PLYMOUTH HOUSING COMMISSION
PLYMOUTH, MICHIGAN
FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2004
AND
REPORTS ON COMPLIANCE AND
ON INTERNAL CONTROL

Michigan Deptartment of Treasury
496 (2-04)

Auditing Procedures Report

82-7636

Issued under P.A. 2 of 1968, as amended.

Local Government Type	Local Government Name	County
☐ City ☐ Township ☐ Village ☑ Other	**Plymouth Housing Commission**	

Audit Date	Opinion Date	Date Accountant Report Submitted to State:
9/30/04	**4/12/05**	**6/10/05**

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

☐ Yes ☑ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.

☐ Yes ☑ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).

☐ Yes ☑ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).

☐ Yes ☑ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.

☑ Yes ☐ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).

☐ Yes ☑ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.

☐ Yes ☑ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).

☐ Yes ☑ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).

☐ Yes ☑ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			
Reports on individual federal financial assistance programs (program audits).			
Single Audit Reports (ASLGU).			

Certified Public Accountant (Firm Name)			
Sailor, Khan & Co.			
Street Address	City	State	ZIP
P.O. Box 16180	**St. Louis**	**MO**	**63105**
Accountant Signature		Date	
		6/10/05	

PLYMOUTH HOUSING COMMISSION
Plymouth, Michigan

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Sailor
Khan & Co.
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Plymouth Housing Commission
Plymouth, Michigan

We have audited the accompanying basic financial statements of the Plymouth Housing Commission, Michigan, (Commission) as of and for the year ended September 30, 2004, as listed in the table of contents. These basic financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Plymouth Housing Commission, Michigan, as of September 30, 2004, and the changes in its financial position and its cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1, the Commission has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements* - and *Management's Discussion and Analysis - for State and Local Governments*, as of September 30, 2004.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 12, 2005, on our consideration of the Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis on pages ii to vi is not a required part of the basic financial statements but is supplemental information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the remaining accompanying supplemental information including the Financial Data Schedule are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Sailor, Khan & Co.
April 12, 2005

P.O. Box 16180, St. Louis, MO 63105 314-726-3308 Fax: 314-726-6308

Plymouth Housing Commission

Management's Discussion and Analysis (MD&A)
September 30, 2004
(Unaudited)

This section of the Plymouth Housing Commission (Commission) annual financial report presents our management's discussion and analysis of the Commission's financial performance during the fiscal year ended on September 30, 2004. 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.

FINANCIAL HIGHLIGHTS

The term "net assets" refers to the difference between assets and liabilities. The Commission's total net assets as of September 30, 2004 were $3,908,546. The net assets increased by $197,537, an increase of 5.3% over the prior year.

Revenues and contributions for the Commission were $11,491,735 for the year ended September 30, 2004. This was an increase of $771,500 or 7.2% from the prior year.

Expenses for the Commission were $11,294,198 for the year ended September 30, 2004. This was an increase of $795,038 or 7.6% from the prior year.

HUD operating grants was $10,662,443 for the year ended September 30, 2004. This was an increase of $693,339 over the prior year. Capital contributions for the Commission was $105,879 for the year ended September 30, 2004. This was an increase of $96,025 over the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report includes this *Management 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 *Supplemental Information.* The Commission's financial statements are presented as fund level financial statements because the Commission only has proprietary funds.

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Required Financial Statements

The financial statements of the Housing Commission report information of the 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 Commission's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and obligations of the Commission creditors (liabilities). It also provides the basis for evaluating the capital structure of the Commission and assessing the liquidity and financial flexibility of the 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 Commission's operations over the past year and can be used to determine whether the 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.

Supplemental Information

This report also contains the Financial Data Schedule (FDS) as referenced in the section of *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 September 30, 2004 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 on the following page, assets exceeded liabilities by $3,908,546 at the close of the year ended September 30, 2004 up from $3,711,009 in 2003. The increase in net assets of $197,537 was primarily due to an increase in unrestricted net assets.

The unrestricted net assets were $2,267,846 as of September 30, 2004. This amount may be used to meet the Commission's ongoing obligations . The Commission had no net 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 Commission is able to report positive balances in all categories of net assets. The same situation held true for the prior fiscal year.

FINANCIAL ANALYSIS (CONTINUED)

CONDENSED STATEMENTS OF NET ASSETS
SEPTEMBER 30

	2004	2003	Dollar Change	Percent Change
Current and other assets	$ 2,587,266	$ 2,377,358	$ 209,908	8.8%
Restricted assets	414,902	256,288	158,614	61.9%
Capital assets	1,640,700	1,642,648	(1,948)	-0.1%
Total Assets	4,642,868	4,276,294	366,574	8.6%
Current liabilities	178,374	195,358	(16,984)	-8.7%
Noncurrent liabilities	555,948	369,927	186,021	50.3%
Total Liabilities	734,322	565,285	169,037	29.9%
Net Assets				
Invested in capital assets	1,640,700	1,642,648	(1,948)	-0.1%
Unrestricted	2,267,846	2,068,361	199,485	9.6%
Total Net Assets	$ 3,908,546	$ 3,711,009	$ 197,537	5.3%
Expendable Fund Balance	$ 2,408,892	$ 2,182,001	$ 226,891	
No. of Months Expendable Balance	2.59	2.52	0.07	

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

Total Assets for 2004 are $4,642,868 and for 2003 the amount was $4,276,294. This represents an increase of $366,574 which is due to an increase in accounts receivable and an increase in restricted assets.

Total liabilities increased by $169, 037 due to an increase in noncurrent liabilities.

The expendable fund balance increased by $226,891 for the year ended September 30, 2004. The expendable fund balance of an Commission is a measure of the liquidity of the entity. If all of the Commission's current assets, less materials inventory, are converted to cash, and the Commission pays all current liabilities, the amount of cash left on hand is the expendable fund balance.

The number of months expendable fund balance increased from 2.52 months in 2003 to 2.59 months in 2004. The number of months expendable fund balance is a measure of how many months the Commission could operate under current conditions without any additional income. The number of months of expendable fund balance is calculated by dividing the total expenses for the year, less depreciation, by twelve (12) to arrive at the average monthly expenses. The expendable fund balance is then divided by the average monthly expenses to arrive at the number of months expendable fund balance.

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

FINANCIAL ANALYSIS (CONTINUED)

CONDENSED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS SEPTEMBER 30

	2004	2003	Dollar Change	Percent Change
Revenues and Contributions				
Operating - non-operating -capital contributions:				
Rental revenue	$ 377,477	$ 385,246	(7,769)	-2.0%
HUD operating grants	10,662,443	9,969,104	693,339	7.0%
Interest income	19,994	15,947	4,047	25.4%
Capital Contributions	105,879	9,854	96,025	974.5%
Other income	325,942	340,084	(14,142)	-4.2%
Total Revenues and Contributions	11,491,735	10,720,235	771,500	7.2%
Expenses				
Personal services	720,279	642,024	78,255	12.2%
Utilities	90,215	76,710	13,505	17.6%
Operations and maintenance	308,816	284,919	23,897	8.4%
Insurance	21,716	19,794	1,922	9.7%
Payment in lieu of taxes	28,726	30,853	(2,127)	-6.9%
Other supplies and expenses	227,398	226,235	1,163	0.5%
Housing assistance payments	9,752,930	9,089,542	663,388	7.3%
Loss on sale of fixed assets	981	----	981	100.0%
Depreciation	143,137	129,083	14,054	10.9%
Total Expenses	11,294,198	10,499,160	795,038	7.6%
Change in net assets	197,537	221,075	(23,538)	
Beginning net assets	3,711,009	3,489,934	221,075	
Ending net assets	$ 3,908,546	$ 3,711,009	$ 197,537	

As can be seen in the above table total revenues and contributions increased by $771,500 due to an increase in HUD operating grants of $693,339 and an increase in capital contributions of $96,025. This was slightly offset by a decrease in rental revenues.

Total expenses increased by $795,038 due to increases in personal services, utilities, operations and maintenance, depreciation and housing assistance payments.

