

**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, 2015**



**S B & COMPANY, LLC**  
KNOWLEDGE • QUALITY • CLIENT SERVICE

**JUNE 30, 2015**

**CONTENTS**

<b>REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS</b>	1
<b>MANAGEMENT’S DISCUSSION AND ANALYSIS</b>	4
<b>FINANCIAL STATEMENTS</b>	
Statement of Net Position	9
Statement of Revenue, Expenses, and Change in Net Position	10
Statement of Cash Flows	11
Notes to Financial Statements	13
<b>SUPPLEMENTARY INFORMATION</b>	
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 <i>Government Auditing Standards</i>	22
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	24
Schedule of Expenditures of Federal Awards	27
Notes to Schedule of Expenditures of Federal Awards	28
Schedule of Findings and Questioned Costs	29
<b>OTHER SUPPLEMENTAL INFORMATION</b>	
Supplemental Schedule of Combining Financial Statements – Blended Component Units - Statement of Net Position	33
Supplemental Schedule of Combining Financial Statements – Blended Component Units - Statement of Revenue, Expenses and Change in Net Position	34
Supplemental Schedule of Combining Financial Statements – Blended Component Units - Statement of Cash Flows	35
Supplemental Schedule of Combining Financial Statements – Bloomsbury Square - Statement of Net Position	37
Supplemental Schedule of Combining Financial Statements – Bloomsbury Square - Statement of Revenue, Expenses and Change in Net Position	38
Supplemental Schedule – HUD Financial Data Schedule	40



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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, 2015, 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 58 percent, 0 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.



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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, 2015, 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, 2015, 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 29, 2016, 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 29, 2016

# HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS

## Management's Discussion and Analysis June 30, 2015

### 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, 2015, with the fiscal year 2014 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 three major categories. The first category, net investment in capital assets, provides the Authority's equity in capital assets owned by the Authority. The other categories are restricted and unrestricted net position, which is available to the Authority for any lawful purpose of the Authority.

	<b>As of June 30,</b>	
	<b>2015</b>	<b>2014</b>
<b>Assets</b>		
Current assets	\$ 4,555,695	\$ 4,455,274
Non-current assets, net	43,227,512	44,946,938
<b>Total Assets</b>	<b>47,783,207</b>	<b>49,402,212</b>
<b>Liabilities</b>		
Current liabilities	1,727,465	1,362,989
Non-current liabilities	29,704,677	30,806,161
<b>Total Liabilities</b>	<b>31,432,142</b>	<b>32,169,150</b>
<b>Net Position</b>		
Net investment in capital assets	29,269,967	32,177,100
Restricted	3,404,548	3,295,246
Unrestricted	(16,323,450)	(18,239,284)
<b>Total Net Position</b>	<b>\$ 16,351,065</b>	<b>\$ 17,233,062</b>

# HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS

## Management's Discussion and Analysis June 30, 2015

### 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 \$1,619,005 and \$881,997 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 (expense) for the year ended June 30, 2015, relates to investment earnings, grants for capital purposes, net of interest expense.

**HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS**

**Management's Discussion and Analysis  
June 30, 2015**

**Financial Highlights** (continued)

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

	<b>For the Years Ended June 30,</b>	
	<b>2015</b>	<b>2014</b>
<b>Operating Revenue</b>		
Grants for operating purposes	\$ 8,306,504	\$ 8,669,333
Tenant rental income	2,391,935	3,120,820
Other income	2,421,258	1,624,064
<b>Total Operating Revenue</b>	<b>13,119,697</b>	<b>13,414,217</b>
<b>Operating Expenses</b>		
Administrative	2,515,698	2,770,491
Housing assistance payments	4,090,028	4,315,408
Tenant services	1,157,709	1,077,784
Utilities	1,140,362	1,151,432
Maintenance and operations	2,105,115	2,298,874
Depreciation and amortization	2,283,735	2,407,288
Other general	672,532	637,802
Bad debt expense	18,547	44,920
<b>Total Operating Expenses</b>	<b>13,983,726</b>	<b>14,703,999</b>
<b>Net Operating Loss</b>	<b>(864,029)</b>	<b>(1,289,782)</b>
<b>Non-Operating Revenue (Expense)</b>		
Investment income	4,573	1,730
Loss on sale of assets	(6,259)	-
Interest expense	(596,436)	(622,611)
Grants for capital purposes	580,154	777,502
<b>Total Non-Operating Revenue (Expense)</b>	<b>(17,968)</b>	<b>156,621</b>
Change in net position	(881,997)	(1,133,161)
Net position, beginning of year	17,233,062	18,366,223
<b>Net Position, End of Year</b>	<b>\$ 16,351,065</b>	<b>\$ 17,233,062</b>

# HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS

## Management's Discussion and Analysis June 30, 2015

### Financial Highlights (continued)

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

Operating revenue decreased by \$294,520, which is due primarily to a decrease in operating grants. Operating expenses decreased by \$720,273, due to a decrease in administrative and 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.

	<b>For the Years Ended June 30,</b>	
<b>Cash flows from:</b>	<b>2015</b>	<b>2014</b>
Operating activities	\$ 239,581	\$ 158,446
Capital and related financing activities	21,034	(795,329)
Investing activities	(192,242)	187,533
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>68,373</b>	<b>(449,350)</b>
Cash and cash equivalents, beginning of year	3,724,265	4,173,615
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 3,792,638</b>	<b>\$ 3,724,265</b>

Cash from operating activities increased by \$207,410, primarily because of an increase in tenant revenue receipts. Cash used for capital and related financing activities increased by \$690,088 primarily due to an increase in borrowing.

# HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS

## Management's Discussion and Analysis June 30, 2015

### Financial Highlights (continued)

#### Capital Assets and Debt

Details of these capital assets as of June 30, 2015 and 2014, are indicated below:

	As of June 30,	
	2015	2014
<b>Capital Assets</b>		
Land	\$ 4,704,603	\$ 4,204,603
Building and improvements	63,265,066	63,035,010
Furniture and equipment	1,671,955	1,511,100
<b>Total Capital Assets</b>	<b>69,641,624</b>	68,750,713
Less: accumulated depreciation	27,233,349	25,116,487
<b>Capital Assets, Net</b>	<b>\$ 42,408,275</b>	\$ 43,634,226

During the year ended June 30, 2015, capital assets, net decreased by \$1,225,951, primarily as a result of depreciation, net of capital expenditures.

Notes payable increased by \$496,946, based on issued debt, net of 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, 2015

### ASSETS

#### Current Assets

Cash and cash equivalents	\$	388,090
Cash and cash equivalents - restricted		3,404,548
Tenants' security deposits		126,748
Investments		271,553
Accounts receivable, net of allowance of \$11,734		238,096
Inventories, net of allowance of \$2,320		26,234
Prepaid expenses and other current assets		100,426
<b>Total Current Assets</b>		<b>4,555,695</b>

#### Non-Current Assets

Other assets		819,237
Land		4,704,603
Building and improvements		63,265,066
Furniture and equipment		1,671,955
Accumulated depreciation		(27,233,349)
<b>Total Non-Current Assets, Net</b>		<b>43,227,512</b>
<b>TOTAL ASSETS</b>		<b>47,783,207</b>

### LIABILITIES

#### Current Liabilities

Accounts payable		572,515
Accrued expenses and other liabilities		94,661
Tenants' security deposit		123,384
Accrued compensated absences		26,297
Deferred revenue		316,822
Current portion of notes payable		294,266
Miscellaneous liabilities		299,520
<b>Total Current Liabilities</b>		<b>1,727,465</b>

