

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2024

**HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS
YEAR ENDED JUNE 30, 2024**

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Housing Authority of the City of Annapolis
Annapolis, Maryland

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the business-type activities and aggregate discretely presented component units of the Housing Authority of the City of Annapolis (the Authority), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of other auditors, the accompanying financial statements present fairly, in all material respects, the financial position of the business-type activities and aggregate discretely presented component units of the Authority as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the aggregate discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component units, is based solely on the reports of other auditors.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion. The financial statements of Morris Blum LLC, a discretely presented component unit, were not audited in accordance with *Government Auditing Standards*.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events considered in the aggregate that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 8 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The Financial Data Schedule, Statement of Net Position – AMPS, Statement of Revenue, Expenses, and Changes in Net Position – AMPS, and the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Financial Data Schedule, Statement of Net Position – AMPS, Statement of Revenue, Expenses, and Changes in Net Position – AMPS, and the Schedule of Expenditures of Federal Awards are 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 27, 2025, on our consideration of the Authority’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the Authority’s 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 over financial reporting and compliance.

A handwritten signature in black ink that reads "Rubins & Company". The signature is written in a cursive, flowing style.

Bethesda, Maryland
March 27, 2025

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS
MANAGEMENTS DISCUSSION AND ANALYSIS – UNAUDITED
JUNE 30, 2024

The management of the Housing Authority of the City of Annapolis (the Authority) is pleased to offer to the readers and other interested parties of the Authority’s financial statements an overview of its financial activities for the year ended June 30, 2024.

Readers are encouraged to consider the information provided here in conjunction with the Authority’s financial statements. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Ms. Melissa Maddox-Evans, Chief Executive Officer.

BASIC FINANCIAL STATEMENTS

The basic financial statements are designed to provide readers with a broad overview of the Authority’s finances in a manner like a private-sector business. They consist of the statement of net position, statement of revenues, expenses, and changes in net position, and statement of cash flows.

The statement of net position reports all financial and capital resources for the Authority. The statement is presented in the format whereby assets and deferred outflows of resources minus liabilities and deferred inflows of resources equals net position.

Assets and liabilities are presented in order of liquidity and are classified as “current” (convertible into cash within one year) and “noncurrent.”

The focus of the statement of net position (the “unrestricted net position”) is designed to represent the net available liquid (noncapital) assets, net of liabilities, for the entire Authority. Net position is reported in three broad categories:

Net Investment in Capital Assets - This consists of capital assets, reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Position - This component of net position consists of restricted assets when constraints are placed on the asset by creditors (such as debt covenants, grantors, contributors, laws, regulations, etc.).

Unrestricted Net Position - This consists of net position that does not meet the definition of “net investment in capital assets” or “restricted net position.”

The statement of revenues, expenses, and changes in net position reports the Authority’s operating and non-operating expenses and the changes in net position for the year. The focus of this statement is to show the “change in net position,” which is like net income or loss.

Finally, a statement of cash flows is included which discloses net cash from operating activities, capital, and related financing activities, and investing activities.

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the basic financial statements can be found in this report after the basic financial statements.

Supplementary Information

The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Uniform Guidance. The financial data schedule is presented for purposes of additional analysis as required by the U.S. Department of Housing and Urban Development (HUD). The Authority also reports a statement of net position and statement of revenues, expenses, and changes in net position for each AMP.

CONDENSED FINANCIAL INFORMATION
STATEMENT OF NET POSITION
AS OF JUNE 30,

	<u>2024</u>	<u>2023</u>	<u>Total Change</u>	<u>% Change</u>
Cash & Cash Equivalents	\$ 2,154,298	\$ 2,015,505	\$ 138,793	6.89%
Other Current Assets	529,253	1,173,631	(644,378)	-54.90%
Capital Assets	12,967,868	12,605,727	362,141	2.87%
Notes Receivable	7,233,424	4,430,883	2,802,541	63.25%
Other Assets	78,404	180,871	(102,467)	-56.65%
Total Assets	\$ 22,963,247	\$ 20,406,617	\$ 2,556,630	12.53%
Current Liabilities	\$ 370,307	\$ 556,156	\$ (185,849)	-33.42%
Noncurrent Liabilities	6,268,444	2,721,460	3,546,984	130.33%
Total Liabilities	6,638,751	3,277,616	3,361,135	102.55%
Investment in Capital Assets	12,967,868	12,605,727	362,141	2.87%
Restricted	174,659	828,423	(653,764)	-78.92%
Unrestricted	3,181,969	3,694,851	(512,882)	-13.88%
Total Net Position	16,324,496	17,129,001	(804,505)	-4.70%
Total Liabilities & Net Position	\$ 22,963,247	\$ 20,406,617	\$ 2,556,630	12.53%

Total assets increased primarily due to an increase in notes receivable.

Total liabilities increased primarily due to an increase in liabilities for prepaid ground leases included in noncurrent liabilities.

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

Total net position decreased due to excess of expenses over revenues.

CONDENSED FINANCIAL INFORMATION
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30,

	<u>2024</u>	<u>2023</u>	<u>Total Change</u>	<u>% Change</u>
Revenue				
HUD operating grants	\$ 11,842,821	\$ 13,446,667	\$ (1,603,846)	-11.93%
Other government grant revenue	248,401	1,053,014	(804,613)	-76.41%
Tenant revenue	1,761,243	2,227,067	(465,824)	-20.92%
Other revenue	479,294	186,595	292,699	156.86%
Total Revenue	14,331,759	16,913,343	(2,581,584)	-15.26%
Expenses				
Administrative	3,883,410	3,168,282	715,128	22.57%
Tenant services	628,112	1,144,625	(516,513)	-45.13%
Utilities	886,297	1,207,366	(321,069)	-26.59%
Maintenance	1,572,377	2,545,260	(972,883)	-38.22%
Insurance	290,129	507,697	(217,568)	-42.85%
Housing assistance payments	7,546,626	6,359,698	1,186,928	18.66%
General	875,105	492,986	382,119	77.51%
Depreciation and amortization	751,875	1,051,278	(299,403)	-28.48%
Total Expenses	16,433,931	16,477,192	(43,261)	-0.26%
Nonoperating Revenues (Expenses)				
Interest income	232,495	61,701	170,794	276.81%
Gain (loss) on disposal/sale of capital assets	(293,664)	-	(293,664)	-100.00%
Total nonoperating revenues (expenses)	(61,169)	61,701	(122,870)	-199.14%
Capital Contributions	1,358,836	181,701	1,177,135	647.84%
Change in Net Position	(804,505)	679,553	(1,484,058)	-218.39%
Beginning Net Position	17,129,001	16,449,448	679,553	4.13%
Ending Net Position	\$ 16,324,496	\$ 17,129,001	\$ 249,760	1.46%

Total HUD operating grants decreased due to a decrease in operating subsidy after Morris Blum was converted from PH to PBV under the Rental Assistance Demonstration Program (RAD).

Total expenses remained relatively similar to the prior year.

**HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS
MANAGEMENTS DISCUSSION AND ANALYSIS – UNAUDITED
JUNE 30, 2024**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Capital assets (total capital assets, net of accumulated depreciation) showed an increase of \$362,141 from the previous fiscal year. As of June 30, 2024, the Authority's total capital assets, net of accumulated depreciation, stood at \$12,967,868.

Debt Outstanding

The Authority does not have any long-term debt outstanding as of June 30, 2024.

ECONOMIC FACTORS

The majority of the Authority's funding comes from the U.S. Department of Housing and Urban Development (HUD) in the form of Section 8 housing assistance payments, public housing operating subsidies, Capital Fund grants, and other smaller grants. Over the past several years, Congress and the federal government have continued to cut housing subsidies due to changes in budget priorities. Because of the reliance on federal subsidies, these funding reductions continue to have an impact on the Authority's economic position. There still is significant uncertainty about future funding levels.

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS
STATEMENT OF NET POSITION

	Primary Government - June 30, 2024	Discretely Presented Component Units - December 31, 2023	Totals (Memorandum Only)
ASSETS			
Current assets			
Cash and cash equivalents - unrestricted	\$ 1,742,566	\$ 1,266,874	\$ 3,009,440
Cash and cash equivalents - restricted	345,779	32,970,495	33,316,274
Cash and cash equivalents - tenant security deposits	65,953	97,025	162,978
Accounts receivable	367,605	927,667	1,295,272
Prepaid expenses and other current assets	161,648	231,390	393,038
Total current assets	<u>2,683,551</u>	<u>35,493,451</u>	<u>38,177,002</u>
Noncurrent assets			
Capital assets, net	12,967,868	67,960,575	80,928,443
Notes receivable	7,233,424	-	7,233,424
Other assets	78,404	17,704,495	17,782,899
Total noncurrent assets	<u>20,279,696</u>	<u>85,665,070</u>	<u>105,944,766</u>
TOTAL ASSETS	<u>\$ 22,963,247</u>	<u>\$ 121,158,521</u>	<u>\$ 144,121,768</u>
LIABILITIES AND NET POSITION			
Current liabilities			
Accounts payable	\$ 149,775	\$ 3,771,867	\$ 3,921,642
Accrued liabilities	43,888	259,391	303,279
Accrued wages	50,487	211,294	261,781
Accrued compensated absences - current	10,794	-	10,794
Current portion of long-term debt	-	461,260	461,260
Unearned revenue	31,778	86,041	117,819
Tenant security deposits	65,953	92,202	158,155
Other current liabilities	17,632	337,220	354,852
Total current liabilities	<u>370,307</u>	<u>5,219,275</u>	<u>5,589,582</u>
Noncurrent liabilities			
Long-term debt - noncurrent portion	-	73,543,888	73,543,888
Accrued compensated absences - long-term	61,154	-	61,154
Noncurrent liabilities - other	6,207,290	10,663,789	16,871,079
Total noncurrent liabilities	<u>6,268,444</u>	<u>84,207,677</u>	<u>90,476,121</u>
Total liabilities	<u>6,638,751</u>	<u>89,426,952</u>	<u>96,065,703</u>
Net position			
Net investment in capital assets	12,967,868	(6,044,573)	6,923,295
Restricted net position	174,659	32,975,318	33,149,977
Unrestricted net position	3,181,969	4,800,824	7,982,793
Total net position	<u>16,324,496</u>	<u>31,731,569</u>	<u>48,056,065</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 22,963,247</u>	<u>\$ 121,158,521</u>	<u>\$ 144,121,768</u>

The accompanying notes are an integral part of these financial statements.

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION

	Primary Government - Year Ended June 30, 2024	Discretely Presented Component Units - Year Ended December 31, 2023	Totals (Memorandum Only)
Operating Revenues			
Tenant rental revenue	\$ 1,761,243	\$ 6,179,501	\$ 7,940,744
HUD operating revenue	11,842,821	-	11,842,821
Other government grant revenue	248,401	-	248,401
Other revenue	479,294	365,922	845,216
Total operating revenues	<u>14,331,759</u>	<u>6,545,423</u>	<u>20,877,182</u>
Operating Expenses			
Administrative	3,883,410	1,537,941	5,421,351
Tenant services	628,112	-	628,112
Utilities	886,297	431,824	1,318,121
Maintenance	1,572,377	1,411,371	2,983,748
Protective services	-	639,299	639,299
Insurance	290,129	454,998	745,127
Housing assistance payments	7,546,626	-	7,546,626
General	875,105	457,283	1,332,388
Depreciation and amortization	751,875	2,293,259	3,045,134
Total operating expenses	<u>16,433,931</u>	<u>7,225,975</u>	<u>23,659,906</u>
Operating income (loss)	<u>(2,102,172)</u>	<u>(680,552)</u>	<u>(2,782,724)</u>
Nonoperating Revenues (Expenses)			
Investment income	-	891,811	891,811
Mortgage interest income	232,495	-	232,495
Loss on sale of capital assets	(293,664)	-	(293,664)
Distributions	-	(96,083)	(96,083)
Interest expense	-	(1,246,116)	(1,246,116)
Total nonoperating revenues (expenses)	<u>(61,169)</u>	<u>(450,388)</u>	<u>(511,557)</u>
Income (loss) before contributions	(2,163,341)	(1,130,940)	(3,294,281)
Capital contributions	<u>1,358,836</u>	<u>16,536,262</u>	<u>17,895,098</u>
Change in net position	(804,505)	15,405,322	14,600,817
Net position, beginning of year	<u>17,129,001</u>	<u>16,326,247</u>	<u>33,455,248</u>
Net position, end of year	<u>\$ 16,324,496</u>	<u>\$ 31,731,569</u>	<u>\$ 48,056,065</u>

The accompanying notes are an integral part of these financial statements.

