

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, 2012



JUNE 30, 2012

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

Board of Commissioners
Housing Authority of the City of Annapolis

We have audited the accompanying statement of net assets of the Housing Authority of the City of Annapolis (the Authority) as of June 30, 2012, and the related statements of revenue, expenses and change in net assets, and the statement of cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. 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 54 percent, 2 percent, and 5 percent, of the total assets, net assets, and operating revenue of the Authority, respectively. 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 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of the other auditors provide a reasonable basis for our 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 financial position of the Authority as of June 30, 2012, and the related change in its operations and its cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 1, 2013 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* and should be considered in assessing the results of our audit.



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 and the other auditors 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.

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, 2012, 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 purpose 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and we performed 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, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Hunt Valley, Maryland
March 1, 2013

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS

Management's Discussion and Analysis June 30, 2012

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, 2012, with the fiscal year 2011 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 the discussion and analysis. There are three basic financial statements presented: the Statements of Net Assets; the Statements of Revenue, Expenses, and Change in Net Assets; and the Statements of Cash Flows.

Financial Highlights

Statements of Net Assets

The Statements of Net Assets presents the assets, liabilities, and net assets of the Authority as of the end of the fiscal year. This statement reflects a "point-of-time" financial picture. The purpose of the Statements of Net Assets is to present to the readers a fiscal "snapshot" of the Authority. The Statements of Net Assets 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 assets. When the reverse occurs, the result is a decrease in net assets. 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, invested in capital assets, provides the Authority's equity in capital assets owned by the Authority. The other category is unrestricted net assets, which are available to the Authority for any lawful purpose of the Authority.

	As of June 30,	
	2012	2011
Assets		
Current assets	\$ 5,876,744	\$ 5,845,515
Non-current assets, net	48,287,471	49,856,439
Total Assets	54,164,215	55,701,954
Liabilities		
Current liabilities	1,348,200	4,534,976
Non-current liabilities	32,696,799	29,442,635
Total Liabilities	34,044,999	33,977,611
Net Assets		
Invested in capital assets, net of related debt	21,118,793	19,235,165
Restricted	3,538,681	1,479,172
Unrestricted	(4,538,258)	1,010,006
Total Net Assets	\$ 20,119,216	\$ 21,724,343

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS

Management's Discussion and Analysis (continued) June 30, 2012

Financial Highlights (continued)

Statements of Net Assets (continued)

A review of the Statements of Net Assets reveals that the total assets and net assets of the Authority decreased by approximately \$1,537,739 and \$1,605,127, respectively, as a result of depreciation on buildings.

Statements of Revenue, Expenses and Change in Net Assets

Total net assets as presented on the Statements of Net Assets are based on activity presented in the Statements of Revenue, Expenses, and Change in Net Assets. 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, 2012, relates to investment earnings, interest costs and grants for capital purposes.

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS

Management's Discussion and Analysis (continued) June 30, 2012

Financial Highlights (continued)

Statements of Revenue, Expenses, and Change in Net Assets (continued)

	For the Years Ended June 30,	
	2012	2011
Operating Revenue		
Operating grant	\$ 8,431,530	\$ 9,468,430
Tenant rental	2,785,328	2,355,489
Other	710,490	602,318
Total Operating Revenue	11,927,348	12,426,237
Operating Expenses		
Administrative	3,372,789	3,639,497
Housing assistance payments	4,011,685	2,590,498
Tenant services	626,758	708,585
Utilities	1,048,027	1,019,362
Maintenance and operations/other general expense	3,236,326	3,078,922
Depreciation	2,251,033	1,649,931
Bad debt expense	29,591	61,440
Total Operating Expenses	14,576,209	12,748,235
Net Operating Loss	(2,648,861)	(321,998)
Non-Operating Income		
Investment income	2,939	4,489
Gain on sale of assets	-	2,974
Interest expense	(533,942)	(293,536)
Capital grants	1,037,900	1,320,720
Other income	536,837	846,378
Total Non-Operating Income	1,043,734	1,881,025
Change in net assets	(1,605,127)	1,559,027
Net assets, beginning of year	21,724,343	20,165,316
Net Assets, End of Year	\$ 20,119,216	\$ 21,724,343

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS

Management's Discussion and Analysis (continued) June 30, 2012

Financial Highlights (continued)

Total revenue decreased by \$498,889, which is due primarily to a decrease in operating grant revenue and offset by increases in tenant revenue as a result of full occupancy of the buildings. Expenses increased by \$1,827,974, due to an increase in housing assistance payments.

Statements 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 Statements 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,	
	2012	2011
Cash flows from:		
Operating activities	\$ (1,306,848)	\$ 1,293,816
Capital and related financing activities	1,645,774	2,706,347
Non-capital related financing activities	(14,231)	(415,653)
Investing activities	(2,173)	(46,215)
Net Increase in Cash and Cash Equivalents	322,522	3,538,295
Cash and cash equivalents, beginning of year	4,885,003	1,346,708
Cash and Cash Equivalents, End of Year	\$ 5,207,525	\$ 4,885,003

Cash from operating activities was decreased by approximately \$2.6 million, primarily because of increased expenditures. Cash from capital and non-capital related financing activities was decreased by approximately \$659,000 million primarily due to the one time nature of contributions from members that occurred in the prior year.

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS

Management's Discussion and Analysis (continued) June 30, 2012

Financial Highlights (continued)

Capital Assets and Debt

Details of these capital assets as of June 30, 2012 and 2011, are indicated below:

	As of June 30,	
	2012	2011
Capital Assets		
Land	\$ 4,929,603	\$ 4,929,603
Building and improvements	61,960,496	61,325,924
Furniture and equipment	1,417,850	1,433,742
Total Capital Assets	68,307,949	67,689,269
Less: accumulated depreciation	20,564,329	18,386,405
Capital Assets, Net	\$ 47,743,620	\$ 49,302,864

During the year ended June 30, 2012, capital assets, net decreased by approximately \$1.5 million primarily as a result of depreciation.

Notes payable increased by approximately \$4.1 million based on final draws to complete the buildings which were previously held in accounts payable and accrued expenditures.