#### Non-Current Liabilities

Notes payable, net of current portion		12,251,924
Accrued compensated absences		236,672
Unearned grant income		12,200,809
Other liabilities		359,879
Other liabilities - component units		4,655,393
<b>Total Non-Current Liabilities</b>		<b>29,704,677</b>
<b>TOTAL LIABILITIES</b>		<b>31,432,142</b>

### NET POSITION

Net investment in capital assets		29,269,967
Restricted		3,404,548
Unrestricted		(16,323,450)
<b>TOTAL NET POSITION</b>	<b>\$</b>	<b>16,351,065</b>

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, 2015

### Operating Revenue

Grants for operating purposes	\$ 8,306,504
Tenant rental income	2,391,935
Other income	2,421,258
<b>Total Operating Revenue</b>	<b><u>13,119,697</u></b>

### Operating Expenses

Administrative	2,515,698
Housing assistance payments	4,090,028
Tenant services	1,157,709
Utilities	1,140,362
Maintenance and operations	2,105,115
Depreciation and amortization	2,283,735
Other general expense	672,532
Bad debt expense	18,547
<b>Total Operating Expenses</b>	<b><u>13,983,726</u></b>
<b>Net Operating Loss</b>	<b><u>(864,029)</u></b>

### Non-Operating Revenue (Expense)

Investment income	4,573
Loss on sale of assets	(6,259)
Interest expense	(596,436)
Grants for capital purposes	580,154
<b>Total Non-Operating Revenue (Expense)</b>	<b><u>(17,968)</u></b>

Change in net position	(881,997)
Net position, beginning of year	<u>17,233,062</u>
<b>Net Position, End of Year</b>	<b><u>\$ 16,351,065</u></b>

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, 2015

### Cash Flows from Operating Activities

Tenant revenue receipts	\$ 3,315,818
Operating grant revenue receipts	9,002,572
Other income receipts	(560,118)
Payments to employees	(2,971,736)
Payments to tenants	(4,090,028)
Payments to suppliers	(4,456,927)
<b>Net Cash from Operating Activities</b>	<u>239,581</u>

### Cash Flows from Capital and Related Financing Activities

Proceeds from capital grants	580,154
Purchase of fixed assets	(465,666)
Interest paid on notes payable	(590,400)
Principal draws/repayments (Net)	496,946
<b>Net Cash from Capital and Related Financing Activities</b>	<u>21,034</u>

### Cash Flows from Investing Activities

Purchase of investments	(193,972)
Interest income	1,730
<b>Net Cash from Investing Activities</b>	<u>(192,242)</u>

Net increase in cash and cash equivalents	68,373
Cash and cash equivalents, beginning of year	3,724,265
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 3,792,638</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, 2015

### Reconciliation of Operating Loss to Cash Flow from Operating Activities

Net operating loss	\$ (864,029)
Adjustments to reconcile operating loss to net cash from operating activities:	
Depreciation and amortization expense	2,279,469
Grant income	(310,884)
Bad debt expense	18,547
Effect of changes in non-cash operating assets and liabilities:	
Accounts receivable	95,502
Inventories	42,200
Prepaid expenses	24,801
Other assets	27,285
Accounts payable	68,553
Accrued expenses and other liabilities	(1,234,725)
Tenants' security deposits	(20,340)
Accrued compensated absences	(23,620)
Deferred revenue	136,822
<b>Net Cash from Operating Activities</b>	<b><u>\$ 239,581</u></b>

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

# HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS

## Notes to Financial Statements

June 30, 2015

### 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, 2014. 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, 2015

### 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, 2015, \$1,218,934 and \$2,047,027 was restricted for building and other related reserve restrictions from the Company and Obery Court Phase I, LLC, respectively and \$138,587 was restricted for HACA based on HUD regulations. The unrestricted cash balance was \$388,090, as of June 30, 2015.

#### **Investments**

As of June 30, 2015, the Authority has certificates of deposit investments with both carrying value and market value at \$271,553, with various institutions that are covered by FDIC deposit insurance and other collateral. These investments are to mature in 2015 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.

#### **Custodial Credit Risk**

In the case of deposits, this is the risk that in the event of a bank failure, the Authority's and blended component units deposits may not be returned to it. As of June 30, 2015, the Authority's and its blended component units deposits were not exposed to custodial credit risk.

#### **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, 2015

### 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, 2015, 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, 2015

### 2. CAPITAL ASSETS

A summary of activity in capital assets for the year ended June 30, 2015, was as follows:

	<u>July 1, 2014</u>	<u>Additions</u>	<u>Transfers and Deletions</u>	<u>June 30, 2015</u>
Land	\$ 4,704,603	\$ -	\$ -	\$ 4,704,603
Building and improvements	63,035,010	230,056	-	63,265,066
Furniture and equipment	1,603,218	235,610	(166,873)	1,671,955
<b>Total Capital Assets</b>	<u>69,342,831</u>	<u>465,666</u>	<u>(166,873)</u>	<u>69,641,624</u>
Less: accumulated depreciation	(25,116,487)	(2,283,735)	166,873	(27,233,349)
<b>Capital Assets, Net</b>	<u>\$ 44,226,344</u>	<u>\$ (1,818,069)</u>	<u>\$ -</u>	<u>\$ 42,408,275</u>

### 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 \$137,000 of interest expense related to the debt. As of June 30, 2015, the outstanding principal balance was \$2,172,468.

The scheduled debt payments for this loan were as follows:

<u>Years Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 265,000	\$ 127,000
2017	275,000	117,000
2018	285,000	107,000
2019	295,000	97,000
2020	305,000	87,000
2021-2024	747,468	201,000
<b>Total</b>	<u>\$ 2,172,468</u>	<u>\$ 736,000</u>

# HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS

## Notes to Financial Statements

June 30, 2015

### 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, 2014, the outstanding principal on the Mortgage Loan was \$2,217,855. For the year ended December 31, 2014, interest incurred was \$156,360.

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"). The DHCD Loan now bears interest at the rate of 4% per annum until the outstanding indebtedness is paid in full.

All interest accruing from the end of the Construction Period until December 31, 2011 was 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, 2014, the outstanding principal and accrued interest on the DHCD Loan were \$1,662,592 and \$67,964, 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 began 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 which began on April 1, 2012. The ACDS Loan matures on May 29, 2051. As of December 31, 2014, the outstanding principal and accrued interest on the ACDS Loan was \$480,328. For the period ending December 31, 2014, interest incurred was \$10,000.

# HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS

## Notes to Financial Statements June 30, 2015

### 3. NOTES PAYABLE (continued)

On December 29, 2009, the Company entered into a purchase money note with HACA in the maximum amount of \$500,000 ("HACA Loan A"). The HACA Loan A is secured by the Project and bears interest at a rate of 4.38% per annum, compounding annually. Interest and the outstanding principle balance are due at the maturity date of June 1, 2051. As of December 31, 2014, and 2013, the outstanding principal was \$500,000 for both years. As of December 31, 2014 and 2013, accrued interest of the HACA Loan A was \$125,928 and \$99,663, respectively. For the years ended December 31, 2014 and 2013, interest incurred was \$26,265 and \$25,163, respectively.

On September 29, 2009, the Company entered into a note with HACA in the maximum amount of \$92,118 ("HACA Loan B"). HACA Loan B is secured by the Project. HACA Loan B bears simple interest at a rate of 0% per annum, with unpaid principal due at the maturity date of June 1, 2051. As of December 31, 2014 and 2013, unpaid principal was \$92,118 for both years. As of December 31, 2014 and 2013, accrued interest on the HACA Loan B was \$-0- for both years. For the years ended December 31, 2014 and 2013, no interest was incurred.

