

## **Introduction**

The Big Rapids Housing Commission was created in 1963 by the City of Big Rapids in accordance with Public Act 18 of the State of Michigan. The Housing Commission serves approximately 675 people as a result of various programs that are administered. This annual report will describe and summarize the various programs and include financial data for the Housing Commission's fiscal year ending March 31, 2010.



## **Members of the Big Rapids Housing Commission**

Commission President	-	Carlleen Rose
Commission Vice-President	-	Dan Farrow
Commission Board Member	-	Beth Krueger
Commission Board Member	-	Sharon Veen
Commission Board Member	-	Ruth York

## **Staff**

Executive Director	-	Mark W. Sochocki
Assistant Director	-	Laurie Hatchew
Maintenance Superintendent	-	Gary Kailing
Office Assistant	-	Linda Miller
Office Assistant	-	Theresa Sims
Receptionist	-	Karla Humm
Receptionist	-	Megan Trantham
Maintenance Technician	-	Steven Franck
Maintenance Technician	-	Kevin Marek
Maintenance Assistant	-	Eva Kailing
Utility Person	-	Lonnie LaMadline

The Big Rapids Housing Commission operates several programs which are summarized below:

## **Low Rent Public Housing**

The Big Rapids Housing Commission currently operates public housing units within two distinctive amps, which include: Big Rapids Housing Commission Family units (Amp 1) and Big Rapids Housing Commission Senior units (Amp 2). The Housing Commission is responsible for the complete management and maintenance of all the public housing units and properties. The funds to operate these units are generated from rent revenues, interest income, miscellaneous income, and operating subsidy provided by the Department of Housing and Urban Development (HUD). The Big Rapids Housing Commission currently has 287 public housing units within its' portfolio.

### **Water Tower Place Apartments**

The Big Rapids Housing Commission has a contract with HOPE Network to manage 19 units at Water Tower Place Apartments (HUD 811 Project) located on Water Tower Road. The Big Rapids Housing Commission performs all management and maintenance operations at this complex for a monthly service fee. Water Tower Place apartments is a barrier free facility designed for individuals with physical impairments.

### **Nisbett-Fairman Buildings**

The Big Rapids Housing Commission is the managing general partner of the Nisbett-Fairman LDHA LP, which owns and operates the 47 senior apartments on the second and third floors of the Nisbett & Fairman buildings. The Big Rapids Housing Commission is the sole owner of the first floor of each building and rents the commercial space in each building to local businesses. The ownership of buildings is separated according to the Nisbett-Fairman Condominium Deed.

### **Homeownership Program**

The Big Rapids Housing Commission operates a Neighborhood Stabilization Program funded by a grant from the Michigan State Housing Development Authority. The housing commission acquires and renovates foreclosed homes and then sells them to income qualified homebuyers. Public housing residents have priority in purchasing these homes.

### **Domestic Violence Housing Initiative**

The Big Rapids Housing Commission owns and manages two single family homes located within the city limits of Big Rapids as part of a collaboration with Women's Information Services, Inc. (WISE). These properties are funded through a Domestic Violence Housing Initiative grant through the Michigan State Housing Development Authority (MSHDA). These homes are used as permanent, supportive, rental housing for survivors of domestic violence who are homeless. The Housing Commission assists in the selection of victims of domestic violence as tenants for available housing based on recommendations from WISE. WISE maintains a liaison to the Landlord for each tenant, including 24-hour per day, 7-day per week on-call contact person and phone number. The liaison communicates housing issues to the Housing Commission and assists tenants with crisis situations, home maintenance requests, eviction prevention and tenant/landlord communications.

### **Family Self Sufficiency Program**

The Family Self-Sufficiency Program promotes economic opportunity for the families and individuals residing in our housing complex. The program captures rent increases due to increased employment income and places them into an escrow account for future homeownership opportunities.

### **Resident Council/Neighborhood Watch Program**

The Big Rapids Housing Commission continues to encourage resident participation through the monthly Resident Council and Neighborhood Watch Program meetings. In addition, the Housing Commission is an active sponsor of the Big Rapids Department of Public Safety's "National Night Out". This year's proceeds from the dunk tank were donated to Muskegon River Valley Big Brothers Big Sisters.

