

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS

**Financial Statements and Supplemental Schedules Together with
Reports of Independent Public Accountants**

For the Year Ended June 30, 2014



JUNE 30, 2014

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

Board of Commissioners
Housing Authority of the City of Annapolis

Report on the Financial Statements

We have audited the accompanying statement of net position of the Housing Authority of the City of Annapolis (the Authority) as of June 30, 2014, and the related statements of revenue, expenses, and change in net position, and the statement of cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the blended component unit financial statements of the Annapolis Community Development Partners, LLC, and Obery Court Phase I, LLC, which represent 57 percent, 1 percent, and 19 percent, respectively, of the total assets, net position, and operating revenue of the Authority. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Annapolis Community Development Partners, LLC, and Obery Court Phase I, LLC, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.



Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority, as of June 30, 2014, and the respective changes in its financial position and its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Supplemental Schedules of Combining Financial Statements and the HUD Financial Data Schedule as of and for the year ended June 30, 2014, are presented for purposes of additional analysis as required by the U.S. Department of Housing and Urban Development, and are not a required part of the basic financial statements. Also, the accompanying Schedule of Expenditures of Federal Awards is presented for the purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements.



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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 17, 2015, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control on financial reporting and compliance.

Hunt Valley, Maryland
March 17, 2015

SB & Company, LLC

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS

Management's Discussion and Analysis June 30, 2014

Overview of the Financial Statements and Financial Analysis

This discussion and analysis of the Housing Authority of the City of Annapolis (the Authority) financial statements provides an overview of the Authority's financial activities for the year ended June 30, 2014, with the fiscal year 2013 data presented for comparative purposes. The emphasis of discussion about these statements is on the current-year activity. Management has prepared the financial statements and the related footnote disclosures along with this discussion and analysis. There are three basic financial statements presented: the Statement of Net Position; the Statement of Revenue, Expenses, and Change in Net Position; and the Statement of Cash Flows.

Financial Highlights

Statement of Net Position

The Statement of Net Position presents the assets, liabilities, and net position of the Authority as of the end of the fiscal year. This statement reflects a "point-of-time" financial picture. The purpose of the Statement of Net Position is to present to the readers a fiscal "snapshot" of the Authority. The Statement of Net Position helps answer the question "is the Authority as a whole financially better off or worse off as a result of the year's activities?" When revenue exceeds expenses, the result is an increase in net position. When the reverse occurs, the result is a decrease in net position. The relationship between revenue and expenses may be thought of as the Authority's operating results. Net assets are divided into two major categories. The first category, net investment in capital assets, provides the Authority's equity in capital assets owned by the Authority. The other category is unrestricted net position, which is available to the Authority for any lawful purpose of the Authority.

	As of June 30,	
	2014	2013
Assets		
Current assets	\$ 4,455,274	\$ 4,846,104
Non-current assets, net	44,946,938	46,788,016
Total Assets	49,402,212	51,634,120
Liabilities		
Current liabilities	1,362,989	1,474,770
Non-current liabilities	30,806,161	31,793,127
Total Liabilities	32,169,150	33,267,897
Net Position		
Net investment in capital assets	32,177,100	33,837,442
Restricted	3,295,246	3,027,232
Unrestricted	(18,239,284)	(18,498,451)
Total Net Position	\$ 17,233,062	\$ 18,366,223

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS

Management's Discussion and Analysis June 30, 2014

Financial Highlights (continued)

Statement of Net Position (continued)

A review of the Statement of Net Position reveals that the total assets and net position of the Authority decreased by \$2,231,908 and \$1,133,161, respectively, as a result of depreciation on buildings.

Statement of Revenue, Expenses, and Change in Net Position

Total net position is presented on the Statement of Net Position based on activity presented in the Statement of Revenue, Expenses, and Change in Net Position. The purpose of this statement is to present the revenue received by the Authority, both operating and non-operating; the expenses paid by the Authority, both operating and non-operating; and any other revenue, expenses, gains or losses received or spent by the Authority.

Operating revenue consists of tenant rental revenue, operating grants and other revenue to provide housing and services to tenants of the Authority. Operating expenses are those expenses paid to acquire or produce the services provided in return for the operating revenue, and to carry out the mission of the Authority. Non-operating revenue is revenue received for which goods or services are not provided. The non-operating revenue for the year ended June 30, 2014, relates to investment earnings, interest costs and grants for capital purposes.

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS

Management's Discussion and Analysis June 30, 2014

Financial Highlights (continued)

Statement of Revenue, Expenses, and Change in Net Position (continued)

	For the Years Ended June 30,	
	2014	2013
Operating Revenue		
Grants for operating purposes	\$ 8,669,333	\$ 8,225,200
Tenant rental income	3,120,820	3,077,378
Other income	1,624,064	1,620,872
Total Operating Revenue	13,414,217	12,923,450
Operating Expenses		
Administrative	2,770,491	3,318,085
Housing assistance payments	4,315,408	4,531,401
Tenant services	1,077,784	792,495
Utilities	1,151,432	1,137,799
Maintenance and operations	2,298,874	2,160,195
Depreciation and amortization	2,407,288	2,264,013
Other general	637,802	515,616
Bad debt expense	44,920	24,367
Total Operating Expenses	14,703,999	14,743,971
Net Operating Loss	(1,289,782)	(1,820,521)
Non-Operating Revenue		
Investment income	1,730	3,840
Interest expense	(622,611)	(616,622)
Grants for capital purposes	777,502	680,310
Total Non-Operating Revenue	156,621	67,528
Change in net position	(1,133,161)	(1,752,993)
Net position, beginning of year	18,366,223	20,119,216
Net Position, End of Year	\$ 17,233,062	\$ 18,366,223

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS

Management's Discussion and Analysis June 30, 2014

Financial Highlights (continued)

Statement of Revenue, Expenses, and Change in Net Position (continued)

Operating revenue increased by \$490,767, which is due primarily to an increase in operating grants. Operating expenses decreased by \$39,972, due to a decrease in housing assistance payments.

Statement of Cash Flows

An additional method to assess the financial health of the Authority is to look at the Statement of Cash Flows. Its primary purpose is to provide relevant information about the cash receipts and cash payments of the Authority during a defined period. The Statement of Cash Flows also helps users to assess the Authority's:

- Ability to generate future net cash flows
- Ability to meet its obligations as they come due
- Need for external financing.

	For the Years Ended June 30,	
	2014	2013
Cash flows from:		
Operating activities	\$ 158,446	\$ 544,252
Capital and related financing activities	(795,329)	(1,579,657)
Investing activities	(53,380)	1,495
Net Decrease in Cash and Cash Equivalents	(690,263)	(1,033,910)
Cash and cash equivalents, beginning of year	4,173,615	5,207,525
Cash and Cash Equivalents, End of Year	\$ 3,483,352	\$ 4,173,615

Cash from operating activities was decreased by \$385,806, primarily because of a decrease in other income receipts. Cash used for capital and related financing activities increased by \$784,328 primarily due to a decrease in capital expenditures.

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS

Management's Discussion and Analysis June 30, 2014

Financial Highlights (continued)

Capital Assets and Debt

Details of these capital assets as of June 30, 2014 and 2013, are indicated below:

	As of June 30,	
	2014	2013
Capital Assets		
Land	\$ 4,704,603	\$ 4,929,603
Building and improvements	63,035,010	62,586,709
Furniture and equipment	1,603,218	1,539,194
Total Capital Assets	69,342,831	69,055,506
Less: accumulated depreciation	25,116,487	22,791,234
Capital Assets, Net	\$ 44,226,344	\$ 46,264,272

During the year ended June 30, 2014, capital assets, net decreased by \$2,037,928 primarily as a result of depreciation, net of capital expenditures.

Notes payable decreased by \$309,212, based on principal payments.

Economic Outlook

The economic position of the Authority is closely tied to that of the State of Maryland. Because the Authority's revenue is primarily received from HUD, it is heavily dependent on its relationship with HUD and the need for subsidized housing in the City of Annapolis because of its economy.

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS

Statement of Net Position As of June 30, 2014

ASSETS

Current Assets

Cash and cash equivalents	\$	285,295
Cash and cash equivalents - restricted		3,295,246
Tenants' security deposits		143,724
Investments		73,100
Accounts receivable, net of allowance of \$20,435		464,248
Inventories, net of allowance of \$12,077		68,434
Prepaid expenses and other current assets		125,227
Total Current Assets		4,455,274

Non-Current Assets

Other assets		720,594
Land		4,704,603
Building and improvements		63,035,010
Furniture and equipment		1,603,218
Accumulated depreciation		(25,116,487)
Total Non-Current Assets, Net		44,946,938
TOTAL ASSETS	\$	49,402,212

LIABILITIES

Current Liabilities

Accounts payable	\$	470,428
Accrued expenses and other liabilities		306,131
Tenants' security deposit		143,724
Accrued compensated absences		28,659
Deferred revenue		180,000
Current portion of notes payable		27,290
Miscellaneous liabilities		206,757
Total Current Liabilities		1,362,989

Non-Current Liabilities

Notes payable, net of current portion		12,021,954
Accrued compensated absences		257,930
Unearned grant income		12,511,693
Other liabilities		6,014,584
Total Non-Current Liabilities		30,806,161
TOTAL LIABILITIES		32,169,150

NET POSITION

Net investment in capital assets		32,177,100
Restricted		3,295,246
Unrestricted		(18,239,284)
TOTAL NET POSITION	\$	17,233,062

The accompanying notes are an integral part of this financial statement.