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, 2014 was \$76,264. Accrued interest as of December 31, 2014 was \$322,086, of which \$19,256 is currently due. As of December 31, 2014, 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, 2014, was \$423,051. As of December 31, 2014, 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, 2014 was \$73,334. As of December 31, 2014, the outstanding principal was \$1,000,000.

# HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS

## Notes to Financial Statements

June 30, 2015

### 3. NOTES PAYABLE (continued)

A summary of activity in notes payable and accrued compensated absences for the year ended June 30, 2015, was as follows:

	July 1, 2014	Additions	Payments	June 30, 2015	Amounts Due in One Year
Notes payable	\$ 12,049,244	\$ 751,946	\$ 255,000	\$ 12,546,190	\$ 294,266
Accrued compensated absences	286,589	134,310	159,149	261,750	26,297
<b>Total</b>	<u>\$ 12,335,833</u>	<u>\$ 886,256</u>	<u>\$ 414,149</u>	<u>\$ 12,807,940</u>	<u>\$ 320,563</u>

### 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, 2015, 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 58% of its total revenue from the U.S. Government for the year ended June 30, 2015. 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.

# HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS

## Notes to Financial Statements

June 30, 2015

### 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, 2015.

### 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 \$4,655,393, 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, 2015, 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 29, 2016. 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 29, 2016

*S B & 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, 2015. 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, 2015.

### ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance with the compliance requirements referred to above that are required to be reported in accordance with the OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2015-001. Our opinion on each major federal program is not modified with respect to these matters.

The Authority's response to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **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.



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*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, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2015-001 that we consider to be a significant deficiency.

The Authority's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 29, 2016

*S B & Company, LLC*

**HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS**

**Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2015**

<b>Federal Grantor/Pass-Through Program or Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Federal Expenditures</b>
<b>Direct Grants</b>		
<b>U.S. Department of Housing and Urban Development</b>		
Public and Indian Housing Program:		
Locally Owned Housing		
- Operating subsidy	14.850	\$ 3,188,489
- Public housing tenant opportunity	14.853	320,493
Low-Income Assistance Programs		
- Voucher	14.871	4,341,074
Modernization Grants		
- Capital Fund Program	14.872	1,036,602
<b>Total Federal Grants</b>		<b>\$ 8,886,658</b>

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, 2015

### 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 below. These programs represent all Federal award programs with fiscal year 2015 cash or non-cash expenditure activities. We have evaluated the Federal financial assistance programs of the Authority for the year ended June 30, 2015, and have selected those major programs for testing. Our actual coverage was approximately 51%. The major programs tested are listed below.

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
Operating subsidy	14.850	\$ 3,188,489
Public housing tenant opportunity	14.853	320,493
Capital fund program	14.872	1,036,602
		<u>\$ 4,545,584</u>

### 2. BASIS OF PRESENTATION

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

### 3. RECONCILIATION TO THE FINANCIAL STATEMENTS

Revenue per the Statement of Revenue, Expenses, and Change in Net Position	
Grants for operating purposes	\$ 8,306,504
Grants for capital purposes	580,154
Total per Financial Statements	<u>8,886,658</u>
Total expenditures per Schedule of Expenditures of Federal Awards	<u>\$ 8,886,658</u>

# HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS

## Schedule of Findings and Questioned Costs For the Year Ended June 30, 2015

### 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?	yes
Any audit findings disclosed that are required to be reported in accordance with section 510(a)	yes

#### Identification of Major Programs:

Major Program	Federal CFDA Number	Federal Expenditures
Operating subsidy	14.850	\$ 3,188,489
Public housing tenant opportunity	14.853	320,493
Capital fund program	14.872	1,036,602
		\$ 4,545,584
Threshold for distinguishing between Type A programs.		\$ 300,000
Did the Authority qualify as a low risk auditee?		No

**HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS**

**Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2015**

**Section II –Financial Statement Findings**

None noted.

**Section III –Federal Award Findings**

See finding 2015-001.

# HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS

## Schedule of Findings and Questioned Costs For the Year Ended June 30, 2015

**Finding Reference:** CFDA No. 14.850 Operating Subsidy  
**Compliance Requirement:** Suspension and debarment  
**Type of Finding:** Significant Deficiency

### *Criteria*

The OMB Circular A-110 (2 CFR 180.300) requires that non-Federal entities entering into a covered transaction with another person at the next lower tier, the entity must verify that the person with whom they intend to do business is not excluded or disqualified. This is completed by: (a) Checking the EPLS; or (b) Collecting a certification from that person; or (c) Adding a clause or condition to the covered transaction with that person.

“Covered transactions” include those procurement contracts for goods and services awarded under a nonprocurement transaction (e.g., grant or cooperative agreement) that are expected to equal or exceed \$25,000 or meet certain other specified criteria.

### *Condition*

During our audit, we noted disbursements were made to two vendors that were suspended and debarred.

### *Cause*

The Authority did not follow its suspension and debarment policies.

### *Effect*

The Authority transacted with suspended and debarred vendors.

### *Questioned Costs*

\$65,820

### *Recommendation*

We recommend that the Authority perform suspension and debarment procedures on vendors meeting the expenditure dollar threshold criteria. This task can be accomplished by going onto the Federal government website at [www.sam.gov](http://www.sam.gov), adding a clause to the contract, or by requiring a certification from the vendor.

### *Management’s Response and Corrective Action Plan*

The contractor was suspended immediately upon the agency discovering the status. Two weeks later the contractor provided the agency with proof of “Good Standing” status and was allowed to complete the work that was already in progress. The agency implemented another level of verification of all new vendors. The department head will review all documents before the final approval is given to commence work.

**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, 2015

	Primary Government (Housing Authority of the City of Annapolis)	Blended Component Units	Total Primary Government
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	\$ 172,905	\$ 215,185	\$ 388,090
Cash and cash equivalents - restricted	138,587	3,265,961	3,404,548
Tenants' security deposit	90,215	36,533	126,748
Investments	271,553	-	271,553
Accounts receivable, net	177,062	61,034	238,096
Inventories, net of allowance of \$2,320	26,234	-	26,234
Prepaid expenses and other current assets	49,122	51,304	100,426
<b>Total Current Assets</b>	<b>925,678</b>	<b>3,630,017</b>	<b>4,555,695</b>
<b>Non-Current Assets</b>			
Other Assets	125,928	693,309	819,237
Land	4,704,603	-	4,704,603
Building and improvements	36,873,122	26,391,944	63,265,066
Furniture and equipment	1,065,416	606,539	1,671,955
Accumulated depreciation	(23,698,338)	(3,535,011)	(27,233,349)
<b>Non-Current Assets, Net</b>	<b>19,070,731</b>	<b>24,156,781</b>	<b>43,227,512</b>
<b>TOTAL ASSETS</b>	<b>19,996,409</b>	<b>27,786,798</b>	<b>47,783,207</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts payable	424,244	148,271	572,515
Accrued expenses and other liabilities	87,910	6,751	94,661
Tenants' security deposit	90,215	33,169	123,384
Accrued compensated absences	26,297	-	26,297
Deferred revenue	300,619	16,203	316,822
Current portion of notes payable	265,000	29,266	294,266
Miscellaneous liabilities	34,364	265,156	299,520
<b>Total Current Liabilities</b>	<b>1,228,649</b>	<b>498,816</b>	<b>1,727,465</b>
<b>Non-Current Liabilities</b>			
Notes payable and accrued interest, net of current portion	1,907,468	10,344,456	12,251,924
Unearned grant income	-	12,200,809	12,200,809
Accrued compensated absences	236,672	-	236,672
Other liabilities	233,951	125,928	359,879
Other liabilities - component units	-	4,655,393	4,655,393
<b>Total Non-Current Liabilities</b>	<b>2,378,091</b>	<b>27,326,586</b>	<b>29,704,677</b>
<b>TOTAL LIABILITIES</b>	<b>3,606,740</b>	<b>27,825,402</b>	<b>31,432,142</b>
<b>NET POSITION</b>			
Net investment in capital assets	16,180,217	13,089,750	29,269,967
Restricted	138,587	3,265,961	3,404,548
Unrestricted	70,865	(16,394,315)	(16,323,450)
<b>TOTAL NET POSITION</b>	<b>\$ 16,389,669</b>	<b>\$ (38,604)</b>	<b>\$ 16,351,065</b>