### **Capital Fund Program**

The Big Rapids Housing Commission is awarded a capital fund grant each year, which is determined by HUD upon the level of appropriations from Congress. The funds are spent on various improvements to the public housing units, properties, and management needs. In the past fiscal year the Big Rapids Housing Commission purchased a maintenance tractor, several appliances, and completed the site work improvements at the North Parkview Senior complex.

### **Capital Fund Finance Program**

The Big Rapids Housing Commission was the second Housing Commission within Michigan to participate in the Capital Fund Finance program. This leveraged borrowing program through Fannie Mae has enabled the Commission to borrow \$1.7 million to do many needed modernization work items, including site improvements at the South Parkview Senior complex, replacement of furnaces and hot water heaters, replacement of all windows and doors and a new keying system. At the Housing Commission's fiscal year end, the loan balance was \$1,549,456.69.



### **Capital Funds through American Recovery and Reinvestment Act (ARRA) Formula Grant**

The Big Rapids Housing Commission used the 2009 ARRA funds in the amount of \$521,146 to improve the North Parkview Senior complex; installing new site lighting, sheds, and security cameras, and improving the parking lots and landscaping.

### **Energy Performance Contracting**

The Big Rapids Housing Commission received authorization from HUD to enter into an Energy Performance Contract with Siemens Building Technologies last fiscal year. The energy conservation measures completed included boiler replacements, refrigerator replacements, lighting replacements, and water conservation improvements. The cost of the energy improvements is paid by the energy savings and the savings are guaranteed by Siemens. The first year energy savings exceeded the projection of the Housing Commission.

### **Eastside Community Officer**



The Big Rapids Housing Commission continues to fund the Eastside Community Officer position and provides office space at the Housing Commission administration office. The Eastside Officer continues to have a tremendous impact in the neighborhood and in public housing developments. This position, along with thorough application screening, allows residents of Big Rapids Housing Commission to enjoy safe, affordable housing within the City of Big Rapids.

### **Riverwalk Access**

The residents of Parkview Village and the Eastside neighborhood enjoy access to the Riverwalk through a connecting stairway and observation platform which was funded by the Big Rapids Housing Commission. This access point also allows middle school students living in the neighborhood to conveniently walk to school.



## **Summary/Overview 4/01/09 – 3/31/10**

### **Public Housing**

The Big Rapids Housing Commission Public Housing Program in the past fiscal year continued to see a reduction of operating funding of approximately 10% from HUD. However, through careful attention to staffing levels and operating expenses, the Big Rapids Housing Commission was able to continue to have a substantial positive cash flow in the past year.

### **Rural Homeless Initiative**

The Big Rapids Housing Commission is a member of the Mecosta-Osceola Housing Continuum of Care and rents an apartment to the Salvation Army for the Continuum's Rural Homeless Initiative. Through this initiative, an eligible homeless family can stay at the apartment for up to 90 days.

### **Homeownership Program**

Through the Big Rapids Housing Commission's Homeownership Program the house at 102 Division was renovated and sold to first time homebuyers. This property was converted back to a single family dwelling which eliminates a non conforming multi unit rental within a single family neighborhood.

## **Neighborhood Stabilization Program**

On July 22, 2009, the Big Rapids Housing Commission was awarded a Neighborhood Stabilization Program (NSP) grant through the Michigan State Housing Development Authority. On January 27, 2010, the Housing Commission purchased a house located at 511 Hutchinson Street. The home is undergoing a complete renovation and will be sold to an income qualified homebuyer, who will also receive 20% forgivable financing. Public housing residents will have priority in purchasing these homes.



## **Nisbett-Fairman Buildings**

On June 19, 2009, the Big Rapids Housing Commission celebrated the dedication of historic markers at the Nisbett and Fairman Buildings. The Nisbett-Fairman buildings are the only buildings listed on the National Register of Historic Places in Mecosta County.