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS
STATEMENT OF CASH FLOWS
Year Ended June 30, 2024

	Primary Government
Cash flows from operating activities	
Cash received from HUD and other governments	\$ 12,571,124
Cash received from others	1,522,408
Cash received from tenants	1,251,582
Cash paid to employees	(3,974,621)
Cash paid to suppliers	(3,664,546)
Cash paid to landlords	(7,546,626)
Net cash flows provided/(used) by operating activities	159,321
Cash flows from capital and related financing activities	
Purchases of capital assets	(1,414,087)
Proceeds from sale of capital assets	6,406
HUD capital grants	1,358,836
Net cash flows provided/(used) by capital and related financing activities	(48,845)
Cash flows from investing activities	
Payments received on notes receivable	28,317
Net cash flows provided/(used) by investing activities	28,317
NET INCREASE/(DECREASE) IN CASH	138,793
CASH AND CASH EQUIVALENTS, beginning of year	2,015,505
CASH AND CASH EQUIVALENTS, end of year	\$ 2,154,298
RECONCILIATION OF CASH AND CASH EQUIVALENTS PER STATEMENT OF CASH FLOWS TO THE STATEMENT OF NET POSITION:	
Cash and cash equivalents - unrestricted	\$ 1,742,566
Cash and cash equivalents - restricted	345,779
Cash and cash equivalents - tenant security deposits	65,953
Cash and Cash Equivalents per Statement of Net Position	\$ 2,154,298

The accompanying notes are an integral part of these financial statements.

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS
STATEMENT OF CASH FLOWS
Year Ended June 30, 2024

**Reconciliation of operating income (loss) to net cash
provided/(used) by operating activities**

Operating income (loss)	\$ (2,102,172)
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**Adjustments to reconcile operating income/(loss) to net cash
provided/(used) by operating activities**

Depreciation	751,875
Interest loan forgiveness	401,638

Changes in operating assets and liabilities

Decrease (increase) in accounts receivable	737,082
Decrease (increase) in prepaid expenses and other current assets	(92,704)
Decrease (increase) in other assets	102,467
Increase (decrease) in accounts payable	(194,319)
Increase (decrease) in accrued liabilities	585,629
Increase (decrease) in accrued compensated absences	(23,798)
Increase (decrease) in unearned revenue	<u>(6,377)</u>

Net cash provided/(used) by operating activities	<u>\$ 159,321</u>
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The accompanying notes are an integral part of these financial statements.

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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 the obligations of the City.

The Authority's financial statements include the accounts of all Authority operations.

The criteria for including organizations within the Authority's reporting entity, as set forth in Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statements No. 61 and No. 80, relate to financial accountability. Based on these criteria, Obery Court Phase I, LLC, Obery Court/College Creek Phase II, LLC, Obery Court Phase III, LLC, Annapolis Community Development Partners, LLC, Newtowne 20, LLC, and Morris Blum, LLC are discretely presented component units of the Authority. The six companies' year ends are December 31.

The accompanying financial statements present the Authority and its component units. The discretely presented component units are reported in a separate column in the Authority's financial statements to emphasize that they are legally separate from the Authority. The financial statements of the component units may be obtained by writing to the Authority's Deputy Executive Director and Chief Financial Officer at 1217 Madison Street, Annapolis, Maryland 21403.

Discretely Presented Component Units

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 known as Obery Court I, consisting of 50 rental units in Annapolis, Maryland. Rental operations began on February 19, 2010.

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Obery Court/College Creek Phase II, LLC, was formed as a limited liability company under the laws of the State of Maryland on May 26, 2010. The purpose of the Company is to construct and operate an affordable housing project consisting of 63 rental units in Annapolis, Maryland. Rental operations began on October 8, 2012.

Obery Court Phase III, LLC, was formed as a limited liability company under the laws of the State of Maryland on March 20, 2014. The purpose of Obery Court Phase III, LLC, is to construct and operate an affordable housing project known as Obery Court III consisting of 61 rental units in Annapolis, Maryland. Rental operations began on June 7, 2016.

Annapolis Community Development Partners, LLC 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.

Newtowne 20, LLC was formed as a limited liability company under the laws of the State of Maryland on October 22, 2019. The purpose of Newtowne 20, LLC is to acquire, construct, and operate an affordable housing project consisting of eight buildings and 78 rental units located in Annapolis, Maryland and is currently operating under the name of Wilbourn Estates.

Morris Blum, LLC was formed as a limited liability company under the laws of the Commonwealth of Massachusetts on August 16, 2023. The purpose of Morris Blum, LLC is to acquire, develop, construct, and operate a rental housing project consisting of 154 units located in Annapolis, Maryland.

Basis of Presentation

The Authority's accounts are organized as an enterprise fund. The operations are accounted for with a set of self-balancing accounts that comprise its assets, liabilities, net position, revenues, and expenses. Accordingly, the accompanying financial statements have been prepared using the accrual method of accounting and on the basis of accounting principles generally accepted in the United States of America (U.S. GAAP).

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Basis of Accounting and Measurement Focus

The basis of accounting for the Authority is determined by measurement focus. The flow of economic resources measurement focus and the accrual basis of accounting are used to account for the activities of the Authority. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. All assets and liabilities associated with the operation of the Authority are included on the statement of net position. The Authority is required to follow all statements of GASB.

Significant programs of the Authority include the following:

Low Income Public Housing – Funding for the federal housing projects is acquired through advances from HUD. The objective of the program is to provide decent, safe, and sanitary housing and related facilities for eligible low-income families and the elderly.

Housing Choice Voucher Program – The objectives of this program are to provide decent, safe, and affordable housing for eligible low-income families and the elderly. The program utilizes existing privately-owned rental housing units and is funded by contributions from HUD for the difference between approved landlord contract rent and the rent paid by the tenants.

Capital Fund Program – The objectives of this program are to improve the physical condition of the Low-Income Public Housing units and upgrade the management of the program.

Resident Opportunity and Supportive Services/Family Self-Sufficiency – The objective of these programs are to provide funding for a service coordinator to assess the needs of residents of public housing and meet those needs. The Authority enters into a contract of participation with HUD.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP 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, 2024

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Cash and Cash Equivalents

For the purpose of the statement of cash flows, the Authority considers cash and cash equivalents to be all highly liquid debt instruments with original maturities of three months or less.

Tenant Accounts Receivable

Tenant accounts receivable are carried at the amount considered by management to be collectible.

Accounts Receivable

Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. The Authority provides for losses on accounts receivable using the allowance method. The allowance is based on experience and knowledge about the collectability of individual accounts. Receivables are considered impaired if full principal payments are not received in accordance with the repayment terms. It is the Authority's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

Notes Receivable

The Authority has advanced loans to related-party developers in conjunction with various mixed finance projects. All principal and interest are due at maturity or based upon cash flow; interest income will be recognized when interest is earned. The Authority reviews notes receivable for collectability whenever events or circumstances indicate that the carrying value of the receivable may not be recoverable.

Prepaid Expenses

Prepaid items consist of payments made to vendors for services that will benefit future periods.

Inventories

Inventories consist of materials and supplies that have not been used or consumed. Inventory is valued at cost and recorded as an expense when it is consumed.

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Deferred costs and amortization

Costs related to obtaining low-income housing tax credits is amortized over the mandatory 15-year compliance period, using the straight-line method, and is reflected in the accompanying financial statements as other assets.

For the discretely presented component units, in accordance with the accounting standards applicable to their individual financial statements, debt issuance costs, net of accumulated amortization, are reported as a direct reduction from the face amount of the mortgage loans payable to which such costs relate. Amortization of debt issuance costs is reported as a component of interest expense and is computed using an imputed interest rate on the related loan.

Capital Assets

Capital assets are recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The costs of maintenance and repairs are expensed while significant renewals and betterments are capitalized. Small dollar value minor equipment items are expensed. Depreciation has been expensed in the statement of revenues, expenses, and changes in net position. Estimated useful lives are as follows:

Buildings	45 Years
Building improvements	15 Years
Furniture and equipment	3 - 15 Years

Accrued Compensated Absences

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

Net Position

Net position is displayed in three components:

Net Investment in Capital Assets – This component of net position consists of all capital assets, reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Restricted Net Position – This component of net position consists of restricted resources when constraints are placed on the resource by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc.

Unrestricted Net Position – This component of net position consists of resources that do not meet the definition of “net investment in capital assets” or “restricted net position.”

Certain assets including cash and investments may be classified in restricted net position on the statement of net position because their use is restricted for specific purposes. It is the Authority’s policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

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.

Eliminations

Transactions between the Authority’s different programs and interprogram receivables and payables have been eliminated from the financial statements.

NOTE 2. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of amounts maintained in commercial checking and saving accounts and are readily available. Custodial credit risk is the risk that in the event of a bank failure, the Authority’s deposits may not be returned. The Authority does not have a deposit policy that addresses custodial credit risk.

At June 30, 2024, the carrying amount of the Authority’s deposits was \$2,154,298, and the bank balance was \$2,192,366. As of June 30, 2024, \$500,000 was covered by federal depository insurance, \$691,974 was fully collateralized by securities held by the depository’s agent in the Authority’s name, and \$1,000,392 was uncollateralized.

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 3. RESTRICTED CASH AND CASH EQUIVALENTS

At June 30, 2024, the Authority had the following cash and cash equivalents, the use of which was restricted under the terms of various grant programs, debt obligations, or other requirements:

Unspent HCV HAP	\$ 174,659	
FSS Escrows	171,120	<u> </u>
	\$ 345,779	<u> </u>

NOTE 4. RESTRICTED CASH AND CASH EQUIVALENTS – DISCRETELY PRESENTED COMPONENT UNITS

Pursuant to various agreements with the Department of Housing and Community Development and the operating agreements for each discretely presented component unit, certain funds are required to be deposited in restricted accounts. Restricted cash and cash equivalent balances at December 31, 2023, amounted to \$32,970,495 for the discretely presented component units.

NOTE 5. ACCOUNTS RECEIVABLE

Accounts receivable consist of the following at June 30, 2024:

Accounts receivable - tenant dwelling rents (net of allowance of \$653,789)	\$ 180,285	
Accounts receivable - HUD	143,354	
Accounts receivable - miscellaneous (net of allowance of \$159,217)	14,397	
Fraud recovery	29,569	<u> </u>
	\$ 367,605	<u> </u>

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 6. CAPITAL ASSETS

The changes in capital assets for the year ended June 30, 2024, are as follows:

	Beginning Balances	Additions	Disposals	Ending Balances
Land	\$ 4,204,603	\$ -	\$ -	\$ 4,204,603
Total capital assets not being depreciated	4,204,603	-	-	4,204,603
Buildings and improvements	34,456,995	55,250	(6,150,404)	28,361,841
Furniture and equipment - dwellings	959,354	-	(171,039)	788,315
Furniture and equipment - administration	1,319,614	-	(102,768)	1,216,846
Leasehold improvements	1,330,224	-	(21,837)	1,308,387
Construction in Progress	-	1,358,836	-	1,358,836
Total capital assets being depreciated	38,066,187	1,414,086	(6,446,048)	33,034,225
Accumulated depreciation	(29,665,063)	(751,875)	6,145,978	(24,270,960)
Capital assets, net	\$ 12,605,727	\$ 662,211	\$ (300,070)	\$ 12,967,868

NOTE 7. CAPITAL ASSETS – DISCRETELY PRESENTED COMPONENT UNITS

The changes in capital assets for the year ended December 31, 2023, are as follows:

	Beginning Balances	Additions	Disposals	Ending Balances
Buildings and improvements	\$ 64,892,670	\$ 24,020	\$ -	\$ 64,916,690
Land improvements	2,959,613	-	-	2,959,613
Furniture and equipment - dwellings	1,813,369	70,021	-	1,883,390
Construction in Progress	-	12,758,918	-	12,758,918
Leasehold improvements	4,085,529	-	-	4,085,529
Total capital assets being depreciated	73,751,181	12,852,959	-	86,604,140
Accumulated depreciation	(16,442,059)	(2,201,506)	-	(18,643,565)
Capital assets, net	\$ 57,309,122	\$ 10,651,453	\$ -	\$ 67,960,575

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 8. NOTES RECEIVABLE AND ACCRUED INTEREST

As of June 30, 2024, the Authority's notes outstanding consisted of the following:

	Principal Outstanding	Accrued Interest	Total Outstanding
Annapolis Community Development Partners, LLC	\$ 500,000	\$ -	\$ 500,000
Annapolis Community Development Partners, LLC	92,118	-	92,118
Obery Court Phase III, LLC	616,378	-	616,378
Newtowne 20, LLC	1,700,795	79,305	1,780,100
Newtowne 20, LLC	929,473	-	929,473
Morris Blum, LLC	2,881,631	201,474	3,083,105
Morris Blum, LLC	118,369	-	118,369
Morris Blum, LLC	105,878	8,003	113,881
	<u>\$ 6,944,642</u>	<u>\$ 288,782</u>	<u>\$ 7,233,424</u>

Repayment is not expected in fiscal year 2025.