# 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, 2015

	Primary Government (Housing Authority of the City of Annapolis)	Blended Component Units	Total Primary Government
<b>Operating Revenue</b>			
Grants for operating purposes	\$ 8,306,504	\$ -	\$ 8,306,504
Tenant rental income	2,077,374	314,561	2,391,935
Other income	254,790	2,166,468	2,421,258
<b>Total Operating Revenue</b>	<b>10,638,668</b>	<b>2,481,029</b>	<b>13,119,697</b>
<b>Operating Expenses</b>			
Administrative	2,071,443	444,255	2,515,698
Housing assistance payments	4,090,028	-	4,090,028
Tenant services	1,026,932	130,777	1,157,709
Utilities	997,419	142,943	1,140,362
Maintenance and operations	1,736,117	368,998	2,105,115
Depreciation and amortization	1,476,007	807,728	2,283,735
Other general expense	472,320	200,212	672,532
Bad debt expense	9,203	9,344	18,547
<b>Total Operating Expenses</b>	<b>11,879,469</b>	<b>2,104,257</b>	<b>13,983,726</b>
<b>Net Operating Loss</b>	<b>(1,240,801)</b>	<b>376,772</b>	<b>(864,029)</b>
<b>Non-Operating Revenue (Expenses)</b>			
Investment income	4,573	-	4,573
Loss on sale of assets	(6,259)	-	(6,259)
Interest expense	(142,929)	(453,507)	(596,436)
Grants for capital purposes	580,154	-	580,154
<b>Total Non-Operating Revenue (Expenses)</b>	<b>435,539</b>	<b>(453,507)</b>	<b>(17,968)</b>
Change in net position	(805,262)	(76,735)	(881,997)
Net position, beginning of year	17,194,931	38,131	17,233,062
<b>Net Position, End of Year</b>	<b>\$ 16,389,669</b>	<b>\$ (38,604)</b>	<b>\$ 16,351,065</b>

# 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, 2015

	Primary Government (Housing Authority of the City of Annapolis)	Blended Component Units	Total Primary Government
<b>Cash Flows from Operating Activities</b>			
Tenant revenue receipts	\$ 2,055,676	\$ 1,260,142	\$ 3,315,818
Operating grant revenue receipts	8,571,387	431,185	9,002,572
Other income receipts	121,594	(681,712)	(560,118)
Payments to employees	(2,600,695)	(371,041)	(2,971,736)
Payments to tenants	(4,090,028)	-	(4,090,028)
Payments to suppliers	(3,591,404)	(865,523)	(4,456,927)
<b>Net Cash from Operating Activities</b>	<b>466,530</b>	<b>(226,949)</b>	<b>239,581</b>
<b>Cash Flows from Capital and Related Financing Activities</b>			
Grants for capital expenditures receipts	580,154	-	580,154
Purchase of fixed assets	(441,647)	(24,019)	(465,666)
Interest expense payments	(142,929)	(447,471)	(590,400)
Principal draws/repayments (net)	(255,000)	751,946	496,946
<b>Net Cash from Capital and Related Financing Activities</b>	<b>(259,422)</b>	<b>280,456</b>	<b>21,034</b>
<b>Cash Flows from Investing Activities</b>			
Purchase of investments	(193,972)	-	(193,972)
Interest income	1,730	-	1,730
<b>Net Cash from Investing Activities</b>	<b>(192,242)</b>	<b>-</b>	<b>(192,242)</b>
Net increase in cash and cash equivalents	14,866	53,507	68,373
Cash and cash equivalents, beginning of year	296,626	3,427,639	3,724,265
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 311,492</b>	<b>\$ 3,481,146</b>	<b>\$ 3,792,638</b>

# 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, 2015

	Primary Government (Housing Authority of the City of Annapolis)	Blended Component	Total Primary
<b>Reconciliation of Operating Loss to Cash Flow from Operating Activities</b>			
Net operating loss	\$ (1,240,801)	\$ 376,772	\$ (864,029)
Adjustments to reconcile operating loss to net cash from operating activities:			
Depreciation and amortization expense	1,476,007	803,462	2,279,469
Grant income	-	(310,884)	(310,884)
Bad debt expense	9,203	9,344	18,547
Effect of changes in non-cash operating assets and liabilities:			
Accounts receivable	144,264	(48,762)	95,502
Inventories	42,200	-	42,200
Prepaid expenses	27,381	(2,580)	24,801
Other assets	-	27,285	27,285
Accounts payable	86,061	(17,508)	68,553
Accrued expenses and other liabilities	(153,086)	(1,081,639)	(1,234,725)
Tenants' security deposits	(21,698)	1,358	(20,340)
Accrued compensated absences	(23,620)	-	(23,620)
Deferred revenue	120,619	16,203	136,822
<b>Net Cash from Operating Activities</b>	<b>\$ 466,530</b>	<b>\$ (226,949)</b>	<b>\$ 239,581</b>

# HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS

## Supplemental Schedule of Combining Financial Statements – Bloomsbury Square - Statement of Net Position As of June 30, 2015

	<u>Bloomsbury Square</u>	<u>Others</u>	<u>Total</u>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	\$ 9,344	\$ 378,746	\$ 388,090
Cash and cash equivalents - restricted	-	3,404,548	3,404,548
Tenant security deposits	5,629	121,119	126,748
Investments	17,726	253,827	271,553
Accounts receivable, net of allowance of \$11,734	601	237,495	238,096
Inventories, net of allowance of \$2,320	1,264	24,970	26,234
Inter funds	90,284	(90,284)	-
Prepaid expenses and other current assets	2,947	97,479	100,426
<b>Total Current Assets</b>	<u>127,795</u>	<u>4,427,900</u>	<u>4,555,695</u>
<b>Non-Current Assets</b>			
Other assets	-	819,237	819,237
Land	45,057	4,659,546	4,704,603
Building, improvements, furniture and equipment	8,394,594	56,450,309	64,844,903
Accumulated depreciation	(1,972,925)	(25,260,424)	(27,233,349)
<b>Total Non-Current Assets, Net</b>	<u>6,466,726</u>	<u>36,668,668</u>	<u>43,135,394</u>
<b>TOTAL ASSETS</b>	<u>6,594,521</u>	<u>41,096,568</u>	<u>47,691,089</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts payable	28,622	543,893	572,515
Accrued expenses and other liabilities	1,317	93,344	94,661
Tenants' security deposit	5,629	117,755	123,384
Accrued compensated absences	1,125	25,172	26,297
Deferred revenue	-	316,822	316,822
Current portion of notes payable	1,353	292,913	294,266
Miscellaneous liabilities	-	299,520	299,520
<b>Total Current Liabilities</b>	<u>38,046</u>	<u>1,689,419</u>	<u>1,727,465</u>
<b>Non-Current Liabilities</b>			
Notes payable and accrued interest, net of current portion	9,734	12,242,190	12,251,924
Accrued compensated absences	10,124	226,548	236,672
Unearned grant income	-	12,200,809	12,200,809
Other liabilities	-	9,310,786	9,310,786
<b>Total Non-Current Liabilities</b>	<u>19,858</u>	<u>33,980,333</u>	<u>34,000,191</u>
<b>TOTAL LIABILITIES</b>	<u>57,904</u>	<u>35,669,752</u>	<u>35,727,656</u>
<b>NET POSITION</b>			
Investment in capital assets, net of related debt	6,447,327	22,822,640	29,269,967
Restricted	-	3,404,548	3,404,548
Unrestricted	89,290	(16,412,740)	(16,323,450)
<b>TOTAL NET POSITION</b>	<u>\$ 6,536,617</u>	<u>\$ 9,814,448</u>	<u>\$ 16,351,065</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, 2015**