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS

Statement of Revenue, Expenses, and Change in Net Position For the Year Ended June 30, 2014

	<u>2014</u>
Operating Revenue	
Grants for operating purposes	\$ 8,669,333
Tenant rental income	3,120,820
Other income	1,624,064
Total Operating Revenue	<u>13,414,217</u>
Operating Expenses	
Administrative	2,770,491
Housing assistance payments	4,315,408
Tenant services	1,077,784
Utilities	1,151,432
Maintenance and operations	2,298,874
Depreciation and amortization	2,407,288
Other general expense	637,802
Bad debt expense	44,920
Total Operating Expenses	<u>14,703,999</u>
Net Operating Loss	<u>(1,289,782)</u>
Non-Operating Revenue	
Investment income	1,730
Interest expense	(622,611)
Grants for capital purposes	777,502
Total Non-Operating Revenue	<u>156,621</u>
Change in net position	(1,133,161)
Net position, beginning of year	18,366,223
Net Position, End of Year	<u>\$ 17,233,062</u>

The accompanying notes are an integral part of this financial statement.

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS

Statement of Cash Flows For the Year Ended June 30, 2014

Cash Flows from Operating Activities

Tenant revenue receipts	\$ 3,127,909
Operating grant revenue receipts	8,375,260
Other income receipts	952,504
Payments to employees	(3,914,792)
Payments to tenants	(4,315,408)
Payments to suppliers	(4,067,027)
Net Cash from Operating Activities	158,446

Cash Flows from Capital and Related Financing Activities

Proceeds from capital grants	736,867
Purchase of fixed assets	(599,873)
Interest paid on notes payable	(622,611)
Principal repayments	(309,712)
Gain on sale of capital assets	352
Net Cash from Capital and Related Financing Activities	(795,329)

Cash Flows from Investing Activities

Sale of investments	185,803
Interest income	1,730
Net Cash from Investing Activities	187,533

Net decrease in cash and cash equivalents	(449,350)
Cash and cash equivalents, beginning of year	4,173,615
Cash and Cash Equivalents, End of Year	\$ 3,724,265

The accompanying notes are an integral part of this financial statement.

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS

Statement of Cash Flows For the Year Ended June 30, 2014

Reconciliation of Operating Loss to Cash Flow from Operating Activities

Net operating loss	\$ (1,289,782)
Adjustments to reconcile operating loss to net cash from operating activities:	
Depreciation and amortization expense	2,407,288
Grant income	(372,475)
Bad debt expense	44,920
Effect of changes in non-cash operating assets and liabilities:	
Accounts receivable	(216,844)
Inventories	5,728
Prepaid expenses	(31,477)
Other assets	28,150
Accounts payable	(96,980)
Accrued expenses and other liabilities	(279,328)
Tenants' security deposits	7,089
Accrued compensated absences	29,386
Deferred revenue	(77,229)
Net Cash from Operating Activities	<u>\$ 158,446</u>

The accompanying notes are an integral part of this financial statement.

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS

Notes to Financial Statements

June 30, 2014

1. SUMMARY OF ACCOUNTING POLICIES

Organization

The Housing Authority of the City of Annapolis (the Authority) was established pursuant to the laws of the State of Maryland to transact business and to have powers as defined therein. An independent Board of Commissioners, appointed for five-year terms by the Mayor, is responsible for all activities of the Authority. The offices of the Authority are separate from those of the City of Annapolis (the City), and employees of the Authority are not included in or entitled to benefit programs of the City. Separate accounting records are maintained, and debts incurred by the Authority are not obligations of the City. The accompanying financial statements present the Authority and its blended component units, Annapolis Community Development Partners, LLC, (the Company) and Obery Court Phase I, LLC. The two companies' year end is December 31, 2013. Blended component units, although legally separate entities, are, in substance, part of the Authority's operations.

The Company was formed as a limited liability company under the laws of the State of Maryland on November 26, 2008, for the purpose of constructing and operating a 150-unit apartment project known as Annapolis Gardens in Annapolis, Maryland. Pursuant to the Operating Agreement dated September 29, 2009, the managing member of the Company is Landex Development, LLC, a Maryland limited liability company, and the housing authority member is Annapolis/Bowman Redevelopment, LLC.

Obery Court Phase I, LLC, was formed as a limited liability company under the laws of the State of Maryland on March 6, 2009. The purpose of Obery Court Phase I, LLC, is to acquire, construct, renovate and operate an affordable housing project consisting of 50 rental units. Rental operations began on February 19, 2010.

Basis of Accounting

The accompanying financial statements are prepared on the accrual basis of accounting. Under this method, revenue is recorded when earned and expenses are recorded at the time liabilities are incurred. The Authority applies all applicable *Governmental Accounting Standards Board* (GASB) pronouncements.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS

Notes to Financial Statements

June 30, 2014

1. SUMMARY OF ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents

Cash equivalents represent highly liquid investments with original maturities of three months or less.

Restricted cash and cash equivalents represent amounts received for a specific purpose. Once the purpose has been fulfilled, the restriction will be released. As of June 30, 2014, \$1,231,524 and \$1,938,110 was restricted for building and other related reserve restrictions from the Company and Obery Court Phase I, LLC, respectively and \$125,613 was restricted for HACA based on HUD regulations.

Investments

As of June 30, 2014, the Authority has certificate of deposit investments with both carrying value and market value at \$73,100, with various institutions that are covered by FDIC deposit insurance and other collateral. These investments are to mature in 2014 with an average interest rate of 0.95%. The Authority's investment policy limits investment portfolio to maturities of less than one year. FDIC deposit insurance is \$250,000 per depositor, per bank.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

Accounts Receivable

Accounts receivable includes amounts due from tenants and for grant reimbursements. It is the practice of the Authority to write-off uncollectible receivables only upon approval of the Board of Commissioners after exhausting all efforts to collect the amounts due. An allowance for doubtful accounts is used in the valuation of receivables to estimate the net realizable value.

Inventories

Inventories of materials are valued at the lower of cost or market with cost being determined on a first-in, first-out basis. The Authority has established a valuation allowance for its estimate of obsolete inventories.

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS

Notes to Financial Statements June 30, 2014

1. SUMMARY OF ACCOUNTING POLICIES (continued)

Capital Assets

Capital assets consist of land, structures and equipment which are stated at cost. Donated assets are recorded at fair market value at the date of donation. Additions, improvements, and expenditures that significantly extend the useful life of an asset are capitalized. The Authority capitalizes all expenditures for capital assets in excess of \$1,000. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Buildings	45 years
Furniture and equipment	3 to 15 years
Improvements	15 years

Expenditures for maintenance and repairs are charged to expense.

Accrued Compensated Absences

The Authority accrues a liability for compensated absences, including vacation and sick leave that have been earned but not yet paid.

Payment in Lieu of Taxes

Under Federal, state and city laws, the Authority is exempt from income, property and excise taxes. Housing authorities are, however, required to make payments in lieu of taxes (PILOT) in accordance with the provisions of their cooperation agreement with local taxing authorities. Under its cooperation agreement with the City, the Authority must pay the City the greater of 10% of its net shelter rent or the amounts charged for sanitation services. Net shelter rent is defined as the excess of rental income over total utilities expense.

For the year ended June 30, 2014, the amount paid for sanitation services was approximately \$180,000. This exceeded 10% of the net shelter rent, therefore no PILOT was required.

Revenue and Expenses

Revenue and expenses are distinguished between operating and non-operating items. Operating revenues generally result from providing services in connection with the Authority's principal ongoing operations. The principal operating revenues of the Authority are tenant rentals and operating grants/subsidies from the Department of Housing and Urban Development (HUD).

Operating expenses include the costs associated with the day-to-day operations of the Authority and depreciation on capital assets. All revenue and expenses not meeting these definitions are reported as non-operating revenue and expenses.