CAPITAL ASSETS

Capital Assets - The Plymouth Housing Commission's investment in capital assets, as of September 30, 2004 amounts to $1,640,700 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, equipment and construction in progress.

CAPITAL ASSETS
NET OF ACCUMULATED DEPRECIATION
SEPTEMBER 30

	2004	2003	Additions
Land	$ 50,000	$ 50,000	$ -----
Building	3,280,927	3,241,475	39,452
Furniture, equipment and machinery- administration	102,824	104,414	(1,590)
Leasehold improvements	510,549	430,908	79,641
Construction in progress	97,170	74,093	23,077
	4,041,470	3,900,890	$ 140,580
Accumulated depreciation	2,400,770	2,258,242	$ 142,528
Total	$ 1,640,700	$ 1,642,648	$ (1,948)

The total decrease in the Commission's capital assets for the current fiscal year was $1,948 in terms of net book value. The Commission has $39,303 available in Capital Funds to draw down and spend in the future.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Housing Commission is primarily dependent upon HUD for the funding of operations; therefore, the Housing Commission is affected more by the Federal budget than by local economic conditions. The funding of programs cold be significantly affected by the 2005 Federal budget.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the 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 Ms. Sharon Lee Thomas, Executive Director; Plymouth Housing Commission; 1160 Sheridan; Plymouth, Michigan 48170.

PLYMOUTH HOUSING COMMISSION

Plymouth, Michigan

STATEMENT OF NET ASSETS

September 30, 2004

ASSETS	
Current Assets:	
Cash and cash equivalents	$ 1,664,478.04
Receivable - net of allowances:	
Accounts	892,029.05
Prepaid expenses	30,759.03
Total Current Assets	2,587,266.12
Noncurrent Assets:	
Restricted assets:	
Cash and cash equivalents	414,902.14
Total restricted assets	414,902.14
Capital assets:	
Land, improvements, and construction in progress	147,170.11
Other capital assets, net of depreciation	1,493,529.88
Total capital assets- net	1,640,699.99
Total Noncurrent Assets	2,055,602.13
Total Assets	$ 4,642,868.25

See notes to financial statements

PLYMOUTH HOUSING COMMISSION

Plymouth, Michigan

STATEMENT OF NET ASSETS (CONTINUED)

September 30, 2004

LIABILITIES	
Current Liabilities:	
Accounts Payable	$ 119,525.68
Accrued compensated absences	12,795.94
Tenant security deposit liability	33,475.00
Deferred revenues	12,577.84
Total Current Liabilities	178,374.46
Noncurrent Liabilities:	
Accrued compensated absences	47,991.61
Deferred credits and escrow deposits	507,956.51
Total Noncurrent Liabilities	555,948.12
Total Liabilities	734,322.58
NET ASSETS	
Invested in capital assets	1,640,699.99
Unrestricted	2,267,845.68
Total Net Assets	3,908,545.67
Total Liabilities and Net Assets	$ 4,642,868.25

See notes to financial statements

PLYMOUTH HOUSING COMMISSION

Plymouth, Michigan

STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS

For Year Ended September 30, 2004

Operating Revenues:	
Rental revenue	$ 377,477.00
Operating subsidies- HUD grants	10,662,443.17
Other revenues	325,941.99
Total operating revenues	11,365,862.16
Operating Expenses:	
Personal services	720,278.73
Utilities	90,214.78
Operations and maintenance	308,816.18
Insurance	21,715.86
Payment in lieu of taxes	28,726.22
Other supplies and expenses	227,398.15
Housing assistance payments	9,752,930.34
Depreciation	143,137.22
Total operating expenses	11,293,217.48
Operating income (loss)	72,644.68
Non-operating revenues (expenses):	
Interest and investment earnings	19,993.61
Gain (Loss) on sale of fixed assets	(980.40)
Net non-operating revenues (expenses)	19,013.21
Income (loss) before other revenues, expenses, gains, losses and transfers	91,657.89
Capital contributions	105,879.05
Change in net assets	197,536.94
Net assets at beginning of year	3,711,008.73
Net assets at end of year	$ 3,908,545.67

See notes to financial statements

PLYMOUTH HOUSING COMMISSION

Plymouth, Michigan

STATEMENT OF CASH FLOWS

For Year Ended September 30, 2004

Cash flows from operating activities:	
Cash received from tenants	$ 377,477.00
Cash received from HUD grants- operating	10,506,659.37
Cash received from other operating activities	35,353.77
Cash payments for goods and services	(10,447,290.25)
Cash payments to employees-salaries	(488,717.36)
Cash payments to employees-compensated absences	25,979.40
Cash payments for employee benefit contributions	(231,561.37)
Cash payments for in lieu of property taxes	(30,853.00)
Net cash provided (used) by operating activities	(252,952.44)
Cash flows from capital and related financing activities:	
Capital contributions	108,446.69
Receipts (payments) from deferred credits and escrow deposits	158,614.31
Payments for capital assets	(142,170.11)
Net cash (used) for capital and related financing activities	124,890.89
Cash flows from investing activities:	
Proceeds from sale of (payments) for investments	281,818.94
Interest and dividends	21,522.38
Receipts (payments) from tenant security deposits	(52.00)
Net cash provided (used) from investing activities	303,289.32
Net increase (decrease) in cash and cash equivalents	175,227.77
Cash and cash equivalents at beginning of year	1,904,152.41
Cash and cash equivalents at end of year	$ 2,079,380.18
Cash and cash equivalents	$ 1,664,478.04
Restricted cash and cash equivalents	414,902.14
Total cash and cash equivalents at end of year	$ 2,079,380.18

See notes to financial statements

PLYMOUTH HOUSING COMMISSION

Plymouth, Michigan

STATEMENT OF CASH FLOWS (CONTINUED)

For Year Ended September 30, 2004

Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	$ 72,644.68
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	143,137.22
Changes in assets and liabilities:	
Receivables	(451,613.22)
Prepaid expenses	(25,028.59)
Accounts and other payables	(23,313.13)
Deferred revenues	5,241.20
Compensated absences	25,979.40
Net cash provided (used) by operating activities	$ (252,952.44)

See notes to financial statements

PLYMOUTH HOUSING COMMISSION

Plymouth, Michigan

NOTES TO THE BASIC FINANCIAL STATEMENTS

September 30, 2004

NOTE 1 - Summary of Significant Accounting Policies

The Plymouth Housing Commission (Commission) is a non-profit entity established to provide low-rent housing, under the low rent program Annual Contributions Contract for qualified individuals in accordance with the rules and regulations prescribed by the Department of Housing and Urban Development and other Federal agencies.

The Housing Commission complies with generally accepted accounting principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the financial statements for the proprietary fund, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. For enterprise funds, GASB Statement Nos. 20 and 34 provide the Housing Commission the option of electing to apply FASB pronouncements issued after November 30, 1989, except for those that conflict with or contradict a GASB pronouncement. The Housing Commission has elected not to apply those pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note. For the fiscal year ended September 30, 2004, the Housing Commission implemented the new financial reporting requirements of GASB Statement No 34. As a result, an entirely new financial presentation format has been implemented.

1a. Financial Reporting Entity

The Housing Commission's financial reporting entity comprises the following:

Primary Government: Housing Commission

In determining the financial reporting entity, the Housing Commission complies with the provisions of GASB Statement No. 14 as amended by GASB no 39, "The Financial Reporting Entity," and includes all component units, if any, of which the Housing Commission appointed a voting majority of the units' board; the Housing Commission is either able to impose its will on the unit or a financial benefit or burden relationship exists. There are no agencies, organizations or activities meeting this criteria.

1b. Basis of Presentation

Financial statements of the reporting entity's programs are organized and reported as an enterprise fund and are accounted for by providing a set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditure/expenses. Enterprise funds are used to account for business-like activities provided to its tenants. These activities are financed primarily by user charges and/or Federal funding and the measurement of financial activity focuses on net income measurement similar to the private sector. The reporting entity includes all of the Commission's programs as an enterprise fund.