	<u>Bloomsbury Square</u>	<u>Others</u>	<u>Total</u>
<b>Operating Revenue</b>			
Grants for operating purposes	\$ 118,762	\$ 8,187,742	\$ 8,306,504
Tenant rental income	184,404	2,207,531	2,391,935
Other income	33,060	2,388,198	2,421,258
<b>Total Operating Revenue</b>	<u>336,226</u>	<u>12,783,471</u>	<u>13,119,697</u>
<b>Operating Expenses</b>			
Administrative	101,689	2,414,009	2,515,698
Housing assistance payments	-	4,090,028	4,090,028
Tenant services	45,683	1,112,026	1,157,709
Utilities	55,684	1,084,678	1,140,362
Maintenance and operations	101,956	2,003,159	2,105,115
Depreciation and amortization	195,023	2,088,712	2,283,735
Other general	32,713	639,819	672,532
Bad debt expense	150	18,397	18,547
<b>Total Operating Expenses</b>	<u>532,898</u>	<u>13,450,828</u>	<u>13,983,726</u>
<b>Net Operating Loss</b>	<u>(196,672)</u>	<u>(667,357)</u>	<u>(864,029)</u>
<b>Non-Operating Revenue</b>			
Investment income	-	4,573	4,573
Loss on sale of assets	-	(6,259)	(6,259)
Interest expense	(1,367)	(595,069)	(596,436)
Grants for capital purposes	-	580,154	580,154
<b>Total Non-Operating Revenue</b>	<u>(1,367)</u>	<u>(16,601)</u>	<u>(17,968)</u>
Change in net position	(198,039)	(683,958)	(881,997)
Net position, beginning of year	6,734,656	10,498,406	17,233,062
<b>Net Position, End of Year</b>	<u>\$ 6,536,617</u>	<u>\$ 9,814,448</u>	<u>\$ 16,351,065</u>

**HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS**

**Supplemental Schedule – HUD Financial Data Schedule  
As of and for the Year Ended June 30, 2015**

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS (MD001)

ANNAPOLIS, MD

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2015

	Project Total	14.871 Housing Choice Vouchers	6.2 Component Unit - Blended	14.853 Public Housing_Tenant Opportunities Program	2 State/Local
111 Cash - Unrestricted	\$116,775	\$55,580	\$215,185		
112 Cash - Restricted - Modernization and Development			\$3,265,961		
113 Cash - Other Restricted		\$138,587			
114 Cash - Tenant Security Deposits	\$90,215		\$36,533		
115 Cash - Restricted for Payment of Current Liabilities					
100 Total Cash	\$206,990	\$194,167	\$3,517,679	\$0	\$0
121 Accounts Receivable - PHA Projects					
122 Accounts Receivable - HUD Other Projects				\$49,677	
124 Accounts Receivable - Other Government					\$18,005
125 Accounts Receivable - Miscellaneous	\$81,521		\$49,889		\$3,412
126 Accounts Receivable - Tenants	\$19,997	\$0	\$11,493	\$0	\$0
126.1 Allowance for Doubtful Accounts -Tenants	-\$2,074	\$0	-\$348	\$0	\$0
126.2 Allowance for Doubtful Accounts - Other	-\$9,312	\$0	\$0	\$0	\$0
127 Notes, Loans, & Mortgages Receivable - Current	\$0	\$0		\$0	\$0
128 Fraud Recovery	\$0	\$0		\$0	
128.1 Allowance for Doubtful Accounts - Fraud	\$0	\$0			
129 Accrued Interest Receivable	\$0				
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$90,132	\$0	\$61,034	\$49,677	\$21,417
131 Investments - Unrestricted	\$271,553				
132 Investments - Restricted					
135 Investments - Restricted for Payment of Current Liability					
142 Prepaid Expenses and Other Assets	\$49,122		\$51,304		
143 Inventories	\$20,064				

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS (MD001)

ANNAPOLIS, MD

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2015

	Project Total	14.871 Housing Choice Vouchers	6.2 Component Unit - Blended	14.853 Public Housing_Tenant Opportunities Program	2 State/Local
143.1 Allowance for Obsolete Inventories	-\$2,320				
144 Inter Program Due From	\$1,829,952	\$15,849			
145 Assets Held for Sale					
150 Total Current Assets	\$2,465,493	\$210,016	\$3,630,017	\$49,677	\$21,417
161 Land	\$4,204,603				
162 Buildings	\$35,843,856		\$26,391,944		
163 Furniture, Equipment & Machinery - Dwellings	\$323,890		\$606,539		
164 Furniture, Equipment & Machinery - Administration	\$3,954				
165 Leasehold Improvements					
166 Accumulated Depreciation	-\$22,094,739		-\$3,535,011		
167 Construction in Progress					
168 Infrastructure					
160 Total Capital Assets, Net of Accumulated Depreciation	\$18,281,564	\$0	\$23,463,472	\$0	\$0
171 Notes, Loans and Mortgages Receivable - Non-Current					
172 Notes, Loans, & Mortgages Receivable - Non Current - Past					
173 Grants Receivable - Non Current					
174 Other Assets	\$125,928		\$693,309		
176 Investments in Joint Ventures	\$592,118				
180 Total Non-Current Assets	\$18,999,610	\$0	\$24,156,781	\$0	\$0
200 Deferred Outflow of Resources					
290 Total Assets and Deferred Outflow of Resources	\$21,465,103	\$210,016	\$27,786,798	\$49,677	\$21,417

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS (MD001)

ANNAPOLIS, MD

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2015

	Project Total	14.871 Housing Choice Vouchers	6.2 Component Unit - Blended	14.853 Public Housing_Tenant Opportunities Program	2 State/Local
311 Bank Overdraft					
312 Accounts Payable <= 90 Days	\$315,067	\$3,658	\$148,271		\$14,821
313 Accounts Payable >90 Days Past Due					
321 Accrued Wage/Payroll Taxes Payable	\$40,824		\$6,751		
322 Accrued Compensated Absences - Current Portion	\$18,810	\$1,219			
324 Accrued Contingency Liability					
325 Accrued Interest Payable			\$110,531		
331 Accounts Payable - HUD PHA Programs					
332 Account Payable - PHA Projects					
333 Accounts Payable - Other Government					
341 Tenant Security Deposits	\$90,215		\$33,169		
342 Unearned Revenue	\$2,273		\$16,203		
343 Current Portion of Long-term Debt - Capital	\$265,000		\$29,266		
344 Current Portion of Long-term Debt - Operating Borrowings					
345 Other Current Liabilities			\$151,509		
346 Accrued Liabilities - Other			\$3,116		
347 Inter Program - Due To	\$1,709,763			\$49,677	\$272,865
348 Loan Liability - Current					
310 Total Current Liabilities	\$2,441,952	\$4,877	\$498,816	\$49,677	\$287,686
351 Long-term Debt, Net of Current - Capital Projects/Mortgage	\$1,907,468		\$10,344,456		
352 Long-term Debt, Net of Current - Operating Borrowings					
353 Non-current Liabilities - Other	\$206,816		\$718,046		
354 Accrued Compensated Absences - Non Current	\$169,287	\$10,972			
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: 06/30/2015