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS

Notes to Financial Statements June 30, 2014

2. CAPITAL ASSETS

A summary of activity in capital assets for the year ended June 30, 2014, was as follows:

	Consolidated			
	July 1, 2013	Additions	Transfers and Deletions	June 30, 2014
Land	\$ 4,704,603	\$ -	\$ -	\$ 4,704,603
Building and improvements	62,586,709	448,301	-	63,035,010
Furniture and equipment	1,539,194	151,572	(87,548)	1,603,218
Total Capital Assets	68,830,506	599,873	(87,548)	69,342,831
Less: accumulated depreciation	22,791,234	2,407,288	(82,035)	25,116,487
Capital Assets, Net	\$ 46,039,272	\$ (1,807,415)	\$ (5,513)	\$ 44,226,344

3. NOTES PAYABLE

During the year ended June 30, 2007, the Authority entered into a \$5,186,820, debt agreement with the State of Maryland Department of Housing and Community Development (DHCD) which matures on July 1, 2023. The debt requires payment of interest at 4.51% and is payable from future HUD capital grants with annual payments of approximately \$392,000, starting December 31, 2006. The Authority incurred approximately \$169,000 of interest expense related to the debt. As of June 30, 2014, the outstanding principal balance was \$2,427,468.

The scheduled debt payments for this loan were as follows:

Years Ending June 30,	Principal	Interest
2015	\$ 255,000	\$ 137,000
2016	265,000	127,000
2017	275,000	117,000
2018	285,000	107,000
2019	295,000	97,000
2020-2024	1,052,468	288,000
Total	\$ 2,427,468	\$ 873,000

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS

Notes to Financial Statements

June 30, 2014

3. NOTES PAYABLE (continued)

On September 29, 2009, the Company entered into a deed of trust note with Enterprise Mortgage Investments, Inc. of the State of Maryland in the maximum amount of \$2,300,000 (the "Mortgage Loan"). The Mortgage Loan is secured by the Project. The Mortgage Loan matures on October 1, 2026. The Mortgage Loan bears a simple interest rate of 7.01% per annum until the outstanding indebtedness is paid in full. Interest and principal are due and payable in consecutive annual installments of \$15,317. As of December 31, 2013, the outstanding principal on the Mortgage Loan was \$2,245,145. For the year ended December 31, 2013, interest incurred was \$171,476.

On September 29, 2009, the Company entered into a deed of trust note with the Department of Housing and Community Development of the State of Maryland in the maximum amount of \$1,747,245 (the "DHCD Loan"). The DHCD Loan is secured by the Project. The DHCD Loan matures on May 1, 2051. The DHCD Loan bears no interest from September 29, 2009, until the last day of April 2011 (the "Construction Period"). Thereafter, the DHCD Loan bears interest at the rate of 4% per annum until the outstanding indebtedness is paid in full. No payments required during the Construction Period.

All interest accruing from the end of the Construction Period until December 31, 2011 is due and payable from not more than 75% of surplus cash on April 1, 2012. Thereafter, interest and principal is due and payable in consecutive annual installment in an amount equal to the lesser of 75% of surplus cash or the scheduled payment, as more particularly defined in the contractual documents associated with the DHCD Loan. As of December 31, 2013, the outstanding principal and accrued interest on the DHCD Loan were \$1,682,152 and \$68,632, respectively. For the period beginning November 26, 2008 (inception) and ending December 31, 2012, interest incurred was \$82,060.

On September 29, 2009, the Company entered into a leasehold deed of trust note with Arundel Community Development Services, Inc., a body corporate of the State of Maryland in the maximum amount of \$500,000, (the "ACDS Loan") for the purpose of providing gap financing to aid in the construction of the Project. The ACDS Loan is secured by the Project. The ACDS Loan bears no interest until May 29, 2011. Thereafter, the ACDS Loan bears simple interest at the rate of 2% per annum. Amortization of principal begins on May 29, 2011. Annual payments of principal and interest are limited to not more than 25% of annual net cash flow, as defined in the ACDS Loan. Annual payments are due and payable on the first day of April beginning April 1, 2012. The ACDS Loan matures on May 29, 2051. As of December 31, 2013, the outstanding principal and accrued interest on the ACDS Loan was \$480,328 each year. For the period ending December 31, 2013, interest incurred was \$10,000.

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS

Notes to Financial Statements June 30, 2014

3. NOTES PAYABLE (continued)

The Department of Housing and Community Development of the State of Maryland (DHCD) issued a commitment to lend and has originated funding in the amount of \$2,000,000, which is secured by a deed of trust note. The loan bears simple interest at a rate of 4% per annum commencing on June 1, 2010 and ends at maturity (June 1, 2050). Annual payments of outstanding principal and interest are due and payable out of 75% surplus cash, beginning April 1, 2011. Interest expense for the period ended December 31, 2013 was \$76,264. Accrued interest as of December 31, 2013 was \$245,822, of which \$0 is currently due. As of December 31, 2013, the outstanding principal was \$1,906,604.

DHCD issued a commitment to lend and has originated funding in the amount of \$2,307,547, which is secured by a deed of trust note. The loan bears simple interest at a rate of 4% per annum commencing on June 1, 2010, and ends at maturity (June 1, 2050). All payments of principal and interest are deferred and shall remain outstanding in perpetuity, as agreed to in the deed of trust note. Interest expense for the period ended December 31, 2013 was \$92,302. Accrued interest as of December 31, 2013, was \$330,749. As of December 31, 2013, the outstanding principal was \$2,307,547.

Arundel Community Development Services, Inc. (ACDS) issued a commitment to lend and has originated funding in the amount of \$1,000,000, which is secured by a deed of trust note. The loan bears simple interest at a rate of 2% per annum commencing on March 6, 2011, and ends at maturity (March 6, 2051). All outstanding principal and interest are due and payable at maturity. Interest expense for the period ended December 31, 2012 was \$20,000. Accrued interest as of December 31, 2013 was \$53,334. As of December 31, 2013, the outstanding principal was \$1,000,000.

A summary of activity in notes payable and accrued compensated absences for the year ended June 30, 2014, was as follows:

	<u>July 1, 2013</u>	<u>Payments</u>	<u>Additions</u>	<u>June 30, 2014</u>	<u>Amounts Due in One Year</u>
Notes payable	\$ 12,358,956	\$ 309,712	\$ -	\$ 12,049,244	\$ 27,290
Accrued compensated absences	257,203	104,924	134,310	286,589	28,659
Total	<u>\$ 12,616,159</u>	<u>\$ 414,636</u>	<u>\$ 134,310</u>	<u>\$ 12,335,833</u>	<u>\$ 55,949</u>

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS

Notes to Financial Statements

June 30, 2014

4. RETIREMENT PLAN

The Authority participates in the Housing Renewal and Local Agency Retirement Plan, a multiemployer defined contribution plan covering substantially all employees. The Authority contributes 5.5% of participating employees' gross salaries, if the employees contribute 5.0% of their gross salaries. Employees can voluntarily contribute any amount up to the maximum deferrals set by the Internal Revenue Service in addition to this contribution. Employees become fully vested in employer contributions after five years of service. Contributions by the Authority to the plan for the year ended June 30, 2014, were approximately \$90,000.

5. RISK MANAGEMENT

The Authority is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority has obtained insurance coverage from commercial insurance companies for these risks. There were no significant reductions in insurance coverage from the prior year and no amounts of settlements have exceeded insurance coverage in each of the past three years.

6. CONTINGENCY

The Authority has several grants from the U.S. Government. Revenue from such grants is recognized only to the extent that actual expenses incurred comply with grant terms. For government grants, revenue received in excess of expenses is shown as a liability, and expenses incurred in excess of funds collected are reflected as grants receivable.

The Authority received approximately 65% of its total revenue from the U.S. Government for the year ended June 30, 2014. Government grants are subject to final determination of allowability by the government agency.

Until such audits have been completed and final settlement reached, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability will result from such audits.

7. LITIGATION

The Authority is involved in lawsuits arising in the normal course of its operations. Management is of the opinion that no material liability will result from such lawsuits outstanding as of June 30, 2014.

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS

Notes to Financial Statements

June 30, 2014

8. TAX CREDIT PARTNERSHIP

During the year ended June 30, 2009, the Authority entered into a partnership to reconstruct low income and subsidized housing at one of its properties (Obery Court). The partnership will receive tax credits to finance the construction of the new building. The Authority has leased this land to the management company through a below market value ninety-eight year lease. The Authority received an upfront payment of \$225,000 for the lease of which the entire amount was deferred until operations commence on the property. During the year ended June 30, 2010, operations commenced and the Authority recognized approximately \$2,300 of revenue related to the upfront payment. At the end of the tax credit recapture period, the Authority has the right to repurchase the building based on the terms of the partnership agreement. As a result, the Authority has recorded its investment in the partnership at its basis in the partnership and has written down the investment in fixed assets to the value of the land of approximately \$1,850,000. This partnership has been included as a blended component unit in the accompanying financial statements. The members' equity of \$5,121,133, has been included in other liabilities in the accompanying statement of net assets.

During the year ended June 30, 2010, the Authority entered into a partnership to reconstruct low income and subsidized housing at another one of its properties (Annapolis Gardens). The partnership will receive tax credits to finance the construction of the new building. The Authority has leased this land to the management company through a below market value ninety-eight year lease. At the end of the tax credit recapture period, the Authority has the right to repurchase the building based on the terms of the partnership agreement. As a result, the Authority has recorded its investment in the partnership at its basis in the partnership, and has written down the investment in fixed assets to the value of the land of approximately \$1,951,000.