NOTE 9. OTHER ASSETS – DISCRETELY PRESENTED COMPONENT UNITS

As of December 31, 2023, other assets for the discretely presented component units consisted of \$114,754 in tax credit fees, net of accumulated amortization, \$17,588,241 in prepaid ground leases, net of accumulated amortization, and \$1,500 in utility deposits, amounting in a total of \$17,704,495.

NOTE 10. CHANGES IN LONG-TERM LIABILITIES

A summary of activity in long-term liabilities for the primary government for the year ended June 30, 2024, was as follows:

	Balance 7/1/2023	Increases	Decreases	Balance 6/30/2024	Due within one year
Accrued compensated absences	\$ 95,746	\$ -	\$ (23,798)	\$ 71,948	\$ 10,794
HUD repayment agreement	299,751	-	(17,633)	282,118	17,632
FSS escrows	280,530	-	(109,410)	171,120	-
Prepaid ground leases	2,071,684	3,750,000	(50,000)	5,771,684	-
	<u>\$2,747,711</u>	<u>\$3,750,000</u>	<u>\$(200,841)</u>	<u>\$6,296,870</u>	<u>\$ 28,426</u>

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 10. CHANGES IN LONG-TERM LIABILITIES (CONTINUED)

Discretely Presented Component Unit – Annapolis Community Development Partners, LLC (ACDP)

Pursuant to the Tax Credit Exchange Program Sub-Award Agreement (the Sub-Award Agreement) with DHCD, ACDP obtained a grant in the amount of \$13,667,184 (the 1602 Grant) from DHCD. This grant program was authorized by the United States Congress under Section 1602 of the American Recovery and Reinvestment Act of 2009. As a condition to receiving the 1602 Grant, ACDP agreed to operate under the program requirements applicable to the low-income housing tax credit program, as outlined in Internal Revenue Code Section 42 and the Treasury Regulations thereunder, including, but not limited to, operating the Project as affordable housing for 15 years (the Compliance Period). ACDP has also agreed to maintain and operate the Project as low-income housing for another 15 years after the Compliance Period ends.

In the event of default by the Company under the provisions of the Sub-Award Agreement, the 1602 Grant will be recaptured by DHCD and repaid by the Company to DHCD. This recapture obligation is secured by the Project. The Company's recapture obligation under the 1602 Grant is decreased by 1/15 of the grant amount for each taxable year during the Compliance Period in which the Company fulfills its obligations under the Sub-Award Agreement. The Compliance Period begins in either the taxable year in which the rehabilitation of the Project is completed, or the next taxable year, at the election of the Company. The Company has elected to begin the Compliance Period in 2011. The grant income is recognized ratably over the 40 year depreciable life of the building in the annual amount of \$341,680.

At December 31, 2023, the unearned grant income was \$9,125,689.

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 11. NOTES PAYABLE - DISCRETELY PRESENTED COMPONENT UNITS

Obery Court Phase I, LLC

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 4.00% 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 year ended December 31, 2023, was \$80,405 which includes \$3,081 of amortization of debt issuance cost. Accrued interest as of December 31, 2023, is \$895,782, of which \$0 is currently due. As of December 31, 2022, the outstanding principal is \$1,906,604 and is reflected in the accompanying financial statements as \$1,824,935, net of unamortized debt issuance costs of \$81,669.

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 4.00% 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 year ended December 31, 2023, was \$92,302. Accrued interest as of December 31, 2023, is \$1,253,769. As of December 31, 2023, the outstanding principal is \$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 2.00% 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 year ended December 31, 2023, was \$20,000. Accrued interest as of December 31, 2023, is \$253,334. As of December 31, 2022, the outstanding principal is \$1,000,000.

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 11. NOTES PAYABLE - DISCRETELY PRESENTED COMPONENT UNITS (CONTINUED)

Obery Court/College Creek Phase II, LLC

Severn Savings Bank issued a mortgage commitment in the amount of \$2,200,000 for a period of 25 years. The loan bears interest at 4.25% per annum, with monthly payments of principal and interest due until the maturity date (July 1, 2033). Interest expense for the year ended December 31, 2023, was \$71,445, which includes the amortization of debt issuance costs of \$4,042. Accrued interest as of December 31, 2023, was \$5,499, and is currently due. As of December 31, 2023, the principal balance is \$1,552,525 and is reflected in the accompanying financial statements as \$1,516,560, net of unamortized debt issuance costs of \$35,965. The annual maturities for the five years following December 31, 2022, and thereafter are as follows:

<u>Year Ending December 31,</u>	<u>Balance</u>
2024	\$ 78,555
2025	81,959
2026	85,511
2017	89,217
2028	93,084
Thereafter	<u>1,124,199</u>
	<u>\$1,552,525</u>

DHCD issued a mortgage commitment in the amount of \$3,657,500 of which \$3,407,874 was drawn. The loan is secured by a second deed of trust note. The loan bears interest at a rate of 4% per annum commencing on April 1, 2013. Annual payments of outstanding principal and interest are payable beginning April 1, 2014, from 75% of surplus cash available. Annual payments shall be equal to the lesser of 75% of surplus cash, or the principal and interest payment, which would have been due for that fiscal year if the indebtedness had been amortized in equal annual installments of \$166,311 (the scheduled payment). The remaining outstanding principal balance and accrued interest is payable in full at maturity, April 1, 2053. Interest expense for the year ended December 31, 2023, was \$130,354, which includes the amortization of debt issuance costs of \$6,156. Accrued interest as of December 31, 2023, was \$124,198, and is currently due. As of December 31, 2023, the outstanding principal is \$3,095,284, of which \$42,113 is currently due, and is reflected in the accompanying financial statements as \$2,917,005, net of unamortized debt issuance costs of \$178,279.

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 11. NOTES PAYABLE - DISCRETELY PRESENTED COMPONENT UNITS (CONTINUED)

Obery Court Phase III, LLC

Capital One, N.A. issued a commitment to lend and has originated funding in the amount of \$1,430,028 which is secured by a deed of trust note. The loan bears interest at a rate equal to 5.75% per annum. The loan matures 15 years after the conversion date (January 1, 2032). Commencing on January 1, 2017 (the conversion date), payments of principal and interest totaling \$11,410 shall be due and payable in equal consecutive monthly installments. For the year ended December 31, 2023, interest expense was \$79,333. Interest expense includes debt issuance cost amortization of \$4,774. Accrued interest as of December 31, 2023, is \$6,597. As of December 31, 2023, the outstanding loan balance is \$1,282,692 and is reflected in the accompanying financial statements as \$1,186,495, net of unamortized debt issuance costs of \$96,197.

Community Development Administration (CDA) 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 interest at a rate equal to 2% per annum, commencing on September 1, 2016 and ending at maturity (September 1, 2056). Annual payments of principal and interest are due and payable equal to the lesser of 75% of surplus cash or the scheduled payment of \$69,721 starting April 2017. For the year ended December 31, 2023, interest expense was \$33,979. Accrued interest as of December 31, 2023, is \$33,979. As of December 31, 2023, the outstanding principal balance is \$1,696,198.

CDA issued a commitment to lend and has originated funding in the amount of \$1,225,000 which is secured by a deed of trust note. The loan bears interest at a rate of 2% per annum, commencing on September 1, 2016 and ending at maturity. All payments of principal and interest are deferred until maturity on September 1, 2056. For the year ended December 31, 2023, interest expense was \$24,500. Accrued interest as of December 31, 2023, is \$180,039. As of December 31, 2023, the outstanding principal balance is \$1,225,000.

Housing Authority of the City of Annapolis issued a commitment to loan and has originated funding in the amount of \$700,000 which is secured by a deed of trust note. The loan is noninterest-bearing and matures on September 17, 2057. All payments of principal and interest are due and payable from 25% of the remaining amount of surplus cash. As of December 31, 2023, the outstanding principal is \$616,378.

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 11. NOTES PAYABLE - DISCRETELY PRESENTED COMPONENT UNITS (CONTINUED)

Annual maturities of the above mortgages payable for each of the next five years following December 31, 2023, are as follows:

<u>Year Ending December 31,</u>	<u>Balance</u>
2024	\$ 87,014
2025	28,695
2026	30,389
2027	32,183
2028	34,083
Thereafter	<u>4,510,707</u>
	<u>\$4,723,071</u>

Annapolis Community Development Partners, LLC (ACDP)

ACDP is obligated under a mortgage dated September 29, 2009, with Enterprise Mortgage Investments, Inc., in the original amount of \$2,300,000. The mortgage bears interest at 7.01% per annum and matures October 3, 2026. The mortgage is secured by a deed of trust. At December 31, 2023, the first mortgage had an unpaid balance of \$1,863,798, and accrued interest payable of \$10,868.

The future minimum principal payments due under the mortgage are as follows:

<u>Year Ending December 31,</u>	<u>Balance</u>
2024	\$ 54,898
2025	58,873
2026	<u>1,750,027</u>
	<u>\$1,863,798</u>

ACDP entered into a loan agreement with the Department of Housing and Community Development (DHCD) dated September 29, 2009, in the amount of \$1,747,245. No interest was due during the construction period ended April 2011, with interest at 4% per annum thereafter. Annual principal and interest payments are due in an amount equal to the lesser of 75% of Surplus Cash or the scheduled payment, as defined in the loan agreement. The loan matures on May 1, 2051 and is secured by a deed of trust. At December 31, 2023, the outstanding balance was \$1,547,374, and accrued interest was \$78,250.

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 11. NOTES PAYABLE - DISCRETELY PRESENTED COMPONENT UNITS (CONTINUED)

ACDP entered into a loan agreement with Arundel Community Development Services, Inc., dated September 29, 2009, in the amount of \$500,000. No interest was due during the construction period ended May 2011, with interest at 2% per annum thereafter. Annual principal and interest payments beginning in May 2011 are limited to an amount equal to up to 25% of annual net cash flow, as defined in the loan agreement. During 2022, ACDP did not make any payments. The loan matures on May 29, 2051, and is secured by a leasehold deed of trust. At December 31, 2023, the outstanding balance was \$246,704, and accrued interest was \$0.

ACDP entered into a loan agreement with the Housing Authority of the City of Annapolis, dated September 29, 2009, in the amount of \$500,000. Based on information provided by the lender, for almost the entirety of the outstanding loan term, accrued interest at 4.38% compounded, with total accrued interest at December 31, 2022 equaling \$381,988. After review of the loan documents and discussion with the lender, it was determined that no interest should have been recorded on the loan and the total balance of accrued interest was reversed and included in interest income. Principal and interest is due at maturity on June 1, 2051. At December 31, 2023, the outstanding balance was \$500,000 and accrued interest was \$0.