## **Stepping Stones Childcare Learning Center**

On May 1, 2009, the Big Rapids Housing Commission officially transferred the operation of Stepping Stones Learning Center to the Director, Doreen Fisher. The center continues to provide quality childcare and public housing residents still receive priority.

## **PHAS – Public Housing Assessment System**

The Big Rapids Housing Commission is evaluated annually by HUD under the Public Housing Assessment System (PHAS). The 2010 overall score was 96% for the 3/31/10 fiscal year. The scores are calculated on four indicators: Resident Satisfaction (10%), Financial Condition (30%), Physical Inspection (30%) and Management (30%). The following is the Management submission to HUD:

**Public Housing Assessment  
System (PHAS) Management  
Operations Certification**

**U.S. Department of Housing  
and Urban Development**  
Real Estate Assessment Center

OMB No. 2535-0106  
(exp. 5/31/2011)

Public reporting burden for this collection of information is estimated to average 1.8 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. This agency may not collect this information, and you are not required to complete this form, unless it displays a currently valid OMB control number.

This information is collected to implement section 502 of the National Affordable Housing Act of 1990, as amended, which established specific indicators to assess the management performance of public housing agencies (PHAs) in all major areas of management operations. PHAs will complete the PHAS Certification form HUD-50072 and electronically submit it to HUD. If a PHA does not have this capability in-house, the PHA should consider utilizing local resources, such as the library or another local government entity that has Internet access. In the event local resources are not available, a PHA may go to the nearest HUD Public Housing program office and assistance will be given to the PHA to transmit this PHAS certification. The information is used by HUD as a component of PHAS to assess all major areas of PHA's management operations, designate PHAs as troubled and PHAs troubled with respect to the program for assistance from the Capital Fund under Section 9, enter into a Memorandum of Agreement (MOA) with troubled PHAs and PHAs troubled with respect to the program for assistance from the Capital Fund under Section 9, and report annually to Congress on the status of troubled PHAs and PHAs troubled with respect to the program for assistance from the Capital Fund under Section 9. This information is required for HUD to fulfill statutory requirements of the 1990 Act. The information collected does not lend itself to confidentiality.

**Instructions:** A PHA/AME's electronic responses to this certification must be the PHA/AME's actual data; e.g., prior to any adjustments to the indicators. Round percentages to the nearest two decimal points.

PHA/AME Name	For FY Ending	Submission Date
Big Rapids Housing Commission	2010	May 14, 2010
Project name(s) if AME		

The management functions for the following sub-indicator (s) have been assumed by an RMC, and the RMC certification will be completed and submitted to HUD (enter sub-indicator numbers or N/A):

**Sub-Indicator #1: Vacant Unit Turnaround Time**

V12400	Total number of turnaround days.	2662
V12500	Total number of vacancy days exempted for Capital Fund.	0
V12600	Total number of vacancy days exempted for other reasons.	0
V12700	Total number of vacant units turned around and lease in effect in the PHA's immediate past fiscal year.	120
V12800	Average number of calendar days units were in down time.	1
V12900	Average number of calendar days units were in make ready time.	15
V13000	Average number of calendar days units were in lease up time.	6
V13100	Average unit turnaround days.	22

**Sub-Indicator #2: Capital Fund**

CF10000	Do you have any open Capital Fund programs (e.g., CGP, Hope VI,) (Y/N)? Open = any program that does not have a pre-audit end date or that received a pre-audit end date during the fiscal year being assessed. Component #1 and #2 (please circle yes or no)	Yes No
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**Component #1: Unexpended Funds Over Three Federal Fiscal Years (FFYs) Old**

CF10050	Total funds authorized over 3 FFYs old that do not have a pre-audit end date or that received a pre-audit end date during the fiscal year being assessed.	\$0
CF10100	Total funds expended over 3 FFYs old that do not have a pre-audit end date or that received a pre-audit end date during the fiscal year being assessed.	\$0
CF10200	Unexpended funds to be recaptured.	\$0
CF10300	Unexpended funds approved by HUD over 3 FFYs old.	\$0
CF10400	Unexpended funds with time extensions due to reasons outside of PHA control.	\$0
CF10500	Adjusted total unexpended funds.	\$ 0