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 Assets For the Year Ended June 30, 2012

ASSETS	
Current Assets	
Cash and cash equivalents	\$ 1,533,215
Cash and cash equivalents - restricted	3,538,681
Cash tenant security deposit	135,629
Investments	255,678
Accounts receivable, net of allowance of \$21,302	220,523
Inventories, net of allowance of \$8,696	78,270
Prepaid expenses and other current assets	114,748
Total Current Assets	<u>5,876,744</u>
Non-Current Assets	
Land	4,929,603
Building and improvements	61,985,099
Furniture and equipment	1,442,401
Accumulated depreciation	(20,613,490)
Capital assets, net	<u>47,743,613</u>
Intangible assets, net of accumulated amortization of \$48,172	381,712
Deferred financing costs, net of accumulated amortization of \$4,592	118,641
Deferred tax credit fees, net of accumulated amortization of \$4,538	43,505
Total Non-Current Assets, Net	<u>48,287,471</u>
TOTAL ASSETS	<u>\$ 54,164,215</u>
LIABILITIES	
Current Liabilities	
Accounts payable	\$ 438,582
Accrued expenses and other liabilities	266,384
Tenants' security deposit	135,629
Accrued compensated absences	28,271
Deferred revenue	362,051
Miscellaneous liabilities	117,283
Total Current Liabilities	<u>1,348,200</u>
Non-Current Liabilities	
Notes payable, net of current portion	12,692,185
Accrued compensated absences	254,435
Unearned grant income	13,225,847
Other liabilities	6,524,332
Total Non-Current Liabilities	<u>32,696,799</u>
TOTAL LIABILITIES	<u>34,044,999</u>
NET ASSETS	
Investment in capital assets, net of related debt	21,118,793
Restricted	3,538,681
Unrestricted	(4,538,258)
TOTAL NET ASSETS	<u>\$ 20,119,216</u>

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 Assets For the Year Ended June 30, 2012

Operating Revenue

Grants for operating purposes	\$ 8,431,530
Tenant rental income	2,785,328
Other income	710,490
Total Operating Revenue	<u>11,927,348</u>

Operating Expenses

Administrative	3,372,789
Housing assistance payments	4,011,685
Tenant services	626,758
Utilities	1,048,027
Maintenance and operations	2,718,978
Depreciation and amortization	2,251,033
Other general expense	517,348
Bad debt expense	29,591
Total Operating Expenses	<u>14,576,209</u>
Net Operating Loss	<u>(2,648,861)</u>

Non-Operating Revenue (Expense)

Investment income	2,939
Interest expense	(533,942)
Other income	536,837
Total Non-Operating Revenue (Expense)	<u>5,834</u>
Grants for Capital Purposes	<u>1,037,900</u>
Change in net assets	(1,605,127)
Net assets, beginning of year	21,724,343
Net Assets, End of Year	<u>\$ 20,119,216</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, 2012

Cash Flows from Operating Activities	
Tenant revenue receipts	\$ 2,804,936
Operating grant revenue receipts	9,038,279
Other income receipts	710,490
Payments to employees	(3,400,919)
Payments to tenants	(4,638,443)
Payments to suppliers	(5,821,191)
Net Cash from Operating Activities	(1,306,848)
Cash Flows from Capital and Related Financing Activities	
Grants for capital expenditures receipts	1,490,324
Proceeds from notes payable	2,462,200
Purchase of fixed assets	(725,597)
Interest expense payments	(533,942)
Principal repayments	(235,000)
Proceeds from exchange funds	599,693
Distributions to members	(2,148,608)
Contributions from members	736,704
Net Cash from Capital and Related Financing Activities	1,645,774
Non-Capital Related Financing Activities	
Purchase of intangible assets	(14,231)
Cash Flows from Investing Activities	
Purchase of investments	(2,556)
Interest income	383
Net Cash from Investing Activities	(2,173)
Net increase in cash and cash equivalents	322,522
Cash and cash equivalents, beginning of year	4,885,003
Cash and Cash Equivalents, End of Year	\$ 5,207,525

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, 2012

Reconciliation of Operating Loss to Cash Flow from Operating Activities	
Net operating loss	\$ (2,648,861)
Adjustments to reconcile operating loss to net cash from operating activities:	
Depreciation and amortization expense	2,251,033
Bad debt expense	29,591
Effect of changes in non-cash operating assets and liabilities:	
Accounts receivable	308,720
Inventories	1,355
Prepaid expenses	(16,226)
Accounts payable, excluding capital expenditures	(1,640,362)
Accrued expenses and other liabilities	68,923
Tenants' security deposits	19,608
Accrued compensated absences	21,342
Deferred revenue	298,029
Net Cash from Operating Activities	\$ (1,306,848)

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

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS

Notes to the Financial Statements

June 30, 2012

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. In accordance with GASB 14, *The Financial Reporting Entity*, 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, 2011. 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. There were no significant operations before 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. The Authority has elected not to apply all Financial Accounting Standards Board (FASB) Accounting Standards Codifications (ASC) issued after November 30, 1989, unless they are required by GASB.

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS

Notes to the Financial Statements

June 30, 2012

1. SUMMARY OF ACCOUNTING POLICIES (continued)

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.

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, 2012, \$2,992,994 was restricted for building and other related reserve restrictions from the Company (of which \$1,256,843 was restricted related to Obery Court Phase I, LLC) and \$545,687, was restricted for HACA based on HUD regulations.

Investments

As of June 30, 2012, the Authority has certificate of deposit investments with both carrying value and market value at \$255,678, with various institutions that are covered by FDIC deposit insurance and other collateral. These investments are to mature in 2012 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.

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS

Notes to the Financial Statements

June 30, 2012

1. SUMMARY OF ACCOUNTING POLICIES (continued)

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.

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.

Intangible Assets

Intangible assets consist of loan origination fees amortized from 1.5 to 40 years on a straight-line basis. As of December 31, 2011, and 2010, accumulated amortization on the loan fees were \$48,172 and \$30,508, respectively. Amortization expense and amortization capitalized to fixed assets for the year ended December 31, 2011 and the period beginning November 26, 2008 (inception) and ended December 31, 2010 was \$17,664 and \$0, respectively.

Deferred Costs

Deferred financing costs consist of mortgage costs amortized on a straight-line basis over a 40 year period.

Deferred tax credit fees consist of fees amortized on a straight-line basis over a 15 year period.

Accrued Compensated Absences

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

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS

Notes to the Financial Statements

June 30, 2012

1. SUMMARY OF ACCOUNTING POLICIES (continued)

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, 2012, the amount paid for sanitation services was approximately \$180,000. This exceeded 10% of the net shelter rent, therefore no PILOT is 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.