SUPPLEMENTARY INFORMATION



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**REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Commissioners
Housing Authority of the City of Annapolis

We have audited, 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, the financial statements of the Housing Authority of the City of Annapolis (the Authority) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated March 17, 2015. Our report includes a reference to other auditors who audited the financial statements of Annapolis Community Development Partners, LLC and Obery Court Phase I, LLC as described in our report on the Authority's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.



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Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Hunt Valley, Maryland
March 17, 2015

SB & Company, LLC



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**REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON COMPLIANCE FOR
EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Commissioners
Housing Authority of the City of Annapolis

Report on Compliance for Each Major Federal Program

We have audited the Housing Authority of the City of Annapolis' (the Authority's) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of the Authority's major Federal programs for the year ended June 30, 2014. The Authority's major Federal programs are identified in the summary of Independent Public Accountant's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its Federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Authority's major Federal programs based on our audit of the types of compliance requirements referred to above. 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 Authority'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 on compliance for each major Federal program. However, our audit does not provide a legal determination of the Authority's compliance.



Opinion on Each Major Federal Program

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2014.

Report on Internal Control over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major Federal program as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major Federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a Federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a Federal program will not be prevented, or detected and corrected on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a Federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



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The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Hunt Valley, Maryland
March 17, 2015

SB & Company, LLC

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS

Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2014

<u>Federal Grantor/Pass-Through Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
Direct Grants		
U.S. Department of Housing and Urban Development		
Public and Indian Housing Program:		
Locally Owned Housing		
- Operating subsidy	14.850	\$ 3,099,679
- Public housing tenant opportunity	14.853	296,824
Low-Income Assistance Programs		
- Voucher (major program)	14.871	4,576,657
Modernization Grants		
- Capital Fund Program (major program)	14.872	1,396,701
Total Direct Grants		<u>\$ 9,369,861</u>

The accompanying footnotes are an integral part of this schedule.

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS

Notes to Schedule of Expenditures of Federal Awards June 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

All Federal grant operations of the Authority are included in the scope of the Office of Management and Budget (OMB) Circular A-133 audit (the Single Audit). The Single Audit was performed in accordance with the provisions of the OMB Circular A-133, (the Compliance Supplement). Compliance testing of all requirements, as described in the Compliance Supplement, was performed for the major grant programs noted on the Schedule of Expenditures of Federal Awards. These programs represent all Federal award programs with fiscal year 2014 cash or non-cash expenditure activities. We have evaluated the Federal financial assistance programs of the Authority for the year ended June 30, 2014, and have selected those major programs for testing. Our actual coverage was approximately 64%. The major programs tested are listed below.

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
Housing Choice Voucher	14.871	\$ 4,576,657
Public Housing Capital Projects Fund	14.872	1,396,701
		<u>\$ 5,973,358</u>

2. BASIS OF PRESENTATION

The Schedule of Expenditures of Federal Awards has been prepared on the accrual basis of accounting.

3. FINDINGS

There were no current or prior year findings.

4. RECONCILIATION TO THE FINANCIAL STATEMENTS

Revenue per the Statement of Revenue, Expenses, and Change in Net Position	
Grants for operating purposes	\$ 8,669,333
Grants for capital purposes	777,502
Total per Financial Statements	<u>9,446,835</u>
Less: non-Federal grants	76,974
Total expenditures per Schedule of Expenditures of Federal Awards	<u>\$ 9,369,861</u>

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS

**Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2014**

Section I- Summary of Independent Public Accountants' Results

Financial Statements

Type of report of independent public accountants	Unmodified
Internal control over financial reporting:	
Material weakness (es) identified?	No
Significant deficiencies identified?	None Reported
Noncompliance material to the financial statements noted?	No

Federal Awards

Type of Report of Independent Public on compliance for major programs	Unmodified
Internal control over major programs:	
Material weakness (es) identified?	No
Significant deficiencies identified?	None Reported
Any audit findings disclosed that are required to be reported in accordance with section 510(a)	No

Identification of Major Program:

Major Program	Federal CFDA Number	Federal Expenditures
Housing Choice Voucher	14.871	\$ 4,576,657
Public Housing Capital Projects Fund	14.872	1,396,701
		\$ 5,973,358
Threshold for distinguishing between Type A programs.		\$ 300,000
Did the Authority qualify as a low risk auditee?		Yes

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS

**Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2014**

Section II –Financial Statement Findings

None noted.

Section III –Federal Award Findings

None noted.

OTHER SUPPLEMENTAL INFORMATION

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS

Supplemental Schedule of Combining Financial Statements – Blended Component Units - Statement of Net Position As of June 30, 2014

	Primary Government (Housing Authority of the City of Annapolis)	Blended Component Units	Total Primary Government
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 59,101	\$ 226,194	\$ 285,295
Cash and cash equivalents - restricted	125,612	3,169,634	3,295,246
Tenants' security deposit	111,913	31,811	143,724
Investments	73,100	-	73,100
Accounts receivable, net	447,254	16,994	464,248
Inventories, net of allowance of 12,077	68,434	-	68,434
Prepaid expenses and other current assets	76,503	48,724	125,227
Total Current Assets	961,917	3,493,357	4,455,274
Non-Current Assets			
Other Assets	-	720,594	720,594
Land	4,704,603	-	4,704,603
Building and improvements	36,665,150	26,369,860	63,035,010
Furniture and equipment	998,614	604,604	1,603,218
Accumulated depreciation	(22,389,204)	(2,727,283)	(25,116,487)
Total Non-Current Assets, Net	19,979,163	24,967,775	44,946,938
TOTAL ASSETS	20,941,080	28,461,132	49,402,212
LIABILITIES			
Current Liabilities			
Accounts payable	304,649	165,779	470,428
Accrued expenses and other liabilities	114,721	191,410	306,131
Tenants' security deposit	111,913	31,811	143,724
Accrued compensated absences	28,659	-	28,659
Deferred revenue	180,000	-	180,000
Current portion of notes payable	-	27,290	27,290
Miscellaneous liabilities	67,898	138,860	206,758
Total Current Liabilities	807,840	555,150	1,362,990
Non-Current Liabilities			
Notes payable and accrued interest, net of current portion	2,427,468	9,594,486	12,021,954
Accrued compensated absences	257,930	-	257,930
Unearned grant income	-	12,511,693	12,511,693
Other liabilities	252,911	5,761,673	6,014,584
Total Non-Current Liabilities	2,938,309	27,867,852	30,806,161
TOTAL LIABILITIES	3,746,149	28,423,002	32,169,151
NET POSITION			
Net investment in capital assets	17,551,695	14,625,405	32,177,100
Restricted	125,612	3,169,634	3,295,246
Unrestricted	(482,376)	(17,756,908)	(18,239,284)
TOTAL NET POSITION	\$ 17,194,931	\$ 38,131	\$ 17,233,062

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS

**Supplemental Schedule of Combining Financial Statements – Blended Component
Units – Statement of Revenue, Expenses, and Change in Net Position
For the Year ended June 30, 2014**

	Primary Government (Housing Authority of the City of Annapolis)	Blended Component Units	Total Primary Government
Operating Revenue			
Grants for operating purposes	\$ 8,221,250	\$ 448,083	\$ 8,669,333
Tenant rental income	1,804,648	1,316,172	3,120,820
Other income	852,795	771,269	1,624,064
Total Operating Revenue	10,878,693	2,535,524	13,414,217
Operating Expenses			
Administrative	2,307,630	462,861	2,770,491
Housing assistance payments	4,315,408	-	4,315,408
Tenant services	905,708	172,076	1,077,784
Utilities	1,031,743	119,689	1,151,432
Maintenance and operations	1,934,740	364,134	2,298,874
Depreciation and amortization	1,601,222	806,066	2,407,288
Other general expense	447,052	190,750	637,802
Bad debt expense	18,736	26,184	44,920
Total Operating Expenses	12,562,239	2,141,760	14,703,999
Net Operating Loss	(1,683,546)	393,764	(1,289,782)
Non-Operating Revenue			
Investment income	1,730	-	1,730
Interest expense	(159,356)	(463,255)	(622,611)
Grants for capital purposes	777,502	-	777,502
Total Non-Operating Revenue	619,876	(463,255)	156,621
Change in net position	(1,063,670)	(69,491)	(1,133,161)
Net position, beginning of year	18,258,601	107,622	18,366,223
Net Position, End of Year	\$ 17,194,931	\$ 38,131	\$ 17,233,062

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS

Supplemental Schedule of Combining Financial Statements – Blended Component Units - Statement of Cash Flows For the Year ended June 30, 2014