ACDP entered into a second loan agreement with the Housing Authority of the City of Annapolis, dated September 29, 2009, in the amount of \$92,118. The loan is noninterest bearing and is secured by the Project. The loan is due at maturity on June 1, 2051. At December 31, 2023, the outstanding balance was \$92,118.

Unamortized debt issuance costs at December 31, 2023 for the above loans totaled \$212,016.

Newtowne 20, LLC (Newtowne)

On December 29, 2022, the construction loan converted to a \$9,350,000 permanent loan with Orix Real Estate Capital, LLC (dba Lument Capital). The loan bears interest at a rate of 3.82%, which includes a servicing fee of 0.14%. The permanent loan will mature on July 1, 2041. Monthly payments of interest are due through July 1, 2024. Beginning August 1, 2024, monthly payments of principal and interest in the amount of \$38,037 will be due based on an amortization rate of 40 years. As of December 31, 2023, the permanent loan balance was \$9,304,014. For the year ended December 31, 2023, total interest was \$361,813.

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 11. NOTES PAYABLE - DISCRETELY PRESENTED COMPONENT UNITS (CONTINUED)

Unamortized debt issuance costs are \$416,179 and will be amortized over the remaining life of the loan at an effective interest rate of 4.11%. For the year ended December 31, 2023, amortization of debt issuance costs was \$22,098.

Aggregate annual maturities of the mortgage payable over the next five years and thereafter are as follows:

<u>Year Ending December 31,</u>	<u>Balance</u>
2024	\$ 96,525
2025	101,346
2026	105,342
2027	109,495
2028	112,842
Thereafter	<u>8,778,464</u>
	<u>\$9,304,014</u>

On December 22, 2020, CDA issued a commitment to lend \$2,500,000 under its Rental Housing Works Fund (RHW). The loan is noninterest-bearing, unless certain criteria are met as described in the loan agreement, at which time contingent interest may be charged in the future. Beginning on the first day of April of the permanent loan period, annual payments equal to 16.67% of surplus cash are due until the Developer Fee has been paid in full. Thereafter, the Applicable Surplus Cash Percentage shall be 21.66%. The loan matures on December 31, 2062, at which time any outstanding principal is due. As of December 31, 2023, the outstanding principal balance is \$2,500,000.

On December 22, 2020, CDA issued a commitment to lend \$1,000,000 under its Housing Trust Funds (HTF). The loan is noninterest-bearing, unless certain criteria are met as described in the loan agreement, at which time contingent interest may be charged in the future. Beginning on the first day of April of the permanent loan period, annual payments equal to 16.67% of surplus cash are due until the Developer Fee has been paid in full. Thereafter, the Applicable Surplus Cash Percentage shall be 21.66%. The loan matures on December 31, 2062, at which time any outstanding principal is due. As of December 31, 2023, the outstanding principal balance is \$1,000,000.

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 11. NOTES PAYABLE - DISCRETELY PRESENTED COMPONENT UNITS (CONTINUED)

On December 22, 2020, CDA issued a commitment to lend \$1,357,300 under its Rental Housing Funds (RHP). The loan is noninterest-bearing, unless certain criteria are met as described in the loan agreement, at which time contingent interest may be charged in the future. Beginning on the first day of April of the permanent loan period, annual payments equal to 16.66% of surplus cash are due until the Developer Fee has been paid in full. Thereafter, the Applicable Surplus Cash Percentage shall be 21.65%. The loan matures on December 31, 2062, at which time any outstanding principal is due. As of December 31, 2023, the outstanding principal balance is \$1,357,300.

Unamortized debt issuance costs totaled \$67,664. The debt issuance costs will be amortized over the remaining life of the loan at an effective interest rate of 0.12%. For the year ended December 31, 2023, amortization of debt issuance costs was \$1,678.

On December 18, 2020, the Housing Authority of the City of Annapolis (HACA) issued a commitment to lend up to \$1,279,473. \$929,473 has been advanced and is the final funding amount. The loan is noninterest-bearing and matures December 31, 2062 at which time all unpaid principal is due. As of December 31, 2023, the outstanding principal balance is \$929,473.

On November 20, 2020, Arundel Community Development Services (ACDS) issued a commitment to lend \$750,000 funded through the HOME Investment Partnership Program (HOME) for Anne Arundel County, Maryland. The loan is noninterest-bearing, unless certain criteria are met as described in the loan agreement, at which time contingent interest may be charged in the future. Beginning on the first day of April of the permanent loan period, annual payments equal to 10.03% of surplus cash are due until maturity. The loan matures on December 31, 2062, at which time any outstanding principal is due. As of December 31, 2023, the outstanding principal balance is \$750,000.

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 11. NOTES PAYABLE - DISCRETELY PRESENTED COMPONENT UNITS (CONTINUED)

On December 18, 2020, HACA issued a commitment to lend \$1,700,795. The loan will bear interest at 1.31% compounding annually. Beginning after full repayment of all deferred developer fee, payments up to the amount of amortized principal and accrued interest due and owing will be payable annually from available cash flow. The loan matures on December 31, 2062, at which time any outstanding principal is due. As of December 31, 2023, the outstanding principal balance and accrued interest is \$1,700,795 and \$67,721, respectively. For the year ended December 31, 2023, interest incurred was \$22,868.

The above mortgages are collateralized by all rental property of the Company.

Morris Blum, LLC (Morris Blum)

On August 1, 2023, Morris Blum entered into a first mortgage loan with the AGM Financial Services, Inc. (the Lender), acting through HUD, in the original amount of \$9,370,000, for the purposes of providing permanent financing for the construction and development of Morris Blum. The loan will be insured by the Federal Housing Administration (FHA) under HUD program 221(d)(4). The loan bears interest at 5.98%. During the construction period, interest payments are due monthly. Commencing on permanent loan closing, which has not yet occurred, monthly payments of principal and interest are required through maturity. As of December 31, 2023, the outstanding principal is \$109,214. During the period ended December 31, 2023, \$1,397 of interest was incurred, paid, and capitalized to construction in progress.

On August 16, 2023, Morris Blum entered into a promissory note with the Maryland Community Development Administration (CDA), in the original amount of \$2,500,000, for the purposes of providing construction to permanent financing for the construction and development of Morris Blum. The note is secured by a junior priority deed of trust on the property. The note bears simple interest at 2% per annum, commencing on October 1, 2025 until the maturity date of October 1, 2065. Annual payments of principal and interest will be due and payable from available surplus cash in the priority set forth in the Operating Agreement. As of December 31, 2023, the outstanding principal balances was \$2,000,000.

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 11. NOTES PAYABLE - DISCRETELY PRESENTED COMPONENT UNITS (CONTINUED)

On August 16, 2023, Morris Blum entered into a promissory note with CDA, in the original amount of \$3,001,353 for the purpose of providing construction to permanent financing for the construction and development of the project. The note matures on October 1, 2065. No payments of principal and interest are due during the construction period. Annual payments of principal will be due and payable from available surplus cash in the priority set forth in the Operating Agreement after permanent loan conversion. The note bears contingent interest of 20% on any surplus cash available subsequent to the principal balance being paid off in the priority set forth in the Operating Agreement. As of December 31, 2023, the outstanding principal balance was \$975,922.

On August, 16, 2023, Morris Blum entered into a promissory note with CDA, in the original amount of \$2,000,000, for the purpose of providing construction to permanent financing for the construction and development of the Project. The note matures on October 1, 2065. No payments of principal and interest are due during the construction period. Annual payments of principal will be due and payable from available surplus cash in the priority set forth in the Operating Agreement after permanent loan conversion. The note bears contingent interest of 4% on any surplus cash available subsequent to the principal balance being paid off in the priority set forth in the Operating Agreement. As of December 31, 2023, the outstanding principal balance was \$0.

On August, 16, 2023, Morris Blum entered into a promissory note with the Arundel Community Development Services Inc, in the original amount of \$1,200,000, for the purpose of providing construction to permanent financing for the construction and development of the project. The note matures on October 1, 2065. No payments of principal and interest are due during the construction period. Annual payments of principal will be due and payable from available surplus cash in the priority set forth in the Operating Agreement after permanent loan conversion. The note bears contingent interest of 4% of any surplus cash available subsequent to the principal balance being paid off in the priority set forth in the Operating Agreement. As of December 31, 2023, the outstanding principal balance was \$1,200,000.

On August 16, 2023, Morris Blum entered into promissory note A and promissory note B with the Authority, in the combined original amount of \$3,000,000, for the purpose of providing construction to permanent financing for the construction and development of the project. The notes mature on October 1, 2065. Note A is in the amount of \$2,881,631, and bears interest at 8.39%, compounded annually. Promissory Note B is in the amount of \$118,369 and does not bear interest.

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 11. NOTES PAYABLE - DISCRETELY PRESENTED COMPONENT UNITS (CONTINUED)

Annual payments of principal will be due and payable from available surplus cash in the priority set forth in the Operating Agreement after permanent loan conversion. As of December 31, 2023, the outstanding principal balance was \$3,000,000. During the period ended December 31, 2023, \$92,006 of interest was incurred, expensed, and remains payable as of December 31, 2023.

On August, 16, 2023, the Company entered into a Promissory Note with the Authority, in the original amount of \$105,878, for the purpose of providing construction to permanent financing for the construction and development of the project. The note matures on October 1, 2065. The note bears simple interest at 9.07% per annum, commencing on October 1, 2025. Annual payments of principal will be due and payable from available surplus cash in the priority set forth in the Operating Agreement after permanent loan conversion. As of December 31, 2023, the outstanding principal balance was \$105,878. As of December 31, 2023, accrued interest was \$0.

The liabilities of Morris Blum under the above mortgages and notes payable are limited to the underlying value of the real estate collateral, improvements, easements or other interest, assignment of rents, assignment of leases and personal property.

Morris Blum entered into a bond loan agreement (the "bonds") with CDA, in the amount of \$27,950,000 on August 16, 2023. The loan bears interest at a rate equal of 4.52% per annum. The Maturity Date of the Bonds is March 1, 2026. The loan is funded by Series 2023 B bonds. Interest payments on the bonds are due biannually and commence in 2024. The full amount of the bonds were drawn and deposited with Wilmington Trust, National Association (the "trustee") and deposited into a bond fund pursuant to a Trust Agreement. Interest payments are payable by the trustee solely from the bond fund. During the period ended December 31, 2023, \$473,415 of interest was incurred and capitalized to construction in progress, and \$473,415 of investment income was recognized from the bond fund. As of December 31, 2023 of the \$473,415 of interest is payable, and \$473,415 of investment income is receivable.

Morris Blum entered into various predevelopment loan agreements with The Community Builders Inc. (TCB). As of December 31, 2023, the principal has been repaid in full and \$62,233 of interest is payable.