2. CAPITAL ASSETS

A summary of activity in capital assets for the year ended June 30, 2012, was as follows:

	<u>July 01, 2011</u>	<u>Additions</u>	<u>Transfers and Deletions</u>	<u>June 30, 2012</u>
Land	\$ 4,929,603	\$ -	\$ -	\$ 4,929,603
Building and improvements	61,325,924	692,330	(33,155)	61,985,099
Furniture and equipment	1,433,742	33,267	(24,608)	1,442,401
Total Capital Assets	<u>67,689,269</u>	<u>725,597</u>	<u>(57,763)</u>	<u>68,357,103</u>
Less: Accumulated depreciation	18,386,405	2,227,085	-	20,613,490
Capital Assets, Net	<u>\$ 49,302,864</u>	<u>\$ (1,501,488)</u>	<u>\$ (57,763)</u>	<u>\$ 47,743,613</u>

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS

Notes to the Financial Statements

June 30, 2012

3. NOTES PAYABLE

During the year ended June 30, 2010, the Authority entered into a \$150,000, debt agreement with the Maryland Affordable Housing Trust. The debt requires 24 installment of \$6,250 per month from July 2012 through June 2014.

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. HUD repaid approximately \$220,000 against the debt during the year ended June 30, 2012. The Authority incurred approximately \$164,000, of interest expense related to the debt.

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. As of December 31, 2011, the outstanding principal on the Mortgage Loan was \$2,294,322. For the year ended December 31, 2011 interest incurred was \$41,512.

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.

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS

Notes to the Financial Statements

June 30, 2012

3. NOTES PAYABLE (continued)

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, 2011, the outstanding principal and accrued interest on the DHCD Loan was \$1,701,425 and \$30,255, respectively. For the period beginning November 26, 2008 (inception) and ending December 31, 2010, interest incurred was \$30,255.

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, 2011, the outstanding principal and accrued interest on the ACDS Loan was \$500,000 and \$6,667, respectively. For the period beginning November 26, 2008 (inception) and ending December 31, 2010, interest incurred was \$6,667.

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, 2011 was \$46,667. Accrued interest as of December 31, 2011 is \$93,294, of which \$0 is currently due. As of December 31, 2011, 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, 2011 was \$92,302. Accrued interest as of December 31, 2011, is \$146,145. As of December 31, 2011, the outstanding principal was \$1,000,000.

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS

Notes to the Financial Statements June 30, 2012

3. NOTES PAYABLE (continued)

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, 2011 was \$16,667. Accrued interest as of December 31, 2011 is \$16,667. As of December 31, 2011, the outstanding principal was \$1,000,000.

The scheduled debt payments for all non-cash flow loans were as follows:

<u>Years Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 373,500	\$ 295,500	\$ 669,000
2014	376,000	278,000	654,000
2015	378,500	260,500	639,000
2016	381,000	243,000	624,000
2017	383,500	225,500	609,000
2018-2022	2,255,000	865,000	3,120,000
2023-2027	2,119,000	377,000	2,496,000
2051	1,000,000	815,910	1,815,910
Total	<u>\$ 7,266,500</u>	<u>\$ 3,360,410</u>	<u>\$ 10,626,910</u>

A summary of activity in notes payable and accrued compensated absences for the year ended June 30, 2012, was as follows:

	<u>July 1,</u>	<u>Payments</u>	<u>Additions</u>	<u>June 30,</u>	<u>Amounts</u>
	<u>2011</u>			<u>2012</u>	<u>Due in One</u>
					<u>Year</u>
Notes payable	\$ 10,529,985	\$ 235,000	\$ 2,472,200	\$ 12,767,185	\$ 75,000
Accrued compensated absences	261,364	14,838	36,180	282,706	28,271
Total	<u>\$ 10,791,349</u>	<u>\$ 249,838</u>	<u>\$ 2,508,380</u>	<u>\$ 13,049,891</u>	<u>\$ 103,271</u>

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS

Notes to the Financial Statements June 30, 2012

4. UNEARNED GRANT INCOME

Pursuant to the Tax Credit Exchange Program Sub-Award Agreement (the Sub-Award Agreement) between the Company and DHCD, the Company obtained a grant in the amount of \$13,667,184 (the 1602 Grant) from DHCD. This grant program was authorized by the United States Congress under Section 1602 of the American Recovery and Reinvestment Act of 2009. As a condition to receiving the 1602 Grant, the Company covenanted to operate under the program requirements applicable to the low-income housing tax credit program, as outlined in Internal Revenue Code Section 42 and the Treasury Regulations thereunder, including, but not limited to, operating the Project as affordable housing. Among other things, these requirements include, but are not limited to, renting to low-income tenants at rental rates, which do not exceed specified percentages of area median gross income for the first 15 years of operation (the Compliance Period). The Partnership has also agreed to maintain and operate the Project as low-income housing for another 15 years after the Compliance Period ends.

In the event of a default by the Company under the provisions of the Sub-Award Agreement, the 1602 Grant will be recaptured by DHCD and repaid by the Company to DHCD. This recapture obligation is secured by the Project. The Company's recapture obligation under the 1602 Grant is decreased by 1/15 of the grant amount for each taxable year during the Compliance Period in which the Company fulfills its obligations under the Sub-Award Agreement. The Compliance Period begins in either the taxable year in which the rehabilitation of the Project is completed, or the next taxable year, at the election of the Company. The Company has elected to begin the Compliance Period in 2011.

As of December 31, 2011 and 2010, the Company had received \$13,667,184 and \$12,983,825, respectively from DHCD for the 1602 Grant. As of June 30, 2012, there was \$13,225,847 of unearned grant income.

5. 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, 2012, was approximately \$105,000.

6. 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.

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS

Notes to the Financial Statements

June 30, 2012

7. 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 79% of its total revenue from the U.S. Government for the year ended June 30, 2012. 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.

8. 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, 2012.

9. 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 \$6,024,849, has been included in other liabilities, which was \$6,524,332, as of June 30, 2012, in the accompanying statement of net assets.

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS

Notes to the Financial Statements

June 30, 2012

9. TAX CREDIT PARTNERSHIP (continued)

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 the partnership and has written down the investment in fixed assets to the value of the land of approximately \$1,951,000.

SUPPLEMENTARY INFORMATION



SB & COMPANY, LLC
EXPERIENCE • QUALITY • CLIENT SERVICE

**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 the accompanying statement of net assets of the Housing Authority of the City of Annapolis (the Authority) and the related statements of revenue, expenses and changes in net assets and cash flows as of and for the year ended June 30, 2012, and have issued our report thereon dated March 1, 2013. 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.

Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we considered to be material weaknesses, as defined above.



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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of 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 *Governmental Auditing Standards*.

This report is intended solely for the information and use of management, the Board of Commissioners, others within the entity, and Federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Hunt Valley, Maryland
March 1, 2013

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**REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON COMPLIANCE THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH
OMB CIRCULAR A-133**

Board of Commissioners
Housing Authority of the City of Annapolis

Compliance

We have audited the Housing Authority of the City of Annapolis' (the Authority's) compliance with the types of compliance requirements described in the 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, 2012. The Authority's major Federal programs are identified in the summary of independent public accountants' 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 Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

The Authority's basic financial statements include the operations of Annapolis Community Development Partners, LLC, and Obery Court Phase I, LLC, component units which received Federal awards and which are not included in the accompanying schedule of expenditures of Federal awards for the year ended June 30, 2012. Our audit described below does not include the operations of the Annapolis Community Development Partners, LLC, or Obery Court Phase I, LLC, because these entities engaged other auditors to perform an audit in accordance with OMB Circular A-133.

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. Our audit does not provide a legal determination of the Authority's compliance with those requirements.



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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, 2012.

Internal Control Over Compliance

The management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to Federal programs. In planning and performing our audit, we considered the Authority's internal control over compliance with the 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 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 a 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.

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Board of Commissioners, others within the entity, and Federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Hunt Valley, Maryland
March 1, 2013

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS

Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2012

<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	\$ 4,034,780
- Public housing tenant opportunity	14.853	107,288
Low-Income Assistance Programs		
- Voucher (major program)	14.871	3,889,561
Modernization Grants		
- Capital Fund Program	14.872	1,610,772
Total Direct Grants		<u>\$ 9,642,401</u>

The accompanying footnotes are an integral part of this schedule.

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS

Notes to the Schedule of Expenditures of Federal Awards June 30, 2012

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 2012 cash or non-cash expenditure activities. We have evaluated the Federal financial assistance programs of the Authority for the year ended June 30, 2012, and have selected those major programs for testing. Our actual coverage was 40%. The major programs tested are listed below.

<u>Program Title</u>	<u>CFDA Number</u>	<u>Expenditures</u>
Low-Income Assistance Programs -Voucher	14.871	\$ 3,889,561

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.

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS

**Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2012**

Section I- Summary of Independent Public Accountants' Results

Financial Statements

Type of report of independent public accountants	Unqualified
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 Accountants' issued on compliance for major programs	Unqualified
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) of OMB	No

Identification of Major Programs:

Major Program	CFDA Number	Federal Expenditures
Low-Income Assistance Programs -Voucher	14.871	\$ 3,889,561
Threshold for distinguishing between Type A and B 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, 2012**

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 - Statement of Net Assets As of June 30, 2012

	<u>Bloomsbury Square</u>	<u>Others</u>	<u>Total</u>
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 196,963	\$ 1,336,252	\$ 1,533,215
Cash and cash equivalents - restricted	-	3,538,681	3,538,681
Cash tenant security deposit		135,629	135,629
Investments	-	255,678	255,678
Accounts receivable, net of allowance of \$21,302	32,444	188,079	220,523
Inventories, net of allowance of \$8,696	5,053	73,217	78,270
Interfund balances	(89,605)	89,605	-
Prepaid expenses and other current assets	4,813	109,935	114,748
Total Current Assets	149,668	5,727,076	5,876,744
Non-Current Assets			
Land	45,057	4,884,546	4,929,603
Building, improvements, furniture and equipment	8,359,476	55,068,024	63,427,500
Accumulated depreciation	(1,398,326)	(19,215,164)	(20,613,490)
Capital assets, net	7,006,207	40,737,406	47,743,613
Intangible assets, net of accumulated amortization of \$48,172	-	381,712	381,712
Deferred financing costs, net of accumulated amortization of \$4,592	-	118,641	118,641
Deferred tax credit fees, net of accumulated amortization of \$4,538	-	43,505	43,505
Total Non-Current Assets, Net	7,006,207	41,281,264	48,287,471
TOTAL ASSETS	\$ 7,155,875	\$ 47,008,340	\$ 54,164,215
LIABILITIES			
Current Liabilities			
Accounts payable	\$ 23,562	\$ 415,020	\$ 438,582
Accrued expenses and other liabilities	1,746	264,638	266,384
Tenants' security deposit	7,798	127,831	135,629
Accrued compensated absences	1,540	26,731	28,271
Deferred revenue	-	362,051	362,051
Miscellaneous liabilities	1,409	115,874	117,283
Total Current Liabilities	36,055	1,312,145	1,348,200
Non-Current Liabilities			
Notes payable, net of current portion	18,437	12,673,748	12,692,185
Accrued compensated absences	13,857	240,578	254,435
Unearned grant income	-	13,225,847	13,225,847
Other liabilities	-	6,524,332	6,524,332
Total Non-Current Liabilities	32,294	32,664,505	32,696,799
TOTAL LIABILITIES	68,349	33,976,650	34,044,999
NET ASSETS			
Investment in capital assets, net of related debt	6,973,913	14,144,880	21,118,793
Restricted	-	3,538,681	3,538,681
Unrestricted	113,613	(4,651,871)	(4,538,258)
TOTAL NET ASSETS	\$ 7,087,526	\$ 13,031,690	\$ 20,119,216

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS

Supplemental Schedule of Combining Financial Statements - Statement of Revenue, Expenses and Changes in Net Assets For the Year Ended June 30, 2012

	Bloomsbury Square	Others	Total
Operating Revenue			
Grants for operating purposes	\$ 262,097	\$ 8,169,433	\$ 8,431,530
Tenant rental income	192,086	2,593,242	2,785,328
Other income	33,654	676,836	710,490
Total Operating Revenue	487,837	11,439,511	11,927,348
Operating Expenses			
Administrative	114,670	3,258,119	3,372,789
Housing assistance payments	-	4,011,685	4,011,685
Tenant services	39,930	586,828	626,758
Utilities	55,899	992,128	1,048,027
Maintenance and operations	163,011	2,555,967	2,718,978
Depreciation and amortization	188,621	2,062,412	2,251,033
Other general expense	-	517,348	517,348
Asset management fee	43,995	(43,995)	-
Bad debt expense	414	29,177	29,591
Total Operating Expenses	606,540	13,969,669	14,576,209
Net Operating Loss	(118,703)	(2,530,158)	(2,648,861)
Non-Operating Revenue			
Investment income	153	2,786	2,939
Interest expense	(1,780)	(532,162)	(533,942)
Other income	-	536,837	536,837
Total Non-Operating Revenue	(1,627)	7,461	5,834
Grants for Capital Purposes	-	1,037,900	1,037,900
Change in net assets	(120,330)	(1,484,797)	(1,605,127)
Net assets, beginning of year	7,207,856	14,516,487	21,724,343
Net Assets, End of Year	\$ 7,087,526	\$ 13,031,690	\$ 20,119,216