	Primary Government (Housing Authority of the City of Annapolis)	Blended Component Units	Total Primary Government
Cash Flows from Operating Activities			
Tenant revenue receipts	\$ 1,807,981	\$ 1,319,928	\$ 3,127,909
Operating grant revenue receipts	7,899,068	476,192	8,375,260
Other income receipts	638,507	313,997	952,504
Payments to employees	(3,313,405)	(601,387)	(3,914,792)
Payments to tenants	(4,315,408)	-	(4,315,408)
Payments to suppliers	(3,188,164)	(878,863)	(4,067,027)
Net Cash from Operating Activities	(471,421)	629,867	158,446
Cash Flows from Capital and Related Financing Activities			
Grants for capital expenditures receipts	736,867	-	736,867
Purchase of fixed assets	(595,697)	(4,176)	(599,873)
Interest expense payments	(133,643)	(488,968)	(622,611)
Principal draws/repayments (net)	(244,999)	(64,713)	(309,712)
Gain on sale of capital assets	352	-	352
Net Cash from Capital and Related Financing Activities	(237,472)	(557,857)	(795,329)
Cash Flows from Investing Activities			
Sale of investments	185,803	-	185,803
Interest income	1,730	-	1,730
Net Cash from Investing Activities	187,533	-	187,533
Net (decrease) increase in cash and cash equivalents	(521,360)	72,010	(449,350)
Cash and cash equivalents, beginning of year	817,986	3,355,629	4,173,615
Cash and Cash Equivalents, End of Year	\$ 296,626	\$ 3,427,639	\$ 3,724,265

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS

**Supplemental Schedule of Combining Financial Statements – Blended Component
Units - Statement of Cash Flows
For the Year ended June 30, 2014**

	Primary Government (Housing Authority of the City of Annapolis)	Blended Component	Total Primary
Reconciliation of Operating Loss to Cash Flow from Operating Activities			
Net operating loss	\$ (1,683,546)	\$ 393,764	\$ (1,289,782)
Adjustments to reconcile operating loss to net cash from operating activities:			
Depreciation and amortization expense	1,601,222	806,066	2,407,288
Grant income	-	(372,475)	(372,475)
Bad debt expense	18,735	26,185	44,920
Effect of changes in non-cash operating assets and liabilities:			
Accounts receivable	(249,396)	32,552	(216,844)
Inventories	5,728	-	5,728
Prepaid expenses	(24,681)	(6,796)	(31,477)
Other assets	-	28,149	28,149
Accounts payable	(131,790)	34,810	(96,980)
Accrued expenses and other liabilities	32,375	(311,703)	(279,328)
Tenants' security deposits	3,332	3,757	7,089
Accrued compensated absences	29,386	-	29,386
Deferred revenue	(72,786)	(4,443)	(77,229)
Net Cash from Operating Activities	\$ (471,421)	\$ 629,866	\$ 158,445

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS

**Supplemental Schedule of Combining Financial Statements – Bloomsbury Square -
Statement of Net Position
As of June 30, 2014**

	<u>Bloomsbury Square</u>	<u>Others</u>	<u>Total</u>
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 7,914	\$ 277,381	\$ 285,295
Cash and cash equivalents - restricted	-	3,295,246	3,295,246
Tenant security deposits	-	143,724	143,724
Investments	16,609	56,491	73,100
Accounts receivable, net of allowance of \$20,435	18,099	446,149	464,248
Inventories, net of allowance of \$12,077	4,106	64,328	68,434
Inter funds	98,248	(98,248)	-
Prepaid expenses and other current assets	4,591	120,636	125,227
Total Current Assets	<u>149,567</u>	<u>4,305,707</u>	<u>4,455,274</u>
Non-Current Assets			
Other assets	-	720,595	720,595
Land	45,057	4,659,546	4,704,603
Building, improvements, furniture and equipment	8,386,427	56,251,801	64,638,228
Accumulated depreciation	(1,777,902)	(23,338,585)	(25,116,487)
Total Non-Current Assets, Net	<u>6,653,582</u>	<u>38,293,357</u>	<u>44,946,939</u>
TOTAL ASSETS	<u>6,803,149</u>	<u>42,599,064</u>	<u>49,402,213</u>
LIABILITIES			
Current Liabilities			
Accounts payable	25,518	444,910	470,428
Accrued expenses and other liabilities	8,891	297,240	306,131
Tenants' security deposit	7,914	135,810	143,724
Accrued compensated absences	1,085	27,574	28,659
Deferred revenue	-	180,000	180,000
Current portion of notes payable	-	27,290	27,290
Miscellaneous liabilities	1,686	205,071	206,757
Total Current Liabilities	<u>45,094</u>	<u>1,317,895</u>	<u>1,362,989</u>
Non-Current Liabilities			
Notes payable and accrued interest, net of current portion	13,637	12,008,317	12,021,954
Accrued compensated absences	9,762	248,168	257,930
Unearned grant income	-	12,511,693	12,511,693
Other liabilities	-	6,014,584	6,014,584
Total Non-Current Liabilities	<u>23,399</u>	<u>30,782,762</u>	<u>30,806,161</u>
TOTAL LIABILITIES	<u>68,493</u>	<u>32,100,657</u>	<u>32,169,150</u>
NET POSITION			
Investment in capital assets, net of related debt	6,639,945	25,537,155	32,177,100
Restricted	-	3,295,246	3,295,246
Unrestricted	94,711	(18,333,995)	(18,239,284)
TOTAL NET POSITION	<u>\$ 6,734,656</u>	<u>\$ 10,498,406</u>	<u>\$ 17,233,062</u>

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS

**Supplemental Schedule of Combining Financial Statements - Bloomsbury Square -
Statement of Revenue, Expenses and Change in Net Position
For the Year Ended June 30, 2014**

	<u>Bloomsbury Square</u>	<u>Others</u>	<u>Total</u>
Operating Revenue			
Grants for operating purposes	\$ 164,521	\$ 8,504,812	\$ 8,669,333
Tenant rental income	185,772	2,935,048	3,120,820
Other income	35,211	1,588,853	1,624,064
Total Operating Revenue	<u>385,504</u>	<u>13,028,713</u>	<u>13,414,217</u>
Operating Expenses			
Administrative	88,360	2,682,131	2,770,491
Housing assistance payments	-	4,315,408	4,315,408
Tenant services	43,632	1,034,152	1,077,784
Utilities	40,571	1,110,861	1,151,432
Maintenance and operations	150,497	2,148,377	2,298,874
Depreciation and amortization	190,318	2,216,970	2,407,288
Other general	45,662	592,140	637,802
Bad debt expense	815	44,105	44,920
Total Operating Expenses	<u>559,855</u>	<u>14,144,144</u>	<u>14,703,999</u>
Net Operating Loss	<u>(174,351)</u>	<u>(1,115,431)</u>	<u>(1,289,782)</u>
Non-Operating Revenue			
Investment income	6	1,724	1,730
Interest expense	(1,594)	(621,017)	(622,611)
Grants for capital purposes	-	777,502	777,502
Total Non-Operating Revenue	<u>(1,588)</u>	<u>158,209</u>	<u>156,621</u>
Change in net position	(175,939)	(957,222)	(1,133,161)
Net position, beginning of year	6,910,595	11,455,628	18,366,223
Net Position, End of Year	<u>\$ 6,734,656</u>	<u>\$ 10,498,406</u>	<u>\$ 17,233,062</u>

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS

**Supplemental Schedule – HUD Financial Data Schedule
As of and for the Year Ended June 30, 2014**

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS (MD001)

ANNAPOLIS, MD

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2014

	Project Total	14.871 Housing Choice Vouchers	14.853 Public Housing_Tenant Opportunities Program	2 State/Local	COCC
111 Cash - Unrestricted	\$234,764	\$49,981			\$550
112 Cash - Restricted - Modernization and Development	\$3,169,634				
113 Cash - Other Restricted		\$125,612			
114 Cash - Tenant Security Deposits	\$143,724				
115 Cash - Restricted for Payment of Current Liabilities					
100 Total Cash	\$3,548,122	\$175,593	\$0	\$0	\$550
121 Accounts Receivable - PHA Projects	\$1,136,703	\$39,505			\$110,426
122 Accounts Receivable - HUD Other Projects		\$2,093	\$39,342		
124 Accounts Receivable - Other Government				\$23,303	
125 Accounts Receivable - Miscellaneous	\$368,579			\$1,157	\$7,215
126 Accounts Receivable - Tenants	\$42,994	\$0	\$0	\$0	\$0
126.1 Allowance for Doubtful Accounts -Tenants	-\$6,558	\$0	\$0	\$0	\$0
126.2 Allowance for Doubtful Accounts - Other	-\$13,877	\$0	\$0	\$0	\$0
127 Notes, Loans, & Mortgages Receivable - Current	\$0	\$0			
128 Fraud Recovery					
128.1 Allowance for Doubtful Accounts - Fraud					
129 Accrued Interest Receivable					
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$1,527,841	\$41,598	\$39,342	\$24,460	\$117,641
131 Investments - Unrestricted	\$73,100				
132 Investments - Restricted					
135 Investments - Restricted for Payment of Current Liability					
142 Prepaid Expenses and Other Assets	\$125,227				
143 Inventories	\$80,511				