Component #2: Timeliness of Fund Obligation

CF11100	Total funds authorized for grants older than 2 FFYs old.	\$0
CF11200	Total funds obligated over 2 FFYs old.	\$0
CF11300	Unobligated funds approved by HUD over 2 FFYs old.	\$0
CF11400	Unobligated funds with time extensions due to reasons outside of PHA control.	\$0
CF11500	Adjusted total unobligated funds.	\$0

Component #3: Adequacy of Contract Administration

CF11700	The date of the last HUD/Army Corps of Engineers on-site inspection and/or audit related to contract administration (include A-133 Audit).	09/05/2002
CF11800	The number of findings related to contract administration.	0
CF11900	The number of findings related to contract administration that have been corrected by the PHA.	0
CF12000	The number of findings related to contract administration that the PHA is in the process of correcting.	0

Component #4: Quality of the Physical Work

CF12200	The date of the last HUD/Army Corps of Engineers on-site inspection related to the quality of physical work.	09/05/2002
CF12300	The number of findings related to the quality of physical work.	0
CF12400	The number of findings related to the quality of physical work that have been corrected by the PHA.	N/A
CF12500	The number of finding related to the quality of physical work that the PHA is in the process of correcting.	N/A

Component #5: Adequacy of Budget Controls

CF12700	Total amount of Capital Funds expended during the PHA fiscal year being assessed.	\$826,149.97 *
CF12800	The amount of Capital Funds expended on approved work items not subject to budget revisions during the PHA fiscal year being assessed.	\$826,149.97 *
CF12900	The amount of Capital Funds expended under budget revisions with prior HUD approval during the PHA fiscal year being assessed.	\$0
CF13000	The amount of Capital Funds expended under budget revisions not requiring prior HUD approval during the PHA fiscal year being assessed.	\$0

\*This amount includes 2009 A.R.R.A. Funds in the amount of \$521,146.00.

**Sub-Indicator #3: Work Orders**

Component #1: Emergency Work Orders

W10000	Total number of emergency work orders.	58
W10100	Total number of emergency work orders completed / abated within 24 hours.	58
W10200	Percentage of emergency work orders completed / abated within 24 hours.	100%

Component #2: Non-Emergency Work Orders

W10500	Total number of non-emergency work orders.	1633
W10600	Total number of calendar days it took to complete non-emergency work orders.	3993
W10700	Average number of days PHA has reduced the time it takes to complete non-emergency work orders over the past three years.	0
W10800	Average completion days.	2.4

#### Sub-Indicator #4: Annual Inspection of Dwelling Units and Systems

Component #1: Annual Inspection of Dwelling Units

A10000	The total number of ACC units.	287
A10100	The sum of units exempted where the PHA made two documented attempts to inspect and is enforcing the lease.	0
A10200	Vacant units exempted for Capital Fund.	0
A10300	Vacant units exempted for other reasons.	0
A10400	Total number of units inspected using the Uniform Physical Condition Standards (UPCS).	287
A10550	Total number of units inspected that did not require repairs.	152
A10600	The number of units where necessary repairs were completed to comply with UPCS either during the inspection, issued work orders for the repairs, or referred the deficiency to the current year's or next year's Capital Fund program.	135
A10700	Adjusted units available.	0
A10800	Percent of units inspected by PHA.	100%

Component #2: Annual Inspection of Systems including Common Areas and Non-Dwelling Space

A11100	Total number of projects.	3
A11200	Total number of projects exempted from the inspection of systems.	0
A11300	The total number of projects where all systems were inspected in accordance with the UPCS.	3
A11400	Total number of buildings.	71
A11500	Total number of buildings exempted from the inspection of systems.	0
A11600	The total number of buildings where all systems were inspected in accordance with the UPCS.	71
A11700	The number of buildings and projects where necessary repairs were completed to comply with the UPCS either during the inspection, issued work orders for the repairs, or referred the deficiency to the current year's or next year's Capital Funds program.	0
A11800	Percentage of projects inspected.	100%
A11900	Percentage of buildings inspected.	100%