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS

**Supplemental Schedule – HUD Financial Data Schedule
As of and for the Year Ended June 30, 2012**

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS (MD001)

ANNAPOLIS, MD

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2012

	Project Total	14.871 Housing Choice Vouchers	14.853 Public Housing_Tenant Opportunities Program	2 State/Local	COCC
111 Cash - Unrestricted	\$1,465,151	\$39,610		\$27,955	\$500
112 Cash - Restricted - Modernization and Development	\$2,992,994				
113 Cash - Other Restricted		\$545,686			
114 Cash - Tenant Security Deposits	\$135,629				
115 Cash - Restricted for Payment of Current Liabilities					
100 Total Cash	\$4,593,774	\$585,296	\$0	\$27,955	\$500
121 Accounts Receivable - PHA Projects	\$465,267				\$449,471
122 Accounts Receivable - HUD Other Projects	\$13,389	\$31,791	\$9,668		
124 Accounts Receivable - Other Government				\$13,991	
125 Accounts Receivable - Miscellaneous	\$145,776			\$9,397	\$554
126 Accounts Receivable - Tenants	\$40,656	\$0	\$0	\$0	\$0
126.1 Allowance for Doubtful Accounts -Tenants	-\$14,552	\$0	\$0	\$0	\$0
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0	\$0	\$0	\$0
127 Notes, Loans, & Mortgages Receivable - Current	\$0	\$0	\$0		
128 Fraud Recovery	\$0				
128.1 Allowance for Doubtful Accounts - Fraud					
129 Accrued Interest Receivable					
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$650,536	\$31,791	\$9,668	\$23,388	\$450,025
131 Investments - Unrestricted	\$255,678				
132 Investments - Restricted					
135 Investments - Restricted for Payment of Current Liability					
142 Prepaid Expenses and Other Assets	\$114,748				
143 Inventories	\$86,966				

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS (MD001)

ANNAPOLIS, MD

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2012

	Project Total	14.871 Housing Choice Vouchers	14.853 Public Housing_Tenant Opportunities Program	2 State/Local	COCC
143.1 Allowance for Obsolete Inventories	-\$8,696				
144 Inter Program Due From					\$0
145 Assets Held for Sale					
150 Total Current Assets	\$5,693,006	\$617,087	\$9,668	\$51,343	\$450,525
161 Land	\$4,929,603				
162 Buildings	\$61,015,541				\$969,558
163 Furniture, Equipment & Machinery - Dwellings	\$603,627				\$19,688
164 Furniture, Equipment & Machinery - Administration	\$1,850				\$817,236
165 Leasehold Improvements					
166 Accumulated Depreciation	-\$19,024,782				-\$1,588,708
167 Construction in Progress					
168 Infrastructure					
160 Total Capital Assets, Net of Accumulated Depreciation	\$47,525,839	\$0	\$0	\$0	\$217,774
171 Notes, Loans and Mortgages Receivable - Non-Current					
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due					
173 Grants Receivable - Non Current					
174 Other Assets	\$543,858				
176 Investments in Joint Ventures					
180 Total Non-Current Assets	\$48,069,697	\$0	\$0	\$0	\$217,774
190 Total Assets	\$53,762,703	\$617,087	\$9,668	\$51,343	\$668,299
311 Bank Overdraft					
312 Accounts Payable <= 90 Days	\$373,408	\$699		\$11,702	\$52,771

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS (MD001)

ANNAPOLIS, MD

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2012

	Project Total	14.871 Housing Choice Vouchers	14.853 Public Housing_Tenant Opportunities Program	2 State/Local	COCC
313 Accounts Payable >90 Days Past Due					
321 Accrued Wage/Payroll Taxes Payable	\$27,055				
322 Accrued Compensated Absences - Current Portion	\$21,305	\$1,004			\$5,962
324 Accrued Contingency Liability	\$0				
325 Accrued Interest Payable	\$180,609				
331 Accounts Payable - HUD PHA Programs	\$0		\$0	\$30,147	
332 Account Payable - PHA Projects	\$790,751		\$9,668	\$114,319	
333 Accounts Payable - Other Government					
341 Tenant Security Deposits	\$135,629				
342 Deferred Revenues	\$34,815				\$327,236
343 Current Portion of Long-term Debt - Capital Projects/Mortgage					
344 Current Portion of Long-term Debt - Operating Borrowings	\$0				
345 Other Current Liabilities	\$34,753	\$21,054		\$2,913	
346 Accrued Liabilities - Other	\$108,216			\$9,067	
347 Inter Program - Due To	\$0				
348 Loan Liability - Current					
310 Total Current Liabilities	\$1,706,541	\$22,757	\$9,668	\$168,148	\$385,969
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$12,692,185				
352 Long-term Debt, Net of Current - Operating Borrowings	\$13,225,847				
353 Non-current Liabilities - Other	\$6,524,332				
354 Accrued Compensated Absences - Non Current	\$191,744	\$9,034			\$53,657
355 Loan Liability - Non Current					
356 FASB 5 Liabilities	\$0				
357 Accrued Pension and OPEB Liabilities	\$0				
350 Total Non-Current Liabilities	\$32,634,108	\$9,034	\$0	\$0	\$53,657

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS (MD001)

ANNAPOLIS, MD

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2012

	Project Total	14.871 Housing Choice Vouchers	14.853 Public Housing_Tenant Opportunities Program	2 State/Local	COCC
300 Total Liabilities	\$34,340,649	\$31,791	\$9,668	\$168,148	\$439,626
508.1 Invested In Capital Assets, Net of Related Debt	\$35,377,512			\$0	\$217,774
511.1 Restricted Net Assets	\$2,992,994	\$545,686			
512.1 Unrestricted Net Assets	-\$18,948,452	\$39,610	\$0	-\$116,805	\$10,899
513 Total Equity/Net Assets	\$19,422,054	\$585,296	\$0	-\$116,805	\$228,673
600 Total Liabilities and Equity/Net Assets	\$53,762,703	\$617,087	\$9,668	\$51,343	\$668,299