NOTE 1 - Summary of Significant Accounting Policies (Continued)

1b. Basis of Presentation (Continued)

Following is a description of the Commission's programs:

Program	Brief Description
Low Rent	Accounts for activities of the Public and Indian Housing program which HUD provides an annual subsidy to help public housing agencies (PHAs) pay some of the cost of operating and maintaining public housing units.
Housing Choice Vouchers	Accounts for activities of the Voucher program which assists very low-income families, the elderly, and the disabled to afford decent, safe and sanitary housing in the private market.
Resident Opportunities and Self Sufficiency	Accounts for activities of the ROSS program which links public housing residents with supportive services, resident empowerment activities, and assistance in becoming economically self-sufficient.
Capital Fund Program	Accounts for activities of the Capital Fund which provides funds to housing authorities to modernize public housing developments.
Business Activities	Accounts for the activities of the Commission's administrative contracts with other agencies.

1c. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

In the financial statements, the "economic resources" measurement focus is used as follows:

- The proprietary fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net assets.

NOTE 1 - Summary of Significant Accounting Policies (Continued)

1c. Measurement Focus and Basis of Accounting (Continued)

Basis of Accounting

In the financial statements, the proprietary fund utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

1d. Assets, Liabilities, and Equity

Cash and Investments

For the purpose of the Statement of Net Assets, "cash and cash equivalents" includes all demand, savings accounts, and certificates of deposits or short-term investments with an original maturity of three months or less. For the purpose of the Statement of Cash Flows, "cash and cash equivalents" include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less.

Investments are carried at fair value except for short-term U.S. Treasury obligations, if any, with a remaining maturity at the time of purchase of one year or less. Those investments, if any, are reported at amortized cost. Fair value is based on quoted market price. Additional cash and investment disclosures are presented in Notes 2b. and 3a.

Interprogram Receivables and Payables

During the course of operations, numerous transactions occur within individual programs that may result in amounts owed between these programs. Offsetting interprograms are eliminated for financial statement presentation.

Receivables

Receivables consist of all revenues earned at year-end and not yet received. Accounts receivable from U.S. Department of Housing and Urban Development and accounts receivable - miscellaneous compose the majority of receivables. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

Budgets and Budgetary Accounting

The Commission adopts a formal operating budget each year for it's operating programs and on a project length basis for it's capital expenditures which are approved by the Board of Commissioners and submitted to the Department of Housing and Urban Development for their approval, if required.

NOTE 1 - Summary of Significant Accounting Policies (Continued)

1d. Assets, Liabilities, and Equity (Continued)

Estimates and Assumptions

The Commission uses estimates and assumptions in preparing financial statements. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses.

Fixed Assets

The accounting treatment over property, plant, and equipment (fixed assets) is as follows:

In the financial statements, fixed assets purchased or acquired with an original cost of $1,500.00 or more are accounted for as capital assets. All fixed assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated fixed assets which are recorded at their estimated fair value at the date of donation.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense depending on the program where the asset is shown, in the Statement of Revenues, Expenses and Changes in Net Assets, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	40	years
Furniture, equipment and machinery - administration	5 - 7	years
Leasehold improvements	15	years

Restricted Assets

Restricted assets include cash and investments legally restricted as to their use. The primary restricted assets are related to FSS which is a HUD program.

Compensated Absences

The Housing Commission's policies regarding vacation time permit employees to accumulate earned but unused vacation leave. The liability for these compensated absences is recorded as short-term and long-term liabilities based on historical trends. In accordance with the provisions of GASB Statement No. 16, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

NOTE 1 - Summary of Significant Accounting Policies (Continued)

1d. Assets, Liabilities, and Equity (Continued)

Equity Classifications

Equity is classified as net assets and displayed in two components:

a. Invested in capital assets, net of related debt—Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowing that are attributable to the acquisition, construction, or improvement of those assets. The Commission had no related debt.

b. Unrestricted net assets—All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

1e. Revenues, Expenditures, and Expenses

Operating Revenues and Expenses

Operating revenues and expenses are those that result from providing services and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

Non-operating revenues and expenses are those that are not operating in nature.

Interfund Transfers

For the purposes of the Statement of Activities, all interfund transfers between individual programs, if any, have been eliminated.

NOTE 2 - Stewardship, Compliance, and Accountability

The Commission and its component units, if any, are subject to various federal, state, and local laws and contractual regulations. An analysis of the Commission's compliance with significant laws and regulations and demonstration of its stewardship over Commission resources follows.

2a. Program Accounting Requirements

The Commission's complies with all state and local laws and regulations requiring the use of separate programs. The programs used by the Commission are as follows:

Program	Required By
Public and Indian Housing	U.S. Department of Housing and Urban Development
Housing Choice Vouchers	U.S. Department of Housing and Urban Development
Capital Fund Program	U.S. Department of Housing and Urban Development
Resident Opportunities and Self Sufficiency	U.S. Department of Housing and Urban Development
Business Activities	Housing Commission

2b. Deposits and Investments Laws and Regulations

In accordance with state law, all uninsured deposits of the Commission in financial institutions must be secured with acceptable collateral valued at the lower of market or par. All financial institutions pledging collateral to the Commission must have a written collateral agreement. As reflected in Note 3a., all deposits were fully insured or collateralized.

Investments of the Commission are limited by state law to the following:

a. Direct obligations of the U.S. Government or its agencies or instrumentalities to which acceptable collateral is pledged.

b. Certificates of deposit or savings accounts that are either insured or secured with acceptable collateral.

NOTE 2 - Stewardship, Compliance, and Accountability (Continued)

2c. Revenue Restrictions

The Commission has various restrictions placed over certain revenue sources. The primary restricted revenue sources include:

Revenue Source	*Legal Restrictions of Use*
Capital Fund Program	Modernization
Residential Opportunities and Supplemental Services Program	Supportive services and empowerment activities

For the year ended September 30, 2004, the Commission complied, in all material respects, with these revenue restrictions.

NOTE 3 - Detail Notes on Transaction Classes/Accounts

The following notes present detail information to support the amounts reported in the basic financial statements for its various assets, liabilities, equity, revenues, and expenditures/expenses.

3a. Cash and Investments

Deposits

The Commission's policies regarding deposits of cash are discussed in Note 1d. The table presented below is designed to disclose the level of custody credit risk assumed by the Commission based upon how its deposits were insured or secured with collateral at September 30, 2004. The categories of credit risk are defined as follows:

Category 1—Insured by FDIC or collateralized with securities held by the Commission (or public trust) or by its agent in its name

Category 2—Uninsured but collateralized with securities held by the pledging financial institution's trust department or agent in the Commission's name

Category 3—Uninsured and uncollateralized; or collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the Commission's name; or collateralized with no written or approved collateral agreement

PLYMOUTH HOUSING COMMISSION

Plymouth, Michigan

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

September 30, 2004

NOTE 3 - Detail Notes on Transaction Classes/Accounts (Continued)

3a. Cash and Investments (Continued)

Type of Deposits	Total Bank Balance	Custody Credit Risk Category 1	Custody Credit Risk Category 2	Custody Credit Risk Category 3	Total Carrying Value
Demand deposits	$ 2,182,926.74	$ 2,182,926.74	$ ----	$ ----	$ 2,078,830.18
Total Deposits	$ 2,182,926.74	$ 2,182,926.74	$ ----	$ ----	$ 2,078,830.18

3b. Restricted Assets

The restricted assets as of September 30, 2004, are as follows:

Type of Restricted Assets	Cash Including Time Deposits	Investments	Accrued Interest	Total
FSS escrow	$ 414,902.14	$ ----	$ ----	$ 414,902.14
	$ 414,902.14	$ ----	$ ----	$ 414,902.14

3c. Accounts Receivable

Accounts receivable consist of Department of Housing and Urban Development accounts receivable and accounts receivable - miscellaneous. - Receivables detail at September 30, 2004, is as follows:

Accounts receivable - HUD	$ 295,842.00
Accounts receivable - miscellaneous (Dearborn Heights Housing Commission)	596,187.05
	$ 892,029.05