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 11. NOTES PAYABLE - DISCRETELY PRESENTED COMPONENT UNITS (CONTINUED)

As of December 31, 2023, the discretely presented component units' notes payable outstanding consisted of the following:

	Principal Outstanding, net	Accrued Interest	Total Outstanding
Obery Court Phase I, LLC - DHCD \$2 Million	\$ 1,824,935	\$ 895,782	\$ 2,720,717
Obery Court Phase I, LLC - DHCD \$2.3 Million	2,307,547	1,253,769	3,561,316
Obery Court Phase I, LLC - ACDS	1,000,000	253,334	1,253,334
Obery Court/College Creek Phase II, LLC - Severn	1,516,560	5,499	1,522,059
Obery Court/College Creek Phase II, LLC - DHCD	2,917,005	124,198	3,041,203
Obery Court Phase III, LLC - Capital One	1,186,495	6,597	1,193,092
Obery Court Phase III, LLC - CDA \$2 Million	1,696,198	33,979	1,730,177
Obery Court Phase III, LLC - CDA \$1.2 Million	1,225,000	180,039	1,405,039
Obery Court Phase III, LLC - HACA	616,378	-	616,378
ACDP, LLC - Enterprise	1,863,798	10,868	1,874,666
ACDP, LLC - DHCD	1,547,374	78,250	1,625,624
ACDP, LLC - ACDS	246,704	-	246,704
ACDP, LLC - HACA \$500K	500,000	-	500,000
ACDP, LLC - HACA \$92K	92,118	-	92,118
Less: ACDP, LLC - Unamortized financing costs	(212,016)	-	(212,016)
Newtowne 20, LLC - Orix	8,887,835	-	8,887,835
Newtowne 20, LLC - CDA RHW	2,500,000	-	2,500,000
Newtowne 20, LLC - CDA HTF	1,000,000	-	1,000,000
Newtowne 20, LLC - CDA RHP	1,289,636	-	1,289,636
Newtowne 20, LLC - HACA \$1.2 Million	929,473	-	929,473
Newtowne 20, LLC - ACDS	750,000	-	750,000
Newtowne 20, LLC - HACA \$1.7 Million	1,700,795	67,721	1,768,516
Morris Blum, LLC - AGM	109,214	-	109,214
Morris Blum, LLC - CDA \$2.5 Million	2,000,000	-	2,000,000
Morris Blum, LLC - CDA \$3 Million	975,922	-	975,922
Morris Blum, LLC - CDA \$2 Million	-	-	-
Morris Blum, LLC - ACDS	1,200,000	-	1,200,000
Morris Blum, LLC - HACA Note A	2,881,631	92,006	2,973,637
Morris Blum, LLC - HACA Note B	118,369	-	118,369
Morris Blum, LLC - HACA \$105K	105,878	-	105,878
Morris Blum, LLC - CDA Bond	27,950,000	473,415	28,423,415
Morris Blum, LLC - TCB Loans	-	62,233	62,233
	<u>\$ 70,726,849</u>	<u>\$ 3,537,690</u>	<u>\$ 74,264,539</u>

Notes payable and accrued interest are reported on the accompanying statement of net position as follows:

Accrued liabilities	\$ 259,391
Current portion of long-term debt	461,260
Long-term debt - noncurrent portion	<u>73,543,888</u>
	<u>\$ 74,264,539</u>

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 12. 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, 2024 were \$116,869.

NOTE 13. ECONOMIC DEPENDENCY

The Authority is economically dependent on receiving operating subsidies from the U.S. Department of Housing and Urban Development (HUD).

NOTE 14. 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.

NOTE 15. CONTINGENCIES

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.

In April 2018, the Authority entered into a repayment agreement with HUD whereby \$352,648 would be repaid to HUD as the Authority in its role as Contract Administrator of the Resident Opportunity and Self Sufficiency (ROSS) Grant failed to maintain documentation to support program achievement data reported to HUD for two grants totaling \$243,400 and charged salary and benefit costs totaling \$109,248 that were unrelated to the ROSS grant.

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 15. CONTINGENCIES (CONTINUED)

Terms of the agreement provided that the Authority shall make annual payments in the amount of \$17,632 on December 15 each year beginning on December 15, 2020, and ending on December 15, 2039. The balance due as of June 30, 2024, was \$282,118.

NOTE 16. 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, 2024.

NOTE 17. CONDENSED FINANCIAL INFORMATION – DISCRETELY PRESENTED COMPONENT UNITS

Condensed information for the Authority’s discretely presented component units as of and for the year ended December 31, 2023, is provided as follows:

Statements of Net Position
December 31, 2023

	<u>Obery Court I</u>	<u>Obery Court II</u>	<u>Obery Court III</u>	<u>ACDP</u>	<u>Newtowne 20</u>	<u>Morris Blum LLC</u>	<u>Total</u>
ASSETS							
Current assets	\$ 956,088	\$ 1,264,533	\$ 640,202	\$ 2,439,002	\$ 1,225,215	\$ 28,968,411	\$35,493,451
Capital assets, net	6,452,359	7,842,594	9,719,104	10,866,899	20,319,397	12,760,222	67,960,575
Noncurrent assets	193,332	186,127	467,786	-	1,932,250	14,925,000	17,704,495
Total Assets	<u>7,601,779</u>	<u>9,293,254</u>	<u>10,827,092</u>	<u>13,305,901</u>	<u>23,476,862</u>	<u>56,653,633</u>	<u>121,158,521</u>
LIABILITIES							
Current liabilities	60,815	361,823	230,024	612,001	378,485	3,576,127	5,219,275
Noncurrent liabilities	7,535,367	4,312,897	4,817,096	13,108,769	17,119,107	37,314,441	84,207,677
Total Liabilities	<u>7,596,182</u>	<u>4,674,720</u>	<u>5,047,120</u>	<u>13,720,770</u>	<u>17,497,592</u>	<u>40,890,568</u>	<u>89,426,952</u>
NET POSITION							
Net investment in capital assets	(1,083,008)	3,409,029	4,814,994	6,828,921	3,193,937	(23,208,446)	(6,044,573)
Restricted net position	798,081	813,655	394,808	2,046,347	615,951	28,306,476	32,975,318
Unrestricted	290,524	395,850	570,170	(9,290,137)	2,169,382	10,665,035	4,800,824
Total Net Position	<u>\$ 5,597</u>	<u>\$ 4,618,534</u>	<u>\$ 5,779,972</u>	<u>\$ (414,869)</u>	<u>\$ 5,979,270</u>	<u>\$ 15,763,065</u>	<u>\$31,731,569</u>

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 17. CONDENSED FINANCIAL INFORMATION – DISCRETELY PRESENTED COMPONENT UNITS (CONTINUED)

Statements of Revenues, Expenses and Changes in Net Position

Year Ended December 31, 2023

	<u>Obery Court I</u>	<u>Obery Court II</u>	<u>Obery Court III</u>	<u>ACDP</u>	<u>Newtowne 20</u>	<u>Morris Blum</u>	<u>Total</u>
REVENUE							
Rental income	\$ 512,627	\$ 1,094,461	\$ 824,700	\$ 1,809,534	\$ 1,458,711	\$ 479,468	\$ 6,179,501
Other income	-	-	-	365,922	-	-	365,922
Total Revenues	512,627	1,094,461	824,700	2,175,456	1,458,711	479,468	6,545,423
EXPENSES							
Operating expense	527,683	660,488	587,548	1,410,863	1,289,854	456,280	4,932,716
Depreciation and amortization	284,078	348,826	340,591	583,007	661,738	75,019	2,293,259
Total Expenses	811,761	1,009,314	928,139	1,993,870	1,951,592	531,299	7,225,975
NONOPERATING REVENUE (EXPENSES)							
	(191,952)	(282,209)	(143,917)	177,652	(392,176)	382,214	(450,388)
Net income (loss) before contributions	(491,086)	(197,062)	(247,356)	359,238	(885,057)	330,383	(1,130,940)
Contributions	-	-	-	-	1,103,580	15,432,682	16,536,262
Change in net position	(491,086)	(197,062)	(247,356)	359,238	218,523	15,763,065	15,405,322
Net position beginning of year	496,683	4,815,596	6,027,328	(774,107)	5,760,747	-	16,326,247
Net position end of year	\$ 5,597	\$ 4,618,534	\$ 5,779,972	\$ (414,869)	\$ 5,979,270	\$ 15,763,065	\$ 31,731,569

Statements of Cash Flows

Year Ended December 31, 2023

	<u>Obery Court I</u>	<u>Obery Court II</u>	<u>Obery Court III</u>	<u>ACDP</u>	<u>Newtowne 20</u>	<u>Morris Blum</u>	<u>Total</u>
Net Cash Provided/ (Used) by							
Operating activities	\$ (131,825)	\$ 237,613	\$ 106,745	\$ 92,624	\$ (192,139)	\$ 136,696	\$ 249,714
Investing activities	179,220	55,290	(15,350)	(172,677)	(861,865)	(22,814,027)	(23,629,409)
Noncapital financing activities	-	(84,559)	(11,524)	(19,939)	1,103,580	4,182,682	5,170,240
Capital and related financing activities	-	(115,798)	(41,996)	(84,651)	54,014	18,641,014	18,452,583
Net Increase/(Decrease) in Cash	47,395	92,546	37,875	(184,643)	103,590	146,365	243,128
Cash and Cash Equivalents - Beginning of year	32,697	572,265	359,614	271,682	919,450	-	2,155,708
Cash and Cash Equivalents - End of Year	\$ 80,092	\$ 664,811	\$ 397,489	\$ 87,039	\$ 1,023,040	\$ 146,365	\$ 2,398,836

NOTE 18. SUBSEQUENT EVENTS

Events that occur after the balance sheet date but before the financial statements were issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the date of the statement of net position are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the date of the statement of net position require disclosure in the accompanying notes. Management evaluated the activity of the Authority through March 27, 2025, the date the financial statements were available to be issued and concluded that aside from the disclosures below, no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS
FINANCIAL DATA SCHEDULE
ENTITY-WIDE BALANCE SHEET SUMMARY
JUNE 30, 2024

	Project Total	14.871 Housing Choice Vouchers	14.218 Community Development Block Grants/Entitlement Grants	14.892 CNI Planning Grant	14.870 Resident Opportunity and Supportive Services	6.2 Component Unit - Blended	14.896 Family Self Sufficiency
111 Cash - Unrestricted	\$ 925,472	\$ -	\$ -	\$ -	\$ 10,846	\$ 806,248	\$ -
113 Cash - Other Restricted	-	174,659	-	-	-	-	-
114 Cash - Tenant Security Deposits	65,953	-	-	-	-	-	-
115 Cash - Restricted for Payment of Current Liabilities	95,301	75,819	-	-	-	-	-
100 Total Cash	<u>1,086,726</u>	<u>250,478</u>	<u>-</u>	<u>-</u>	<u>10,846</u>	<u>806,248</u>	<u>-</u>
122 Accounts Receivable - HUD Other Projects	-	-	-	100,000	-	-	43,354
125 Accounts Receivable - Miscellaneous	-	173,614	-	-	-	-	-
126 Accounts Receivable - Tenants	834,074	-	-	-	-	-	-
126.1 Allowance for Doubtful Accounts -Tenants	(653,789)	-	-	-	-	-	-
128 Fraud Recovery	6,366	23,203	-	-	-	-	-
129 Accrued Interest Receivable	-	-	-	-	-	-	-
120 Total Receivables, Net of Allowances for Doubtful Accounts	<u>186,651</u>	<u>37,600</u>	<u>-</u>	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>43,354</u>
142 Prepaid Expenses and Other Assets	156,937	4,711	-	-	-	-	-
144 Inter Program Due From	45,257	-	-	-	-	494,247	2,459
150 Total Current Assets	<u>1,475,571</u>	<u>292,789</u>	<u>-</u>	<u>100,000</u>	<u>10,846</u>	<u>1,300,495</u>	<u>45,813</u>
161 Land	4,129,686	-	-	-	-	-	-
162 Buildings	27,306,885	-	-	-	-	-	-
163 Furniture, Equipment & Machinery - Dwellings	788,315	-	-	-	-	-	-
164 Furniture, Equipment & Machinery - Administration	373,925	338	-	-	-	-	-
165 Leasehold Improvements	1,221,901	-	-	-	-	-	-
166 Accumulated Depreciation	(22,211,680)	(338)	-	-	-	-	-
167 Construction in Progress	1,358,836	-	-	-	-	-	-
160 Total Capital Assets, Net of Accumulated Depreciation	<u>12,967,868</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
171 Notes, Loans and Mortgages Receivable - Non-Current	1,322,377	-	-	-	-	-	-
174 Other Assets	-	-	-	-	-	-	-
180 Total Non-Current Assets	<u>14,290,245</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
290 Total Assets	<u>\$ 15,765,816</u>	<u>\$ 292,789</u>	<u>\$ -</u>	<u>\$ 100,000</u>	<u>\$ 10,846</u>	<u>\$ 1,300,495</u>	<u>\$ 45,813</u>

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS
FINANCIAL DATA SCHEDULE
ENTITY-WIDE BALANCE SHEET SUMMARY
JUNE 30, 2024