#### Sub-Indicator #5: Security

Component#1: Tracking and Reporting Crime-Related Problems

S10000	The date that the Board adopted current policies to track crime and crime-related problems.	01/13/00
S10100	The date that the PHA implemented the current procedures to track crime and crime-related problems.	01/13/00
S10200	The date that the PHA implemented a current cooperative system for tracking and reporting crime to local police authorities.	07/19/95
S10300	The number of crimes that the PHA can document it reported to local police authorities.	1
S10400	Percentage of developments where PHA can document it tracks crime and crime-related problems.	100%

Component#2: Screening of Applicants

S10500	The date the Board adopted current screening policies that reflect the applicable criteria.	02/15/1995
S10600	The date the PHA implemented current screening procedures that reflect the applicable criteria.	04/01/1995
S10700	PHA can document that current screening procedures result in successfully denying admission to applicants who meet the applicable criteria. (Please circle yes or no)	<u>Yes</u> No
S10800	The total number of applicants denied who met the applicable criteria.	27

Component#3: Lease Enforcement

S10900	The date the Board adopted current eviction policies that reflect the applicable criteria.	02/15/1995
S11000	The date the PHA implemented current eviction procedures that reflect the applicable criteria.	04/01/1995
S11100	PHA can document that current eviction screening procedures resulted in the eviction of residents who meet the applicable criteria. (Please circle yes or no)	<u>Yes</u> No
S11200	The total number of evictions as a result of the applicable criteria.	2

Component#4: Drug Prevention and/or Crime Reduction Program Goals

S11350	The number of HUD-funded drug prevention and/or crime reduction programs.	0
S11450	The number of non HUD-funded drug prevention and/or crime reduction programs that the PHA requests to be assessed.	2
S11550	The number of documented program goals that are related to drug prevention and/ or crime reduction.	1
S11600	The number of goals the PHA can document it met under the implementation plan(s) for any and all of these programs.	1
S11700	Percentage of goals that the PHA can document it met under implementation plan(s) for any and all of these programs.	100%

**Sub-Indicator #6: Economic Self-Sufficiency**

E10000	The number of HUD-funded economic self-sufficiency programs.	0
E10100	The number of non HUD-funded economic self-sufficiency programs that the PHA requests to be assessed.	2
E10200	The number of documented program goals that are related to economic self-sufficiency.	1
E10300	The number of goals the PHA can document it met under the implementation plan(s) for any and all of these programs.	1
E10400	Percentage of goals that the PHA can document it met under implementation plan(s) for any and all of these programs.	100%

**Adjustments for Physical Condition and/or Neighborhood Environment**

Please enter project number and name and indicate which area the adjustment for Physical Condition and/or Neighborhood Environment applies for a project. (Check all that apply)

Project No.	Project Name	Site	Common Areas	Building Exteriors
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

I certify that, as of the submission date, the above sub-indicators, under Public Housing Assessment System indicator #3 Management Operations are true and accurate for the fiscal year indicated. I further certify that, to my present knowledge, there is no evidence to indicate seriously deficient performance that casts doubt on the PHA's capacity to present and protect its public housing developments and operate them in accordance with Federal law and regulations. Appropriate sanctions for intentional false certification will be imposed, including suspension or debarment of the signatory.

A Board Resolution approving this certification is required. I further certify that Board Resolution number 580 approving this certification was passed on (mm/dd/yyyy) 05/14/2010.

Executive Director (signature)	Date (mm/dd/yyyy)
X	05/14/2010

**Big Rapids Housing Commission**  
**Management's Discussion and Analysis (MD&A)**  
*For the Year Ended March 31, 2010*

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This section of the Big Rapids Housing Commission (the "Housing Commission") annual financial report presents our management's discussion and analysis of the Housing Commission's financial performance during the fiscal year ended on March 31, 2010. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. Please read and consider the information presented in conjunction with the financial statements as a whole.

Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments issued June 1999.

For accounting purposes, the Housing Commission is classified as an enterprise fund. Enterprise funds account for activities similar to those found in the private business sector, where the determination of net income is necessary or useful to sound financial administration. Enterprise funds are reported using the full accrual method of accounting in which all assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The focus of enterprise funds is on income measurement, which, together with the maintenance of equity, is an important financial indication.

The Big Rapids Housing Commission operates several programs which are summarized below:

Low Rent Public Housing

The Big Rapids Housing Commission currently operates 287 public housing developments. The Housing Commission is responsible for the complete management and maintenance of all the public housing units and properties. The funds to operate these units are generated from rent revenues, interest income, miscellaneous income, and operating subsidy provided by the Department of Housing and Urban Development (HUD). The Housing Commission converted to asset management during the current fiscal year and now maintains three (3) asset management program groups (amps).

Capital Fund Program

The Big Rapids Housing Commission is awarded a capital fund grant each year, which is determined by HUD upon the level of appropriations approved by Congress. The funds are spent on various improvements to the public housing units, properties, and management needs. In the past fiscal year the Big Rapids Housing Commission completed site improvements to the Parkview North complex.

Childcare/Learning Center

The Big Rapids Housing Commission discontinued the operations of the Childcare / Learning Center during fiscal year 2010.

Homeownership Program

The Big Rapids Housing Commission operates a Homeownership Program funded by Acquisition/Development/Resale (ADR) grants from the Michigan State Housing Development Authority. The Housing Commission acquires single family homes and then completely renovates each for sale to income qualified homebuyers. Public housing residents have priority in purchasing these homes.

### Nisbett-Fairman Buildings

The Big Rapids Housing Commission is the managing general partner of the Nisbett-Fairman LDHA LP, which owns and operates the 47 senior apartments in the second and third floors of the Nisbett & Fairman buildings. The Big Rapids Housing Commission is the sole owner of the first floor of each building and rents the commercial space in each building to local businesses. The ownership of buildings is separated according to the Nisbett-Fairman Condominium Deed.

### MHSDA Domestic Violence Housing Initiative – DVHI

The Big Rapids Housing Commission received funding from MHSDA to own and operate two houses for permanent supportive rental housing for domestic violence victims. The Housing Commission has entered into a memorandum of agreement with W.I.S.E. (Women's Information Service, Inc.) to screen participants as well as provide supportive services.

### FINANCIAL HIGHLIGHTS

The term "net assets" refers to the difference between assets and liabilities. The Housing Commission's total net assets as of March 31, 2010 were \$5,581,846. The net assets increased by \$248,721 from the prior year.

Revenues and contributions for the Housing Commission were \$2,738,698 for the year ended March 31, 2010. This was an increase of \$407,335 over the prior year.

Expenses for the Housing Commission were \$2,490,086 for the year ended March 31, 2010. This was a decrease of \$149,338 from the prior year.

HUD operating grants were \$790,618 for the year ended March 31, 2010. This was an increase of \$143,495 from the prior year. Capital contributions for the Housing Commission were \$794,650 for the year ended March 31, 2010, which was an increase of \$544,591, and a result of ARRA Capital Funds received.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report includes this *Management's Discussion and Analysis* report, the *Basic Financial Statements* and the *Notes to the Financial Statements*. This report also contains the Financial Data Schedule (FDS) as referenced in the section of *Other Supplemental Information*. The Housing Commission's financial statements are presented as fund level financial statements because the Housing Commission only has proprietary funds.

### Required Financial Statements

The financial statements of the Housing Commission report information of the Housing Commission using accounting methods similar to those used by private sector companies. These statements offer short- and long-term financial information about its activities. The Statement of Net Assets includes all the Housing Commission's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and obligations of the Housing Commission's creditors (liabilities). It also provides the basis for evaluating the capital structure of the Housing Commission and assessing the liquidity and financial flexibility of the Housing Commission.