	Project Total	14.871 Housing Choice Vouchers	6.2 Component Unit - Blended	14.853 Public Housing_Tenant Opportunities Program	2 State/Local
357 Accrued Pension and OPEB Liabilities					
350 Total Non-Current Liabilities	\$2,283,571	\$10,972	\$11,062,502	\$0	\$0
300 Total Liabilities	\$4,725,523	\$15,849	\$11,561,318	\$49,677	\$287,686
400 Deferred Inflow of Resources			\$12,200,809		
508.3 Nonspendable Fund Balance					
508.4 Net Investment in Capital Assets	\$16,109,096		\$13,089,750	\$0	
509.3 Restricted Fund Balance					
510.3 Committed Fund Balance					
511.3 Assigned Fund Balance					
511.4 Restricted Net Position	\$0	\$138,587	\$3,265,961	\$0	
512.3 Unassigned Fund Balance					
512.4 Unrestricted Net Position	\$630,484	\$55,580	-\$12,331,040	\$0	-\$266,269
513 Total Equity - Net Assets / Position	\$16,739,580	\$194,167	\$4,024,671	\$0	-\$266,269
600 Total Liabilities, Deferred Inflows of Resources and Equity -	\$21,465,103	\$210,016	\$27,786,798	\$49,677	\$21,417

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS (MD001)

ANNAPOLIS, MD

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2015

	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$550	\$388,090		\$388,090
112 Cash - Restricted - Modernization and Development		\$3,265,961		\$3,265,961
113 Cash - Other Restricted		\$138,587		\$138,587
114 Cash - Tenant Security Deposits		\$126,748		\$126,748
115 Cash - Restricted for Payment of Current Liabilities				
100 Total Cash	\$550	\$3,919,386	\$0	\$3,919,386
121 Accounts Receivable - PHA Projects				
122 Accounts Receivable - HUD Other Projects		\$49,677		\$49,677
124 Accounts Receivable - Other Government		\$18,005		\$18,005
125 Accounts Receivable - Miscellaneous	\$16,150	\$150,972		\$150,972
126 Accounts Receivable - Tenants	\$0	\$31,490	\$0	\$31,490
126.1 Allowance for Doubtful Accounts -Tenants	\$0	-\$2,422	\$0	-\$2,422
126.2 Allowance for Doubtful Accounts - Other	\$0	-\$9,312	\$0	-\$9,312
127 Notes, Loans, & Mortgages Receivable - Current		\$0	\$0	\$0
128 Fraud Recovery		\$0	\$0	\$0
128.1 Allowance for Doubtful Accounts - Fraud		\$0		\$0
129 Accrued Interest Receivable		\$0		\$0
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$16,150	\$238,410	\$0	\$238,410
131 Investments - Unrestricted		\$271,553		\$271,553
132 Investments - Restricted				
135 Investments - Restricted for Payment of Current Liability				
142 Prepaid Expenses and Other Assets		\$100,426		\$100,426
143 Inventories	\$8,490	\$28,554		\$28,554
143.1 Allowance for Obsolete Inventories	\$0	-\$2,320		-\$2,320

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS (MD001)

ANNAPOLIS, MD

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2015

	COCC	Subtotal	ELIM	Total
144 Inter Program Due From	\$186,504	\$2,032,305	-\$2,032,305	\$0
145 Assets Held for Sale				
150 Total Current Assets	\$211,694	\$6,588,314	-\$2,032,305	\$4,556,009
161 Land		\$4,204,603		\$4,204,603
162 Buildings	\$1,029,266	\$63,265,066		\$63,265,066
163 Furniture, Equipment & Machinery - Dwellings	\$16,013	\$946,442		\$946,442
164 Furniture, Equipment & Machinery - Administration	\$629,441	\$633,395		\$633,395
165 Leasehold Improvements				
166 Accumulated Depreciation	-\$1,603,599	-\$27,233,349		-\$27,233,349
167 Construction in Progress				
168 Infrastructure				
160 Total Capital Assets, Net of Accumulated Depreciation	\$71,121	\$41,816,157	\$0	\$41,816,157
171 Notes, Loans and Mortgages Receivable - Non-Current				
172 Notes, Loans, & Mortgages Receivable - Non Current - Past				
173 Grants Receivable - Non Current				
174 Other Assets		\$819,237	-\$125,928	\$693,309
176 Investments in Joint Ventures		\$592,118	-\$592,118	\$0
180 Total Non-Current Assets	\$71,121	\$43,227,512	-\$718,046	\$42,509,466
200 Deferred Outflow of Resources				
290 Total Assets and Deferred Outflow of Resources	\$282,815	\$49,815,826	-\$2,750,351	\$47,065,475
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: 06/30/2015

	COCC	Subtotal	ELIM	Total
312 Accounts Payable <= 90 Days	\$90,698	\$572,515		\$572,515
313 Accounts Payable >90 Days Past Due				
321 Accrued Wage/Payroll Taxes Payable	\$47,086	\$94,661		\$94,661
322 Accrued Compensated Absences - Current Portion	\$6,268	\$26,297		\$26,297
324 Accrued Contingency Liability				
325 Accrued Interest Payable		\$110,531		\$110,531
331 Accounts Payable - HUD PHA Programs				
332 Account Payable - PHA Projects				
333 Accounts Payable - Other Government				
341 Tenant Security Deposits		\$123,384		\$123,384
342 Unearned Revenue	\$298,346	\$316,822		\$316,822
343 Current Portion of Long-term Debt - Capital		\$294,266		\$294,266
344 Current Portion of Long-term Debt - Operating Borrowings				
345 Other Current Liabilities		\$151,509		\$151,509
346 Accrued Liabilities - Other	\$34,364	\$37,480		\$37,480
347 Inter Program - Due To		\$2,032,305	-\$2,032,305	\$0
348 Loan Liability - Current				
310 Total Current Liabilities	\$476,762	\$3,759,770	-\$2,032,305	\$1,727,465
351 Long-term Debt, Net of Current - Capital Projects/Mortgage		\$12,251,924		\$12,251,924
352 Long-term Debt, Net of Current - Operating Borrowings				
353 Non-current Liabilities - Other	\$27,449	\$952,311	-\$718,046	\$234,265
354 Accrued Compensated Absences - Non Current	\$56,413	\$236,672		\$236,672
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: 06/30/2015

	COCC	Subtotal	ELIM	Total
350 Total Non-Current Liabilities	\$83,862	\$13,440,907	-\$718,046	\$12,722,861
300 Total Liabilities	\$560,624	\$17,200,677	-\$2,750,351	\$14,450,326
400 Deferred Inflow of Resources		\$12,200,809		\$12,200,809
508.3 Nonspendable Fund Balance				
508.4 Net Investment in Capital Assets	\$71,121	\$29,269,967		\$29,269,967
509.3 Restricted Fund Balance				
510.3 Committed Fund Balance				
511.3 Assigned Fund Balance				
511.4 Restricted Net Position		\$3,404,548		\$3,404,548
512.3 Unassigned Fund Balance				
512.4 Unrestricted Net Position	-\$348,930	-\$12,260,175		-\$12,260,175
513 Total Equity - Net Assets / Position	-\$277,809	\$20,414,340	\$0	\$20,414,340
600 Total Liabilities, Deferred Inflows of Resources and Equity -	\$282,815	\$49,815,826	-\$2,750,351	\$47,065,475