		14.EFA FSS					
		Escrow					
		Forfeiture					
		Account	COCC	Subtotal	Eliminations	Total	Discretely Presented Component Units
111	Cash - Unrestricted	\$ -	\$ -	\$ 1,742,566	\$ -	\$ 1,742,566	\$ 1,266,874
113	Cash - Other Restricted	-	-	174,659	-	174,659	32,970,495
114	Cash - Tenant Security Deposits	-	-	65,953	-	65,953	97,025
115	Cash - Restricted for Payment of Current Liabilities	-	-	171,120	-	171,120	-
100	Total Cash	-	-	2,154,298	-	2,154,298	34,334,394
122	Accounts Receivable - HUD Other Projects	-	-	143,354	-	143,354	-
125	Accounts Receivable - Miscellaneous	-	-	173,614	-	173,614	43,463
126	Accounts Receivable - Tenants	-	-	834,074	-	834,074	410,789
126.1	Allowance for Doubtful Accounts -Tenants	-	-	(653,789)	-	(653,789)	-
128	Fraud Recovery	-	-	29,569	-	29,569	-
129	Accrued Interest Receivable	-	-	-	-	-	473,415
120	Total Receivables, Net of Allowances for Doubtful Accounts	-	-	367,605	-	367,605	927,667
142	Prepaid Expenses and Other Assets	-	-	161,648	-	161,648	231,390
144	Inter Program Due From	6,136	-	548,099	(548,099)	-	-
150	Total Current Assets	6,136	-	3,231,650	(548,099)	2,683,551	35,493,451
161	Land	-	74,917	4,204,603	-	4,204,603	4,085,529
162	Buildings	-	1,054,956	28,361,841	-	28,361,841	67,876,303
163	Furniture, Equipment & Machinery - Dwellings	-	-	788,315	-	788,315	1,883,390
164	Furniture, Equipment & Machinery - Administration	-	842,583	1,216,846	-	1,216,846	-
165	Leasehold Improvements	-	86,486	1,308,387	-	1,308,387	-
166	Accumulated Depreciation	-	(2,058,942)	(24,270,960)	-	(24,270,960)	(18,643,565)
167	Construction in Progress	-	-	1,358,836	-	1,358,836	12,758,918
160	Total Capital Assets, Net of Accumulated Depreciation	-	-	12,967,868	-	12,967,868	67,960,575
171	Notes, Loans and Mortgages Receivable - Non-Current	-	5,911,047	7,233,424	-	7,233,424	-
174	Other Assets	-	78,404	78,404	-	78,404	17,704,495
180	Total Non-Current Assets	-	5,989,451	20,279,696	-	20,279,696	85,665,070
290	Total Assets	\$ 6,136	\$ 5,989,451	\$ 23,511,346	\$ (548,099)	\$ 22,963,247	\$ 121,158,521

**HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS
FINANCIAL DATA SCHEDULE
ENTITY-WIDE BALANCE SHEET SUMMARY
JUNE 30, 2024**

	Project Total	14.871 Housing Choice Vouchers	14.218 Community Development Block Grants/Entitlement Grants	14.892 CNI Planning Grant	14.870 Resident Opportunity and Supportive Services	6.2 Component Unit - Blended	14.896 Family Self Sufficiency
312 Accounts Payable <= 90 Days	\$ 134,625	\$ 12,230	\$ -	\$ -	\$ -	\$ -	\$ -
321 Accrued Wage/Payroll Taxes Payable	25,781	6,554	-	-	1,438	-	1,446
322 Accrued Compensated Absences - Current Portion	3,843	1,256	-	-	201	-	152
325 Accrued Interest Payable	-	-	-	-	-	-	-
341 Tenant Security Deposits	65,953	-	-	-	-	-	-
342 Unearned Revenue	10,669	1,203	-	-	-	-	-
343 Current Portion of L-T Debt - Capital Projects/Mortgage Revenue	-	-	-	-	-	-	-
345 Other Current Liabilities	-	-	-	-	-	-	-
346 Accrued Liabilities - Other	43,888	-	-	-	-	-	-
347 Inter Program - Due To	-	175,800	-	100,000	8,071	-	45,257
310 Total Current Liabilities	<u>284,759</u>	<u>197,043</u>	<u>-</u>	<u>100,000</u>	<u>9,710</u>	<u>-</u>	<u>46,855</u>
351 L-T Debt, Net of Current - Capital Projects/Mortgage Revenue	-	-	-	-	-	-	-
353 Non-current Liabilities - Other	285,861	75,819	-	-	-	-	-
354 Accrued Compensated Absences - Non Current	21,778	7,108	-	-	1,136	-	861
350 Total Non-Current Liabilities	<u>307,639</u>	<u>82,927</u>	<u>-</u>	<u>-</u>	<u>1,136</u>	<u>-</u>	<u>861</u>
300 Total Liabilities	<u>592,398</u>	<u>279,970</u>	<u>-</u>	<u>100,000</u>	<u>10,846</u>	<u>-</u>	<u>47,716</u>
508.4 Net Investment in Capital Assets	12,967,868	-	-	-	-	-	-
511.4 Restricted Net Position	-	174,659	-	-	-	-	-
512.4 Unrestricted Net Position	2,205,550	(161,840)	-	-	-	1,300,495	(1,903)
513 Total Equity - Net Assets / Position	<u>15,173,418</u>	<u>12,819</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,300,495</u>	<u>(1,903)</u>
600 Total Liabilities and Equity - Net	<u>\$ 15,765,816</u>	<u>\$ 292,789</u>	<u>\$ -</u>	<u>\$ 100,000</u>	<u>\$ 10,846</u>	<u>\$ 1,300,495</u>	<u>\$ 45,813</u>

**HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS
FINANCIAL DATA SCHEDULE
ENTITY-WIDE BALANCE SHEET SUMMARY
JUNE 30, 2024**

		14.EFA FSS Escrow Forfeiture				Discretely Presented	
		Account	COCC	Subtotal	Eliminations	Total	Component Units
312	Accounts Payable <= 90 Days	\$ -	\$ 2,920	\$ 149,775	\$ -	\$ 149,775	\$ 3,771,867
321	Accrued Wage/Payroll Taxes Payable	-	15,268	50,487	-	50,487	211,294
322	Accrued Compensated Absences - Current Portion	-	5,342	10,794	-	10,794	-
325	Accrued Interest Payable	-	-	-	-	-	259,391
341	Tenant Security Deposits	-	-	65,953	-	65,953	92,202
342	Unearned Revenue	-	19,906	31,778	-	31,778	86,041
343	Current Portion of L-T Debt - Capital Projects/Mortgage Revenue	-	-	-	-	-	461,260
345	Other Current Liabilities	-	17,632	17,632	-	17,632	332,220
346	Accrued Liabilities - Other	-	-	43,888	-	43,888	-
347	Inter Program - Due To	-	218,971	548,099	(548,099)	-	5,000
310	Total Current Liabilities	-	280,039	918,406	(548,099)	370,307	5,219,275
351	L-T Debt, Net of Current - Capital Projects/Mortgage Revenue	-	-	-	-	-	73,543,888
353	Non-current Liabilities - Other	-	5,845,610	6,207,290	-	6,207,290	10,663,789
354	Accrued Compensated Absences - Non Current	-	30,271	61,154	-	61,154	-
350	Total Non-Current Liabilities	-	5,875,881	6,268,444	-	6,268,444	84,207,677
300	Total Liabilities	-	6,155,920	7,186,850	(548,099)	6,638,751	89,426,952
508.4	Net Investment in Capital Assets	-	-	12,967,868	-	12,967,868	(6,044,573)
511.4	Restricted Net Position	-	-	174,659	-	174,659	32,975,318
512.4	Unrestricted Net Position	6,136	(166,469)	3,181,969	-	3,181,969	4,800,824
513	Total Equity - Net Assets / Position	6,136	(166,469)	16,324,496	-	16,324,496	31,731,569
600	Total Liabilities and Equity - Net	\$ 6,136	\$ 5,989,451	\$ 23,511,346	\$ (548,099)	\$ 22,963,247	\$ 121,158,521

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS
FINANCIAL DATA SCHEDULE
REVENUE AND EXPENSE SUMMARY
YEAR ENDED JUNE 30, 2024

	Project Total	14.218 Community Development Block		14.870 Resident Opportunity and Supportive Services		14.892 CNI		6.2 Component Unit - Blended		14.896 Family Self Sufficiency	
		14.871 Housing Choice Vouchers	Grants/Entitlement Grants	Planning Grant	Supportive Services	14.892 CNI	6.2 Component Unit - Blended	14.896 Family Self Sufficiency			
70300 Net Tenant Rental Revenue	\$ 1,729,842	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
70400 Tenant Revenue - Other	31,401	-	-	-	-	-	-	-	-	-	-
70500 Total Tenant Revenue	1,761,243	-	-	-	-	-	-	-	-	-	-
70600 HUD PHA Operating Grants	4,125,796	7,437,040	-	140,000	74,540	-	-	-	-	-	65,445
70610 Capital Grants	1,358,836	-	-	-	-	-	-	-	-	-	-
70710 Management Fee	-	-	-	-	-	-	-	-	-	-	-
70720 Asset Management Fee	-	-	-	-	-	-	-	-	-	-	-
70730 Book Keeping Fee	-	-	-	-	-	-	-	-	-	-	-
70700 Total Fee Revenue	5,484,632	7,437,040	-	140,000	74,540	-	-	-	-	-	65,445
70800 Other Government Grants	173,249	-	75,000	-	-	-	-	-	-	-	-
71100 Investment Income - Unrestricted	-	-	-	-	-	-	-	-	-	-	-
71200 Mortgage Interest Income	8,003	-	-	-	-	-	-	-	-	-	-
71400 Fraud Recovery	6,130	-	-	-	-	-	-	-	-	-	-
71500 Other Revenue	188,998	12,864	-	-	-	-	-	6,500	-	-	-
71600 Gain or Loss on Sale of Capital Assets	(293,664)	-	-	-	-	-	-	-	-	-	-
70000 Total Revenue	7,328,591	7,449,904	75,000	140,000	74,540	6,500	65,445				
91100 Administrative Salaries	641,390	358,814	-	-	-	-	-	286	-	-	-
91200 Auditing Fees	36,500	-	-	-	-	-	-	-	-	-	-
91300 Management Fee	627,938	144,984	-	-	-	-	-	-	-	-	-
91310 Book-keeping Fee	40,560	58,597	-	-	-	-	-	-	-	-	-
91400 Advertising and Marketing	20,448	-	-	-	-	-	-	-	-	-	-
91500 Employee Benefit contributions - Administrative	587,816	97,177	-	-	-	-	-	-	-	-	-
91600 Office Expenses	507,745	18,031	-	-	-	-	-	-	-	-	-
91700 Legal Expense	93,490	44,401	-	-	-	-	-	-	-	-	-
91800 Travel	2,352	1,845	-	-	-	-	-	-	-	-	-
91810 Allocated Overhead	-	-	-	-	-	-	-	-	-	-	-
91900 Other	558,625	25,779	-	-	-	-	-	-	-	-	-
91000 Total Operating - Administrative	3,116,864	749,628	-	-	-	-	-	286	-	-	-
92000 Asset Management Fee	66,790	-	-	-	-	-	-	-	-	-	-
92100 Tenant Services - Salaries	359,521	-	-	-	-	68,015	-	-	-	60,866	-
92200 Relocation Costs	81,492	2,662	-	-	-	-	-	-	-	-	-
92300 Employee Benefit Contributions - Tenant Services	26,386	-	-	-	-	5,084	-	-	-	4,579	-
92400 Tenant Services - Other	19,507	-	-	-	-	-	-	-	-	-	-
92500 Total Tenant Services	553,696	2,662	-	-	-	73,099	-	-	-	65,445	-
93100 Water	573,087	-	-	-	-	-	-	-	-	-	-
93200 Electricity	150,203	-	-	-	-	-	-	-	-	-	-
93300 Gas	116,827	-	-	-	-	-	-	-	-	-	-
93600 Sewer	-	-	-	-	-	-	-	-	-	-	-
93800 Other Utilities Expense	-	-	-	-	-	-	-	-	-	-	-
93000 Total Utilities	840,117	-	-	-	-	-	-	-	-	-	-
94100 Ordinary Maintenance and Operations - Labor	943,209	-	-	-	-	-	-	-	-	-	-
94200 Ordinary Maintenance and Operations - Materials and Other	147,558	150	-	-	-	-	-	-	-	-	-
94300 Ordinary Maintenance and Operations Contracts	398,904	-	-	-	-	-	-	-	-	-	-
94500 Employee Benefit Contributions - Ordinary Maintenance	52,065	-	-	-	-	-	-	-	-	-	-
94000 Total Maintenance	1,541,736	150	-	-	-	-	-	-	-	-	-