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS (MD001)

ANNAPOLIS, MD

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2014

	Project Total	14.871 Housing Choice Vouchers	14.853 Public Housing_Tenant Opportunities Program	2 State/Local	COCC
143.1 Allowance for Obsolete Inventories	-\$12,077				
144 Inter Program Due From					
145 Assets Held for Sale					
150 Total Current Assets	\$5,342,724	\$217,191	\$39,342	\$24,460	\$118,191
161 Land	\$4,704,603				
162 Buildings	\$62,011,692				\$1,023,318
163 Furniture, Equipment & Machinery - Dwellings	\$829,796				\$16,013
164 Furniture, Equipment & Machinery - Administration	\$4,344				\$753,065
165 Leasehold Improvements					
166 Accumulated Depreciation	-\$23,426,307				-\$1,690,180
167 Construction in Progress					
168 Infrastructure					
160 Total Capital Assets, Net of Accumulated Depreciation	\$44,124,128	\$0	\$0	\$0	\$102,216
171 Notes, Loans and Mortgages Receivable - Non-Current					
172 Notes, Loans, & Mortgages Receivable - Non Current - Past					
173 Grants Receivable - Non Current					
174 Other Assets	\$720,594				
176 Investments in Joint Ventures					
180 Total Non-Current Assets	\$44,844,722	\$0	\$0	\$0	\$102,216
200 Deferred Outflow of Resources					
290 Total Assets and Deferred Outflow of Resources	\$50,187,446	\$217,191	\$39,342	\$24,460	\$220,407

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS (MD001)

ANNAPOLIS, MD

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2014

	Project Total	14.871 Housing Choice Vouchers	14.853 Public Housing_Tenant Opportunities Program	2 State/Local	COCC
311 Bank Overdraft					
312 Accounts Payable <= 90 Days	\$392,476	\$5,416	\$514	\$8,979	\$63,043
313 Accounts Payable >90 Days Past Due					
321 Accrued Wage/Payroll Taxes Payable	\$46,658				\$68,063
322 Accrued Compensated Absences - Current Portion	\$21,446	\$1,082			\$6,131
324 Accrued Contingency Liability					
325 Accrued Interest Payable	\$191,410				
331 Accounts Payable - HUD PHA Programs			\$38,828	\$201,593	
332 Account Payable - PHA Projects	\$1,046,213				
333 Accounts Payable - Other Government					
341 Tenant Security Deposits	\$143,724				
342 Unearned Revenue					\$180,000
343 Current Portion of Long-term Debt - Capital	\$27,290				
344 Current Portion of Long-term Debt - Operating Borrowings	\$0				
345 Other Current Liabilities	\$163,740			\$2,914	
346 Accrued Liabilities - Other	\$14,743	\$25,360			
347 Inter Program - Due To					
348 Loan Liability - Current					
310 Total Current Liabilities	\$2,047,700	\$31,858	\$39,342	\$213,486	\$317,237
351 Long-term Debt, Net of Current - Capital Projects/Mortgage	\$12,021,954				
352 Long-term Debt, Net of Current - Operating Borrowings	\$12,511,693				
353 Non-current Liabilities - Other	\$5,973,035				\$41,549
354 Accrued Compensated Absences - Non Current	\$193,010	\$9,740			\$55,180
355 Loan Liability - Non Current					
356 FASB 5 Liabilities					

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS (MD001)

ANNAPOLIS, MD

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2014

	Project Total	14.871 Housing Choice Vouchers	14.853 Public Housing_Tenant Opportunities Program	2 State/Local	COCC
357 Accrued Pension and OPEB Liabilities					
350 Total Non-Current Liabilities	\$30,699,692	\$9,740	\$0	\$0	\$96,729
300 Total Liabilities	\$32,747,392	\$41,598	\$39,342	\$213,486	\$413,966
400 Deferred Inflow of Resources					
508.3 Nonspendable Fund Balance					
508.4 Net Investment in Capital Assets	\$32,074,884		\$0		\$102,216
509.3 Restricted Fund Balance					
510.3 Committed Fund Balance					
511.3 Assigned Fund Balance					
511.4 Restricted Net Position	\$3,169,634	\$125,612	\$0		
512.3 Unassigned Fund Balance					
512.4 Unrestricted Net Position	-\$17,804,464	\$49,981	\$0	-\$189,026	-\$295,775
513 Total Equity - Net Assets / Position	\$17,440,054	\$175,593	\$0	-\$189,026	-\$193,559
600 Total Liabilities, Deferred Inflows of Resources and Equity -	\$50,187,446	\$217,191	\$39,342	\$24,460	\$220,407

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS (MD001)

ANNAPOLIS, MD

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2014

	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$285,295		\$285,295
112 Cash - Restricted - Modernization and Development	\$3,169,634		\$3,169,634
113 Cash - Other Restricted	\$125,612		\$125,612
114 Cash - Tenant Security Deposits	\$143,724		\$143,724
115 Cash - Restricted for Payment of Current Liabilities			
100 Total Cash	\$3,724,265	\$0	\$3,724,265
121 Accounts Receivable - PHA Projects	\$1,286,634	-\$1,286,634	\$0
122 Accounts Receivable - HUD Other Projects	\$41,435		\$41,435
124 Accounts Receivable - Other Government	\$23,303		\$23,303
125 Accounts Receivable - Miscellaneous	\$376,951		\$376,951
126 Accounts Receivable - Tenants	\$42,994	\$0	\$42,994
126.1 Allowance for Doubtful Accounts -Tenants	-\$6,558	\$0	-\$6,558
126.2 Allowance for Doubtful Accounts - Other	-\$13,877	\$0	-\$13,877
127 Notes, Loans, & Mortgages Receivable - Current	\$0	\$0	\$0
128 Fraud Recovery			
128.1 Allowance for Doubtful Accounts - Fraud			
129 Accrued Interest Receivable			
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$1,750,882	-\$1,286,634	\$464,248
131 Investments - Unrestricted	\$73,100		\$73,100
132 Investments - Restricted			
135 Investments - Restricted for Payment of Current Liability			
142 Prepaid Expenses and Other Assets	\$125,227		\$125,227
143 Inventories	\$80,511		\$80,511
143.1 Allowance for Obsolete Inventories	-\$12,077		-\$12,077

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS (MD001)

ANNAPOLIS, MD

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2014

	Subtotal	ELIM	Total
144 Inter Program Due From			
145 Assets Held for Sale			
150 Total Current Assets	\$5,741,908	-\$1,286,634	\$4,455,274
161 Land	\$4,704,603		\$4,704,603
162 Buildings	\$63,035,010		\$63,035,010
163 Furniture, Equipment & Machinery - Dwellings	\$845,809		\$845,809
164 Furniture, Equipment & Machinery - Administration	\$757,409		\$757,409
165 Leasehold Improvements			
166 Accumulated Depreciation	-\$25,116,487		-\$25,116,487
167 Construction in Progress			
168 Infrastructure			
160 Total Capital Assets, Net of Accumulated Depreciation	\$44,226,344	\$0	\$44,226,344
171 Notes, Loans and Mortgages Receivable - Non-Current			
172 Notes, Loans, & Mortgages Receivable - Non Current - Past			
173 Grants Receivable - Non Current			
174 Other Assets	\$720,594		\$720,594
176 Investments in Joint Ventures			
180 Total Non-Current Assets	\$44,946,938	\$0	\$44,946,938
200 Deferred Outflow of Resources			
290 Total Assets and Deferred Outflow of Resources	\$50,688,846	-\$1,286,634	\$49,402,212
311 Bank Overdraft			

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS (MD001)

ANNAPOLIS, MD

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2014

	Subtotal	ELIM	Total
312 Accounts Payable <= 90 Days	\$470,428		\$470,428
313 Accounts Payable >90 Days Past Due			
321 Accrued Wage/Payroll Taxes Payable	\$114,721		\$114,721
322 Accrued Compensated Absences - Current Portion	\$28,659		\$28,659
324 Accrued Contingency Liability			
325 Accrued Interest Payable	\$191,410		\$191,410
331 Accounts Payable - HUD PHA Programs	\$240,421	-\$240,421	\$0
332 Account Payable - PHA Projects	\$1,046,213	-\$1,046,213	\$0
333 Accounts Payable - Other Government			
341 Tenant Security Deposits	\$143,724		\$143,724
342 Unearned Revenue	\$180,000		\$180,000
343 Current Portion of Long-term Debt - Capital	\$27,290		\$27,290
344 Current Portion of Long-term Debt - Operating Borrowings	\$0		\$0
345 Other Current Liabilities	\$166,654		\$166,654
346 Accrued Liabilities - Other	\$40,103		\$40,103
347 Inter Program - Due To			
348 Loan Liability - Current			
310 Total Current Liabilities	\$2,649,623	-\$1,286,634	\$1,362,989
351 Long-term Debt, Net of Current - Capital Projects/Mortgage	\$12,021,954		\$12,021,954
352 Long-term Debt, Net of Current - Operating Borrowings	\$12,511,693		\$12,511,693
353 Non-current Liabilities - Other	\$6,014,584		\$6,014,584
354 Accrued Compensated Absences - Non Current	\$257,930		\$257,930
355 Loan Liability - Non Current			
356 FASB 5 Liabilities			
357 Accrued Pension and OPEB Liabilities			

