
Sep	6,153	(18,501)	(24,654)
Oct	6,153	51,648	45,495
Nov	6,153	26,349	20,196
Dec	6,153	(34,916)	(41,069)
Nlooks			(13,926)
	73,839	59,913	



OPERATING REVENUE			
	Budget	Actual	Variance
Jan	274,335	339,123	64,788
Feb	274,335	270,248	(4,087)
Mar	274,335	261,309	(13,026)
Apr	274,335	257,859	(16,476)
May	274,335	274,516	181
Jun	274,335	258,204	(16,131)
Jul	274,335	270,543	(3,792)
Aug	274,335	272,577	(1,758)
Sep	274,335	274,448	113
Oct	274,335	270,653	(3,682)
Nov	274,335	249,135	(25,200)
Dec	274,335	250,959	(23,376)
Nlooks			(42,441)
	3,292,015	3,249,574	



OPERATING EXPENSES			
	Budget	Actual	Variance
Jan	268,181	378,537	(110,356)
Feb	268,181	224,929	43,252
Mar	268,181	245,519	22,662
Apr	268,181	270,279	(2,098)
May	268,181	263,941	4,240
Jun	268,181	300,458	(32,277)
Jul	268,181	239,501	28,680
Aug	268,181	245,882	22,299
Sep	268,181	292,949	(24,768)
Oct	268,181	219,005	49,176
Nov	268,181	222,786	45,395
Dec	268,181	285,875	(17,694)
Nlooks			28,515
	3,218,176	3,189,661	

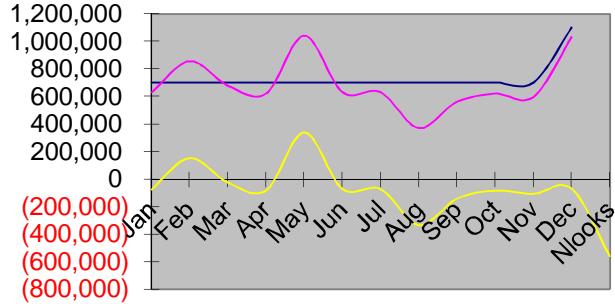


NL - Nlooks = Actual year to date (highlighted in yellow) + remaining budget of the year

## OPERATING REVENUE

	Budget	Actual	Variance
Jan	703,405	628,837	(74,568)
Feb	703,405	857,323	153,918
Mar	703,405	680,406	(22,999)
Apr	703,405	621,275	(82,130)
May	703,405	1,043,006	339,601
Jun	703,405	633,204	(70,201)
Jul	703,405	631,250	(72,155)
Aug	703,405	370,966	(332,439)
Sep	703,405	561,830	(141,575)
Oct	703,405	620,881	(82,524)
Nov	703,405	598,307	(105,098)
Dec	1,103,405	1,034,594	(68,811)
Nlooks			(558,978)
Nlooks	8,840,857	8,281,879	

## COCC. TTL REV.

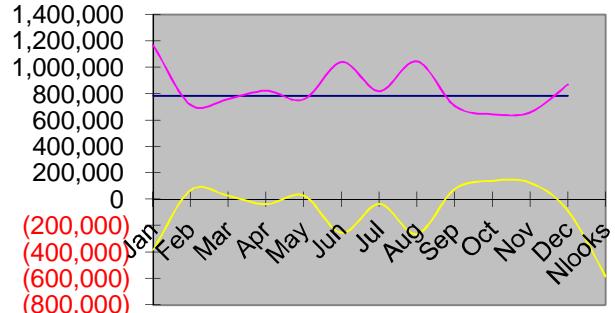


FY 2016

## OPERATING EXPENSES

	Budget	Actual	Variance
Jan	787,242	1,172,631	(385,389)
Feb	787,242	716,836	70,406
Mar	787,242	761,066	26,176
Apr	787,242	823,949	(36,707)
May	787,242	759,055	28,187
Jun	787,242	1,041,989	(254,747)
Jul	787,242	820,694	(33,452)
Aug	787,242	1,048,514	(261,272)
Sep	787,242	708,502	78,740
Oct	787,242	646,188	141,054
Nov	787,242	660,809	126,433
Dec	787,242	872,318	(85,076)
Nlooks			(585,646)
Nlooks	9,446,905	10,032,551	

## COCC TTL. OPEX

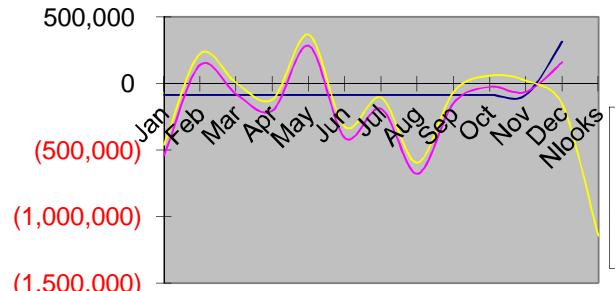


FY 2016

## NET INCOME

	Budget	Actual	Variance
Jan	(83,837)	(543,794)	(459,957)
Feb	(83,837)	140,487	224,324
Mar	(83,837)	(80,660)	3,177
Apr	(83,837)	(202,674)	(118,837)
May	(83,837)	283,951	367,788
Jun	(83,837)	(408,785)	(324,948)
Jul	(83,837)	(189,444)	(105,607)
Aug	(83,837)	(677,548)	(593,711)
Sep	(83,837)	(146,672)	(62,835)
Oct	(83,837)	(25,307)	58,530
Nov	(83,837)	(62,502)	21,335
Dec	316,163	162,276	(153,887)
Nlooks			(1,144,624)
Nlooks	(606,048)	(1,750,672)	