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS
FINANCIAL DATA SCHEDULE
REVENUE AND EXPENSE SUMMARY
YEAR ENDED JUNE 30, 2024

		14.EFA FSS			Discretely		
		Escrow			Presented		
		Forfeiture	COCC	Subtotal	Eliminations	Total	Component Units
Account	Account	Account	COCC	Subtotal	Eliminations	Total	Component Units
70300	Net Tenant Rental Revenue	\$ -	\$ -	\$ 1,729,842	\$ -	1,729,842	\$ 6,106,238
70400	Tenant Revenue - Other	-	-	31,401	-	31,401	73,263
70500	Total Tenant Revenue	-	-	1,761,243	-	1,761,243	6,179,501
70600	HUD PHA Operating Grants	-	-	11,842,821	-	11,842,821	-
70610	Capital Grants	-	-	1,358,836	-	1,358,836	-
70710	Management Fee	-	772,922	772,922	(772,922)	-	-
70720	Asset Management Fee	-	66,790	66,790	(66,790)	-	-
70730	Book Keeping Fee	-	99,157	99,157	(99,157)	-	-
70700	Total Fee Revenue	-	938,869	14,140,526	(938,869)	13,201,657	-
70800	Other Government Grants	-	152	248,401	-	248,401	-
71100	Investment Income - Unrestricted	-	-	-	-	-	891,811
71200	Mortgage Interest Income	-	224,492	232,495	-	232,495	-
71400	Fraud Recovery	-	-	6,130	-	6,130	-
71500	Other Revenue	-	264,802	473,164	-	473,164	16,902,184
71600	Gain or Loss on Sale of Capital Assets	-	-	(293,664)	-	(293,664)	-
70000	Total Revenue	-	1,428,315	16,568,295	(938,869)	15,629,426	23,973,496
91100	Administrative Salaries	-	649,718	1,650,208	-	1,650,208	525,916
91200	Auditing Fees	-	-	36,500	-	36,500	84,832
91300	Management Fee	-	-	772,922	(772,922)	-	298,642
91310	Book-keeping Fee	-	-	99,157	(99,157)	-	-
91400	Advertising and Marketing	-	757	21,205	-	21,205	23,963
91500	Employee Benefit contributions - Administrative	-	75,755	760,748	-	760,748	135,494
91600	Office Expenses	-	61,972	587,748	-	587,748	166,370
91700	Legal Expense	-	13,770	151,661	-	151,661	129,034
91800	Travel	-	4,265	8,462	-	8,462	24,001
91810	Allocated Overhead	-	-	-	-	-	76,175
91900	Other	-	82,474	666,878	-	666,878	73,514
91000	Total Operating - Administrative	-	888,711	4,755,489	(872,079)	3,883,410	1,537,941
92000	Asset Management Fee	-	-	66,790	(66,790)	-	-
92100	Tenant Services - Salaries	-	-	488,402	-	488,402	-
92200	Relocation Costs	-	-	84,154	-	84,154	-
92300	Employee Benefit Contributions - Tenant Services	-	-	36,049	-	36,049	-
92400	Tenant Services - Other	-	-	19,507	-	19,507	-
92500	Total Tenant Services	-	-	694,902	(66,790)	628,112	-
93100	Water	-	15,477	588,564	-	588,564	199,020
93200	Electricity	-	24,275	174,478	-	174,478	126,867
93300	Gas	-	6,428	123,255	-	123,255	-
93600	Sewer	-	-	-	-	-	86,814
93800	Other Utilities Expense	-	-	-	-	-	19,123
93000	Total Utilities	-	46,180	886,297	-	886,297	431,824
94100	Ordinary Maintenance and Operations - Labor	-	1,338	944,547	-	944,547	384,345
94200	Ordinary Maintenance and Operations - Materials and Other	-	1,523	149,231	-	149,231	588,797
94300	Ordinary Maintenance and Operations Contracts	-	27,630	426,534	-	426,534	438,229
94500	Employee Benefit Contributions - Ordinary Maintenance	-	-	52,065	-	52,065	-
94000	Total Maintenance	-	30,491	1,572,377	-	1,572,377	1,411,371

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS
FINANCIAL DATA SCHEDULE
REVENUE AND EXPENSE SUMMARY
YEAR ENDED JUNE 30, 2024

	Project Total	14.218 Community Development Block		14.870 Resident Opportunity and		6.2 Component Unit - Blended	14.896 Family Self Sufficiency
		14.871 Housing Choice Vouchers	Grants/Entitlement Grants	14.892 CNI Planning Grant	Supportive Services		
95200 Protective Services - Other Contract Costs	-	-	-	-	-	-	-
95000 Total Protective Services	-	-	-	-	-	-	-
96110 Property Insurance	184,044	-	-	-	-	-	-
96120 Liability Insurance	-	-	-	-	-	-	-
96130 Workmen's Compensation	96,957	-	-	-	-	-	-
96140 All Other Insurance	5,304	-	-	-	-	-	-
96100 Total insurance Premiums	286,305	-	-	-	-	-	-
96200 Other General Expenses	489,171	720	-	-	-	-	-
96300 Payments in Lieu of Taxes	-	-	-	-	-	-	-
96400 Bad debt - Tenant Rents	380,554	-	-	-	-	-	-
96000 Total Other General Expenses	869,725	720	-	-	-	-	-
96710 Interest of Mortgage (or Bonds) Payable	-	-	-	-	-	-	-
96730 Amortization of Bond Issue Costs	-	-	-	-	-	-	-
96700 Total Interest Expense and Amortization Cost	-	-	-	-	-	-	-
96900 Total Operating Expenses	7,208,443	753,160	-	-	73,099	286	65,445
97000 Excess of Operating Revenue over Operating Expenses	120,148	6,696,744	75,000	140,000	1,441	6,214	-
97300 Housing Assistance Payments	152,041	7,394,585	-	-	-	-	-
97400 Depreciation Expense	739,189	113	-	-	-	-	-
90000 Total Expenses	8,099,673	8,147,858	-	-	73,099	286	65,445
10010 Operating Transfer In	1,212,058	82,042	-	-	-	1,160,352	-
10020 Operating Transfer Out	(997,058)	-	(75,000)	(140,000)	-	(82,042)	-
10080 Special Items (Net Gain/Loss)	-	-	-	-	-	-	-
10091 Inter Project Excess Cash Transfer In	125,611	-	-	-	-	-	-
10092 Inter Project Excess Cash Transfer Out	(125,611)	-	-	-	-	-	-
10100 Total Other financing Sources (Uses)	215,000	82,042	(75,000)	(140,000)	-	1,078,310	-
10000 Excess of Total Revenue Over Total Expenses	(556,082)	(615,912)	-	-	1,441	1,084,524	-
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-	-	-	-	-	-	(6,136)
11030 Beginning Net Position	15,729,500	628,731	-	-	(1,441)	215,971	4,233
Ending Net Position	\$ 15,173,418	\$ 12,819	\$ -	\$ -	\$ -	\$ 1,300,495	\$ (1,903)

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS
FINANCIAL DATA SCHEDULE
REVENUE AND EXPENSE SUMMARY
YEAR ENDED JUNE 30, 2024

		14.EFA FSS Escrow Forfeiture			Discretely Presented	
		COCC	Subtotal	Eliminations	Total	Component Units
Account						
95200	Protective Services - Other Contract Costs	-	-	-	-	639,299
95000	Total Protective Services	-	-	-	-	639,299
96110	Property Insurance	-	184,044	-	184,044	399,364
96120	Liability Insurance	3,052	3,052	-	3,052	-
96130	Workmen's Compensation	772	97,729	-	97,729	22,082
96140	All Other Insurance	-	5,304	-	5,304	33,552
96100	Total insurance Premiums	3,824	290,129	-	290,129	454,998
96200	Other General Expenses	4,660	494,551	-	494,551	150,011
96300	Payments in Lieu of Taxes	-	-	-	-	203,924
96400	Bad debt - Tenant Rents	-	380,554	-	380,554	103,348
96000	Total Other General Expenses	4,660	875,105	-	875,105	457,283
96710	Interest of Mortgage (or Bonds) Payable	-	-	-	-	1,246,116
96730	Amortization of Bond Issue Costs	-	-	-	-	91,753
96700	Total Interest Expense and Amortization Cost	-	-	-	-	1,337,869
96900	Total Operating Expenses	973,866	9,074,299	(938,869)	8,135,430	6,270,585
97000	Excess of Operating Revenue over Operating Expenses	454,449	7,493,996	-	7,493,996	17,702,911
97300	Housing Assistance Payments	-	7,546,626	-	7,546,626	-
97400	Depreciation Expense	12,573	751,875	-	751,875	2,201,506
90000	Total Expenses	986,439	17,372,800	(938,869)	16,433,931	8,472,091
10010	Operating Transfer In	-	2,454,452	-	2,454,452	-
10020	Operating Transfer Out	(1,160,352)	(2,454,452)	-	(2,454,452)	-
10080	Special Items (Net Gain/Loss)	-	-	-	-	(96,083)
10091	Inter Project Excess Cash Transfer In	-	125,611	-	125,611	-
10092	Inter Project Excess Cash Transfer Out	-	(125,611)	-	(125,611)	-
10100	Total Other financing Sources (Uses)	(1,160,352)	-	-	-	(96,083)
10000	Excess of Total Revenue Over Total Expenses	(718,476)	(804,505)	-	(804,505)	15,405,322
11040	Prior Period Adjustments, Equity Transfers and Correction of Errors	6,136	-	-	-	-
11030	Beginning Net Position	552,007	17,129,001	-	17,129,001	16,326,247
Ending Net Position		\$ 6,136	\$ (166,469)	\$ 16,324,496	\$ -	\$ 16,324,496
		\$ 31,731,569				\$ 31,731,569

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS
STATEMENT OF NET POSITION - AMPS
June 30, 2024

	Harbor House	Robinwood	Morris H. Blum	Bloomsbury Square	Other Project	Totals (Memorandum Only)
ASSETS						
Current assets						
Cash and cash equivalents - unrestricted	\$ 101,117	\$ 773,265	\$ -	\$ 647	\$ 50,443	\$ 925,472
Cash and cash equivalents - restricted	55,790	30,133	-	9,378	-	95,301
Cash and cash equivalents - tenant security deposits	42,995	16,409	-	6,549	-	65,953
Accounts receivable	88,966	79,084	-	18,601	-	186,651
Interfund receivable	-	45,257	-	-	-	45,257
Prepaid expenses and other current assets	100,406	42,187	-	14,344	-	156,937
Total current assets	389,274	986,335	-	49,519	50,443	1,475,571
Noncurrent assets						
Capital assets, net	2,595,756	1,982,759	-	4,857,868	3,531,485	12,967,868
Note receivable	-	-	105,878	-	1,216,499	1,322,377
Total noncurrent assets	2,595,756	1,982,759	105,878	4,857,868	4,747,984	14,290,245
TOTAL ASSETS	\$ 2,985,030	\$ 2,969,094	\$ 105,878	\$ 4,907,387	\$ 4,798,427	\$ 15,765,816

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS
STATEMENT OF NET POSITION - AMPS
June 30, 2024