PLYMOUTH HOUSING COMMISSION

Plymouth, Michigan

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

September 30, 2004

NOTE 3 - Detail Notes on Transaction Classes/Accounts (Continued)

3d Capital Assets

Capital asset activity for the year ended September 30, 2004, was as follows:

	Balance October 1, 2003	Additions	(Retirements)	Transfers in (out)	Balance September 30, 2004
Land	$ 50,000.00	$ -----	$ -----	$ -----	$ 50,000.00
Building	3,241,475.28	39,452.00	-----	-----	3,280,927.28
Furniture, equipment and machinery- administration	104,413.58	-----	(1,589.84)	-----	102,823.74
Leasehold improvements	430,907.86	45,000.00	-----	34,641.00	510,548.86
Construction in progress	74,093.00	57,718.11	-----	(34,641.00)	97,170.11
	3,900,889.72	$ 142,170.11	$ (1,589.84)	$ -----	4,041,469.99
Accumulated depreciation	2,258,242.22	$ 143,137.22	$ (609.44)	$ -----	2,400,770.00
Total	$ 1,642,647.50				$ 1,640,699.99

3e. Accounts Payable

Payables are composed of payables to vendors and other government as follows:

Vendors	$ 90,801.31
Other government - PILOT	28,724.37
	$ 119,525.68

3f. Compensated Absences

Accumulated unpaid compensated absences are accrued. The liability for compensated absences at September 30, 2004 is $60,787.55.

PLYMOUTH HOUSING COMMISSION

Plymouth, Michigan

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

September 30, 2004

NOTE 3 - Detail Notes on Transaction Classes/Accounts (Continued)

3g. Non-current Liabilities

As of September 30, 2004, the non-current liabilities are comprised of the following:

Accrued Compensated Absences - non current portion	$ 47,991.61
Deferred credits and escrow deposits - FSS escrow	507,956.51
Total	$ 555,948.12

The following is a summary of changes in non-current liabilities for the year ended September 30, 2004:

	Balance October 1 2003	Additions	Deductions	Balance September 30, 2004	Amounts Due within One Year
Deferred credits and escrow deposits	$ 349,342.20	$ 158,614.31	$ ----	$ 507,956.51	$ ----
Accrued Compensated Absences	20,584.91	27,406.70	----	47,991.61	12,795.94
Total	$ 369,927.11	$ 186,021.01	$ ----	$ 555,948.12	$ 12,795.94

3i. Interprogram Transactions and Balances

Interprogram Receivable/Payable

Public and Indian Housing - Low Rent	$ 63,380.71
Housing Choice Vouchers	(423,847.44)
Capital Fund Program	7,336.64
Resident Opportunity and Supportive Services	3,463.81
Business Activities	349,666.28
Total	$ ----

NOTE 4 - Other Notes

4a. Employee Retirement Plan

The Plymouth Housing Commission provides a pension benefits for its full-time employees through a defined contribution plan and a defined benefit plan. A defined contribution plan depends solely on amounts contributed to the plan plus investment earnings. The plan requires the Plymouth Housing Commission to contribute 15% of covered wages. A defined benefit plan depends on the amount of pension benefits to be provided at a future date or after a certain period of time; the amount specified usually is a function of one or more factors such as age, years of service, and compensation. The plan requires the Housing Commission to contribute 22.6% of covered wages. The Housing Commission's contribution for each employee is fully vested after 5 years on continuous service. The Commission accounts for pension cost as incurred. Pension expense totaled $66,028.56 for the year ended September 30, 2004.

4b. Risk Management

The Commission is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employees health and life; and natural disasters. The Commission manages these various risks of loss as follows:

Type of Loss	Method Managed
a. Torts, errors and omissions	Purchased insurance with Michigan Municipal Risk Management.
b. Injuries to employees (workers' compensation)	Purchased insurance with Citizens Inc. Claims are administered by Citizens Inc.
c. Physical property loss and natural disasters	Purchased commercial insurance with $250 deductibles.
d. Health and life	Purchased health insurance with Blue Cross Blue Shield; Life insurance is provided by Lafayette Life.

Management believes such coverage is sufficient to preclude any significant uninsured losses to the Commission. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

PLYMOUTH HOUSING COMMISSION

Plymouth, Michigan

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

September 30, 2004

NOTE 4 - Other Notes (Continued)

4c. Commitments and Contingencies

Commitments—Construction

At September 30, 2004, the Commission had the following pending construction projects in progress:

	Funds Approved	Funds Expended - Project to Date
CFP 501-03	$ 109,025.00	$ 69,721.78
	$ 109,025.00	$ 69,721.78

Contingencies

The Commission is subject to possible examination by Federal and State authorities who determine compliance with terms, conditions, laws and regulations governing other grants given to the Commission in the current and prior years. No significant violations of finance-related legal or contractual provisions occurred.

PLYMOUTH HOUSING COMMISSION

Plymouth, Michigan

COMBINING STATEMENT OF NET ASSETS BY PROGRAM

September 30, 2004

	Low Rent Program	Housing Choice Vouchers	Resident Opportunity and Supportive Services
ASSETS			
Current Assets:			
Cash and cash equivalents	$ 473,935.34	$ 236,957.21	$ 1,777.39
Receivable - net of allowances:			
Accounts	1,340.24	796,291.83	-----
Due from (to) interprogram	63,380.71	(423,847.44)	3,463.81
Prepaid expenses	10,759.03	20,000.00	-----
Total Current Assets	549,415.32	629,401.60	5,241.20
Noncurrent Assets:			
Restricted assets:			
Cash and cash equivalents	-----	414,902.14	-----
Total restricted assets	-----	414,902.14	-----
Capital assets:			
Land, improvements, and construction in progress	50,000.00	36,291.06	-----
Other capital assets, net of depreciation	1,328,825.63	92,316.82	-----
Total capital assets- net	1,378,825.63	128,607.88	-----
Total Noncurrent Assets	1,378,825.63	543,510.02	-----
Total Assets	$ 1,928,240.95	$ 1,172,911.62	$ 5,241.20

PLYMOUTH HOUSING COMMISSION

Plymouth, Michigan

COMBINING STATEMENT OF NET ASSETS BY PROGRAM (CONTINUED)

September 30, 2004

	Low Rent Program	Housing Choice Vouchers	Resident Opportunity and Supportive Services
LIABILITIES			
Current Liabilities:			
Accounts Payable	$ 119,525.68	$ -----	$ -----
Accrued compensated absences	2,865.12	5,958.49	-----
Tenant security deposit liability	33,475.00	-----	-----
Deferred revenues	-----	-----	5,241.20
Total Current Liabilities	155,865.80	5,958.49	5,241.20
Noncurrent Liabilities:			
Accrued compensated absences	11,812.31	22,340.88	-----
Deferred credits and escrow deposits	-----	507,956.51	-----
Total Noncurrent Liabilities	11,812.31	530,297.39	-----
Total Liabilities	167,678.11	536,255.88	5,241.20
NET ASSETS			
Invested in capital assets	1,378,825.63	128,607.88	-----
Unrestricted	381,737.21	508,047.86	-----
Total Net Assets	1,760,562.84	636,655.74	-----
Total Liabilities and Net Assets	$ 1,928,240.95	$ 1,172,911.62	$ 5,241.20

PLYMOUTH HOUSING COMMISSION

Plymouth, Michigan

COMBINING STATEMENT OF NET ASSETS BY PROGRAM (CONTINUED)