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS (MD001)

ANNAPOLIS, MD

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2014

	Subtotal	ELIM	Total
350 Total Non-Current Liabilities	\$30,806,161	\$0	\$30,806,161
300 Total Liabilities	\$33,455,784	-\$1,286,634	\$32,169,150
400 Deferred Inflow of Resources			
508.3 Nonspendable Fund Balance			
508.4 Net Investment in Capital Assets	\$32,177,100	\$0	\$32,177,100
509.3 Restricted Fund Balance			
510.3 Committed Fund Balance			
511.3 Assigned Fund Balance			
511.4 Restricted Net Position	\$3,295,246	\$0	\$3,295,246
512.3 Unassigned Fund Balance			
512.4 Unrestricted Net Position	-\$18,239,284	\$0	-\$18,239,284
513 Total Equity - Net Assets / Position	\$17,233,062	\$0	\$17,233,062
600 Total Liabilities, Deferred Inflows of Resources and Equity -	\$50,688,846	-\$1,286,634	\$49,402,212

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS (MD001)

ANNAPOLIS, MD

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2014

	Project Total	14.871 Housing Choice Vouchers	14.853 Public Housing_Tenant Opportunities Program	2 State/Local	COCC
70300 Net Tenant Rental Revenue	\$3,068,657				
70400 Tenant Revenue - Other	\$52,163				
70500 Total Tenant Revenue	\$3,120,820	\$0	\$0	\$0	\$0
70600 HUD PHA Operating Grants	\$3,718,878	\$4,576,657	\$296,824		
70610 Capital Grants	\$777,502				
70710 Management Fee					\$512,874
70720 Asset Management Fee					\$94,800
70730 Book Keeping Fee					\$66,240
70740 Front Line Service Fee					
70750 Other Fees					
70700 Total Fee Revenue					\$673,914
70800 Other Government Grants				\$76,974	
71100 Investment Income - Unrestricted	\$1,730				
71200 Mortgage Interest Income					
71300 Proceeds from Disposition of Assets Held for Sale					
71310 Cost of Sale of Assets					
71400 Fraud Recovery		\$1,200			
71500 Other Revenue	\$1,305,307	\$87,050		\$70,534	\$154,721
71600 Gain or Loss on Sale of Capital Assets					\$352
72000 Investment Income - Restricted					
70000 Total Revenue	\$8,924,237	\$4,664,907	\$296,824	\$147,508	\$828,987
91100 Administrative Salaries	\$899,380	\$148,438	\$27,522	\$42,013	\$403,020

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS (MD001)

ANNAPOLIS, MD

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2014

	Project Total	14.871 Housing Choice Vouchers	14.853 Public Housing_Tenant Opportunities Program	2 State/Local	COCC
91200 Auditing Fees	\$16,927	\$5,000			\$20,262
91300 Management Fee	\$512,874				
91310 Book-keeping Fee	\$66,240				
91400 Advertising and Marketing	\$12,624				
91500 Employee Benefit contributions - Administrative	\$397,476	\$34,344	\$53,419	\$12,058	\$122,164
91600 Office Expenses	\$375,485	\$18,037	\$10,772	\$3,860	\$134,777
91700 Legal Expense	\$30,350				
91800 Travel	\$2,564				
91810 Allocated Overhead					
91900 Other					
91000 Total Operating - Administrative	\$2,313,920	\$205,819	\$91,713	\$57,931	\$680,223
92000 Asset Management Fee	\$94,800				
92100 Tenant Services - Salaries	\$531,205		\$205,111	\$55,132	
92200 Relocation Costs					
92300 Employee Benefit Contributions - Tenant Services	\$68,748				
92400 Tenant Services - Other	\$98,955			\$72,370	\$46,262
92500 Total Tenant Services	\$698,908	\$0	\$205,111	\$127,502	\$46,262
93100 Water	\$520,518				\$6,509
93200 Electricity	\$371,834				\$33,633
93300 Gas	\$211,564				\$7,374
93400 Fuel					
93500 Labor					
93600 Sewer					
93700 Employee Benefit Contributions - Utilities					

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS (MD001)

ANNAPOLIS, MD

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2014

	Project Total	14.871 Housing Choice Vouchers	14.853 Public Housing_Tenant Opportunities Program	2 State/Local	COCC
93800 Other Utilities Expense					
93000 Total Utilities	\$1,103,916	\$0	\$0	\$0	\$47,516
94100 Ordinary Maintenance and Operations - Labor	\$838,016				\$8,416
94200 Ordinary Maintenance and Operations - Materials and	\$723,048				\$24,022
94300 Ordinary Maintenance and Operations Contracts	\$536,353				\$32,559
94500 Employee Benefit Contributions - Ordinary Maintenance	\$60,144	\$37,568			
94000 Total Maintenance	\$2,157,561	\$37,568	\$0	\$0	\$64,997
95100 Protective Services - Labor	\$36,400				
95200 Protective Services - Other Contract Costs					
95300 Protective Services - Other					
95500 Employee Benefit Contributions - Protective Services	\$2,348				
95000 Total Protective Services	\$38,748	\$0	\$0	\$0	\$0
96110 Property Insurance	\$218,799				\$2,500
96120 Liability Insurance	\$43,761				\$3,850
96130 Workmen's Compensation	\$112,561				\$33,000
96140 All Other Insurance	\$50,217				\$16,000
96100 Total insurance Premiums	\$425,338	\$0	\$0	\$0	\$55,350
96200 Other General Expenses	\$92,919				\$3,787
96210 Compensated Absences	\$34,129	\$0			\$26,279
96300 Payments in Lieu of Taxes					
96400 Bad debt - Tenant Rents	\$44,920				
96500 Bad debt - Mortgages					

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS (MD001)

ANNAPOLIS, MD

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2014

	Project Total	14.871 Housing Choice Vouchers	14.853 Public Housing_Tenant Opportunities Program	2 State/Local	COCC
96600 Bad debt - Other					
96800 Severance Expense					
96000 Total Other General Expenses	\$171,968	\$0	\$0	\$0	\$30,066
96710 Interest of Mortgage (or Bonds) Payable	\$622,611				
96720 Interest on Notes Payable (Short and Long Term)	\$0				
96730 Amortization of Bond Issue Costs					
96700 Total Interest Expense and Amortization Cost	\$622,611	\$0	\$0	\$0	\$0
96900 Total Operating Expenses	\$7,627,770	\$243,387	\$296,824	\$185,433	\$924,414
97000 Excess of Operating Revenue over Operating Expenses	\$1,296,467	\$4,421,520	\$0	-\$37,925	-\$95,427
97100 Extraordinary Maintenance					
97200 Casualty Losses - Non-capitalized					
97300 Housing Assistance Payments		\$4,231,240			
97350 HAP Portability-In		\$84,168			
97400 Depreciation Expense	\$2,253,888	\$0			\$153,400
97500 Fraud Losses		\$0			
97600 Capital Outlays - Governmental Funds					
97700 Debt Principal Payment - Governmental Funds					
97800 Dwelling Units Rent Expense		\$0			
90000 Total Expenses	\$9,881,658	\$4,558,795	\$296,824	\$185,433	\$1,077,814
10010 Operating Transfer In	\$0				
10020 Operating transfer Out	\$0				

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS (MD001)

ANNAPOLIS, MD

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2014

	Project Total	14.871 Housing Choice Vouchers	14.853 Public Housing_Tenant Opportunities Program	2 State/Local	COCC
10030 Operating Transfers from/to Primary Government					
10040 Operating Transfers from/to Component Unit					
10050 Proceeds from Notes, Loans and Bonds					
10060 Proceeds from Property Sales					
10070 Extraordinary Items, Net Gain/Loss					
10080 Special Items (Net Gain/Loss)					
10091 Inter Project Excess Cash Transfer In					
10092 Inter Project Excess Cash Transfer Out					
10093 Transfers between Program and Project - In					
10094 Transfers between Project and Program - Out					
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total	-\$957,421	\$106,112	\$0	-\$37,925	-\$248,827
11020 Required Annual Debt Principal Payments	\$245,000	\$0	\$0	\$0	\$0
11030 Beginning Equity	\$18,392,942	\$69,481	\$0	-\$151,101	\$54,901
11040 Prior Period Adjustments, Equity Transfers and Correction	\$4,533				\$367
11050 Changes in Compensated Absence Balance					
11060 Changes in Contingent Liability Balance					
11070 Changes in Unrecognized Pension Transition Liability					
11080 Changes in Special Term/Severance Benefits Liability					
11090 Changes in Allowance for Doubtful Accounts - Dwelling					
11100 Changes in Allowance for Doubtful Accounts - Other					
11170 Administrative Fee Equity		\$49,981			
11180 Housing Assistance Payments Equity		\$125,612			
11190 Unit Months Available	10736	4608			0