## COCC NET INCOME BEF. EXTRA ORD MAINT

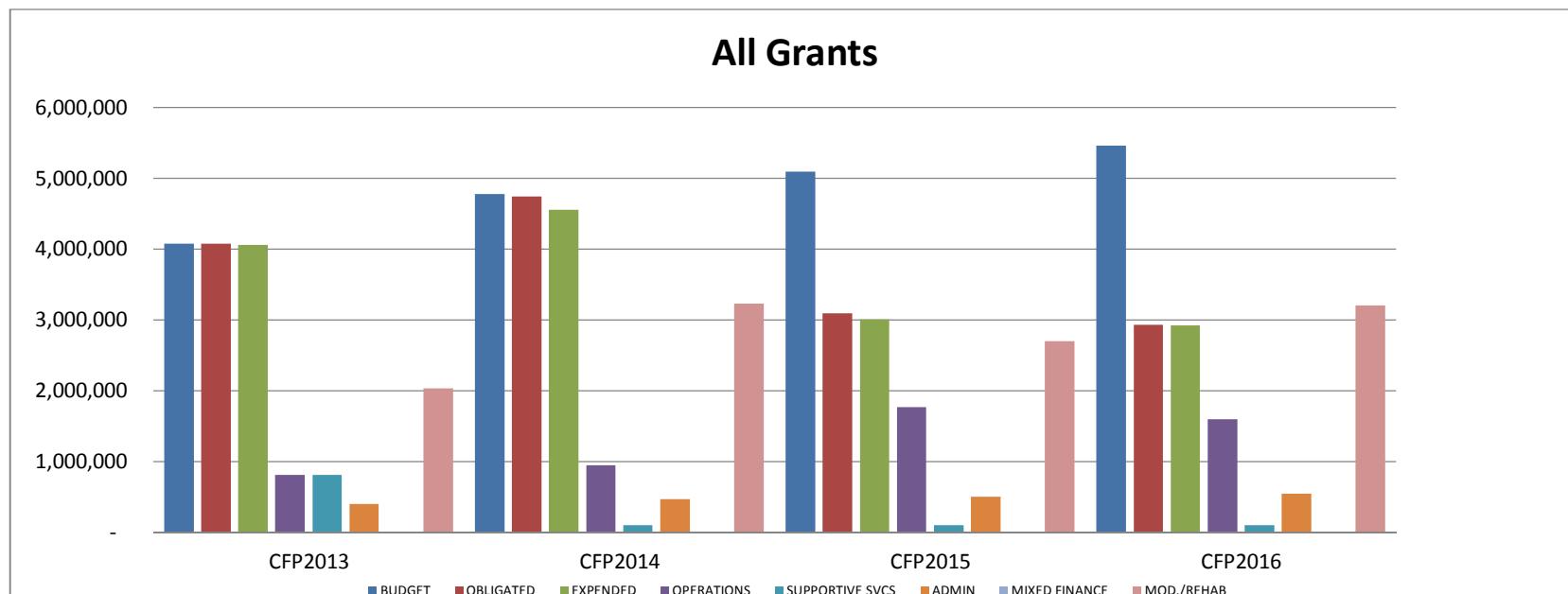


FY 2016

NL - Nlooks = Actual year to date (highlighted in yellow) + remaining budget of the year

HACM  
**MAJOR GRANTS SUMMARY**  
31-Dec-16

	BUDGET	OBLIGATED	EXPENDED	SPENDING PLAN					END DATE
				OPERATIONS	SUPPORTIVE SVCS	ADMIN	MIXED FINANCE	MOD./REHAB	
CFP2013	4,079,190	4,079,190	4,062,839	815,838	815,638	407,919	-	2,039,795	9/8/2017
CFP2014	4,776,258	4,743,326	4,557,388	955,252	110,000	477,626		3,233,380	5/12/2018
CFP2015	5,098,171	3,095,782	3,014,167	1,774,946	110,000	509,817		2,703,408	9/15/2019
CFP2016	5,467,349	2,934,248	2,925,863	1,601,933	110,000	546,734		3,208,682	4/12/2020
<b>TOTAL</b>	<b>19,420,968</b>	<b>14,852,546</b>	<b>14,560,257</b>	<b>5,147,969</b>	<b>1,145,638</b>	<b>1,942,096</b>	<b>-</b>	<b>11,185,265</b>	
<b>PERCENT</b>	<b>100%</b>	<b>76%</b>	<b>75%</b>	<b>27%</b>	<b>6%</b>	<b>10%</b>	<b>0%</b>	<b>58%</b>	



**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 2<sup>nd</sup> 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.