September 30, 2004

	Capital Fund Program	Business Activities	Totals
ASSETS			
Current Assets:			
Cash and cash equivalents	$ -----	$ 951,808.10	$ 1,664,478.04
Receivable - net of allowances:			
Accounts	-----	94,396.98	892,029.05
Due from (to) interprogram	7,336.64	349,666.28	-----
Prepaid expenses	-----	-----	30,759.03
Total Current Assets	7,336.64	1,395,871.36	2,587,266.12
Noncurrent Assets:			
Restricted assets:			
Cash and cash equivalents	-----	-----	414,902.14
Total restricted assets	-----	-----	414,902.14
Capital assets:			
Land, improvements, and construction in progress	60,879.05	-----	147,170.11
Other capital assets, net of depreciation	72,387.43	-----	1,493,529.88
Total capital assets- net	133,266.48	-----	1,640,699.99
Total Noncurrent Assets	133,266.48	-----	2,055,602.13
Total Assets	$ 140,603.12	$ 1,395,871.36	$ 4,642,868.25

PLYMOUTH HOUSING COMMISSION

Plymouth, Michigan

COMBINING STATEMENT OF NET ASSETS BY PROGRAM (CONTINUED)

September 30, 2004

	Capital Fund Program	Business Activities	Totals
LIABILITIES			
Current Liabilities:			
Accounts Payable	$ -----	$ -----	$ 119,525.68
Accrued compensated absences	-----	3,972.33	12,795.94
Tenant security deposit liability	-----	-----	33,475.00
Deferred revenues	7,336.64	-----	12,577.84
Total Current Liabilities	7,336.64	3,972.33	178,374.46
Noncurrent Liabilities:			
Accrued compensated absences	-----	13,838.42	47,991.61
Deferred credits and escrow deposits	-----	-----	507,956.51
Total Noncurrent Liabilities	-----	13,838.42	555,948.12
Total Liabilities	7,336.64	17,810.75	734,322.58
NET ASSETS			
Invested in capital assets	133,266.48	-----	1,640,699.99
Unrestricted	-----	1,378,060.61	2,267,845.68
Total Net Assets	133,266.48	1,378,060.61	3,908,545.67
Total Liabilities and Net Assets	$ 140,603.12	$ 1,395,871.36	$ 4,642,868.25

PLYMOUTH HOUSING COMMISSION

Plymouth, Michigan

COMBINING STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET ASSETS BY PROGRAM

For Year Ended September 30, 2004

	Low Rent Program	Housing Choice Vouchers	Resident Opportunity and Supportive Services
Operating Revenues:			
Rental revenue	$ 377,477.00	$ -----	$ -----
Operating subsidies- HUD grants	12,165.89	10,601,249.00	27,514.80
Other revenues	3,065.96	32,326.10	-----
Total operating revenues	392,708.85	10,633,575.10	27,514.80
Operating Expenses:			
Personal services	125,431.46	510,840.28	17,978.35
Utilities	90,214.78	-----	-----
Operations and maintenance	166,067.12	125,542.76	-----
Insurance	21,715.86	-----	-----
Payment in lieu of taxes	28,726.22	-----	-----
Other supplies and expenses	19,426.30	168,162.26	9,536.45
Housing assistance payments	-----	9,752,930.34	-----
Depreciation	115,947.48	15,125.17	-----
Total operating expenses	567,529.22	10,572,600.81	27,514.80
Operating income (loss)	(174,820.37)	60,974.29	-----
Non-operating revenues (expenses):			
Interest and investment earnings	9,721.86	253.73	-----
Gain (Loss) on sale of fixed assets	-----	(980.40)	-----
Net non-operating revenues (expenses)	9,721.86	(726.67)	-----
Change in net assets	(165,098.51)	60,247.62	-----
Net assets at beginning of year	1,873,779.40	576,408.12	-----
Net assets adjusted at beginning of year	1,873,779.40	576,408.12	-----
Equity transfers	51,881.95	-----	-----
Net assets at end of year	$ 1,760,562.84	$ 636,655.74	$ -----

PLYMOUTH HOUSING COMMISSION

Plymouth, Michigan

COMBINING STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET ASSETS BY PROGRAM (CONTINUED)

For Year Ended September 30, 2004

	Capital Fund Program	Business Activities	Totals
Operating Revenues:			
Rental revenue	$ -----	$ -----	$ 377,477.00
Operating subsidies- HUD grants	21,513.48	-----	10,662,443.17
Other revenues	-----	290,549.93	325,941.99
Total operating revenues	21,513.48	290,549.93	11,365,862.16
Operating Expenses:			
Personal services	10,344.78	55,683.86	720,278.73
Utilities	-----	-----	90,214.78
Operations and maintenance	3,438.00	13,768.30	308,816.18
Insurance	-----	-----	21,715.86
Payment in lieu of taxes	-----	-----	28,726.22
Other supplies and expenses	7,730.70	22,542.44	227,398.15
Housing assistance payments	-----	-----	9,752,930.34
Depreciation	12,064.57	-----	143,137.22
Total operating expenses	33,578.05	91,994.60	11,293,217.48
Operating income (loss)	(12,064.57)	198,555.33	72,644.68
Non-operating revenues (expenses):			
Interest and investment earnings	-----	10,018.02	19,993.61
Gain (Loss) on sale of fixed assets	-----	-----	(980.40)
Net non-operating revenues (expenses)	-----	10,018.02	19,013.21
Income (loss) before other revenues, expenses, gains, losses and transfers	(12,064.57)	208,573.35	91,657.89
Capital contributions	105,879.05	-----	105,879.05
Change in net assets	93,814.48	208,573.35	197,536.94
Net assets at beginning of year	91,333.95	1,169,487.26	3,711,008.73
Net assets adjusted at beginning of year	91,333.95	1,169,487.26	3,711,008.73
Equity transfers	(51,881.95)	-----	-----
Net assets at end of year	$ 133,266.48	$ 1,378,060.61	$ 3,908,545.67

PLYMOUTH HOUSING COMMISSION

Plymouth, Michigan

COMBINING STATEMENT OF CASH FLOWS BY PROGRAM

For Year Ended September 30, 2004

	Low Rent Program	Housing Choice Vouchers	Resident Opportunity and Supportive Services
Cash flows from operating activities:			
Cash received from tenants	$ 377,477.00	$ -----	$ -----
Cash received from HUD grants- operating	12,165.89	10,431,668.00	41,312.00
Cash received from other operating activities	1,725.72	(227,293.90)	-----
Cash payments for goods and services	(319,889.00)	(10,066,635.36)	(13,286.45)
Cash payments to employees-salaries	(83,481.11)	(345,294.34)	(15,400.33)
Cash payments to employees-compensated absences	8,599.45	-----	(430.80)
Cash payments for employee benefit contributions	(41,950.35)	(165,545.94)	(2,578.02)
Cash payments for in lieu of property taxes	(30,853.00)	-----	-----
Net cash provided (used) by operating activities	(76,205.40)	(373,101.54)	9,616.40
Cash flows from noncapital financing activities:			
Receipts (payments) from interprograms	76,431.86	(183,690.48)	(7,839.01)
Net cash provided (used) from non capital financing activities	76,431.86	(183,690.48)	(7,839.01)
Cash flows from capital and related financing activities:			
Receipts (payments) from interprograms	2,567.64	-----	-----
Receipts (payments) from deferred credits and escrow deposits	-----	158,614.31	-----
Payments for capital assets	-----	(36,291.06)	-----
Net cash (used) for capital and related financing activities	2,567.64	122,323.25	-----
Cash flows from investing activities:			
Proceeds from sale of (payments) for investments	156,682.51	-----	-----
Interest and dividends	10,736.37	253.73	-----
Receipts (payments) from tenant security deposits	(52.00)	-----	-----
Net cash provided (used) from investing activities	167,366.88	253.73	-----
Net increase (decrease) in cash and cash equivalents	170,160.98	(434,215.04)	1,777.39
Cash and cash equivalents at beginning of year	303,774.36	1,086,074.39	-----
Cash and cash equivalents at end of year	$ 473,935.34	$ 651,859.35	$ 1,777.39

PLYMOUTH HOUSING COMMISSION

Plymouth, Michigan

COMBINING STATEMENT OF CASH FLOWS BY PROGRAM (CONTINUED)