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS (MD001)

ANNAPOLIS, MD

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2015

	Project Total	14.871 Housing Choice Vouchers	6.2 Component Unit - Blended	14.853 Public Housing_Tenant Opportunities Program	2 State/Local
70300 Net Tenant Rental Revenue	\$2,028,043		\$296,599		\$24,629
70400 Tenant Revenue - Other	\$24,702		\$17,962		
70500 Total Tenant Revenue	\$2,052,745	\$0	\$314,561	\$0	\$24,629
70600 HUD PHA Operating Grants	\$3,644,937	\$4,341,074		\$320,493	
70610 Capital Grants	\$580,154				
70710 Management Fee					
70720 Asset Management Fee					
70730 Book Keeping Fee					
70740 Front Line Service Fee					
70750 Other Fees					
70700 Total Fee Revenue					
70800 Other Government Grants					\$91,422
71100 Investment Income - Unrestricted	\$1,989	\$92			
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	\$429,519	\$50,282	\$1,795,812		\$13,222
71600 Gain or Loss on Sale of Capital Assets					
72000 Investment Income - Restricted					
70000 Total Revenue	\$6,709,344	\$4,392,648	\$2,110,373	\$320,493	\$129,273
91100 Administrative Salaries	\$335,280	\$154,465	\$132,795	\$25,854	\$45,320

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS (MD001)

ANNAPOLIS, MD

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2015

	Project Total	14.871 Housing Choice Vouchers	6.2 Component Unit - Blended	14.853 Public Housing_Tenant Opportunities Program	2 State/Local
91200 Auditing Fees	\$14,500	\$5,000	\$38,972		
91300 Management Fee	\$522,746				
91310 Book-keeping Fee	\$67,515				
91400 Advertising and Marketing	\$16,485				
91500 Employee Benefit contributions - Administrative	\$279,842	\$25,344	\$56,397	\$56,166	\$13,068
91600 Office Expenses	\$241,290	\$28,729	\$209,531	\$3,612	\$1,545
91700 Legal Expense	\$50,573		\$6,560		
91800 Travel	\$1,230				
91810 Allocated Overhead					
91900 Other	\$27,840				
91000 Total Operating - Administrative	\$1,557,301	\$213,538	\$444,255	\$85,632	\$59,933
92000 Asset Management Fee	\$66,960				
92100 Tenant Services - Salaries	\$475,591		\$119,820	\$234,865	\$50,542
92200 Relocation Costs					
92300 Employee Benefit Contributions - Tenant Services	\$49,737				
92400 Tenant Services - Other	\$85,559				\$83,297
92500 Total Tenant Services	\$610,887	\$0	\$119,820	\$234,865	\$133,839
93100 Water	\$485,330		\$95,724		
93200 Electricity	\$306,839		\$43,373		
93300 Gas	\$163,623		\$3,846		
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: 06/30/2015

	Project Total	14.871 Housing Choice Vouchers	6.2 Component Unit - Blended	14.853 Public Housing_Tenant Opportunities Program	2 State/Local
93800 Other Utilities Expense					
93000 Total Utilities	\$955,792	\$0	\$142,943	\$0	\$0
94100 Ordinary Maintenance and Operations - Labor	\$810,529		\$107,469		
94200 Ordinary Maintenance and Operations - Materials and	\$453,853		\$164,920		
94300 Ordinary Maintenance and Operations Contracts	\$351,439		\$96,609		
94500 Employee Benefit Contributions - Ordinary Maintenance	\$62,109	\$22,285			
94000 Total Maintenance	\$1,677,930	\$22,285	\$368,998	\$0	\$0
95100 Protective Services - Labor	\$41,045		\$10,957		
95200 Protective Services - Other Contract Costs					
95300 Protective Services - Other					
95500 Employee Benefit Contributions - Protective Services	\$5,482				
95000 Total Protective Services	\$46,527	\$0	\$10,957	\$0	\$0
96110 Property Insurance	\$120,194		\$105,673		
96120 Liability Insurance	\$43,761				
96130 Workmen's Compensation	\$198,904		\$6,307		
96140 All Other Insurance	\$44,795		\$8,223		
96100 Total insurance Premiums	\$407,654	\$0	\$120,203	\$0	\$0
96200 Other General Expenses	\$450,915		\$80,009		
96210 Compensated Absences	\$35,523	\$1,369			
96300 Payments in Lieu of Taxes					
96400 Bad debt - Tenant Rents	\$9,203		\$115		
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: 06/30/2015

	Project Total	14.871 Housing Choice Vouchers	6.2 Component Unit - Blended	14.853 Public Housing_Tenant Opportunities Program	2 State/Local
96600 Bad debt - Other			\$9,344		
96800 Severance Expense					
96000 Total Other General Expenses	\$495,641	\$1,369	\$89,468	\$0	\$0
96710 Interest of Mortgage (or Bonds) Payable	\$147,695				
96720 Interest on Notes Payable (Short and Long Term)			\$449,241		
96730 Amortization of Bond Issue Costs					
96700 Total Interest Expense and Amortization Cost	\$147,695	\$0	\$449,241	\$0	\$0
96900 Total Operating Expenses	\$5,966,387	\$237,192	\$1,745,885	\$320,497	\$193,772
97000 Excess of Operating Revenue over Operating Expenses	\$742,957	\$4,155,456	\$364,488	-\$4	-\$64,499
97100 Extraordinary Maintenance					
97200 Casualty Losses - Non-capitalized					
97300 Housing Assistance Payments		\$4,090,028			
97350 HAP Portability-In		\$46,854			
97400 Depreciation Expense	\$1,395,715	\$0	\$807,728		
97500 Fraud Losses		\$0			
97600 Capital Outlays - Governmental Funds					
97700 Debt Principal Payment - Governmental Funds					
97800 Dwelling Units Rent Expense					
90000 Total Expenses	\$7,362,102	\$4,374,074	\$2,553,613	\$320,497	\$193,772
10010 Operating Transfer In		\$0			
10020 Operating transfer Out					

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS (MD001)

ANNAPOLIS, MD

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2015

	Project Total	14.871 Housing Choice Vouchers	6.2 Component Unit - Blended	14.853 Public Housing_Tenant Opportunities Program	2 State/Local
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	-\$652,758	\$18,574	-\$443,240	-\$4	-\$64,499
11020 Required Annual Debt Principal Payments	\$255,000	\$0	\$27,290	\$0	\$0
11030 Beginning Equity	\$17,401,923	\$175,593	\$4,536,350	\$0	-\$189,026
11040 Prior Period Adjustments, Equity Transfers and Correction	-\$9,585	\$0	-\$68,554	\$4	-\$12,744
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		\$55,580			
11180 Housing Assistance Payments Equity		\$138,587			
11190 Unit Months Available	10816	4608	1500	0	300

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS (MD001)

ANNAPOLIS, MD

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2015

	Project Total	14.871 Housing Choice Vouchers	6.2 Component Unit - Blended	14.853 Public Housing_Tenant Opportunities Program	2 State/Local
11210 Number of Unit Months Leased	10288	4070	1476	0	300
11270 Excess Cash	-\$464,909				
11610 Land Purchases	\$0				
11620 Building Purchases	\$580,154				
11630 Furniture & Equipment - Dwelling Purchases	\$0				
11640 Furniture & Equipment - Administrative Purchases	\$0				
11650 Leasehold Improvements Purchases	\$0				
11660 Infrastructure Purchases	\$0				
13510 CFFP Debt Service Payments	\$402,694				
13901 Replacement Housing Factor Funds	\$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: 06/30/2015