All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Net Assets. This statement measures the success of the Housing Commission's operations over the past fiscal year and can be used to determine whether the Housing Commission has successfully recovered all its costs through its user fees and other charges, profitability and credit worthiness.

The final required financial statement is the Statement of Cash Flows. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing and financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in the cash balance during the reporting period.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements and provide more detailed data.

Other Supplemental Information

This report also contains the Financial Data Schedule (FDS) as referenced in the section of *Other Supplemental Information*. HUD has established *Uniform Financial Reporting Standards* that require Housing Commission's to submit financial information electronically to HUD using the FDS format. This financial information was electronically transmitted to the Real Estate Assessment Center (REAC) for the year ended March 31, 2010 and is required to be included in the audit reporting package.

FINANCIAL ANALYSIS

Net assets may serve, over time, as a useful indicator of a government's financial position. As stated in the table, assets exceeded liabilities by \$5,581,125 at the close of the year ended March 31, 2010 up from \$5,333,125 in 2009. The increase in net asset was due to an increase in capital grant revenue from HUD.

The unrestricted net assets were \$1,094,313 as of March 31, 2010, an increase of \$197,105. This amount may be used to meet the Housing Commission's ongoing obligations. The Housing Commission had assets classified as restricted that are subject to external restrictions on how they may be used. At the end of the current fiscal year, the Housing Commission is able to report positive balances in all categories of net assets. The same situation held true for the prior fiscal year.

**STATEMENT OF NET ASSETS**

March 31, 2010

	2009	2010	Increase (Decrease)
Current and other assets	\$ 1,075,736	\$ 1,265,310	\$ 189,574
Restricted assets	153,183	152,091	(1,092)
Capital assets, net	7,769,588	7,739,259	(30,329)
Other assets	104,290	54,305	(49,985)
Total Assets	<u>9,102,797</u>	<u>9,210,965</u>	<u>108,168</u>
Current liabilities	434,876	422,749	(12,127)
Noncurrent liabilities	3,334,796	3,206,370	(128,426)
Total Liabilities	<u>3,769,672</u>	<u>3,629,119</u>	<u>(140,553)</u>

Net Assets			
Invested in capital assets, net	4,435,917	4,420,529	(15,388)
Restricted	-	67,004	67,004
Unrestricted	897,208	1,094,313	197,105
Total Net Assets	<u>\$ 5,333,125</u>	<u>\$ 5,581,846</u>	<u>\$ 248,721</u>

The largest portion of the Housing Commission's net assets reflects its investment in capital assets (e.g. land, buildings and equipment) less accumulated depreciation. The Housing Commission uses these capital assets to provide service and consequently these assets are not available to liquidate liabilities or other spending.

The amount of Unrestricted net assets continued to increase during the fiscal year ending 3/31/2010, as the Big Rapids Housing Commission has increased revenues while decreasing expenses. The Noncurrent liabilities declined as the BRHC has made its' required debt service payments on the both the Capital Fund Financing project and the Energy Performance Contract. See Debt Administration on Page 7.

While the Statement of Net Assets shows the change in financial position of net assets, the Statement of Revenues, Expenses and Changes in Net Assets provides answers as to the nature and source of these changes.

#### **STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**

For the Year Ended March 31, 2010

	<u>2009</u>	<u>2010</u>	Increase (Decrease)
Revenues and Contributions			
Rental revenue	\$ 861,769	\$ 901,886	40,117
HUD operating grants	647,123	790,618	143,495
Other operating grants	9,198	605	(8,593)
Interest income	12,750	4,748	(8,002)
Capital grants	250,059	794,650	544,591
Other income	452,464	246,300	(206,164)
Gain on sale of fixed assets	98,000	-	(98,000)
Total Revenues and Contributions	<u>2,331,363</u>	<u>2,738,807</u>	<u>407,444</u>
Expenses			
Personal services	711,977	549,133	(162,844)
Utilities	309,908	282,398	(27,510)
Operations and maintenance	508,621	491,261	(17,360)
Insurance	85,371	64,050	(21,321)
Payment in lieu of taxes	70,275	61,367	(8,908)
Other supplies and expenses	90,997	86,537	(4,460)
Interest expense	154,386	124,092	(30,294)
Other expense net from sale of property	163,783	---	(163,783)
Loss on sale of capital assets	-	140,759	140,759
Depreciation	544,106	690,489	146,383
Total Expenses	<u>2,639,424</u>	<u>2,490,086</u>	<u>(149,338)</u>