For Year Ended September 30, 2004

	Low Rent Program	Housing Choice Vouchers	Resident Opportunity and Supportive Services
Cash and cash equivalents	$ 473,935.34	$ 236,957.21	$ 1,777.39
Restricted cash and cash equivalents	-----	414,902.14	-----
Total cash and cash equivalents at end of year	$ 473,935.34	$ 651,859.35	$ 1,777.39
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	$ (174,820.37)	$ 60,974.29	$ -----
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	115,947.48	15,125.17	-----
Changes in assets and liabilities:			
Receivables	(1,340.24)	(429,201.00)	8,556.00
Prepaid expenses	(5,028.59)	(20,000.00)	-----
Accounts and other payables	(19,563.13)	-----	(3,750.00)
Deferred revenues	-----	-----	5,241.20
Compensated absences	8,599.45	-----	(430.80)
Net cash provided (used) by operating activities	$ (76,205.40)	$ (373,101.54)	$ 9,616.40

PLYMOUTH HOUSING COMMISSION

Plymouth, Michigan

COMBINING STATEMENT OF CASH FLOWS BY PROGRAM (CONTINUED)

For Year Ended September 30, 2004

	Capital Fund Program	Business Activities	Totals
Cash flows from operating activities:			
Cash received from tenants	$ -----	$ -----	$ 377,477.00
Cash received from HUD grants- operating	21,513.48	-----	10,506,659.37
Cash received from other operating activities	-----	260,921.95	35,353.77
Cash payments for goods and services	(11,168.70)	(36,310.74)	(10,447,290.25)
Cash payments to employees-salaries	(7,251.71)	(37,289.87)	(488,717.36)
Cash payments to employees-compensated absences	-----	17,810.75	25,979.40
Cash payments for employee benefit contributions	(3,093.07)	(18,393.99)	(231,561.37)
Cash payments for in lieu of property taxes	-----	-----	(30,853.00)
Net cash provided (used) by operating activities	-----	186,738.10	(252,952.44)
Cash flows from noncapital financing activities:			
Receipts (payments) from interprograms	-----	115,097.63	-----
Net cash provided (used) from non capital financing activities	-----	115,097.63	-----
Cash flows from capital and related financing activities:			
Capital contributions	108,446.69	-----	108,446.69
Receipts (payments) from interprograms	(2,567.64)	-----	-----
Receipts (payments) from deferred credits and escrow deposits	-----	-----	158,614.31
Payments for capital assets	(105,879.05)	-----	(142,170.11)
Net cash (used) for capital and related financing activities	-----	-----	124,890.89
Cash flows from investing activities:			
Proceeds from sale of (payments) for investments	-----	125,136.43	281,818.94
Interest and dividends	-----	10,532.28	21,522.38
Receipts (payments) from tenant security deposits	-----	-----	(52.00)
Net cash provided (used) from investing activities	-----	135,668.71	303,289.32
Net increase (decrease) in cash and cash equivalents	-----	437,504.44	175,227.77
Cash and cash equivalents at beginning of year	-----	514,303.66	1,904,152.41
Cash and cash equivalents at end of year	$ -----	$ 951,808.10	$ 2,079,380.18

PLYMOUTH HOUSING COMMISSION

Plymouth, Michigan

COMBINING STATEMENT OF CASH FLOWS BY PROGRAM (CONTINUED)

For Year Ended September 30, 2004

	Capital Fund Program	Business Activities	Totals
Cash and cash equivalents	$ -----	$ 951,808.10	$ 1,664,478.04
Restricted cash and cash equivalents	-----	-----	414,902.14
Total cash and cash equivalents at end of year	$ -----	$ 951,808.10	$ 2,079,380.18
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	$ (12,064.57)	$ 198,555.33	$ 72,644.68
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	12,064.57	-----	143,137.22
Changes in assets and liabilities:			
Receivables	-----	(29,627.98)	(451,613.22)
Prepaid expenses	-----	-----	(25,028.59)
Accounts and other payables	-----	-----	(23,313.13)
Deferred revenues	-----	-----	5,241.20
Compensated absences	-----	17,810.75	25,979.40
Net cash provided (used) by operating activities	$ -----	$ 186,738.10	$ (252,952.44)

PLYMOUTH HOUSING COMMISSION

Plymouth, Michigan

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND NOTES TO THE SCHEDULE OF FEDERAL AWARDS

Year Ended September 30, 2004

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Fiscal Year	Federal Grantor	Federal CFDA No.	Expenditures
	U.S. Department of HUD		
	Public and Indian Housing		
	Nonmajor - Direct Program		
2004	Low Rent Program	14.850a	$ 12,165.89
	Low Income Public Housing		
	Major - Direct Program		
2004	Housing Choice Vouchers	14.871	$ 10,557,475.64
	Public and Indian Housing		
	Nonmajor - Direct Program		
2004	Resident Opportunity and Supportive Services	14.870	$ 27,514.80
	Public and Indian Housing		
	Nonmajor - Direct Program		
2004	Capital Fund program	14.872	$ 127,392.53
	Total		$ 10,724,548.86

NOTES TO THE SCHEDULE OF FEDERAL AWARDS

NOTE 1 - Significant Accounting Polices

The schedule of federal awards has been prepared on the accrual basis of accounting.

PLYMOUTH HOUSING COMMISSION

Plymouth, Michigan

PHA'S STATEMENT AND CERTIFICATION OF CAPITAL FUND PROGRAM COSTS

September 30, 2004

1. Actual Capital Fund Program costs are as follows:

	CFP 501-02
Funds approved	$ 136,481.00
Funds expended	136,481.00
Excess of Funds Approved	$ -----
Funds advanced	$ 136,481.00
Funds expended	136,481.00
Excess (deficiency) of Funds Advanced	$ -----

2. The costs as shown on the Actual Cost Certificate dated February 8, 2005 submitted to HUD for approval is in agreement with the PHA's records as of September 30, 2004.

3. All costs have been paid and all related liabilities have been discharged through payments.

PLYMOUTH HOUSING COMMISSION

Plymouth, Michigan

FINANCIAL DATA SCHEDULE

Year Ended September 30, 2004

FDS Line Item No.		Low Rent Program 14.850a	Housing Choice Vouchers 14.871	Resident Opportunity and Supportive Services 14.870
	Assets:			
	Current Assets:			
	Cash			
111	Cash-unrestricted	$ 473,935.34	$ 236,957.21	$ 1,777.39
113	Cash-other restricted	-----	414,902.14	-----
100	Total cash	473,935.34	651,859.35	1,777.39
	Accounts and notes receivable:			
122	Accounts receivable-HUD	-----	295,842.00	-----
125	Accounts receivable- miscellaneous	1,340.24	500,449.83	-----
120	Total receivables, net of allowance for doubtful accounts	1,340.24	796,291.83	-----
142	Prepaid expenses and other assets	10,759.03	20,000.00	-----
144/ (347)	Interprogram due from	63,380.71	(423,847.44)	3,463.81
150	Total current assets	549,415.32	1,044,303.74	5,241.20
	Noncurrent Assets:			
	Fixed assets:			
161	Land	50,000.00	-----	-----
162	Buildings	3,083,163.63	158,311.65	-----
164	Furniture, equipment and machinery-administration	39,159.00	63,664.74	-----
165	Leasehold improvements	465,548.86	-----	-----
166	Accumulated depreciation	(2,259,045.86)	(129,659.57)	-----
167	Construction in progress	-----	36,291.06	-----
160	Total fixed assets, net of accumulated depreciation	1,378,825.63	128,607.88	-----
180	Total noncurrent assets	1,378,825.63	128,607.88	-----
190	Total Assets	$ 1,928,240.95	$ 1,172,911.62	$ 5,241.20

PLYMOUTH HOUSING COMMISSION

Plymouth, Michigan

FINANCIAL DATA SCHEDULE (CONTINUED)