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS (MD001)

ANNAPOLIS, MD

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2012

	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$1,533,216		\$1,533,216
112 Cash - Restricted - Modernization and Development	\$2,992,994		\$2,992,994
113 Cash - Other Restricted	\$545,686		\$545,686
114 Cash - Tenant Security Deposits	\$135,629		\$135,629
115 Cash - Restricted for Payment of Current Liabilities			
100 Total Cash	\$5,207,525	\$0	\$5,207,525
121 Accounts Receivable - PHA Projects	\$914,738	-\$914,738	\$0
122 Accounts Receivable - HUD Other Projects	\$54,848	-\$30,147	\$24,701
124 Accounts Receivable - Other Government	\$13,991		\$13,991
125 Accounts Receivable - Miscellaneous	\$155,727		\$155,727
126 Accounts Receivable - Tenants	\$40,656	\$0	\$40,656
126.1 Allowance for Doubtful Accounts -Tenants	-\$14,552	\$0	-\$14,552
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0	\$0
127 Notes, Loans, & Mortgages Receivable - Current	\$0	\$0	\$0
128 Fraud Recovery	\$0	\$0	\$0
128.1 Allowance for Doubtful Accounts - Fraud	\$0	\$0	\$0
129 Accrued Interest Receivable	\$0	\$0	\$0
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$1,165,408	-\$944,885	\$220,523
131 Investments - Unrestricted	\$255,678		\$255,678
132 Investments - Restricted			
135 Investments - Restricted for Payment of Current Liability			
142 Prepaid Expenses and Other Assets	\$114,748		\$114,748
143 Inventories	\$86,966		\$86,966
143.1 Allowance for Obsolete Inventories	-\$8,696		-\$8,696

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS (MD001)

ANNAPOLIS, MD

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2012

	Subtotal	ELIM	Total
144 Inter Program Due From	\$0	\$0	\$0
145 Assets Held for Sale			
150 Total Current Assets	\$6,821,629	-\$944,885	\$5,876,744
161 Land	\$4,929,603		\$4,929,603
162 Buildings	\$61,985,099		\$61,985,099
163 Furniture, Equipment & Machinery - Dwellings	\$623,315		\$623,315
164 Furniture, Equipment & Machinery - Administration	\$819,086		\$819,086
165 Leasehold Improvements			
166 Accumulated Depreciation	-\$20,613,490		-\$20,613,490
167 Construction in Progress			
168 Infrastructure			
160 Total Capital Assets, Net of Accumulated Depreciation	\$47,743,613	\$0	\$47,743,613
171 Notes, Loans and Mortgages Receivable - Non-Current			
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due			
173 Grants Receivable - Non Current			
174 Other Assets	\$543,858		\$543,858
176 Investments in Joint Ventures			
180 Total Non-Current Assets	\$48,287,471	\$0	\$48,287,471
190 Total Assets	\$55,109,100	-\$944,885	\$54,164,215
311 Bank Overdraft			
312 Accounts Payable <= 90 Days	\$438,580		\$438,580
313 Accounts Payable >90 Days Past Due			

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS (MD001)

ANNAPOLIS, MD

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2012

	Subtotal	ELIM	Total
321 Accrued Wage/Payroll Taxes Payable	\$27,055		\$27,055
322 Accrued Compensated Absences - Current Portion	\$28,271		\$28,271
324 Accrued Contingency Liability	\$0		\$0
325 Accrued Interest Payable	\$180,609		\$180,609
331 Accounts Payable - HUD PHA Programs	\$30,147	-\$30,147	\$0
332 Account Payable - PHA Projects	\$914,738	-\$914,738	\$0
333 Accounts Payable - Other Government			
341 Tenant Security Deposits	\$135,629		\$135,629
342 Deferred Revenues	\$362,051		\$362,051
343 Current Portion of Long-term Debt - Capital Projects/Mortgage			
344 Current Portion of Long-term Debt - Operating Borrowings	\$0		\$0
345 Other Current Liabilities	\$58,720		\$58,720
346 Accrued Liabilities - Other	\$117,283		\$117,283
347 Inter Program - Due To	\$0	\$0	\$0
348 Loan Liability - Current			
310 Total Current Liabilities	\$2,293,083	-\$944,885	\$1,348,198
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$12,692,185		\$12,692,185
352 Long-term Debt, Net of Current - Operating Borrowings	\$13,225,847		\$13,225,847
353 Non-current Liabilities - Other	\$6,524,332		\$6,524,332
354 Accrued Compensated Absences - Non Current	\$254,435		\$254,435
355 Loan Liability - Non Current			
356 FASB 5 Liabilities	\$0		\$0
357 Accrued Pension and OPEB Liabilities	\$0		\$0
350 Total Non-Current Liabilities	\$32,696,799	\$0	\$32,696,799

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS (MD001)

ANNAPOLIS, MD

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2012

	Subtotal	ELIM	Total
300 Total Liabilities	\$34,989,882	-\$944,885	\$34,044,997
508.1 Invested In Capital Assets, Net of Related Debt	\$35,595,286	\$0	\$35,595,286
511.1 Restricted Net Assets	\$3,538,680	\$0	\$3,538,680
512.1 Unrestricted Net Assets	-\$19,014,748	\$0	-\$19,014,748
513 Total Equity/Net Assets	\$20,119,218	\$0	\$20,119,218
600 Total Liabilities and Equity/Net Assets	\$55,109,100	-\$944,885	\$54,164,215

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS (MD001)

ANNAPOLIS, MD

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2012

	Project Total	14.871 Housing Choice Vouchers	14.853 Public Housing_Tenant Opportunities Program	2 State/Local	COCC
70300 Net Tenant Rental Revenue	\$3,269,384			\$0	
70400 Tenant Revenue - Other	\$38,833			\$0	
70500 Total Tenant Revenue	\$3,308,217	\$0	\$0	\$0	\$0
70600 HUD PHA Operating Grants	\$4,152,552	\$3,889,561	\$107,288		
70610 Capital Grants	\$1,037,900				
70710 Management Fee					\$493,132
70720 Asset Management Fee					\$94,800
70730 Book Keeping Fee					\$66,532
70740 Front Line Service Fee					
70750 Other Fees					
70700 Total Fee Revenue					\$654,464
70800 Other Government Grants				\$282,129	
71100 Investment Income - Unrestricted	\$10,014				
71200 Mortgage Interest Income					
71300 Proceeds from Disposition of Assets Held for Sale					
71310 Cost of Sale of Assets					
71400 Fraud Recovery					
71500 Other Revenue	\$843,196			\$89,823	\$307,235
71600 Gain or Loss on Sale of Capital Assets					
72000 Investment Income - Restricted					
70000 Total Revenue	\$9,351,879	\$3,889,561	\$107,288	\$371,952	\$961,699
91100 Administrative Salaries	\$767,671	\$159,703	\$12,695	\$45,215	\$529,549