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS (MD001)

ANNAPOLIS, MD

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2014

	Project Total	14.871 Housing Choice Vouchers	14.853 Public Housing_Tenant Opportunities Program	2 State/Local	COCC
11210 Number of Unit Months Leased	10215	4082			0
11270 Excess Cash	-\$652,315				
11610 Land Purchases	\$0				\$0
11620 Building Purchases	\$532,502				\$0
11630 Furniture & Equipment - Dwelling Purchases	\$0				\$0
11640 Furniture & Equipment - Administrative Purchases	\$0				\$0
11650 Leasehold Improvements Purchases	\$0				\$0
11660 Infrastructure Purchases	\$0				\$0
13510 CFFP Debt Service Payments	\$245,000				\$0
13901 Replacement Housing Factor Funds	\$0				\$0

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS (MD001)

ANNAPOLIS, MD

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2014

	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$3,068,657		\$3,068,657
70400 Tenant Revenue - Other	\$52,163		\$52,163
70500 Total Tenant Revenue	\$3,120,820	\$0	\$3,120,820
70600 HUD PHA Operating Grants	\$8,592,359		\$8,592,359
70610 Capital Grants	\$777,502		\$777,502
70710 Management Fee	\$512,874	-\$512,874	\$0
70720 Asset Management Fee	\$94,800	-\$94,800	\$0
70730 Book Keeping Fee	\$66,240	-\$66,240	\$0
70740 Front Line Service Fee			
70750 Other Fees			
70700 Total Fee Revenue	\$673,914	-\$673,914	\$0
70800 Other Government Grants	\$76,974		\$76,974
71100 Investment Income - Unrestricted	\$1,730		\$1,730
71200 Mortgage Interest Income			
71300 Proceeds from Disposition of Assets Held for Sale			
71310 Cost of Sale of Assets			
71400 Fraud Recovery	\$1,200		\$1,200
71500 Other Revenue	\$1,617,612		\$1,617,612
71600 Gain or Loss on Sale of Capital Assets	\$352		\$352
72000 Investment Income - Restricted			
70000 Total Revenue	\$14,862,463	-\$673,914	\$14,188,549
91100 Administrative Salaries	\$1,520,373		\$1,520,373
91200 Auditing Fees	\$42,189		\$42,189

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS (MD001)

ANNAPOLIS, MD

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2014

	Subtotal	ELIM	Total
91300 Management Fee	\$512,874	-\$512,874	\$0
91310 Book-keeping Fee	\$66,240	-\$66,240	\$0
91400 Advertising and Marketing	\$12,624		\$12,624
91500 Employee Benefit contributions - Administrative	\$619,461		\$619,461
91600 Office Expenses	\$542,931		\$542,931
91700 Legal Expense	\$30,350		\$30,350
91800 Travel	\$2,564		\$2,564
91810 Allocated Overhead			
91900 Other			
91000 Total Operating - Administrative	\$3,349,606	-\$579,114	\$2,770,492
92000 Asset Management Fee	\$94,800	-\$94,800	\$0
92100 Tenant Services - Salaries	\$791,448		\$791,448
92200 Relocation Costs			
92300 Employee Benefit Contributions - Tenant Services	\$68,748		\$68,748
92400 Tenant Services - Other	\$217,587		\$217,587
92500 Total Tenant Services	\$1,077,783	\$0	\$1,077,783
93100 Water	\$527,027		\$527,027
93200 Electricity	\$405,467		\$405,467
93300 Gas	\$218,938		\$218,938
93400 Fuel			
93500 Labor			
93600 Sewer			
93700 Employee Benefit Contributions - Utilities			
93800 Other Utilities Expense			

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS (MD001)

ANNAPOLIS, MD

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2014

	Subtotal	ELIM	Total
93000 Total Utilities	\$1,151,432	\$0	\$1,151,432
94100 Ordinary Maintenance and Operations - Labor	\$846,432		\$846,432
94200 Ordinary Maintenance and Operations - Materials and	\$747,070		\$747,070
94300 Ordinary Maintenance and Operations Contracts	\$568,912		\$568,912
94500 Employee Benefit Contributions - Ordinary Maintenance	\$97,712		\$97,712
94000 Total Maintenance	\$2,260,126	\$0	\$2,260,126
95100 Protective Services - Labor	\$36,400		\$36,400
95200 Protective Services - Other Contract Costs			
95300 Protective Services - Other			
95500 Employee Benefit Contributions - Protective Services	\$2,348		\$2,348
95000 Total Protective Services	\$38,748	\$0	\$38,748
96110 Property Insurance	\$221,299		\$221,299
96120 Liability Insurance	\$47,611		\$47,611
96130 Workmen's Compensation	\$145,561		\$145,561
96140 All Other Insurance	\$66,217		\$66,217
96100 Total insurance Premiums	\$480,688	\$0	\$480,688
96200 Other General Expenses	\$96,706		\$96,706
96210 Compensated Absences	\$60,408		\$60,408
96300 Payments in Lieu of Taxes			
96400 Bad debt - Tenant Rents	\$44,920		\$44,920
96500 Bad debt - Mortgages			
96600 Bad debt - Other			

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS (MD001)

ANNAPOLIS, MD

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2014

	Subtotal	ELIM	Total
96800 Severance Expense			
96000 Total Other General Expenses	\$202,034	\$0	\$202,034
96710 Interest of Mortgage (or Bonds) Payable	\$622,611		\$622,611
96720 Interest on Notes Payable (Short and Long Term)	\$0		\$0
96730 Amortization of Bond Issue Costs			
96700 Total Interest Expense and Amortization Cost	\$622,611	\$0	\$622,611
96900 Total Operating Expenses	\$9,277,828	-\$673,914	\$8,603,914
97000 Excess of Operating Revenue over Operating Expenses	\$5,584,635	\$0	\$5,584,635
97100 Extraordinary Maintenance			
97200 Casualty Losses - Non-capitalized			
97300 Housing Assistance Payments	\$4,231,240		\$4,231,240
97350 HAP Portability-In	\$84,168		\$84,168
97400 Depreciation Expense	\$2,407,288		\$2,407,288
97500 Fraud Losses	\$0		\$0
97600 Capital Outlays - Governmental Funds			
97700 Debt Principal Payment - Governmental Funds			
97800 Dwelling Units Rent Expense	\$0		\$0
90000 Total Expenses	\$16,000,524	-\$673,914	\$15,326,610
10010 Operating Transfer In	\$0		\$0
10020 Operating transfer Out	\$0		\$0
10030 Operating Transfers from/to Primary Government			

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS (MD001)

ANNAPOLIS, MD

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2014

	Subtotal	ELIM	Total
10040 Operating Transfers from/to Component Unit			
10050 Proceeds from Notes, Loans and Bonds			
10060 Proceeds from Property Sales			
10070 Extraordinary Items, Net Gain/Loss			
10080 Special Items (Net Gain/Loss)			
10091 Inter Project Excess Cash Transfer In			
10092 Inter Project Excess Cash Transfer Out			
10093 Transfers between Program and Project - In			
10094 Transfers between Project and Program - Out			
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total	-\$1,138,061	\$0	-\$1,138,061
11020 Required Annual Debt Principal Payments	\$245,000		\$245,000
11030 Beginning Equity	\$18,366,223		\$18,366,223
11040 Prior Period Adjustments, Equity Transfers and Correction	\$4,900		\$4,900
11050 Changes in Compensated Absence Balance			
11060 Changes in Contingent Liability Balance			
11070 Changes in Unrecognized Pension Transition Liability			
11080 Changes in Special Term/Severance Benefits Liability			
11090 Changes in Allowance for Doubtful Accounts - Dwelling			
11100 Changes in Allowance for Doubtful Accounts - Other			
11170 Administrative Fee Equity	\$49,981		\$49,981
11180 Housing Assistance Payments Equity	\$125,612		\$125,612
11190 Unit Months Available	15344		15344
11210 Number of Unit Months Leased	14297		14297

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS (MD001)

ANNAPOLIS, MD

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2014

	Subtotal	ELIM	Total
11270 Excess Cash	-\$652,315		-\$652,315
11610 Land Purchases	\$0		\$0
11620 Building Purchases	\$532,502		\$532,502
11630 Furniture & Equipment - Dwelling Purchases	\$0		\$0
11640 Furniture & Equipment - Administrative Purchases	\$0		\$0
11650 Leasehold Improvements Purchases	\$0		\$0
11660 Infrastructure Purchases	\$0		\$0
13510 CFFP Debt Service Payments	\$245,000		\$245,000
13901 Replacement Housing Factor Funds	\$0		\$0