Change in net assets	(308,061)	248,721	556,782
Beginning net assets	<u>5,641,186</u>	<u>5,333,125</u>	<u>(308,061)</u>
Ending net assets	<u>\$ 5,333,125</u>	<u>\$ 5,581,846</u>	<u>\$ (248,721)</u>

Total revenues increased due to increased capital fund expenditures and despite a decrease in interest income. Expenses increased primarily due to an increase in interest expense and costs due to the sale of property.

### CAPITAL ASSETS

*Capital Assets* - The Big Rapids Housing Commission' investment in capital assets, as of March 31, 2010, amounts to \$7,793,564 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, equipment and construction in progress.

### **CAPITAL ASSETS**

March 31, 2010

	<u>2009</u>	<u>2010</u>	<u>Increase (Decrease)</u>
Land	\$ 354,683	\$ 354,683	\$ -
Building	15,297,545	15,421,822	124,277
Furniture, equipment & machinery-dwelling	211,461	224,116	12,655
Furniture, equipment & machinery-admin	329,530	312,313	(17,217)
Leasehold improvements	<u>1,288,249</u>	<u>1,795,455</u>	<u>507,206</u>
	<u>17,481,468</u>	<u>18,108,389</u>	<u>626,921</u>
Accumulated depreciation	<u>9,711,880</u>	<u>10,369,130</u>	<u>657,250</u>
Total	<u>\$ 7,769,588</u>	<u>\$ 7,739,259</u>	<u>\$ (30,329)</u>

The total decrease in the Housing Commission's capital assets for the current fiscal year was \$30,329 in terms of net book value due to completion of a variety of capital improvement projects in the prior year that are accumulated depreciation.

Debt Administration – As of the year ended March 31, 2010, the Housing Commission had \$3,206,370 in long-term debt outstanding compared to \$3,334,796 in the prior year. The decrease is a result of the Housing Commission making the required annual debt service payments.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Housing Commission is primarily dependent upon HUD for the funding of Low Rent operations; therefore, the Housing Commission is affected more by the Federal budget than by local economic conditions. The Big Rapids Housing Commission expects that its' operating subsidy will decline slightly during the upcoming fiscal year due to a change in the formula that HUD uses to calculate the operating subsidy. The BRHC has developed the fiscal year ending 3/31/11, budget accordingly and is optimistic that revenues will remain equal to or greater than expenses and is hopeful to continue the trend of increasing its' unrestricted net assets.

The Big Rapids Housing Commission has completed a number of energy related improvements over the last several years and has realized a substantial savings in energy costs. It is expected that the energy savings will continue not only to service the debt for the guaranteed performance energy, but provide additional operating revenue for the commission.

The Big Rapids Housing Commission has received Neighborhood Stabilization Program funds to acquire foreclosed single family homes and then renovate and sell to eligible homebuyers and expects to complete the purchase, renovation and sale a foreclosed property during the upcoming fiscal year.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Housing Commission's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to: Mark W. Sochocki, Executive Director, Big Rapids Housing Commission, 9 Parkview Village, Big Rapids, Michigan, 49307.

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### **2010/2011 – Look Ahead**

The Commission will be undertaking several improvement projects within the 2010/2011 fiscal year including cabinet/countertop replacement at Evergreen and completing the last phase of site work in the Parkview Village complex. Also, exterior and interior improvements at the midrise site are anticipated to begin in 2010.

The occupancy rates of all of the Housing Commission properties are excellent and it is expected that demand will remain strong through next year.

Please go to [www.bigrapidshousing.org](http://www.bigrapidshousing.org) for more information.