	Harbor House	Robinwood	Morris H. Blum	Bloomsbury Square	Other Project	Totals (Memorandum Only)
LIABILITIES AND NET POSITION						
Current liabilities						
Accounts payable and accrued wages/payroll taxes	\$ 80,151	\$ 58,734	\$ -	\$ 21,521	\$ -	\$ 160,406
Accrued compensated absences - current portion	2,314	1,139	-	390	-	3,843
Unearned revenue	7,590	2,413	-	666	-	10,669
Tenant security deposits	42,995	16,409	-	6,549	-	65,953
Accrued liabilities - other	32,492	8,246	-	3,150	-	43,888
Total current liabilities	165,542	86,941	-	32,276	-	284,759
Noncurrent liabilities						
Accrued compensated absences - long term portion	13,115	6,453	-	2,210	-	21,778
Noncurrent liabilities - other	55,790	30,133	-	9,378	190,560	285,861
Total noncurrent liabilities	68,905	36,586	-	11,588	190,560	307,639
Total liabilities	234,447	123,527	-	43,864	190,560	592,398
Net position						
Net investment in capital assets	2,595,756	1,982,759	-	4,857,868	3,531,485	12,967,868
Unrestricted net position	154,827	862,808	105,878	5,655	1,076,382	2,205,550
Total net position	2,750,583	2,845,567	105,878	4,863,523	4,607,867	15,173,418
TOTAL LIABILITIES AND NET POSITION	\$ 2,985,030	\$ 2,969,094	\$ 105,878	\$ 4,907,387	\$ 4,798,427	\$ 15,765,816

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION - AMPS
Year Ended June 30, 2024

	Harbor House	Robinwood	Morris H. Blum	Bloomsbury Square	Other Project	Totals (Memorandum Only)
Operating Revenues						
Tenant rental revenue	\$ 824,143	\$ 585,334	\$ 88,673	\$ 263,093	\$ -	\$ 1,761,243
Government operating grants	1,928,681	1,847,912	283,572	169,709	69,171	4,299,045
Other revenue	66,940	14,748	102,553	1,741	9,146	195,128
Total operating revenues	2,819,764	2,447,994	474,798	434,543	78,317	6,255,416
Operating Expenses						
Administrative	1,553,120	1,138,067	137,467	279,346	8,864	3,116,864
Asset management fee	42,720	17,890	-	6,180	-	66,790
Tenant services	309,694	143,356	7,253	26,603	-	486,906
Utilities	440,816	280,233	21,945	97,123	-	840,117
Maintenance	830,223	514,310	92,828	104,375	-	1,541,736
Insurance premiums	174,488	78,604	7,462	25,751	-	286,305
General expenses	212,026	196,393	18,380	21,145	421,781	869,725
Housing Assistance Payments	-	-	152,041	-	-	152,041
Depreciation expense	306,897	176,828	56,373	199,091	-	739,189
Total operating expenses	3,869,984	2,545,681	493,749	759,614	430,645	8,099,673
Operating income/(loss)	(1,050,220)	(97,687)	(18,951)	(325,071)	(352,328)	(1,844,257)
Nonoperating Revenues (Expenses)						
Loss on sale of capital assets	-	-	(293,664)	-	-	(293,664)
Mortgage interest income	-	-	-	-	8,003	8,003
Total nonoperating revenues (expenses)	-	-	(293,664)	-	8,003	(285,661)
Income (loss) before contributions	(1,050,220)	(97,687)	(312,615)	(325,071)	(344,325)	(2,129,918)
Capital contributions	757,952	476,907	70,138	53,839	-	1,358,836
Transfers in/out	321,228	(817,660)	581,129	27,818	102,485	215,000
Change in net position	28,960	(438,440)	338,652	(243,414)	(241,840)	(556,082)
Net position, beginning of year	2,721,623	3,284,007	(232,774)	5,106,937	4,849,707	15,729,500
Net position, end of year	\$ 2,750,583	\$ 2,845,567	\$ 105,878	\$ 4,863,523	\$ 4,607,867	\$ 15,173,418



RUBINO
STRENGTH IN NUMBERS

**INDEPENDENT AUDITOR'S REPORT 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
Annapolis, Maryland

We have audited, in accordance with the 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 business-type activities and aggregate discretely presented component units of the Housing Authority of the City of Annapolis (the Authority), as of and for the year ended June 30, 2024, 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 27, 2025. Our report includes a reference to other auditors who audited the financial statements of the aggregate discretely presented component units, 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 separately by those auditors.

Report on 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) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. 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.

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

Report on 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 financial statements. 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 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

The image shows a handwritten signature in black ink that reads "Rubins & Company". The signature is written in a cursive, flowing style.

Bethesda, Maryland
March 27, 2025



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Commissioners
Housing Authority of the City of Annapolis
Annapolis, Maryland

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Housing Authority of the City of Annapolis's (the Authority's) compliance with the types of compliance requirements identified as subject to audit in the OMB *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, 2024. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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, 2024.

Basis for Opinion on Each Major Federal Program

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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Authority's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as Findings No. 2024-001 and 2024-002. Our opinion on each major federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on the Authority's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the other auditing procedures applied in the audit of compliance, and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance 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, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. 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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as Findings No. 2024-001 and 2024-002 to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the Authority's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the other 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

The image shows a handwritten signature in black ink that reads "Rubins & Company". The signature is written in a cursive, flowing style.

Bethesda, Maryland
March 27, 2025

**HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2024**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-through Identification Number	Federal Expenditures
Direct Awards:			
U.S. Department of Housing and Urban Development:			
Housing Choice Vouchers	14.871	N/A	\$ 7,437,040
Public and Indian Housing	14.850	N/A	2,698,774
Capital Fund Program	14.872	N/A	2,785,858
Resident Opportunity and Supportive Services	14.870	N/A	74,540
Family Self Sufficiency	14.896	N/A	65,445
CNI Planning Grant	14.892	N/A	<u>140,000</u>
Total Direct Expenditures			<u><u>13,201,657</u></u>
Indirect Awards:			
U.S. Department of Housing and Urban Development:			
<i>Pass through from the City of Annapolis:</i>			
Community Development Block Grants/Entitlement Grants	14.218	N/A	<u>75,000</u>
Total Indirect Expenditures			<u>75,000</u>
Total Expenditures of Federal Awards			<u><u>\$ 13,276,657</u></u>

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2024

NOTE 1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Housing Authority of the City of Annapolis (the Authority) under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3. SUBRECIPIENTS

The Authority did not pass through any federal awards to subrecipients during the year ended June 30, 2024.

NOTE 4. INDIRECT COST RATE

The Authority has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2024**

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements

- | | |
|--|---------------|
| 1. Type of auditors’ report issued: | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material Weakness(es) identified? | No |
| b. Significant deficiency(ies) identified that are not considered to be material weakness(es)? | None reported |
| 3. Noncompliance material to financial statements noted? | No |

Federal Awards

- | | |
|---|------------|
| 4. Internal control over major programs: | |
| a. Material weakness(es) identified? | No |
| b. Significant deficiency(ies) identified that are not considered to be material weakness(es)? | Yes |
| 5. Type of auditors’ report issued on compliance for major programs: | Unmodified |
| 6. Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Uniform Guidance? | Yes |
| 7. Identification of major federal programs: | |

Name of Federal Program or Cluster

Federal
Assistance
Listing No.

Public and Indian Housing
Capital Fund Program

14.850
14.872

- | | |
|---|------------|
| 8. Dollar threshold used to distinguish between Type A and Type B programs: | \$ 750,000 |
| 9. Auditee qualified as low-risk auditee under Uniform Guidance, section 530? | No |

**HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2024**

SECTION II – FINANCIAL STATEMENT FINDINGS

None noted.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding 2024-001: Missing Tenant Information (Significant Deficiency)

Federal Agency: U.S. Department of Housing and Urban Development

Federal Program Title: Public and Indian Housing

Federal Assistance Listing Number: 14.850

Compliance Requirement: Eligibility

Criteria: Per 2 CFR, PHAs are required to obtain and document third party verification of reported family annual income, eligibility documentation for verification of citizenship and/or legal residency, and signed release forms.

Condition: The Authority was unable to locate income verification documentation, citizenship and/or legal residency documentation, signed release forms, as well as reported the incorrect income amount on the Family Report.

Context: Out of the 40 tenant files reviewed for income verification, 15 did not have citizenship and/or legal residency documentation, 15 did not have complete signed release forms, 2 did not have proper documentation of income, and 1 income calculation was incorrect.

Effect: The Authority did not have the proper information necessary to validate compliance with eligibility requirements.

Cause: The Authority did not have the proper controls in place to ensure documentation and calculations of income were correct.

Repeat Finding: This is not a repeat finding.

Recommendation: The Authority should review and enhance its policies, procedures, and internal controls to ensure the recertifications include the correct income amount and is adequately retained in the Authority's files.

Views of Responsible Officials: The Authority agrees with the finding.

**HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2024**

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding 2024-002: Missing Unit Inspections (Significant Deficiency)

Federal Agency: U.S. Department of Housing and Urban Development
Federal Program Title: Public and Indian Housing
Federal Assistance Listing Number: 14.850
Compliance Requirement: Special Tests and Provisions

Criteria: Per 2 CFR, the Authority is required to ensure the units subsidized by HUD are safe and sanitary. Per the Authority’s internal policies and procedures, an annual inspection is required for each unit.

Condition: The Authority did not inspect each unit at least once during a 12-month period.

Context: Out of the 40 units selected for testing, 8 of them did not have an inspection performed during the 12-month period and 3 did not have inspections performed at all.

Effect: The Authority did not comply with its internal requirements to comply with 2 CFR.

Cause: The Authority did not have the proper controls in place to ensure the annual inspections were performed.

Repeat Finding: This is not a repeat finding.

Recommendation: The Authority should review and enhance its policies, procedures, and internal controls to ensure the annual inspections are performed and on time.

Views of Responsible Officials: The Authority agrees with the finding.

**HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2024**

Finding 2023-001: Federal Program Funds Utilized for Non-Federal Programs

Condition: Based on the balance of the Public Housing interfund receivable, it appears that funds from Public Housing have been used to subsidize the Central Office Cost Center (COCC). As of June 30, 2023, Public Housing had an interfund receivable of \$1,768,943.

Current Year Status: This finding was cleared.

Finding 2023-002: Late Submission of Financial Statements to FAC and REAC

Condition: The Authority did not submit its audited financial statements to the Federal Audit Clearinghouse and to REAC by the required due dates.

Current Year Status: This finding was cleared.

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS

CORRECTIVE ACTION PLAN

FOR THE YEAR ENDED JUNE 30, 2024

Finding 2024-001 – Missing Tenant Information (Significant Deficiency)

Federal Program: Public and Indian Housing (CFDA 14.850)

Compliance Requirement: Eligibility

Condition: The Authority was unable to locate required income verification documentation, citizenship and/or legal residency documentation, and signed release forms. Additionally, incorrect income amounts were reported on the Family Report.

Corrective Action Plan:

The Authority acknowledges the finding. Corrective actions to address the deficiencies are underway and include:

- Updating internal policies and procedures related to tenant file documentation and income verification requirements;
- Providing targeted staff training on proper file documentation and third-party income verification procedures;
- Implementing a mandatory checklist to ensure all required documentation is obtained and verified before finalizing recertifications;
- Establishing a quality control process where supervisory staff conduct periodic file reviews to ensure compliance;
- Maintaining an audit trail of verification documentation to ensure proper retention.
- Hired third-party service provider, Quadel to assist with tenant file documentation compliance, annual and interim recertifications and rent calculations.
- Hiring Senior Housing Manager to assist with monitoring verification documentation, income calculation, citizenship and/or legal residency documentation, and signed release documentation compliance.

Anticipated Completion Date: June 30, 2025

Responsible Party: Senior Manager of Housing Operations and PH Property Managers

Finding 2024-002 – Missing Unit Inspections (Significant Deficiency)

Federal Program: Public and Indian Housing (CFDA 14.850)

Compliance Requirement: Special Tests and Provisions

Condition: The Authority did not perform required annual inspections for all units. Some units were not inspected within the 12-month period, and others were not inspected at all.

Corrective Action Plan:

The Authority concurs with the finding. The following corrective actions are being implemented:

- Reinstating and enhancing the inspection tracking log to monitor timely completion of all required inspections;
- Utilizing property management software to schedule and track inspections;
- Assigning oversight responsibility for inspections to the Property Manager and Safety Inspection Supervisor;
- Conducting quarterly management reviews of inspection compliance;
- Hired additional inspection staff, including Maintenance Operations Supervisor to complete any backlog and ensure ongoing compliance.
- Requested funding from City, State, and County to assist in inspections compliance to address federal funding and revenue shortages due to rental income delinquency.

Anticipated Completion Date: June 30, 2025

Responsible Party: Senior Manager of Housing Operations/Maintenance Manager