	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue		\$2,349,271		\$2,349,271
70400 Tenant Revenue - Other		\$42,664		\$42,664
70500 Total Tenant Revenue	\$0	\$2,391,935	\$0	\$2,391,935
70600 HUD PHA Operating Grants		\$8,306,504		\$8,306,504
70610 Capital Grants		\$580,154		\$580,154
70710 Management Fee	\$522,746	\$522,746	-\$522,746	\$0
70720 Asset Management Fee	\$66,960	\$66,960	-\$66,960	\$0
70730 Book Keeping Fee	\$67,515	\$67,515	-\$67,515	\$0
70740 Front Line Service Fee				
70750 Other Fees				
70700 Total Fee Revenue	\$657,221	\$657,221	-\$657,221	\$0
70800 Other Government Grants		\$91,422		\$91,422
71100 Investment Income - Unrestricted	\$2,492	\$4,573		\$4,573
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	\$181,620	\$2,470,455	-\$497,769	\$1,972,686
71600 Gain or Loss on Sale of Capital Assets	-\$6,259	-\$6,259		-\$6,259
72000 Investment Income - Restricted				
70000 Total Revenue	\$835,074	\$14,497,205	-\$1,154,990	\$13,342,215
91100 Administrative Salaries	\$427,204	\$1,120,918		\$1,120,918
91200 Auditing Fees	\$3,000	\$61,472		\$61,472

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS (MD001)

ANNAPOLIS, MD

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2015

	COCC	Subtotal	ELIM	Total
91300 Management Fee		\$522,746	-\$522,746	\$0
91310 Book-keeping Fee		\$67,515	-\$67,515	\$0
91400 Advertising and Marketing		\$16,485		\$16,485
91500 Employee Benefit contributions - Administrative	\$119,955	\$550,772		\$550,772
91600 Office Expenses	\$138,086	\$622,793		\$622,793
91700 Legal Expense		\$57,133		\$57,133
91800 Travel		\$1,230		\$1,230
91810 Allocated Overhead				
91900 Other		\$27,840		\$27,840
91000 Total Operating - Administrative	\$688,245	\$3,048,904	-\$590,261	\$2,458,643
92000 Asset Management Fee		\$66,960	-\$66,960	\$0
92100 Tenant Services - Salaries		\$880,818		\$880,818
92200 Relocation Costs				
92300 Employee Benefit Contributions - Tenant Services		\$49,737		\$49,737
92400 Tenant Services - Other	\$6,296	\$175,152		\$175,152
92500 Total Tenant Services	\$6,296	\$1,105,707	\$0	\$1,105,707
93100 Water	\$1,176	\$582,230		\$582,230
93200 Electricity	\$32,650	\$382,862		\$382,862
93300 Gas	\$7,801	\$175,270		\$175,270
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: 06/30/2015

	COCC	Subtotal	ELIM	Total
93000 Total Utilities	\$41,627	\$1,140,362	\$0	\$1,140,362
94100 Ordinary Maintenance and Operations - Labor		\$917,998		\$917,998
94200 Ordinary Maintenance and Operations - Materials and	\$10,706	\$629,479		\$629,479
94300 Ordinary Maintenance and Operations Contracts	\$25,196	\$473,244		\$473,244
94500 Employee Benefit Contributions - Ordinary Maintenance		\$84,394		\$84,394
94000 Total Maintenance	\$35,902	\$2,105,115	\$0	\$2,105,115
95100 Protective Services - Labor		\$52,002		\$52,002
95200 Protective Services - Other Contract Costs				
95300 Protective Services - Other				
95500 Employee Benefit Contributions - Protective Services		\$5,482		\$5,482
95000 Total Protective Services	\$0	\$57,484	\$0	\$57,484
96110 Property Insurance	\$3,478	\$229,345		\$229,345
96120 Liability Insurance	\$3,675	\$47,436		\$47,436
96130 Workmen's Compensation	\$32,197	\$237,408		\$237,408
96140 All Other Insurance	\$23,751	\$76,769		\$76,769
96100 Total insurance Premiums	\$63,101	\$590,958	\$0	\$590,958
96200 Other General Expenses	\$1,565	\$532,489	-\$450,915	\$81,574
96210 Compensated Absences	\$14,681	\$51,573		\$51,573
96300 Payments in Lieu of Taxes				
96400 Bad debt - Tenant Rents		\$9,318		\$9,318
96500 Bad debt - Mortgages				
96600 Bad debt - Other		\$9,344		\$9,344

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS (MD001)

ANNAPOLIS, MD

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2015

	COCC	Subtotal	ELIM	Total
96800 Severance Expense				
96000 Total Other General Expenses	\$16,246	\$602,724	-\$450,915	\$151,809
96710 Interest of Mortgage (or Bonds) Payable		\$147,695		\$147,695
96720 Interest on Notes Payable (Short and Long Term)		\$449,241		\$449,241
96730 Amortization of Bond Issue Costs				
96700 Total Interest Expense and Amortization Cost	\$0	\$596,936	\$0	\$596,936
96900 Total Operating Expenses	\$851,417	\$9,315,150	-\$1,108,136	\$8,207,014
97000 Excess of Operating Revenue over Operating Expenses	-\$16,343	\$5,182,055	-\$46,854	\$5,135,201
97100 Extraordinary Maintenance				
97200 Casualty Losses - Non-capitalized				
97300 Housing Assistance Payments		\$4,090,028		\$4,090,028
97350 HAP Portability-In		\$46,854	-\$46,854	\$0
97400 Depreciation Expense	\$80,292	\$2,283,735		\$2,283,735
97500 Fraud Losses		\$0		\$0
97600 Capital Outlays - Governmental Funds				
97700 Debt Principal Payment - Governmental Funds				
97800 Dwelling Units Rent Expense				
90000 Total Expenses	\$931,709	\$15,735,767	-\$1,154,990	\$14,580,777
10010 Operating Transfer In		\$0		\$0
10020 Operating transfer Out				
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: 06/30/2015

	COCC	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	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total	-\$96,635	-\$1,238,562	\$0	-\$1,238,562
11020 Required Annual Debt Principal Payments	\$0	\$282,290		\$282,290
11030 Beginning Equity	-\$193,559	\$21,731,281		\$21,731,281
11040 Prior Period Adjustments, Equity Transfers and Correction	\$12,385	-\$78,494		-\$78,494
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		\$55,580		\$55,580
11180 Housing Assistance Payments Equity		\$138,587		\$138,587
11190 Unit Months Available	0	17224		17224
11210 Number of Unit Months Leased	0	16134		16134

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS (MD001)

ANNAPOLIS, MD

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2015

	COCC	Subtotal	ELIM	Total
11270 Excess Cash		-\$464,909		-\$464,909
11610 Land Purchases	\$0	\$0		\$0
11620 Building Purchases	\$0	\$580,154		\$580,154
11630 Furniture & Equipment - Dwelling Purchases	\$0	\$0		\$0
11640 Furniture & Equipment - Administrative Purchases	\$0	\$0		\$0
11650 Leasehold Improvements Purchases	\$0	\$0		\$0
11660 Infrastructure Purchases	\$0	\$0		\$0
13510 CFFP Debt Service Payments	\$0	\$402,694		\$402,694
13901 Replacement Housing Factor Funds	\$0	\$0		\$0