Year Ended September 30, 2004

FDS Line Item No.		Low Rent Program 14.850a	Housing Choice Vouchers 14.871	Resident Opportunity and Supportive Services 14.870
	Liabilities and Equity:			
	Liabilities:			
	Current Liabilities:			
312	Accounts payable < 90 days	$ (85,402.31)	$ -----	$ -----
322	Accrued compensated absences- current portion	(2,865.12)	(5,958.49)	-----
333	Accounts payable -other government	(28,724.37)	-----	-----
341	Tenant security deposits	(33,475.00)	-----	-----
342	Deferred revenues	-----	-----	(5,241.20)
346	Accrued liabilities-other	(5,399.00)	-----	-----
310	Total current liabilities	(155,865.80)	(5,958.49)	(5,241.20)
	Noncurrent Liabilities:			
353	Noncurrent liabilities-other	-----	(507,956.51)	-----
354	Accrued compensated absences- non current portion	(11,812.31)	(22,340.88)	-----
350	Total noncurrent liabilities	(11,812.31)	(530,297.39)	-----
300	Total liabilities	(167,678.11)	(536,255.88)	(5,241.20)
	Equity:			
508.1	Investment in capital assets , Net of Related Debt	(1,378,825.63)	(128,607.88)	-----
512.1	Unrestricted Net Assets	(381,737.21)	(508,047.86)	-----
600	Total Liabilities and Equity	$ (1,928,240.95)	$ (1,172,911.62)	$ (5,241.20)

PLYMOUTH HOUSING COMMISSION

Plymouth, Michigan

FINANCIAL DATA SCHEDULE (CONTINUED)

Year Ended September 30, 2004

FDS Line Item No.		Low Rent Program 14.850a	Housing Choice Vouchers 14.871	Resident Opportunity and Supportive Services 14.870
	Revenue:			
703	Net rental revenue	$ (377,477.00)	$ -----	$ -----
705	Total tenant revenue	(377,477.00)	-----	-----
706	HUD PHA operating grants	(12,165.89)	(10,601,249.00)	(27,514.80)
711	Investment income-unrestricted	(9,721.86)	(253.73)	-----
714	Fraud recovery	-----	(32,326.10)	-----
715	Other revenue	(3,065.96)	-----	-----
716	Gain on sale of fixed assets	-----	980.40	-----
700	Total revenue	(402,430.71)	(10,632,848.43)	(27,514.80)
	Expenses:			
	Administrative			
911	Administrative salaries	44,303.26	345,294.34	6,183.33
912	Auditing fees	526.00	3,408.48	-----
913	Outside management fees	-----	12,787.47	5,351.00
915	Employee benefit contributions-administrative	29,438.67	165,545.94	2,578.02
916	Other operating-administrative	10,568.05	151,966.31	4,185.45
	Tenant services			
921	Tenant services-salaries	23,474.76	-----	9,217.00
922	Relocation costs	8,332.25	-----	-----
923	Employee benefit contributions-tenant services	8,954.77	-----	-----
	Utilities			
931	Water	19,967.34	-----	-----
932	Electricity	49,412.97	-----	-----
933	Gas	17,569.29	-----	-----
938	Other utilities expense	3,265.18	-----	-----

PLYMOUTH HOUSING COMMISSION

Plymouth, Michigan

FINANCIAL DATA SCHEDULE (CONTINUED)

Year Ended September 30, 2004

FDS Line Item No.		Low Rent Program 14.850a	Housing Choice Vouchers 14.871	Resident Opportunity and Supportive Services 14.870
	Ordinary maintenance and operation			
941	Ordinary maintenance and operation-labor	15,703.09	-----	-----
942	Ordinary maintenance and operation-materials & other	11,072.12	5,471.06	-----
943	Ordinary maintenance and operation-contract costs	154,908.00	120,071.70	-----
945	Employee benefit contributions-ordinary maintenance	3,556.91	-----	-----
	Protective services			
952	Protective services-other contract costs	87.00	-----	-----
	General expenses			
961	Insurance premiums	21,715.86	-----	-----
963	Payments in lieu of taxes	28,726.22	-----	-----
969	Total operating expenses	451,581.74	804,545.30	27,514.80
970	Excess (deficit) operating revenue over operating expenses	(49,151.03)	9,828,303.13	-----
973	Housing assistance payments	-----	9,752,930.34	-----
974	Depreciation expense	115,947.48	15,125.17	-----
	Total expenses other than total operating	115,947.48	9,768,055.51	-----
1000	Excess (deficit) of revenue over expenses before operating transfers in (out) and depreciation add back	(165,098.51)	60,247.62	-----
	Excess (deficit) of revenue over expenses after operating transfers in (out) and depreciation add back	$ (165,098.51)	$ 60,247.62	$ -----

PLYMOUTH HOUSING COMMISSION

Plymouth, Michigan

FINANCIAL DATA SCHEDULE (CONTINUED)

Year Ended September 30, 2004

FDS Line Item No.		Capital Fund Program 14.872	Business Activities -	Total
	Assets:			
	Current Assets:			
	Cash			
111	Cash-unrestricted	$ -----	$ 951,808.10	$ 1,664,478.04
113	Cash-other restricted	-----	-----	414,902.14
100	Total cash	-----	951,808.10	2,079,380.18
	Accounts and notes receivable:			
122	Accounts receivable-HUD	-----	-----	295,842.00
125	Accounts receivable- miscellaneous	-----	94,396.98	596,187.05
120	Total receivables, net of allowance for doubtful accounts	-----	94,396.98	892,029.05
142	Prepaid expenses and other assets	-----	-----	30,759.03
144/ (347)	Interprogram due from	7,336.64	349,666.28	-----
150	Total current assets	7,336.64	1,395,871.36	3,002,168.26
	Noncurrent Assets:			
	Fixed assets:			
161	Land	-----	-----	50,000.00
162	Buildings	39,452.00	-----	3,280,927.28
164	Furniture, equipment and machinery-administration	-----	-----	102,823.74
165	Leasehold improvements	45,000.00	-----	510,548.86
166	Accumulated depreciation	(12,064.57)	-----	(2,400,770.00)
167	Construction in progress	60,879.05	-----	97,170.11
160	Total fixed assets, net of accumulated depreciation	133,266.48	-----	1,640,699.99
180	Total noncurrent assets	133,266.48	-----	1,640,699.99
190	Total Assets	$ 140,603.12	$ 1,395,871.36	$ 4,642,868.25

PLYMOUTH HOUSING COMMISSION

Plymouth, Michigan

FINANCIAL DATA SCHEDULE (CONTINUED)

Year Ended September 30, 2004

FDS Line Item No.		Capital Fund Program 14.872	Business Activities -	Total
	Liabilities and Equity:			
	Liabilities:			
	Current Liabilities:			
312	Accounts payable < 90 days	$ -----	$ -----	$ (85,402.31)
322	Accrued compensated absences- current portion	-----	(3,972.33)	(12,795.94)
333	Accounts payable -other government	-----	-----	(28,724.37)
341	Tenant security deposits	-----	-----	(33,475.00)
342	Deferred revenues	(7,336.64)	-----	(12,577.84)
346	Accrued liabilities-other	-----	-----	(5,399.00)
310	Total current liabilities	(7,336.64)	(3,972.33)	(178,374.46)
	Noncurrent Liabilities:			
353	Noncurrent liabilities-other	-----	-----	(507,956.51)
354	Accrued compensated absences- non current portion	-----	(13,838.42)	(47,991.61)
350	Total noncurrent liabilities	-----	(13,838.42)	(555,948.12)
300	Total liabilities	(7,336.64)	(17,810.75)	(734,322.58)
	Equity:			
508.1	Investment in capital assets , Net of Related Debt	(133,266.48)	-----	(1,640,699.99)
512.1	Unrestricted Net Assets	-----	(1,378,060.61)	(2,267,845.68)
600	Total Liabilities and Equity	$ (140,603.12)	$ (1,395,871.36)	$ (4,642,868.25)

PLYMOUTH HOUSING COMMISSION

Plymouth, Michigan

FINANCIAL DATA SCHEDULE (CONTINUED)