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS (MD001)

ANNAPOLIS, MD

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2012

	Project Total	14.871 Housing Choice Vouchers	14.853 Public Housing_Tenant Opportunities Program	2 State/Local	COCC
91200 Auditing Fees	\$53,523				\$277
91300 Management Fee	\$493,132				
91310 Book-keeping Fee	\$66,532				
91400 Advertising and Marketing	\$17,332	\$2,436			\$7,883
91500 Employee Benefit contributions - Administrative	\$506,389	\$28,588	\$17,880	\$15,021	\$164,924
91600 Office Expenses	\$822,126	\$20,446	\$11,349	\$622	\$118,543
91700 Legal Expense	\$57,797				\$10,171
91800 Travel	\$438				\$2,209
91810 Allocated Overhead					
91900 Other					
91000 Total Operating - Administrative	\$2,784,940	\$211,173	\$41,924	\$60,858	\$833,556
92000 Asset Management Fee	\$94,800				
92100 Tenant Services - Salaries	\$370,604		\$65,364	\$32,610	
92200 Relocation Costs					
92300 Employee Benefit Contributions - Tenant Services	\$19,582				
92400 Tenant Services - Other	\$88,900			\$48,084	\$1,614
92500 Total Tenant Services	\$479,086	\$0	\$65,364	\$80,694	\$1,614
93100 Water	\$462,208				\$1,355
93200 Electricity	\$388,789				\$26,427
93300 Gas	\$165,001				\$4,247
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: 06/30/2012

	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	\$1,015,998	\$0	\$0	\$0	\$32,029
94100 Ordinary Maintenance and Operations - Labor	\$920,685				\$16,632
94200 Ordinary Maintenance and Operations - Materials and Other	\$594,368				\$20,652
94300 Ordinary Maintenance and Operations Contracts	\$833,892	\$15,373		\$225,000	\$43,675
94500 Employee Benefit Contributions - Ordinary Maintenance	\$48,701				
94000 Total Maintenance	\$2,397,646	\$15,373	\$0	\$225,000	\$80,959
95100 Protective Services - Labor	\$48,508				
95200 Protective Services - Other Contract Costs	\$11,765				
95300 Protective Services - Other					
95500 Employee Benefit Contributions - Protective Services	\$2,307				
95000 Total Protective Services	\$62,580	\$0	\$0	\$0	\$0
96110 Property Insurance	\$119,350				\$2,969
96120 Liability Insurance	\$47,611				\$3,750
96130 Workmen's Compensation	\$54,555				\$6,650
96140 All Other Insurance	\$128,646				\$14,838
96100 Total insurance Premiums	\$350,162	\$0	\$0	\$0	\$28,207
96200 Other General Expenses	\$20,040				\$3,761
96210 Compensated Absences	\$35,619				\$16,981
96300 Payments in Lieu of Taxes					
96400 Bad debt - Tenant Rents	\$29,591				
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: 06/30/2012

	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	\$85,250	\$0	\$0	\$0	\$20,742
96710 Interest of Mortgage (or Bonds) Payable	\$533,942				
96720 Interest on Notes Payable (Short and Long Term)					
96730 Amortization of Bond Issue Costs					
96700 Total Interest Expense and Amortization Cost	\$533,942	\$0	\$0	\$0	\$0
96900 Total Operating Expenses	\$7,804,404	\$226,546	\$107,288	\$366,552	\$997,107
97000 Excess of Operating Revenue over Operating Expenses	\$1,547,475	\$3,663,015	\$0	\$5,400	-\$35,408
97100 Extraordinary Maintenance					
97200 Casualty Losses - Non-capitalized					
97300 Housing Assistance Payments		\$4,534,574			
97350 HAP Portability-In					
97400 Depreciation Expense	\$2,135,570				\$115,463
97500 Fraud Losses					
97600 Capital Outlays - Governmental Funds					
97700 Debt Principal Payment - Governmental Funds					
97800 Dwelling Units Rent Expense					
90000 Total Expenses	\$9,939,974	\$4,761,120	\$107,288	\$366,552	\$1,112,570
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: 06/30/2012

	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	\$0				
10050 Proceeds from Notes, Loans and Bonds					
10060 Proceeds from Property Sales					
10070 Extraordinary Items, Net Gain/Loss	\$0				
10080 Special Items (Net Gain/Loss)	\$0				
10091 Inter Project Excess Cash Transfer In	\$0				
10092 Inter Project Excess Cash Transfer Out	\$0				
10093 Transfers between Program and Project - In	\$0				
10094 Transfers between Project and Program - Out	\$0				
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total	-\$588,095	-\$871,559	\$0	\$5,400	-\$150,871
11020 Required Annual Debt Principal Payments	\$318,599	\$0	\$0	\$0	\$0
11030 Beginning Equity	\$20,010,149	\$1,456,855	\$0	-\$122,205	\$379,544
11040 Prior Period Adjustments, Equity Transfers and Correction of					
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 Rents					
11100 Changes in Allowance for Doubtful Accounts - Other					
11170 Administrative Fee Equity		\$39,610			
11180 Housing Assistance Payments Equity		\$545,686			
11190 Unit Months Available	10488	4608	0	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: 06/30/2012

	Project Total	14.871 Housing Choice Vouchers	14.853 Public Housing_Tenant Opportunities Program	2 State/Local	COCC
11210 Number of Unit Months Leased	10225	4093	0	0	0
11270 Excess Cash	\$361,209				
11610 Land Purchases	\$0				\$0
11620 Building Purchases	\$812,900				\$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	\$225,000				\$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: 06/30/2012

	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$3,269,384	-\$522,889	\$2,746,495
70400 Tenant Revenue - Other	\$38,833		\$38,833
70500 Total Tenant Revenue	\$3,308,217	-\$522,889	\$2,785,328
70600 HUD PHA Operating Grants	\$8,149,401		\$8,149,401
70610 Capital Grants	\$1,037,900	\$0	\$1,037,900
70710 Management Fee	\$493,132	-\$493,132	\$0
70720 Asset Management Fee	\$94,800	-\$94,800	\$0
70730 Book Keeping Fee	\$66,532	-\$66,532	\$0
70740 Front Line Service Fee			
70750 Other Fees			
70700 Total Fee Revenue	\$654,464	-\$654,464	\$0
70800 Other Government Grants	\$282,129		\$282,129
71100 Investment Income - Unrestricted	\$10,014		\$10,014
71200 Mortgage Interest Income			
71300 Proceeds from Disposition of Assets Held for Sale			
71310 Cost of Sale of Assets			
71400 Fraud Recovery			
71500 Other Revenue	\$1,240,254		\$1,240,254
71600 Gain or Loss on Sale of Capital Assets			
72000 Investment Income - Restricted			
70000 Total Revenue	\$14,682,379	-\$1,177,353	\$13,505,026
91100 Administrative Salaries	\$1,514,833		\$1,514,833
91200 Auditing Fees	\$53,800		\$53,800

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS (MD001)

ANNAPOLIS, MD

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2012

	Subtotal	ELIM	Total
91300 Management Fee	\$493,132	-\$493,132	\$0
91310 Book-keeping Fee	\$66,532	-\$66,532	\$0
91400 Advertising and Marketing	\$27,651		\$27,651
91500 Employee Benefit contributions - Administrative	\$732,802		\$732,802
91600 Office Expenses	\$973,086		\$973,086
91700 Legal Expense	\$67,968		\$67,968
91800 Travel	\$2,647		\$2,647
91810 Allocated Overhead			
91900 Other			
91000 Total Operating - Administrative	\$3,932,451	-\$559,664	\$3,372,787
92000 Asset Management Fee	\$94,800	-\$94,800	\$0
92100 Tenant Services - Salaries	\$468,578		\$468,578
92200 Relocation Costs			
92300 Employee Benefit Contributions - Tenant Services	\$19,582		\$19,582
92400 Tenant Services - Other	\$138,598		\$138,598
92500 Total Tenant Services	\$626,758	\$0	\$626,758
93100 Water	\$463,563		\$463,563
93200 Electricity	\$415,216		\$415,216
93300 Gas	\$169,248		\$169,248
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: 06/30/2012

	Subtotal	ELIM	Total
93000 Total Utilities	\$1,048,027	\$0	\$1,048,027
94100 Ordinary Maintenance and Operations - Labor	\$937,317		\$937,317
94200 Ordinary Maintenance and Operations - Materials and Other	\$615,020		\$615,020
94300 Ordinary Maintenance and Operations Contracts	\$1,117,940		\$1,117,940
94500 Employee Benefit Contributions - Ordinary Maintenance	\$48,701		\$48,701
94000 Total Maintenance	\$2,718,978	\$0	\$2,718,978
95100 Protective Services - Labor	\$48,508		\$48,508
95200 Protective Services - Other Contract Costs	\$11,765		\$11,765
95300 Protective Services - Other			
95500 Employee Benefit Contributions - Protective Services	\$2,307		\$2,307
95000 Total Protective Services	\$62,580	\$0	\$62,580
96110 Property Insurance	\$122,319		\$122,319
96120 Liability Insurance	\$51,361		\$51,361
96130 Workmen's Compensation	\$61,205		\$61,205
96140 All Other Insurance	\$143,484		\$143,484
96100 Total insurance Premiums	\$378,369	\$0	\$378,369
96200 Other General Expenses	\$23,801		\$23,801
96210 Compensated Absences	\$52,600		\$52,600
96300 Payments in Lieu of Taxes			
96400 Bad debt - Tenant Rents	\$29,591		\$29,591
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: 06/30/2012

	Subtotal	ELIM	Total
96800 Severance Expense			
96000 Total Other General Expenses	\$105,992	\$0	\$105,992
96710 Interest of Mortgage (or Bonds) Payable	\$533,942		\$533,942
96720 Interest on Notes Payable (Short and Long Term)			
96730 Amortization of Bond Issue Costs			
96700 Total Interest Expense and Amortization Cost	\$533,942	\$0	\$533,942
96900 Total Operating Expenses	\$9,501,897	-\$654,464	\$8,847,433
97000 Excess of Operating Revenue over Operating Expenses	\$5,180,482	-\$522,889	\$4,657,593
97100 Extraordinary Maintenance			
97200 Casualty Losses - Non-capitalized			
97300 Housing Assistance Payments	\$4,534,574	-\$522,889	\$4,011,685
97350 HAP Portability-In			
97400 Depreciation Expense	\$2,251,033		\$2,251,033
97500 Fraud Losses			
97600 Capital Outlays - Governmental Funds			
97700 Debt Principal Payment - Governmental Funds			
97800 Dwelling Units Rent Expense			
90000 Total Expenses	\$16,287,504	-\$1,177,353	\$15,110,151
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: 06/30/2012

	Subtotal	ELIM	Total
10040 Operating Transfers from/to Component Unit	\$0		\$0
10050 Proceeds from Notes, Loans and Bonds			
10060 Proceeds from Property Sales			
10070 Extraordinary Items, Net Gain/Loss	\$0		\$0
10080 Special Items (Net Gain/Loss)	\$0		\$0
10091 Inter Project Excess Cash Transfer In	\$0		\$0
10092 Inter Project Excess Cash Transfer Out	\$0		\$0
10093 Transfers between Program and Project - In	\$0		\$0
10094 Transfers between Project and Program - Out	\$0		\$0
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total	-\$1,605,125	\$0	-\$1,605,125
11020 Required Annual Debt Principal Payments	\$318,599	\$0	\$318,599
11030 Beginning Equity	\$21,724,343		\$21,724,343
11040 Prior Period Adjustments, Equity Transfers and Correction of	\$0	\$0	\$0
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 Rents			
11100 Changes in Allowance for Doubtful Accounts - Other			
11170 Administrative Fee Equity	\$39,610		\$39,610
11180 Housing Assistance Payments Equity	\$545,686		\$545,686
11190 Unit Months Available	15096	0	15096
11210 Number of Unit Months Leased	14318	0	14318

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS (MD001)

ANNAPOLIS, MD

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2012

	Subtotal	ELIM	Total
11270 Excess Cash	\$361,209		\$361,209
11610 Land Purchases	\$0		\$0
11620 Building Purchases	\$812,900		\$812,900
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	\$225,000		\$225,000
13901 Replacement Housing Factor Funds	\$0		\$0