Year Ended September 30, 2004

FDS Line Item No.		Capital Fund Program 14.872	Business Activities -	Total
	Revenue:			
703	Net rental revenue	$ -----	$ -----	$ (377,477.00)
705	Total tenant revenue	-----	-----	(377,477.00)
706	HUD PHA operating grants	(21,513.48)	-----	(10,662,443.17)
706.1	HUD PHA capital grants	(105,879.05)	-----	(105,879.05)
711	Investment income-unrestricted	-----	(10,018.02)	(19,993.61)
714	Fraud recovery	-----	-----	(32,326.10)
715	Other revenue	-----	(290,549.93)	(293,615.89)
716	Gain on sale of fixed assets	-----	-----	980.40
700	Total revenue	(127,392.53)	(300,567.95)	(11,490,754.42)
	Expenses:			
	Administrative			
911	Administrative salaries	7,251.71	37,289.87	440,322.51
912	Auditing fees	-----	-----	3,934.48
913	Outside management fees	-----	-----	18,138.47
915	Employee benefit contributions-administrative	3,093.07	18,393.99	219,049.69
916	Other operating-administrative	7,730.70	22,542.44	196,992.95
	Tenant services			
921	Tenant services-salaries	-----	-----	32,691.76
922	Relocation costs	-----	-----	8,332.25
923	Employee benefit contributions-tenant services	-----	-----	8,954.77
	Utilities			
931	Water	-----	-----	19,967.34
932	Electricity	-----	-----	49,412.97
933	Gas	-----	-----	17,569.29
938	Other utilities expense	-----	-----	3,265.18

PLYMOUTH HOUSING COMMISSION

Plymouth, Michigan

FINANCIAL DATA SCHEDULE (CONTINUED)

Year Ended September 30, 2004

FDS Line Item No.		Capital Fund Program 14.872	Business Activities -	Total
	Ordinary maintenance and operation			
941	Ordinary maintenance and operation-labor	-----	-----	15,703.09
942	Ordinary maintenance and operation-materials & other	1,005.00	607.89	18,156.07
943	Ordinary maintenance and operation-contract costs	2,433.00	13,160.41	290,573.11
945	Employee benefit contributions-ordinary maintenance	-----	-----	3,556.91
	Protective services			
952	Protective services-other contract costs	-----	-----	87.00
	General expenses			
961	Insurance premiums	-----	-----	21,715.86
963	Payments in lieu of taxes	-----	-----	28,726.22
969	Total operating expenses	21,513.48	91,994.60	1,397,149.92
970	Excess (deficit) operating revenue over operating expenses	105,879.05	208,573.35	10,093,604.50
973	Housing assistance payments	-----	-----	.9,752,930.34
974	Depreciation expense	12,064.57	-----	143,137.22
	Total expenses other than total operating	12,064.57	-----	9,896,067.56
1000	Excess (deficit) of revenue over expenses before operating transfers in (out) and depreciation add back	93,814.48	208,573.35	197,536.94
	Excess (deficit) of revenue over expenses after operating transfers in (out) and depreciation add back	$ 93,814.48	$ 208,573.35	$ 197,536.94

Sailor
Khan & Co.
Certified Public Accountants

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

Board of Commissioners
Plymouth Housing Commission
Plymouth, Michigan

We have audited the financial statements of the Plymouth Housing Commission, Michigan, (Commission) as of and for the year ended September 30, 2004, and have issued our report thereon dated April 12, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings and questioned costs.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Commission's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the Commission's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above are a material weakness.

This report is intended for the information of the Plymouth Housing Commission, Michigan's management, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Sailor, Khan & Co.

Sailor, Khan & Co.
April 12, 2005

P.O. Box 16180, St. Louis, MO 63105 314-726-3308 Fax: 314-726-6308

Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133

Board of Commissioners
Plymouth Housing Commission
Plymouth, Michigan

Compliance

We have audited the compliance of the Plymouth Housing Commission, Michigan, (Commission) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2004. The Commission's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Commission's management. Our responsibility is to express an opinion on the Commission's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.* Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Commission's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Commission compliance with those requirements.

In our opinion, the Commission complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2004. The results of our auditing procedures disclosed no instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133.

Internal Control Over Compliance

The management of the Commission is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Commission's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

P.O. Box 16180, St. Louis, MO 63105 314-726-3308 Fax: 314-726-6308

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of the Plymouth Housing Commission, Michigan's management, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Sailor, Khan & Co.
April 12, 2005

PLYMOUTH HOUSING COMMISSION

Plymouth, Michigan

STATUS OF PRIOR AUDIT FINDINGS

September 30, 2004

The prior audit report for the year ended September 30, 2003 contained a total of one audit finding:

Financial Statement Finding

Finding: FSS Escrow
Status: Not implemented - see current finding #1

Federal Awards Findings

none

PLYMOUTH HOUSING COMMISSION

Plymouth, Michigan

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

September 30, 2004

SECTION I - SUMMARY OF AUDITOR RESULTS

Financial Statement:

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
▸ Material weakness(es) identified?	No
▸ Reportable condition(s) identified that are not considered to be material weaknesses?	Yes
Noncompliance material to financial statements noted?	No
Is a "going concern" explanatory paragraph included in audit report?	No

Federal Awards:

Internal control over major programs:	
▸ Material weakness(es) identified?	No
▸ Reportable condition(s) identified that are not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) on Circular A-133?	No

Identification of major programs:

CFDA Number(s)	Name of Federal Program
14-871	Section 8 Housing Choice Vouchers

Dollar threshold used to distinguish between type A and type B programs:	$300,000
Auditee qualified as low-risk auditee?	Yes

PLYMOUTH HOUSING COMMISSION

Plymouth, Michigan

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

September 30, 2004

SECTION II - FINANCIAL STATEMENT FINDINGS

The current audit report for the year ended September 30, 2004 disclosed the following Financial Statement audit findings:

1. FSS Escrow.

   Criteria:

   All accounts must be maintained and all transactions must be recorded in an accurate and timely manner.

   Condition:

   We noted that the PHC's FSS escrow ledger did not agree to the general ledger balance.

   Questioned Costs:

   None.

   Effect:

   FSS escrow liability, as presented in the financial statement, may not be an accurate representation of the account category.

   Cause:

   The PHC did not update the reconciliation in a timely manner.

   Recommendation:

   We recommend that the PHC place greater emphasis on recording all FSS transactions in a timely manner.

   Management's Response/Action Plan:

   Section 8 Coordinator and the fee accountant will immediately ensure that the FSS Escrow account ledger will balance with the general ledger on a quarterly basis and all transactions will be recorded in a timely manner.

PLYMOUTH HOUSING COMMISSION

Plymouth, Michigan

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

September 30, 2004

SECTION II - FINANCIAL STATEMENT FINDINGS

2. Budget Overruns

Criteria:

The Commission must operate within budget constraints

Condition:

We noted the following budget overruns for the year ended September 30, 2004:

Description	Budget	Actual	Overrun
Tenant services	$ 13,300.00	$ 31,807.01	$ 18,507.01
Ordinary maintenance and operations	157,000.00	181,683.21	24,683.21
Utilities	78,570.00	90,214.78	11,644.78
General expense	86,160.00	97,392.43	11,232.43
Total operating expense	400,690.00	451,581.74	50,891.74

Questioned Costs:

None

Effect:

The Housing Commission exceeded the operating budget in the aforementioned categories.

Cause:

The Housing Commission did not ensure that these budget categories were not exceeded.

Recommendation:

We recommend that the Housing Commission place greater emphasis on operating within budget constraints. Also, when it appears that the current budget has become insufficient, the Commission must prepare a budget revision.

Management's Response/Action Plan:

Currently the Plymouth Housing Commission monitors the financial reports on a monthly basis and the Plymouth Housing Commission Board reviews these reports on a bi-monthly basis. The Office Manager and the fee accountant will immediately start working closely to ensure that, if necessary, a budget revision will be prepared for Board approval prior to year end.

PLYMOUTH HOUSING COMMISSION

Plymouth, Michigan

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

September 30, 2004

SECTION III - FEDERAL AWARD FINDINGS

The current audit report for the year ended September 30, 2004 disclosed no Federal Awards audit findings: