

**HOUSING AUTHORITY OF BALTIMORE CITY**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED DECEMBER 31, 2021**



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## INDEPENDENT AUDITORS' REPORT

Board of Commissioners  
Housing Authority of Baltimore City  
Baltimore, Maryland

### Report on the Audit of the Financial Statements

#### **Opinions**

We have audited the accompanying financial statements of the business-type activities, the aggregate discretely presented component units, and the aggregate remaining fund information of the Housing Authority of Baltimore City (Authority), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Housing Authority of Baltimore City's basic financial statements as listed in the table of contents.

In our opinion based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the aggregate discretely presented component units, and the aggregate remaining fund information of the Housing Authority of Baltimore City, as of December 31, 2021, 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 MPV Associates, LP, Lexington Terrace Partners, LP, Flag House Rental I, LP, or Flag House Rental II, LP, which represent 4% and 1%, respectively of the assets and revenues of the blended component units. We did not audit the financial statements of the aggregate discretely presented component units. The relied upon blended component units and the aggregate discretely presented component units statements were audited by other auditors whose reports have been furnished to us and our opinion, insofar as it related to the amounts included for those entities is based solely on the reports of the other auditors. We have applied audit procedures on the conversion adjustments only to conform the presentation of the financial statements of the relied upon blended components units and the aggregate discretely presented component units to accounting standards issued by the Government Accounting Standards Board. Our opinion, insofar as it relates to the amounts included for the relied upon blended component units and the aggregate discretely presented component units, prior to these conversion adjustments, is based solely on the reports of the other auditors.

#### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Housing Authority of Baltimore City 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 opinions.

***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 Housing Authority of Baltimore City'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.

***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. 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 GAAS 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 the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS 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 Housing Authority of Baltimore City'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 Housing Authority of Baltimore City's ability to continue as a going concern for a reasonable period of time.

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, schedule of changes in Authority's net pension liability (asset) and related ratios, schedule of Authority's pension contributions, schedule of changes in Authority's net OPEB liability (asset) and related ratios, schedule of Authority's net OPEB contributions, 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 and other auditors have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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.

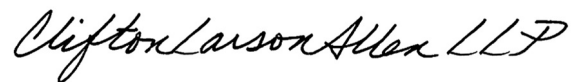
***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Housing Authority of Baltimore City's basic financial statements. The financial data schedules and 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 GAAS. In our opinion, the financial data schedules and schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Board of Commissioners  
Housing Authority of Baltimore City

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2022, on our consideration of the Housing Authority of Baltimore City'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 Housing Authority of Baltimore City'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 Housing Authority of Baltimore City's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Baltimore, Maryland  
September 27, 2022

**HOUSING AUTHORITY OF BALTIMORE CITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2021**

As management of the Housing Authority of Baltimore City (HABC), we offer the readers of the HABC's financial statements this narrative overview and analysis of the financial activities of HABC for the year ended December 31, 2021. We encourage readers to consider the information presented here in conjunction with the HABC's financial statements.

Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Housing Authority of Baltimore City, 417 E. Fayette Street, Baltimore, MD 21202, or contact HABC's Executive Director, Janet Abrahams at (410) 396-3232 or the Chief Financial Officer, John Wilson at (410) 396-8303.

**Overview of 2021 Financial Statements**

HABC reports its programs and activities under the Proprietary Fund. In addition, the financial statements also present separate Fiduciary Funds which include the Other Postemployment Benefits (OPEB) Trust and the Employee Retirement Plan. Resident Services, Inc. (RSI), Baltimore Affordable Housing Development, Inc. (BAHD), HABC Montpelier Housing Corporation, MPV Associates, LP, Lexington Terrace Partners, LP, Flag House Rental I, LP and Flag House Rental II, LP are presented as blended component units. The Authority also has five (5) discretely presented component units. See Note 1 for further discussion of the component units. The Management's Discussion and Analysis (MD&A) covers the Proprietary Fund only.

As of December 31, 2021, HABC's Proprietary Fund Net Position was \$672,898,166 as compared to \$671,128,003 as of December 31, 2020, which is an increase of \$1,770,163. The changes in the Net Position categories are discussed as follows:

- **Net Investment in Capital Assets** decreased by \$18,108,590 as compared to December 31, 2020. HABC capital investments are offset by reductions for depreciation expenses, fixed assets disposals, and capital debt activity. A detailed analysis of the changes in Net Investment in Capital Assets is provided in a later section.
- **Restricted Net Position** increased from December 31, 2020 by \$9,243,748. The increase was due to a \$2,627,363 increase in restrictions for the Pension and OPEB assets, a \$5,667,873 increase in restricted notes receivable, and a \$976,006 increase in reserves and miscellaneous restrictions, net a \$27,494 decrease in the self-insurance fund.
- **Unrestricted Net Position** increased by \$10,635,005 as compared to December 31, 2020.

**HOUSING AUTHORITY OF BALTIMORE CITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2021**

**Background and Overview of Agency**

***Moving to Work (MTW) Agreement***

HABC has been a Moving to Work (MTW) agency since March 2005. On December 24, 2008, HABC entered into a 10-year Amended and Restated MTW Agreement with HUD. Subsequently, HUD approved HABC's request for the extension through 2028.

MTW is a national demonstration program authorized by Congress, which gives HABC the flexibility to waive certain statutes and HUD regulations pertaining to the Public Housing Program, Capital Fund Program and Housing Choice Voucher Program (HCVP). The MTW statutory objectives include the following:

1. Reduce cost and achieve greater cost effectiveness in federal expenditures;
2. Give incentives to families with children whose heads of household are either working, seeking work, or participating in job training, educational or other programs that assist in obtaining employment and becoming economically self-sufficient; and,
3. Increase housing choices for low-income families.

MTW Agencies have the flexibility to combine federal funds from the public housing operating and modernization programs and Housing Choice Voucher program into a "Single Flexibility Fund" to help better meet the purposes of the demonstration and the needs of their communities. However, MTW Agencies must still abide by all other federal rules and regulations, including the Fair Housing Act, the Civil Rights Act, labor standards, environmental rules, procurement guidelines, demolition and disposition procures and relocation regulations.

The MTW activities undertaken and/or planned by HABC are all designed to promote one or more of the above statutory objectives. Under the MTW Agreement, HABC's funding sources are separated between the MTW Funding and the Non-MTW funding programs. MTW funds contains three major funding sources: Low Rent Public Housing (LRPH), HCVP, and the Capital Fund Program (CFP) / Replacement Housing Factor Fund (RHFF). All other funding programs fall into the category of Non-MTW.

In addition to the enclosed financial information, HABC has also prepared and made available asset management project (AMP) based financial statements starting in FY 2009 utilizing HABC's internal accounting reporting system. Each funding program (MTW and Non-MTW) is accounted for separately and is reported in conformity with accounting principles generally accepted in the United States of America.



**HOUSING AUTHORITY OF BALTIMORE CITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2021**

**Summary of the Financial Statements**

The financial statements included in this audit report are those of a special-purpose government engaged in a business-type activity including the following:

- Statement of Net Position – reports HABC's assets, deferred outflows of resources, liabilities, deferred inflows of resources, with the residual amount reported as net position.
- Statement of Revenues, Expenses and Changes in Net Position – reports HABC's operating and nonoperating revenues by major source, along with operating and nonoperating expenses and capital contributions.
- Statement of Cash Flows – report HABC's cash flows from operating, investing, capital and noncapital activities.

Our analysis of HABC begins in the next section. The financial statements of HABC reflect the financial results and management's goals for a fiscal period. The primary measurement of management's goals and financial results are the changes in net position.

Net position is an important measure of HABC's financial position. HABC's net position is the difference between what HABC owns (assets) and what HABC owes (liabilities). The attached analysis of entity-wide (proprietary fund) net position, revenues and expenses is provided to assist with answering the above question. This analysis includes all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. Accrual of the current year's revenues and expenses are considered regardless of when cash is received or paid. This analysis also reflects HABC's net position and their changes.

Over time, changes of HABC's net position is an indicator of its financial health. Readers need to consider other non-financial factors such as changes in family composition, fluctuations in the local economy, HUD mandated program administrative changes, and the physical condition of HABC's capital assets to assess the overall health of HABC.

**HOUSING AUTHORITY OF BALTIMORE CITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2021**

**Analysis of Statement of Net Position (Proprietary Fund Only)**

Total Net Position for the Proprietary Fund for 2021 and 2020 are \$672,898,166 and \$671,128,003, respectively. This represents an increase of \$1,770,163.

The table below further illustrates our analysis of the Statement of Net Position:

**Proprietary Fund Net Position**

	2021	Percent of Total	2020	Percent of Total	2021 vs. 2020 Inc (Dec)
Cash and Investments	\$ 152,076,554	28.4 %	\$ 149,131,857	19.2 %	\$ 2,944,697
Net Accounts Receivable	15,986,582	3.0	13,130,657	1.7	2,855,925
Due from Government, Net	15,830,897	3.0	15,536,785	2.0	294,112
Other Current Assets	1,826,998	0.3	2,091,837	0.3	(264,839)
Net Capital Assets	80,647,209	15.0	339,590,736	43.6	(258,943,527)
Non-Current Assets	265,436,311	49.5	256,992,813	33.0	8,443,498
Deferred Outflows	4,442,768	0.8	1,583,512	0.2	2,859,256
Total Assets and Deferred Outflows	536,247,319	100.0	\$778,058,197	100.0	(241,810,878)
Current Liabilities	36,068,162	31.0	35,620,500	33.3	447,662
Long Term Liabilities	67,950,188	58.4	60,784,347	56.8	7,165,841
Deferred Inflows	12,366,165	10.6	10,525,347	9.8	1,840,818
Total Liabilities and Deferred Inflows	116,384,515	100.0	106,930,194	100.0	9,454,321
Net Investment in Capital Assets	266,277,592	39.6	284,386,182	42.4	(18,108,590)
Restricted Net Position	293,300,692	43.6	284,056,944	42.2	9,243,748
Unrestricted Net Position	113,319,882	16.8	102,684,877	15.3	10,635,005
Total Net Position	672,898,166	100.0	671,128,003	100.0	1,770,163
Total Liabilities and Net Position	<u>\$ 789,282,681</u>		<u>\$ 778,058,197</u>		<u>\$ 11,224,484</u>

Listed below are areas that reported significant increases or decreases from December 31, 2020:

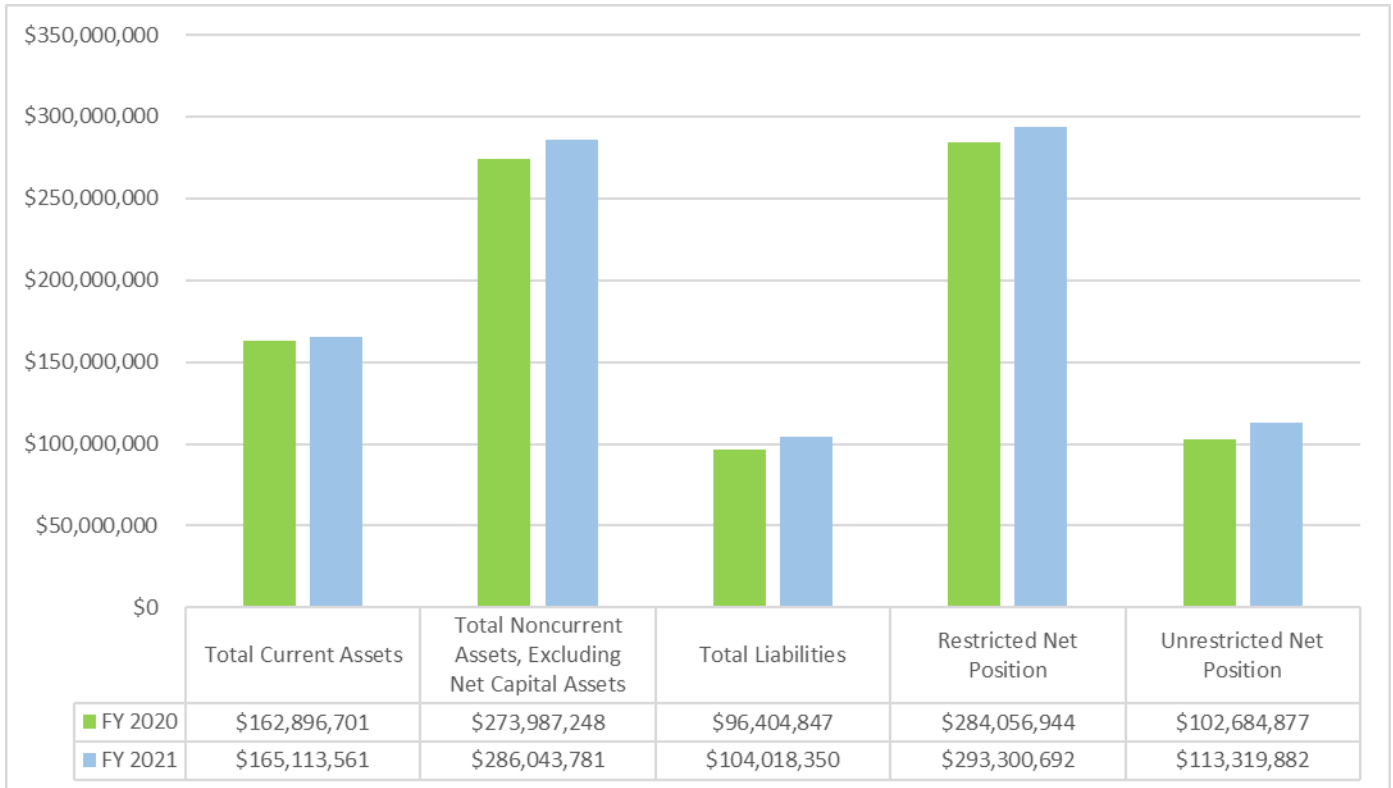
- **Cash and Investments** increased by \$2,944,697 due to new funding awarded for Emergency Housing Vouchers. The funds are restricted and can only be used for program activities.
- **Net Accounts Receivable** increased by \$2,855,925. Gross tenant/landlord and miscellaneous receivables increased \$1,796,278 and \$2,283,852, respectively. The associated allowance for doubtful accounts increased \$1,224,205 due to an increase in days outstanding.
- **Capital Assets, net of accumulated depreciation** decreased by \$5,908,165. The change in Net Capital Assets is presented with additional detail under the Analysis of Net Capital Assets section below.
- **Noncurrent Assets** increased \$8,443,498 primarily as a result of additional note agreements between HABC and newly formed development entities of \$5,667,873 and an increase in the net pension and OPEB assets of \$157,761 and \$2,469,602, respectively.

**HOUSING AUTHORITY OF BALTIMORE CITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2021**

- **Deferred Outflows and Deferred Inflows** increased \$2,859,256 and \$1,840,818, respectively, due to updated actuarial valuations for the pension and OPEB plans.
- **Long Term Liabilities** increased by \$7,165,841 due primarily to an increase in long-term debt. The additional liabilities are primarily obligations of the new blended component units, Flag House Rental I, LP and Flag House Rental II, LP.

The chart below illustrates the asset, liability, and net position balances of HABC excluding Net Capital Assets and Investments in Capital Assets for the current and prior fiscal periods.

**Assets, Liabilities and Net Position  
(Excluding Capital Assets and Net Investment in Capital Assets)**



**HOUSING AUTHORITY OF BALTIMORE CITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2021**

The table below illustrates the Analysis of Net Capital Assets:

**Proprietary Fund Analysis of Net Capital Assets by Fiscal Years**

	FY2021	Percent of Total	FY2020	Percent of Total	2021 vs. 2020 Net Increase/ (Decrease)
Land	\$ 50,878,869	15.2 %	\$ 49,660,158	14.6 %	\$ 1,218,711
Buildings	745,506,099	223.4	733,609,593	216.0	11,896,506
Equipment	10,946,869	3.3	9,740,290	2.9	1,206,579
Leasehold Improvements	2,173,507	0.7	1,508,307	0.4	665,200
Construction in Process	29,768,340	8.9	32,570,965	9.6	(2,802,625)
Total Capital Assets	<u>839,273,684</u>	<u>251.5</u>	<u>827,089,313</u>	<u>243.6</u>	<u>12,184,371</u>
Accumulated Depreciation	<u>(505,591,113)</u>	<u>(151.5)</u>	<u>(487,498,577)</u>	<u>(143.6)</u>	<u>(18,092,536)</u>
<b>Net Capital Assets</b>	<u><u>\$ 333,682,571</u></u>	<u><u>100.0 %</u></u>	<u><u>\$ 339,590,736</u></u>	<u><u>100.0 %</u></u>	<u><u>\$ (5,908,165)</u></u>

**Analysis of Capital Assets**

Total Net Capital Assets at December 31, 2021 and December 31, 2020 were \$333,682,571 and \$339,590,736, respectively. This represents a decrease of \$5,908,165.

- **Buildings** increased by a net amount of \$11,896,506. This was primarily due to the net effect of \$23,228,243 of Flag House Rental I, LP and Flag House Rental II, LP buildings brought into HABC's proprietary fund as blended component units, \$10,332,794 of capitalizations from construction in progress, net \$21,674,967 of current year disposals of public housing properties.
- **Construction in Process** decreased by a net amount of \$2,802,625 due to capitalizations and disposals exceeding current year additions.
- **Accumulated Depreciation** increased by \$18,092,536. Current year depreciation expense of \$21,879,024 was offset by \$14,247,451 of accumulated depreciation removed for disposed of buildings. Additionally, \$10,460,963 of the increase was a result of the component units (Flag House Rental I, LP and Flag House Rental II, LP) that were previously reported as discretely presented component units being brought into the proprietary fund as a result of changes in ownership in the current fiscal year.

**HOUSING AUTHORITY OF BALTIMORE CITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2021**

**Analysis of Entity-Wide Revenues /Statement of Activities)**

HABC administered the following programs with their respective revenues during 2021:

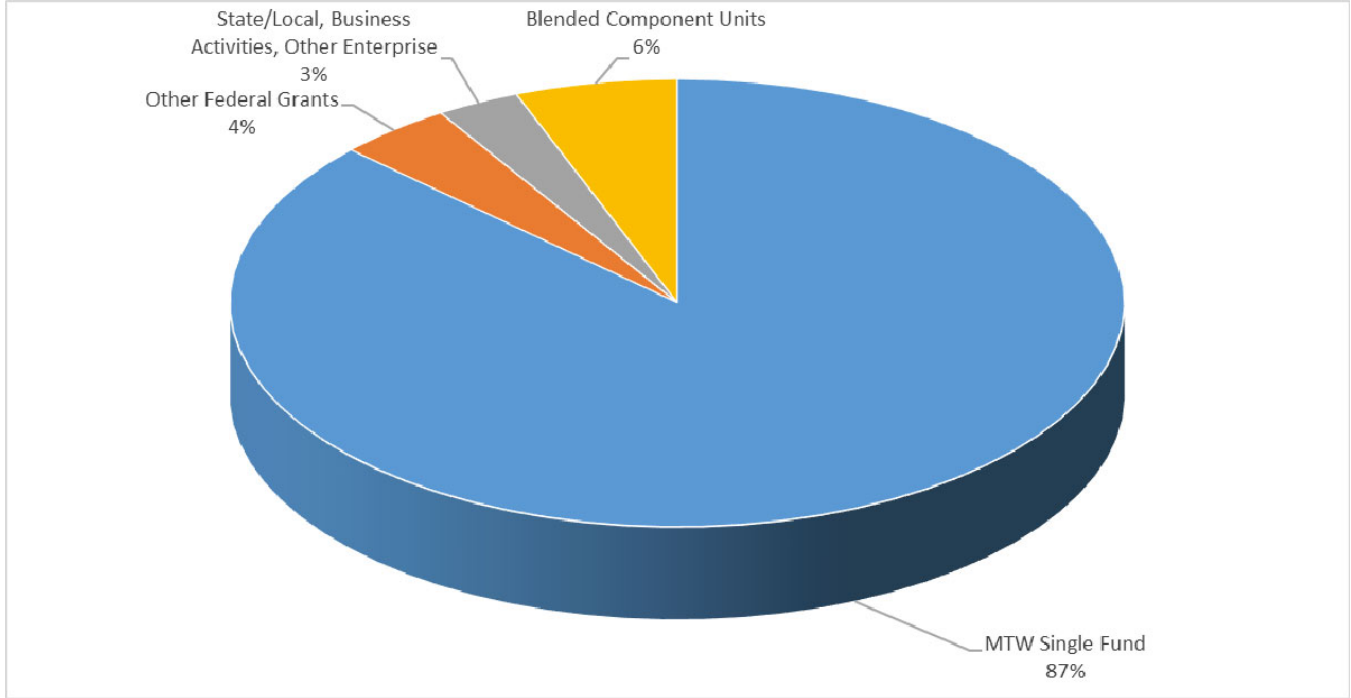
**Proprietary Fund FY 2021 Revenue by Programs**

			<u>Total Revenue</u>
<b>MTW Programs</b>			
Low Rent Public Housing and Capital Fund Operations	\$ 92,038,515		
COVID-19 Low Rent Public Housing CARES Program	1,125,618		
Section 8 Housing Choice Voucher Program (14.881)	<u>242,028,702</u>		
<b>Total MTW Revenue</b>		\$	<b>335,192,835</b>
<b>Non-MTW Programs</b>			
Section 8 Housing Choice Voucher Program (14.871)			5,720,876
COVID-19 Section 8 Housing Choice Voucher CARES Program			2,540,057
Mainstream Vouchers			861,316
COVID-19 Mainstream Vouchers CARES Program			16,957
Emergency Housing Vouchers			2,019,266
Mod. Rehabilitation			212,634
Single Room Occupancy			232,880
Business Activities			4,643,429
State and Local			7,378,501
Job Plus Initiative Program Total			401,097
ROSS			659,291
Choice Neighborhood			286,773
CDBG			675,835
Self Insurance			1,000
Blended Component Units			<u>23,004,101</u>
<b>Total Non-MTW Programs Revenue</b>			<u><b>48,654,013</b></u>
<b>Total Operating Revenues</b>			<b>383,846,848</b>
<b><i>Per Statements of Revenues, Expenses and Changes in Net Position</i></b>			
<b>Operating revenues</b>			<b>383,846,848</b>
Loss on Disposal of Fixed Assets	(3,844,964)		
Interest Income	1,106,038		
Capital Grants	<u>17,742,790</u>		
<b>Total Non-Operating Revenues (Expenses)</b>			<u><b>15,003,864</b></u>
<b>Total Proprietary Fund Revenues</b>			<b>\$ 398,850,712</b>
<b>(Agrees with Line 70000 of the FDS)</b>			<u><u><b>\$ 398,850,712</b></u></u>

**HOUSING AUTHORITY OF BALTIMORE CITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2021**

The diagram below illustrates the percentage of revenues generated from these programs by HABC during FY 2021.

**Proprietary Fund Revenue Percentages by Programs**



The table below presents an analysis of total revenues by major revenue category:

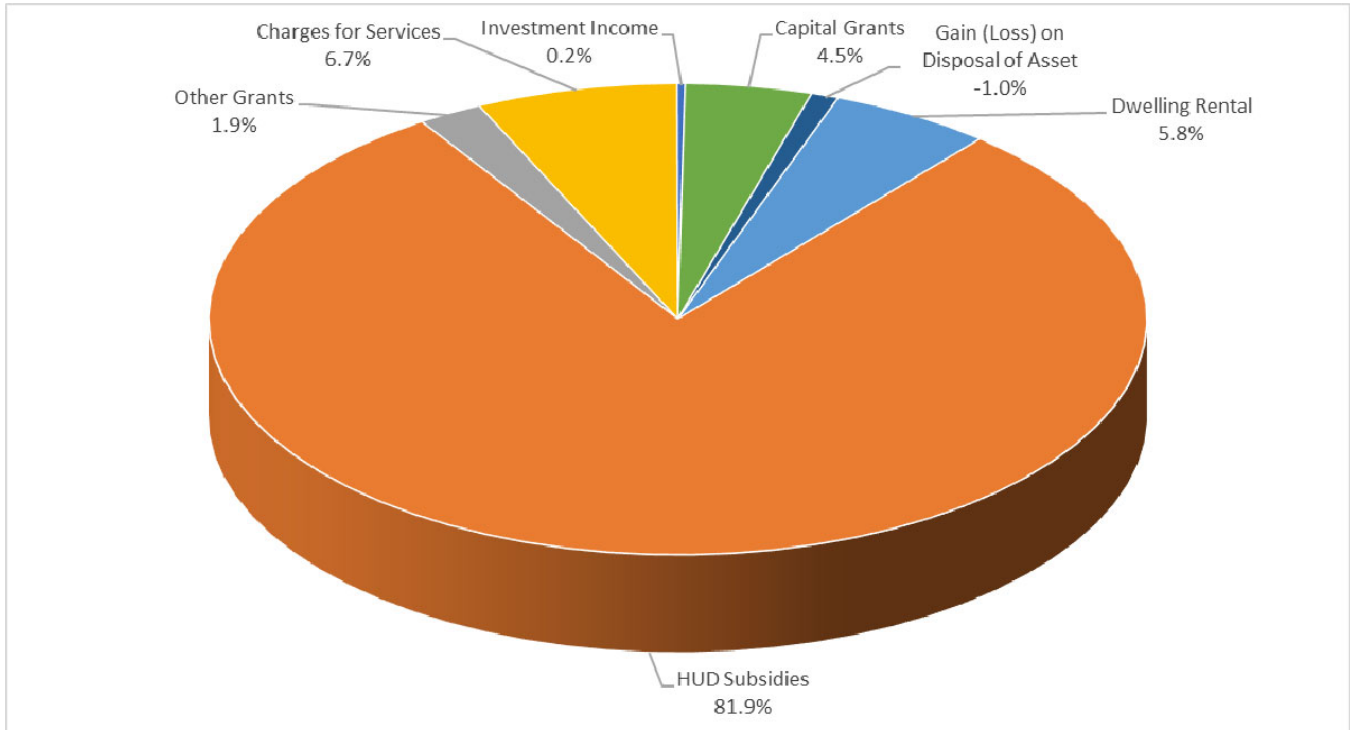
**Proprietary Fund by Major Revenue Category**

	2021	Percent of Total	2020	Percent of Total	2021 vs. 2020 Net Increase/ (Decrease)
Rental	\$ 22,720,201	5.7 %	\$ 21,788,813	5.3 %	\$ 931,388
HUD Subsidies	323,849,638	81.2	324,307,894	79.6	(458,256)
Other Grants	9,055,667	2.3	8,224,307	2.0	831,360
Other Income	28,221,342	7.1	30,153,221	7.4	(1,931,879)
Operating Revenue	<u>383,846,848</u>	<u>96.2</u>	<u>384,474,235</u>	<u>94.4</u>	<u>(627,387)</u>
Investment Income	1,106,038	0.3	1,207,184	0.3	(101,146)
Capital Grants	17,742,790	4.4	25,368,750	6.2	(7,625,960)
Gain (loss) on disposal of asset	(3,844,964)	(1.0)	(3,648,451)	(0.9)	(196,513)
Non-Operating Revenue	<u>15,003,864</u>	<u>3.8</u>	<u>22,927,483</u>	<u>5.6</u>	<u>(7,923,619)</u>
Total Revenue	<u>\$ 398,850,712</u>	<u>100.0 %</u>	<u>\$ 407,401,718</u>	<u>100.0 %</u>	<u>\$ (8,551,006)</u>

**HOUSING AUTHORITY OF BALTIMORE CITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2021**

The diagram below illustrates the percentage of revenues generated from each major revenue category by HABC during FY 2021.

**Proprietary Fund Revenue Percentages by Major Revenue Category**



Revenues were \$398,850,712 in FY 2021 compared to total revenues of \$407,401,718 in FY 2020. Listed below are areas that reported significant increases or decreases from December 31, 2020:

- **Other income** decreased \$1,931,879, or 6%. Due the nature of other income, we do not expect consistency. The decreases were primarily within the blended component unit and state/local programs.
- **Capital grants** decreased by \$7,625,960, or 30%. The Capital Fund program and Choice Neighborhoods Implementation Grant programs had decreases of \$5,954,878 and \$1,671,082, respectively.

**HOUSING AUTHORITY OF BALTIMORE CITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2021**

**Analysis of Entity-Wide Expenses (Proprietary Fund Only)**

**HABC administers the following programs and the related expenses during FY 2021:**

**Proprietary Fund FY 2021 Expenses by Programs**

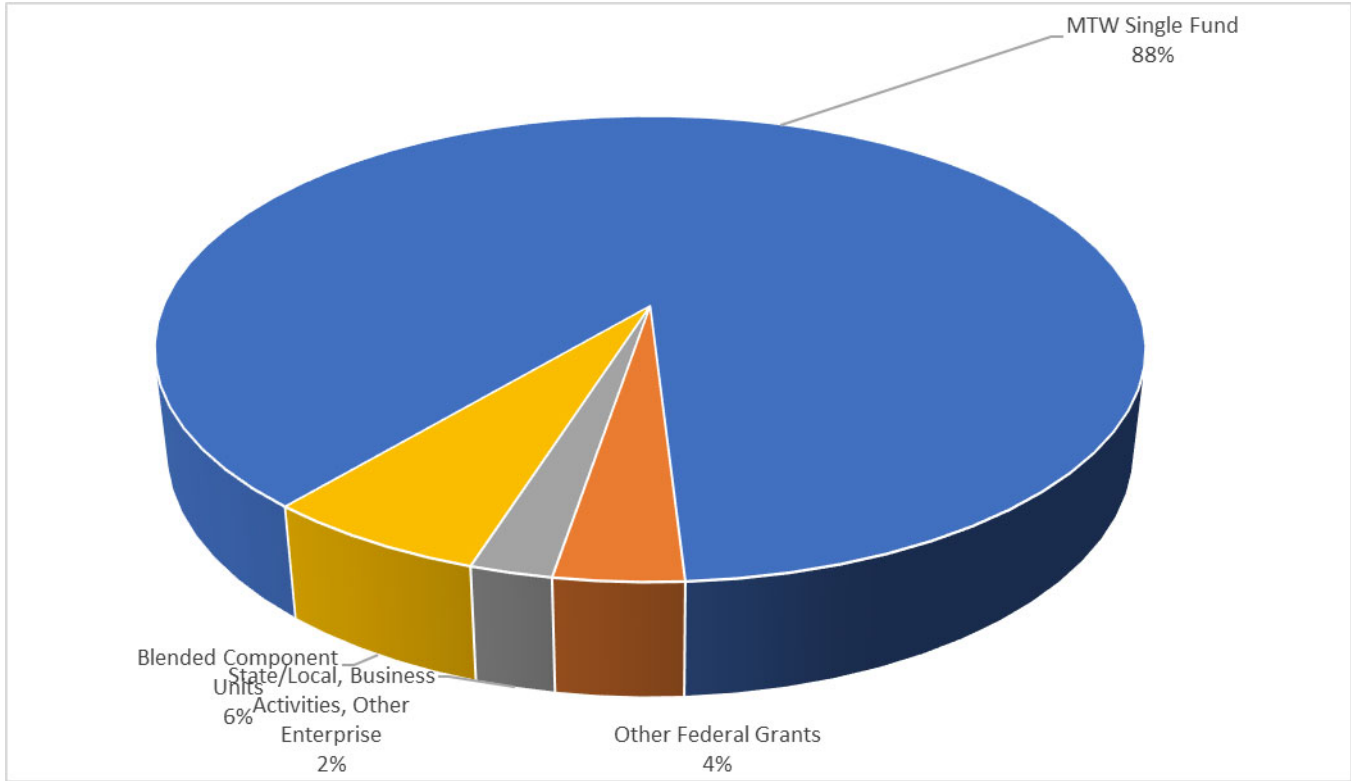
		<u>Total Expenses</u>
<b>MTW Programs</b>		
Low Rent Public Housing	\$ 89,746,572	
COVID-19 Low Rent Public Housing CARES Program	1,125,618	
Section 8 Housing Choice Voucher Program (14.881)	<u>239,225,346</u>	
<b>Total MTW Expense</b>		\$ 330,097,536
<b>Non-MTW Programs</b>		
Section 8 Housing Choice Voucher Program (14.871)		5,720,817
COVID-19 Section 8 Housing Choice Voucher CARES Program		2,540,057
Mainstream Vouchers		880,730
COVID-19 Mainstream Vouchers CARES Program		16,957
Emergency Housing Vouchers		387,109
Mod. Rehabilitation		279,516
Single Room Occupancy		300,741
Business Activities		4,716,498
State & Local		3,801,998
Job Plus Initiative Program Total		454,000
Choice Neighborhood		104,951
CDBG		684,026
ROSS		658,539
Self Insurance		32,327
Blended Component Units		<u>23,281,896</u>
<b>Total Non-MTW Programs Expense</b>		<u>43,860,162</u>
<b>Total Operating Expenses</b>		<b>373,957,698</b>
<i>Per Statements of Revenues, Expenses and Changes in Net Position</i>		
<b>Operating Expense</b>		<b>375,313,535</b>
Depreciation Expense	21,879,024	
Extraordinary Maintenance	<u>788,941</u>	
<b>Total Non-Operating Revenues</b>		<u><b>22,667,965</b></u>
<b>Total Proprietary Fund Expenses (Agrees with Line 90000 of the FDS)</b>		<u><b>\$ 397,981,500</b></u>



**HOUSING AUTHORITY OF BALTIMORE CITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2021**

The diagram below illustrates the percentage of expenses generated from these programs by HABC during FY 2021.

**Proprietary Fund Expenses by Programs in FY 2021**



The table below presents an analysis of total proprietary fund expenses, including the transfer of ownership special item, by major expense category:

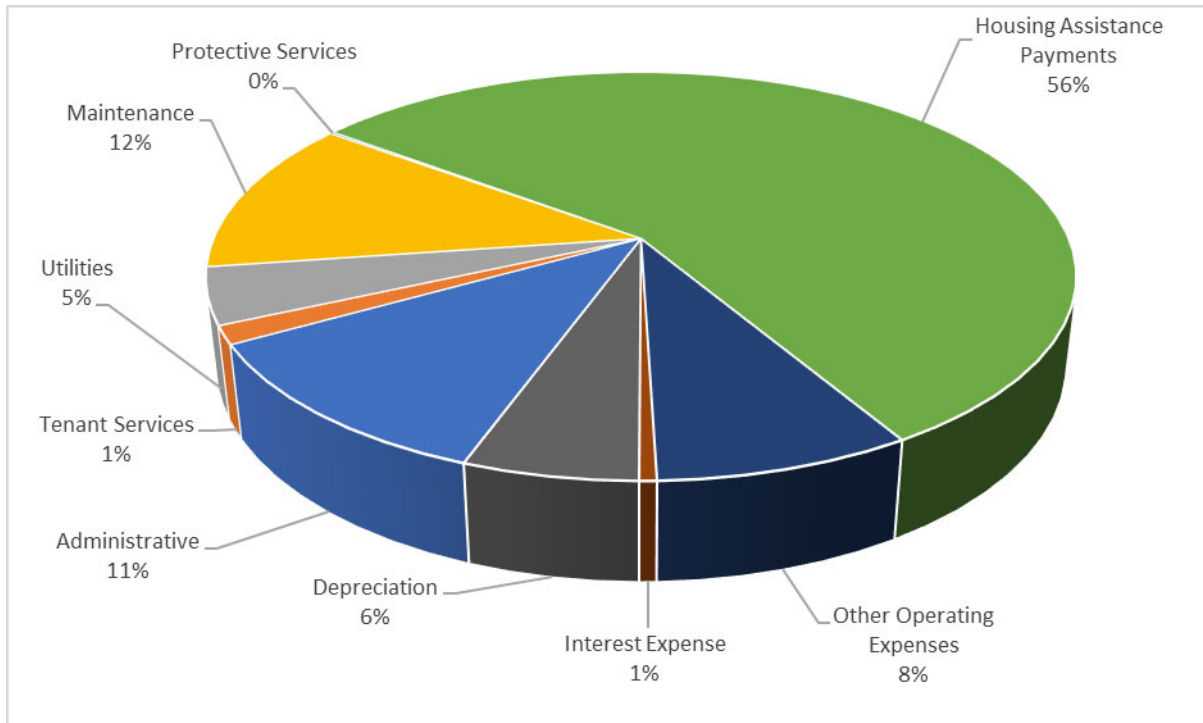
**Proprietary Fund by Major Expense Category**

	2021	Percent of Total	2020	Percent of Total	2021 vs. 2020 Net Increase/ (Decrease)
Administrative	\$ 44,968,930	11.3 %	\$ 47,792,710	12.4 %	\$ (2,823,780)
Tenant Services	5,742,514	1.4	7,609,445	2.0	(1,866,931)
Utilities	17,791,873	4.5	18,491,532	4.8	(699,659)
Maintenance	47,004,234	11.8	38,631,462	10.0	8,372,772
Protective Services	658,397	0.2	531,238	0.1	127,159
Housing Assistance Payments	223,627,900	56.3	221,923,212	57.5	1,704,688
Other Operating Expenses	32,184,766	8.1	31,466,860	8.1	717,906
Casualty Losses	1,172,887	0.3	585,742	0.2	587,145
Interest Expense	2,162,034	0.5	3,106,998	0.8	(944,964)
Expenses before Depreciation	<u>\$ 375,313,535</u>	<u>94.5</u>	<u>\$ 370,139,199</u>	<u>95.8</u>	<u>5,174,336</u>
Extraordinary Maintenance	788,941	0.2	924,512	0.2	(135,571)
Depreciation	21,879,024	5.5	16,847,808	4.4	5,031,216
Transfer of Ownership	(900,951)	(0.2)	(1,698,805)	(0.4)	797,854
Total Expenses	<u><u>\$ 397,080,549</u></u>	<u><u>100.0 %</u></u>	<u><u>\$ 386,212,714</u></u>	<u><u>100.0 %</u></u>	<u><u>\$ 10,867,835</u></u>

**HOUSING AUTHORITY OF BALTIMORE CITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2021**

The diagram below illustrates HABC's Proprietary Fund expenses by major category during FY 2021:

**Proprietary Fund Expenses by Category in FY 2021**



Total Proprietary Fund expenses were \$397,080,549 in FY 2021 and \$386,212,714 in FY 2020. Expenses by major expense category remained relatively consistent in comparison to the prior year. Total expenses increased by \$10,867,835. The significant changes are discussed in further detail below.

- **Administrative** expenses decreased \$2,823,780, or 6%. Administrative costs decreased due to streamlining by HABC management.
- **Maintenance** increased by \$8,372,772, or 22%. There was an overall increase due to deferred maintenance work resuming after relief from COVID-19 restrictions and shutdowns.
- **Depreciation expense** increased by \$5,031,216, or 30%. Depreciation increased due to an increase in depreciable assets and the inclusion of the new blended component units, Flag House Rental I, LP and Flag House Rental II, LP.

**HOUSING AUTHORITY OF BALTIMORE CITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2021**

**Future Events**

Perkins and Somerset redevelopment in nine five phases is a major the focus in 2022 and beyond. Perkins Ph 2 closed in 2022 and phase 3 projects an early 2023 closing. and Somerset Ph 4 were awarded 9% LIHTC in January 2021, and current schedule projects 2022 & 2023 closings, respectively. It is further projected that Perkins Phases 3 - 5 will submit 9% applications in the next CDA Spring round, currently projected in 2022.

HABC continues its efforts will acquire and rehabilitate 10 one-bedroom units as new public housing units. These scattered site units are planned for occupancy in FY 2022 and 2023. HABC plans to demolish and/or dispose of 629 units at Perkins Homes in 2022 and 2023, as well as and 10 vacant lots in FY 2022. Estimated of the number of units to be removed from the public housing inventory during the Plan Year, the actual number may vary depending on the timetables for HUD and City of Baltimore approvals, project financing, RAD closings, and other factors. Before relocating any of the residents occupying one of the public housing units, HABC will first obtain HUD approval of its disposition application, which will contain a Relocation Plan for occupied units as required by HUD.

HABC plans to submit a disposition application to HUD in FY 2022 for the disposition of various obsolete scattered site units, as it streamlines its operations in this area.

HABC plans to implement a wide range of capital investments at existing public housing sites and continue its program of citywide housing development activities such as capital plan, energy, infrastructure and extraordinary maintenance issues and initiatives is included below. HABC projects it will expend a total of approximately \$30 million on capital-related activities in FY 2022. Actual projects, timetables and expenditures may vary. HABC may modify its planned capital expenditures during the Plan year based on changing priorities, emergency conditions and other factors. Pursuant to the MTW Agreement, HABC has combined all current and prior year Capital Funds, including RHF funds, into the MTW Block Grant that will be carried out in accordance with all HUD regulations, including 24 CFR Part 905, and other requirements applicable to the Capital Fund Program.

Please contact John Wilson, Chief Financial Officer at 410-396-8303 for any questions on this document.

**HOUSING AUTHORITY OF BALTIMORE CITY  
STATEMENTS OF NET POSITION  
DECEMBER 31, 2021**

<b>ASSETS</b>	<u>Primary Government</u>	<u>Discrete Component Units</u>
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents - Unrestricted	\$ 100,604,439	\$ 386,120
Cash and Cash Equivalents - Restricted	21,681,549	3,112,152
Accounts Receivable, Net	15,986,582	175,470
Due from Governments, Net	15,830,897	-
Unrestricted Investments	7,031,045	13,286
Restricted Investments	2,152,051	-
Other Current Assets	1,826,998	72,694
Total Current Assets	<u>165,113,561</u>	<u>3,759,722</u>
<b>NONCURRENT ASSETS</b>		
Unrestricted Investments	15,582,329	-
Restricted Investments	5,025,141	-
Notes Receivable, Net of Allowance	237,991,514	-
Capital Assets not being Depreciated	80,647,209	2,788,845
Capital Assets being Depreciated, Net	253,035,362	26,580,865
Investments in Joint Ventures	6,087,679	-
Other Noncurrent Assets	148,262	238,479
Net Pension Asset	4,413,938	-
Net OPEB Asset	16,794,918	-
Total Noncurrent Assets	<u>619,726,352</u>	<u>29,608,189</u>
Total Assets	784,839,913	33,367,911
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Employer-Related Pension Activities	3,189,926	-
Employer-Related OPEB Activities	1,252,842	-
Total Deferred Outflows of Resources	<u>4,442,768</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 789,282,681</u>	<u>\$ 33,367,911</u>

See accompanying Notes to Financial Statements.

**HOUSING AUTHORITY OF BALTIMORE CITY  
STATEMENTS OF NET POSITION (CONTINUED)  
DECEMBER 31, 2021**

<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	<u>Primary Government</u>	<u>Discrete Component Units</u>
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 4,787,408	\$ 517,845
Accrued Liabilities	16,883,199	7,079,510
Accrued Compensated Absences	1,032,886	-
Accrued Contingent Liability	3,720,205	-
Due to Other Governmental Agencies	449,638	-
Tenant Security Deposits	577,111	60,734
Unearned Revenue	1,500,728	-
Long-Term Debt, Current Portion	5,175,649	64,539
Other Current Liabilities	1,941,338	80,499
Total Current Liabilities	<u>36,068,162</u>	<u>7,803,127</u>
<b>NONCURRENT LIABILITIES</b>		
Long-Term Debt, Less Current Portion	64,762,610	26,101,992
Noncurrent Liabilities - Other	103,060	4,679,625
Accrued Compensated Absences, Less Current Portion	3,084,518	-
Total Noncurrent Liabilities	<u>67,950,188</u>	<u>30,781,617</u>
Total Liabilities	104,018,350	38,584,744
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unamortized Pension Net Difference	2,326,840	-
Unamortized OPEB Net Difference	10,039,325	-
Total Deferred Inflows of Resources	<u>12,366,165</u>	-
<b>NET POSITION</b>		
Net Investment in Capital Assets	266,277,592	3,255,067
Restricted Net Position	293,300,692	3,112,152
Unrestricted Net Position	113,319,882	(11,584,052)
Total Net Position	<u>672,898,166</u>	<u>(5,216,833)</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 789,282,681</u>	<u>\$ 33,367,911</u>

See accompanying Notes to Financial Statements.

**HOUSING AUTHORITY OF BALTIMORE CITY**  
**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**YEAR ENDED DECEMBER 31, 2021**

	Primary Government	Discrete Component Units
<b>OPERATING REVENUES</b>		
Rent	\$ 22,679,038	\$ 1,267,582
Rent - Other	41,163	15,523
HUD PHA Operating Grants	323,849,638	-
Other Governmental Grants	9,055,667	-
Fraud Recovery	30,491	-
Other Revenue	28,190,851	224,055
Total Operating Revenues	383,846,848	1,507,160
<b>OPERATING EXPENSES</b>		
Administration and General	44,968,930	666,368
Housing Operations and Tenant Services	106,716,705	2,610,717
Housing Assistance Payments	223,627,900	-
Total Operating Expenses	375,313,535	3,277,085
<b>OPERATING INCOME (LOSS) BEFORE DEPRECIATION</b>	8,533,313	(1,769,925)
<b>DEPRECIATION</b>	21,879,024	1,225,540
<b>TOTAL OPERATING LOSS</b>	(13,345,711)	(2,995,465)
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Loss on Sale of Assets	(3,844,964)	-
Investment Income	1,106,038	123
Extraordinary Maintenance	(788,941)	-
Other Financing Sources	-	1,358,043
Nonoperating Revenues (Expenses), Net	(3,527,867)	1,358,166
<b>LOSS BEFORE CONTRIBUTIONS</b>	(16,873,578)	(1,637,299)
<b>CONTRIBUTIONS</b>		
Transfer of Ownership	900,951	4,248,192
HUD Capital Contributions	17,742,790	-
<b>CHANGE IN NET POSITION</b>	1,770,163	2,610,893
Net Position - Beginning of Year	671,128,003	(7,827,726)
<b>NET POSITION - END OF YEAR</b>	\$ 672,898,166	\$ (5,216,833)

See accompanying Notes to Financial Statements.

**HOUSING AUTHORITY OF BALTIMORE CITY  
STATEMENT OF CASH FLOWS  
BUSINESS-TYPE ACTIVITIES  
YEAR ENDED DECEMBER 31, 2021**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Receipts from Dwelling Rentals	\$ 22,232,922
HUD and Other Government Grants	329,498,571
Other Receipts	28,221,342
Payments for Salaries and Benefits	(49,183,825)
Payments for Administrative and General	(48,753,924)
Payments for Housing Operations and Tenant Services	(57,347,089)
Payments to Landlords and Resident Benefits	(223,627,900)
Net Cash Provided by Operating Activities	<u>1,040,097</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Sale of Investments	3,994,587
Interest Income	1,106,038
Disbursement of Notes Receivable	(6,599,331)
Receipts on Notes Receivable	931,458
Net Cash Used by Investing Activities	<u>(567,248)</u>

**CASH FLOWS FROM FINANCING ACTIVITIES**

Purchases of Capital Assets	(23,938,281)
Proceeds from Sale of Capital Assets	17,690,619
Expenses for Extraordinary Maintenance	(788,941)
Proceeds on Long-Term Debt	10,967,650
Payments on Long-Term Debt	(2,540,192)
Payments for Acquisition of Component Unit Interest	(12,667,210)
Capital Contribution from HUD	17,742,790
Net Cash Provided by Financing Activities	<u>6,466,435</u>

**NET INCREASE IN CASH AND CASH EQUIVALENTS**

6,939,284

Cash and Cash Equivalents - Beginning of Period

115,346,704

**CASH AND CASH EQUIVALENTS - END OF PERIOD**

\$ 122,285,988

**RECONCILIATION OF CASH AND CASH EQUIVALENTS, END OF YEAR  
TO AMOUNTS IN THE STATEMENT OF NET POSITION**

Cash and Cash Equivalents	\$ 100,604,439
Cash and Cash Equivalents - Restricted	21,681,549
Total	<u><u>\$ 122,285,988</u></u>

See accompanying Notes to Financial Statements.

**HOUSING AUTHORITY OF BALTIMORE CITY  
STATEMENT OF CASH FLOWS (CONTINUED)  
BUSINESS-TYPE ACTIVITIES  
YEAR ENDED DECEMBER 31, 2021**

**RECONCILIATION OF OPERATING LOSS TO NET CASH  
USED BY OPERATING ACTIVITIES**

Operating Loss	\$ (13,345,711)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:	
Depreciation	21,879,024
Effects of Changes in Operating Assets and Liabilities, Net of Business Combination and Noncash Items:	
Accounts Receivable, Net	(2,855,925)
Due to/from Other Governmental Agencies, Net	(1,122,882)
Other Assets	264,839
Accounts Payable	(467,653)
Accrued Liabilities	2,898,128
Tenant Security Deposits	84,794
Unearned Revenue	(3,292,873)
Accrued Compensated Absences	125,933
Deferred Outflow or Resources	(2,859,256)
Pension Asset	(306,023)
OPEB Asset	(2,469,602)
Other Noncurrent Liabilities	666,486
Deferred Inflows of Resources	1,840,818
Net Cash Provided by Operating Activities	<u>\$ 1,040,097</u>

See accompanying Notes to Financial Statements.



**HOUSING AUTHORITY OF BALTIMORE CITY  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
DECEMBER 31, 2021**

	<u>Total OPEB and Pension Trusts</u>
<b>ASSETS</b>	
Accounts Receivable	\$ 81,720
Investments	<u>93,730,119</u>
Total Assets	<u><u>\$ 93,811,839</u></u>
<b>LIABILITIES AND FIDUCIARY NET POSITION</b>	
<b>LIABILITIES</b>	
Due to HABC	<u>\$ 1,832,412</u>
Total Liabilities	<u>1,832,412</u>
<b>NET POSITION HELD IN TRUST</b>	<u>91,979,427</u>
Total Liabilities and Fiduciary Net Position	<u><u>\$ 93,811,839</u></u>

See accompanying Notes to Financial Statements.

**HOUSING AUTHORITY OF BALTIMORE CITY  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
YEAR ENDED DECEMBER 31, 2021**

	<u>Total OPEB and Pension Trusts</u>
<b>ADDITIONS</b>	
Contributions:	
Employer	\$ 1,772,355
Plan Members	<u>199,901</u>
Total Contributions	1,972,256
Investment Earnings:	
Interest and Dividends, Less Investment Expense	<u>4,726,596</u>
Total Additions	6,698,852
<b>DEDUCTIONS</b>	
Benefit Payments	7,387,678
Administrative Expenses	<u>113,393</u>
Total Deductions	7,501,071
<b>CHANGE IN NET POSITION</b>	(802,219)
Total Net Position - Beginning of Period	<u>92,781,646</u>
<b>TOTAL NET POSITION - END OF PERIOD</b>	<u><u>\$ 91,979,427</u></u>

See accompanying Notes to Financial Statements.

**HOUSING AUTHORITY OF BALTIMORE CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity**

The Housing Authority of Baltimore City (HABC or the Authority) is a governmental, public corporation created in 1937 under federal and state housing laws. HABC develops, maintains, and manages low-rent housing and administers Housing Assistance Payments Programs (Section 8) for low-income citizens, including handicapped and elderly residents, of Baltimore City (the City). These activities are subsidized by the U.S. Department of Housing and Urban Development (HUD) and other grantors. In addition, HABC performs a variety of related functions, including social services for public housing residents, and emergency housing repairs. These functions are funded through grants and contracts.

Pursuant to state law, HABC is governed by a Board of Commissioners, which consists of five commissioners who are appointed to staggered terms by the Mayor of Baltimore City. The Board of Commissioners is vested with the statutory powers of HABC and establishes HABC's policies, which are implemented and administered under the direction of an Executive Director, who is hired by the Board of Commissioners. Customarily, the Commissioner of the Baltimore City Department of Housing and Community Development (HCD), who is appointed by the Mayor, also had served as the HABC Executive Director. HABC and HCD previously operated under the branding of "Baltimore Housing." As a result of the Mayor's directive to split the combined functions of the agencies, effective July 1, 2017, HABC and HCD have taken actions to separate the HABC and HCD departments that operated in dual capacities. Most noticeably, HABC and HCD are now led by separate individuals. Although HABC and HCD continue to collaborate on matters involving housing and community development, HABC is not a component unit of the City.

HABC has been a Moving to Work (MTW) agency since 2005. MTW is a national demonstration program established by Congress that allows public housing agencies to develop and implement innovative and flexible solutions to local housing needs. HABC is one of 39 agencies nationwide to be given broad latitude to establish locally determined policies and procedures outside of the HUD regulatory framework. On December 24, 2008, HUD executed a 10-year Amended and Restated MTW Agreement with HUD with the term ending June 30, 2018. On April 4, 2016, HUD approved HABC's request for an extension of the MTW agreement through 2028.

In determining how to define the reporting entity, management has considered all potential component units. The decision to include component units in the reporting entity was made by applying the criteria set forth in the Governmental Accounting Standards Board (GASB) Statements relating to reporting entity requirements (Statements No. 90, No. 80, No. 61, No. 14, and No. 34). These include manifestation of oversight responsibility including financial accountability, imposition of will, financial burden or benefit on the primary organization, and financial accountability as a result of fiscal dependency.

HABC determined, based on the criteria above, that the entities described below should be presented as either blended component units or discretely presented component units in HABC's financial statements.

**HOUSING AUTHORITY OF BALTIMORE CITY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

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

**Reporting Entity (Continued)**

**Blended Component Units**

Some component units, despite being legally separate from the primary government, are so integrated with the primary government that they are in substance part of the primary government. These component units are blended with the primary government as the Authority is the sole member or owns 100% of each listed below:

- **Resident Services, Incorporated (RSI)** was organized as a nonprofit corporation separate from HABC to sponsor and implement social service, employment and training programs/initiatives, community service projects, and charitable work that promotes health and self-sufficiency among, and improves the quality of life for, public housing and other low-income residents in Baltimore City.
- **Baltimore Affordable Housing Development, Inc. (BAHD)** was organized as a nonprofit corporation separate from HABC to own, operate, and take steps necessary or convenient to develop or otherwise undertake housing projects in the area of operation of HABC.
- **HABC Montpelier Housing Corporation (the Corporation)** was formed as a corporation for the purpose of developing and operating a rental housing projects for low-income tenants in Baltimore City. HABC has a 100% ownership interest in the Corporation.
- **MPV Associates LP** owns and operates a 212-unit rental housing project known as Arbor Oaks of Baltimore for low- and moderate-income families.
- **Lexington Terrace Partners, LP** owns and operates a 203-unit rental housing project for low- and moderate-income families.
- **Flag House Rental I, LP** owns and operates a 124-unit rental housing project known as Albemarle Square for low- and moderate-income families.
- **Flag House Rental II, LP** owns and operates a 58-unit rental housing project known as Albermarle Square II for low- and moderate-income families.

Flag House Rental I, LP and Flag House Rental II, LP were previously reported as discretely presented component units. During 2021, HABC purchased the remaining interest in both entities. As a result, these entities are included within the primary government of HABC.

**HOUSING AUTHORITY OF BALTIMORE CITY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

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

**Reporting Entity (Continued)**

**Blended Component Units (Continued)**

The Authority and BAHD have also created other affiliate entities whose sole purpose is to assist in the development and construction of affordable housing. Each of the entities formed is the General Partner of the associated Limited Partnership. The operations of the entities listed below are included within "Other Entities" in Note 17.

Affiliate Entities	
1234 McElderry	Primrose Place RAD, LLC
520 Somerset, LLC	PV Gardens Senior RAD, LLC
Allendale RAD, LLC	PV Gardens Townhomes RAD, LLC
Arbor Oaks RAD, LLC	Rosemont Tower RAD, LLC
BE Mason RAD, LLC	Somerset 3, LLC
Bel-Park Tower RAD, LLC	Somerset RAD, LLC
Brentwood RAD, LLC	Wyman House RAD, LLC
Broadway Overlook RAD, LLC	HABC Allendale RAD Corporation
Chase House RAD, LLC	HABC Mt. Pleasant Housing Corporation
Ellerslie RAD, LLC	HABC Bernard E. Mason Apartments RAD Corporation
Flag House I LP, LLC	HABC Bel-Park Tower RAD Corporation
Flag House II LP, LLC	HABC Brentwood RAD Corporation
Govans Manor RAD, LLC	HABC Broadway Housing Corporation
Heritage Crossing RAD, LLC	HABC Chase House RAD Corporation
Hillside Park RAD, LLC	HABC Flag I Housing Corporation
Hollander Thompson, LLC	HABC Flag II Housing Corporation
Hollins House RAD, LLC	HABC Murphy/Julian Housing Corporation
J. Van Story Branch RAD, LLC	HABC Hillside Housing Corporation
Lakeview Tower RAD, LLC	HABC Hollins House RAD Corporation
Lexington Terrace RAD, LLC	HABC Lakeview Tower RAD Corporation
McCulloh RAD, LLC	HABC Lexington Housing Corporation
Monument East RAD, LLC	HABC McCulloh Extension RAD Corporation
ODH Phase 2, LLC	HABC Primrose Place RAD Corporation
Perkins 1401 Pratt, LLC	HABC Pleasant View Gardens Senior Building RAD Corporation
Perkins 1500 Claremont, LLC	HABC Pleasant View Gardens Townhomes RAD Corporation
Perkins 226 Caroline, LLC	

**HOUSING AUTHORITY OF BALTIMORE CITY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

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

**Reporting Entity (Continued)**

**Discretely Presented Component Units**

The following entities are for-profit, limited partnerships or limited liability companies created for the redevelopment and management of the affordable housing developments. Each of the entities below have a year-end of December 31, 2021. The Authority's blended component units have a minority interest as the general partner for each respective entity. The Authority has outstanding notes receivables, ground leases and other related party transactions with the entity. Management has determined that based on the significant relationship with the entities listed below, omitting them from the financial reporting entity would be misleading. The limited partnerships do not serve the primary government exclusively, or almost exclusively, and therefore, are shown as discretely presented component units:

- **Homewood LP** owns and operates a 72-unit scattered site rental housing project known as Barclay Phase I for low- and moderate-income families.
- **Reservoir Hill Housing, LLC** owns and operates a 64-unit rental housing project for low- and moderate-income families.
- **Sharp-Leadenhall Rental No. 1, LP** owns and operates a 31-unit scattered site rental housing project known as Sharp-Leadenhall Mixed Finance Development Phase I for low- and moderate-income families.
- **St. Ambrose LP** owns and operates a 30-unit rental housing project for low- and moderate-income families.
- **Conifer Cooks Lane Associates, LLC** owns and operates a 108-unit rental housing project known as West Hills Square for low- and moderate-income families. HABC provides operating subsidy for 11 units.

**Basis of Presentation**

The financial statements of HABC have been prepared in conformity with accounting principles generally accepted in the United States (U.S. GAAP) as applied to local governmental units. The basic financial statements (i.e. the statement of net position, the statement of revenues, expenses, and changes in net position, and the statement of cash flows for the proprietary fund) report information on all of the activities of HABC except for its discretely presented component units and fiduciary activities. Separate fund financial statements are provided for the component unit and fiduciary funds.

**HOUSING AUTHORITY OF BALTIMORE CITY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

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

**Basis of Accounting and Measurement Focus**

The basis of accounting for HABC is determined by measurement focus. The flow of economic resources measurement focus and the accrual basis of accounting are used to account for HABC's resources. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows. All assets and liabilities associated with the operation of these funds are included on the statements of net position.

HABC's operating activities are maintained in accordance with the principles of enterprise fund accounting to ensure the observance of limitations and restrictions on the resources available. GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, was issued to incorporate GASB and American Institute of Certified Public Accountants (AICPA) guidance into GASB authoritative literature. HABC has elected not to follow any Financial Accounting Standards Board (FASB) guidance not included in GASB 62.

HABC reports fiduciary funds which include the other postemployment benefits (OPEB) trust fund and the Employee Retirement Plan. The OPEB trust fund and Employee Retirement Plan account for the assets held in trust by HABC for the beneficiaries of the plans. The fiduciary funds (OPEB Trust and Employee Retirement Plan) are separate legal entities from HABC. Separate statements are included for the fiduciary funds as shown in the table of contents.

**Budget**

Under the terms of the MTW Agreement, HABC is required to submit to HUD an Annual Plan summarizing planned activities and budgets for sources and uses of funds. HABC's Board of Commissioners formally adopts the MTW Annual Plan, which includes all program budgets on a basis consistent with U.S. GAAP. The Executive Director has the authority to transfer budget authorizations among categories.

**Use of Estimates in Preparing Financial Statements**

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, liabilities, revenues, and expenses in the financial statements and in the disclosures of contingent assets and liabilities. Actual results could differ from those estimates.

**Cash and Cash Equivalents**

For statement of cash flows reporting purposes, cash and cash equivalents include cash on hand, demand deposits, equity in highly liquid cash and investments, certificates of deposit, and repurchase agreements with initial maturities of three months or less.

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

**Investments**

Statutes authorize HABC to invest in obligations of the U.S. Treasury, repurchase agreements, certificates of deposit and certain other investments allowed by HUD and in accordance with general depository agreements. These investments are carried at fair value based upon quoted market prices. HABC classifies its investments as current or noncurrent based on the maturity dates. Short-term investments have maturities within one year.

**Accounts Receivable**

Accounts receivable consist of payments due from HUD and related affiliates, rent payments from tenants and other miscellaneous receivables arising from the normal course of operations. A reserve for uncollectible accounts is established based on management's estimates.

**Notes Receivable**

A significant portion of notes receivable represent loans to related-party owner-entities and developers for development projects. HABC subordinated these loans in conjunction with financing arrangements related to the development of mixed-income, multi-family rental communities. Such loans are interest-bearing and are payable from cash flow from the property owned by each respective project. Such loans are typically funded from CDBG Development, HOPE VI, and Capital Fund grants, representing a significant portion of the construction costs associated with the HABC-assisted component of the mixed-income rental property. Interest and principal on these loans are subordinated and are contingent on cash flow from the property; however, interest income is accrued as it occurs. Based on the status of the previous mixed financing projects and the contingent nature of the payments, management elected to establish an allowance which represents the full value of the notes, except for \$12,822,455 as of December 31, 2021 that HABC intends to collect.

The agreements between HABC and the respective affiliated entities state that HABC will collect on the receivables if the affiliated entities have positive cash flows. Since these affiliated entities depend on HABC to subsidize their operations through operating subsidies, management assesses the likelihood of collection and believes that positive cash flows for these entities in the future are remote, and therefore, collections on these notes' receivable are doubtful.

Notes receivable also includes amounts reported on the BAHD blended component unit financial statements. These notes represent agreements for the purchase of properties under HUD's Rental Assistance Demonstration Program (RAD). Under this program, public housing agencies leverage public and private debt and equity to reinvest in the public housing stock. Public housing is sold to a third party responsible for rehabilitation, and then transitioned to a Section 8 platform under a long-term contract to ensure the project remains as affordable housing. Such loans are interest-bearing and are payable from cash flow from the property owned by each respective project. Such loans are typically funded from multiple sources representing a significant portion of the purchase price of the property. Interest and principal on these loans are subordinated and are contingent on cash flow from the property. At December 31, 2021, notes receivable expected to be collected by BAHD totaled \$225,169,059.



**HOUSING AUTHORITY OF BALTIMORE CITY  
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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Capital Assets**

Capital assets include property held for and under development, operating properties, and fixed assets used in operations that cost \$5,000 or more and have an estimated useful life of at least one year. Donated capital assets are recorded at the estimated acquisition value on the date received.

HABC capitalizes costs associated with properties held for and under development, including interest costs during the construction period. The carrying amount of such properties does not exceed the estimated net realizable value.

Capital assets are stated at cost, less accumulated depreciation. Depreciation is computed under the straight-line method over the following estimated useful lives:

Structures and Improvements	15 to 25 Years
Equipment	5 to 7 Years

Proceeds from the disposal of capital assets are recognized in the period received. Proceeds from the sale of property acquired or significantly improved with HUD or state funds are refunded to HUD or the state as required by contract or retained and used for special purposes as approved by HUD.

**Compensated Absences**

The total accumulated universal leave (incorporating vacation and sick) is accrued in the period earned as this cost is to be funded with current resources. Employees earn universal leave at rates ranging from 24 days per year for the first six years of service up to a maximum of 36 days per year after 19 years of service. The maximum universal leave accrual is 200 days. Upon termination, employees are paid for any accumulated universal leave.

**Net Position**

Certain assets including cash and investments may be classified in restricted net position on the statements of net position because their use is restricted for specific purposes. It is HABC's policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available. 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 BALTIMORE CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Net Position (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. This also includes investments in joint ventures.

*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.”

**Taxes**

Under federal, state and City laws, HABC is exempt from income, property, and excise taxes. Housing authorities are, however, required to make payments in lieu of taxes (PILOT) in accordance with the provisions of their Cooperation Agreement with local taxing authorities. Under its Cooperation Agreement with the City, HABC must pay the City the lesser of 10% of its net shelter rent or the approximate full real property taxes. Net shelter rent is defined as the excess of rental income over total utilities expense, net of energy performance contract (EPC) debt service.

During fiscal year 2021, PILOT expense was \$494,712.

**Grants**

HABC receives reimbursement from various grantors for the cost of sponsored projects, including administrative costs. Grant revenues are recognized in the period in which the associated costs are incurred.

**Capital Contributions**

Capital contributions are grants awarded by HUD under various capital development and improvement programs including HOPE VI Cluster, Capital Fund Programs, Demolition or Disposition Transitional Funding (formerly known as Replacement Housing Factor Fund), and Up-Front Grant. Grant expenditures under these programs are based on actual capital project costs incurred.

**Deferred Inflows and Outflows of Resources**

Deferred inflows of resources, reported after total liabilities, is defined by GASB as an acquisition of net position that applies to future periods. The revenue is recognized in the applicable future period(s). The Authority has two items that are required to be reported in this category related to the deferred inflow from pension and OPEB activities. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**HOUSING AUTHORITY OF BALTIMORE CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Deferred Inflows and Outflows of Resources (Continued)**

Deferred outflows of resources, reported after total assets, represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenditure) until the future period. The Authority has two items that are required to be reported in this category related to the deferred outflow from pension and OPEB activities.

**Pensions**

For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plan and additions to/deductions from its fiduciary net position have been determined on the same bases as they are reported by the pension system. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension system reports investments at fair value.

**Other Postemployment Benefits (OPEB)**

For purposes of measuring the net OPEB asset, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB plan and additions to/deductions from its fiduciary net position have been determined on the same bases as they are reported by the pension system. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The pension system reports investments at fair value.

**NOTE 2 CASH, CASH EQUIVALENTS, AND INVESTMENTS**

**Deposits**

At December 31, 2021, the aggregate carrying amount of HABC's deposits (Proprietary Fund) were \$122,285,988 and the bank balance was \$118,585,745. All deposits with financial institutions are held by regularly organized state or national banks insured by the Federal Deposit Insurance Corporation (FDIC) which are required to hold government security collateral in HABC's name for any amount in excess of federal deposit insurance limits. HABC's deposits were under-collateralized by \$2,208,987 at December 31, 2021.

**HOUSING AUTHORITY OF BALTIMORE CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 2 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)**

**Investments – Proprietary Funds**

Proprietary fund investments are in U.S. Treasuries or U.S. Agency securities, which have a maturity of one year or more. The fair market values of those investments are shown in the table below:

Investment Type	Fair Value	Less Than		S&P Ratings	Moody's Ratings	Percentage of Total Investments
		1 Year	1-5 Years			
U.S. Treasuries	\$ 21,734,753	\$ 5,474,360	\$ 16,260,393	N/A	Aaa	73.0%
Federal Home Loan Bank	4,347,077	-	4,347,077	AA+	Aaa	14.6%
Federal Farm Credit Bank	3,708,736	3,708,736	-	AA+	Aaa	12.4%
Total Investments	<u>\$ 29,790,566</u>	<u>\$ 9,183,096</u>	<u>\$ 20,607,470</u>			

*Fair Value Measurements:* The Authority categorizes its fair value measurements within the fair value hierarchy established by U.S. GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs such as prices for similar assets; Level 3 inputs are significant unobservable inputs.

At December 31, 2021, fair value of proprietary fund investments is as follows:

Investment Type	Fair Value	Fair Value Measurements Using	
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
U.S. Treasuries	\$ 21,734,753	\$ 21,734,753	\$ -
Federal Home Loan Bank	4,347,077	-	4,347,077
Federal Farm Credit Bank	3,708,736	-	3,708,736
Total Investments by Fair Value Level	<u>\$ 29,790,566</u>	<u>\$ 21,734,753</u>	<u>\$ 8,055,813</u>

**Investments – Fiduciary Funds**

Fiduciary fund investments are in debt and equity securities and a guaranteed investment fund (GIF), which have a maturity of one year or more. The fair market values of those investments are shown in the table below:

Investment Type	Fair Value	Less Than		S&P Ratings	Moody's Ratings	Percentage of Total Investments
		1 Year	1-5 Years			
Debt Securities	\$ 19,023,971	\$ 2,803,142	\$ 16,220,829	AAA to BBB-	Aaa to Baa3	20.3%
Equity Securities	57,497,182	57,497,182	-	N/A	N/A	61.3%
GIF	17,208,966	17,208,966	-	N/A	N/A	18.4%
Total Investments	<u>\$ 93,730,119</u>	<u>\$ 77,509,290</u>	<u>\$ 16,220,829</u>			

**HOUSING AUTHORITY OF BALTIMORE CITY  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 2 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)**

At December 31, 2021, fair value of fiduciary fund investments is as follows:

Investment Type	Fair Value	Fair Value Measurements Using	
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Debt Securities	\$ 19,023,971	\$ 19,023,971	\$ -
Equity Securities	57,497,182	57,497,182	-
GIF	17,208,966	-	17,208,966
Total Investments by Fair Value Level	<u>\$ 93,730,119</u>	<u>\$ 76,521,153</u>	<u>\$ 17,208,966</u>

**Investment Rate Risk**

Fair value fluctuates with interest rates and increasing interest rates could cause fair value to decline below original cost. To limit HABC's exposure to fair value losses arising from increasing interest rates, HABC's investment policy limits the term of investment maturities to remain sufficiently liquid to enable HABC to meet all operating requirements which might be reasonably anticipated. HABC's management believes the liquidity in the portfolio is adequate to meet cash flow requirements and to preclude HABC from having to sell investments below original cost for that purpose. The investments at December 31, 2021 met HABC's investment policy as of that date.

**Credit Risk/Concentration of Credit Risk**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The investment policy of HABC follows the investment guidelines published by HUD in *Financial Management Handbook* (7475.1REV). These guidelines permit investments in the following types of investments: direct U.S. obligations, U.S. agency obligations, and money market mutual funds. HABC follows federal rules and regulations on concentration of credit risk.

**Custodial Credit Risk**

For an investment, custodial credit risk is the risk that, in the event of failure of the counterparty, HABC will not be able to recover all or a portion of the value of its investments or collateral securities that are in the possession of an outside party as of December 31, 2021. HABC has adopted investment guidelines to conform to HUD depository agreements and to permit investments which are backed by the full faith and credit of the U.S. government, a U.S. government agency, or those issued by a government-sponsored agency.

Restricted cash is restricted for various HUD programs and for application of available funds to projects allowed under the MTW Agreement.

**HOUSING AUTHORITY OF BALTIMORE CITY  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 3 ACCOUNTS RECEIVABLE**

Accounts receivable consist of rent payments due from tenants and other miscellaneous receivables arising from the normal course of operations.

Tenants and Landlords	\$ 6,353,743
OPEB and Pension	1,832,412
RAD and Managed Sites Settlements	14,944
Due from Mixed Finance Properties	4,952,587
Pass Through State Grants	249,524
Other Receivables	<u>5,594,121</u>
Total Accounts Receivable	18,997,331
Less: Allowance for Doubtful Accounts	<u>(3,010,749)</u>
Accounts Receivable, Net	<u><u>\$ 15,986,582</u></u>

**NOTE 4 DUE FROM/TO GOVERNMENTAL AGENCIES**

The amounts due from/to other government agencies as of December 31, 2021 are listed in the tables below:

<u>Government Agency</u>	<u>Due From</u>	<u>Due To</u>	<u>Net Amount Due From</u>
U.S. Department of Housing and Urban Development*	\$ 8,945,369	\$ 92,239	\$ 8,853,130
Portability Provisions**	334,669	-	334,669
City of Baltimore***	<u>6,550,859</u>	<u>357,399</u>	<u>6,193,460</u>
Total	<u><u>\$ 15,830,897</u></u>	<u><u>\$ 449,638</u></u>	<u><u>\$ 15,381,259</u></u>

\* Primarily expenses from the Capital Fund Program and Choice Neighborhood Implementation Grant, and Operating Subsidy for Public Housing.

\*\* Amounts due from other agencies under the portability provisions of the HCV program

\*\*\* Payments in Lieu of Taxes and an amount advanced by the City of Baltimore for inter-government activities

Management has evaluated all amounts due from other government agencies and determined that no reserve for doubtful accounts is necessary.

**HOUSING AUTHORITY OF BALTIMORE CITY**  
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**NOTE 5 NOTES RECEIVABLE**

As part of the financing arrangements under the HOPE VI revitalization grants, HABC issues notes receivable to developers of the projects. Sources of funds for these loans are various HOPE VI grants and the Fairfield reformulation grants from HUD. The loans are established for a HUD-approved amount and funds are drawn by the developer as approved. The terms of these notes' receivable vary, with interest generally at 0.25% - 1.0%, with repayment due 40 years from the date of the agreement, unless there is a default, at which time payment is due on demand. Some of the loan terms have interest rates based on the federal rates at the time disbursements are made to the borrower.

HABC also issues second mortgage loans under the HOPE VI program for individuals and/or families. Sources of funding for these mortgages are various HOPE VI grants. These mortgages assist individuals in purchasing homes within the City. The mortgages require repayment in full if the borrower does not live in the residence for a minimum of 10 years, or at the time of sale/lease/ default by the borrower. Most of the mortgages allow a reduction of up to \$20,000 of the total mortgage on a prorated basis starting in year six: of the mortgage. Interest rates for the mortgages are 0% unless default occurs, at which time the rate increases to 6%.

HABC entered into a reserve pledge agreement in 1998 with the Lexington Terrace Limited Partnership to benefit the Townes at the Terraces project, a low-income housing project. The terms of the agreement set aside funds from the development fee payable to HABC under the Public and Indian Housing program. The funds are maintained in an interest-bearing reserve account. The partnership may request funds from the account if it experiences an operating deficit during the project. Any funds remaining in the account at the end of the project period will be returned to HABC.

Based on the status of the previous mixed-financing projects and the contingent nature of the payments, management elected to establish an allowance for the full value of the notes except the ones for which HABC deems to be collectible. The agreements between HABC and the respective affiliated entities state that HABC will collect on the receivables if the affiliated entities have positive cash flows. Since these affiliated entities depend on HABC to subsidize their operations through operating subsidies, management believes that positive cash flows for these entities in the future are remote, and therefore, collections on these notes' receivable are doubtful.

**HOUSING AUTHORITY OF BALTIMORE CITY  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 5 NOTES RECEIVABLE (CONTINUED)**

HABC has the following notes receivable outstanding as of December 31, 2021:

<u>Description</u>	<u>Amount</u>
Lexington Terrace Townhomes, LP	\$ 15,335,170
Broadway II LP	17,776,897
Homewood LP	9,261,330
O'Donnell Heights Association	7,454,049
Flag House Courts Project, Flaghouse Rental Phases I and II	5,253,153
Albermarle Square Affordable House	5,817,194
Reservoir Hill Housing, LLC	5,588,442
Affordable Housing Initiative	3,471,728
Orchard Ridge LP	4,356,130
Sharp Leadenhall Rental No 1 LLC	3,408,783
Special Mobility Program	2,967,500
Milltowne Association	2,113,734
LRG, LLC	1,132,436
NEDs	600,603
Barclay Square LP	626,258
Artaban Apt, Bailey Capital Funds	420,000
Homes for Odenton, LP	350,000
4300 Liberty LLC	300,000
Clarksview LLC	240,000
241 W. Chase St.	210,000
Telesis-Barclay	205,468
Baltimore Community Development, LLC	150,000
City Arts II Limited	90,000
Brian Henderson	15,000
Total Notes Receivable	<u>87,143,875</u>
Less: Allowance	<u>(74,321,420)</u>
Notes Receivable, Net	<u><u>\$ 12,822,455</u></u>

As part of the financing arrangements under HUD's RAD program, BAHD issues notes receivable to purchasers of the projects sold. These notes are effectively "seller notes" to allow purchases of the property and transition to Section 8 under long-term contracts. The terms of these notes receivable vary, with interest generally based on long-term applicable federal rates established by the Internal Revenue Service with repayment due 40 years from the date of the first payment due date, unless there is a default. Interest rates approximated 2.57% during the fiscal year ended December 31, 2021. Payments are payable from cash flow of the property.



**HOUSING AUTHORITY OF BALTIMORE CITY  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 5 NOTES RECEIVABLE (CONTINUED)**

BAHD has the following notes receivable outstanding at December 31, 2021:

<u>Description</u>	<u>Amount</u>
TCB McCulloh Apartments LLC	\$ 28,605,418
Rosemont Tower, LLC	18,629,507
Van Story Branch Apartments LLC	18,528,314
Somerset Extension LP	16,415,441
Wyman House LLC	14,214,877
Lakeview	13,818,974
Govans	13,317,427
BE Mason LLC	13,395,363
Homes for Mt. Vernon LP (Chase)	12,739,411
Monument East Apartments LLC	14,624,773
New Brentwood LP	10,324,841
Bel Park	10,253,815
Hollander Ridge LLC	11,824,650
Ellerslie LP	9,856,576
Allendale Apartments LP	8,560,664
Primrose Place Apartments, LLC	7,992,746
Hollins House LLC	6,429,939
PVG Townhomes LLC	6,395,110
Heritage Crossing II LP	2,680,151
1234 McElderry	1,888,000
811 West Saratoga Street	130,000
Total Notes Receivable	<u>240,625,997</u>
Less: Allowance	<u>(15,456,938)</u>
Notes Receivable, Net	<u><u>\$ 225,169,059</u></u>

**HOUSING AUTHORITY OF BALTIMORE CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 6 CAPITAL ASSETS**

A summary of the changes in HABC's capital assets is as follows:

	Balance 12/31/2020	Additions	Disposals	Transfers	Component Unit Transfer	Balance 12/31/2021
Nondepreciable Capital Assets:						
Land	\$ 49,660,158	\$ 569,622	\$ (544,022)	\$ 1,056,130	\$ 136,981	\$ 50,878,869
Construction in Progress	32,570,965	22,106,447	(13,520,148)	(11,388,924)	-	29,768,340
Total Nondepreciable Capital Assets	82,231,123	22,676,069	(14,064,170)	(10,332,794)	136,981	80,647,209
Depreciable Capital Assets:						
Buildings	733,609,593	10,436	(21,674,967)	10,332,794	23,228,243	745,506,099
Equipment	9,740,290	586,576	(43,897)	-	663,900	10,946,869
Leaseholds	1,508,307	665,200	-	-	-	2,173,507
Total Depreciable Capital Assets	744,858,190	1,262,212	(21,718,864)	10,332,794	23,892,143	758,626,475
Accumulated Depreciation:						
Buildings	(479,544,320)	(21,679,674)	14,247,451	-	(10,460,963)	(497,437,506)
Equipment	(7,954,257)	(199,350)	-	-	-	(8,153,607)
Total Accumulated Depreciation	(492,529,793)	(21,879,024)	14,247,451	-	(10,460,963)	(505,591,113)
Net Depreciable Capital Assets	252,328,397	(20,616,812)	(7,471,413)	10,332,794	13,431,180	253,035,362
Net Capital Assets	<u>\$ 334,559,520</u>	<u>\$ 2,059,257</u>	<u>\$ (21,535,583)</u>	<u>\$ -</u>	<u>\$ 13,568,161</u>	<u>\$ 333,682,571</u>

Construction-in-progress is the cost incurred on open development projects or on major capital improvement projects under the CFP and EPC. These projects were at various stages of completion as of December 31, 2021. Projects are not reclassified to other capital asset categories until the project is closed out and depreciation expense begins when projects are placed in service.

The component unit transfer column represents amounts brought in for the new blended component units, previously reported as discretely presented component units, Flag House Rental I, LP and Flag House Rental II, LP.

**NOTE 7 LONG-TERM LIABILITIES**

A summary of the changes in HABC's long-term liabilities is as follows:

	Balance 12/31/20	Additions	Reductions	Balance 12/31/21	Due Within One Year
Other Noncurrent Liabilities	\$ 1,316,943	\$ 100,000	\$ (1,313,883)	\$ 103,060	\$ -
Compensated Absences	3,991,471	389,517	(263,584)	4,117,404	1,032,886
Total	<u>\$ 5,308,414</u>	<u>\$ 489,517</u>	<u>\$ (1,577,467)</u>	<u>\$ 4,220,464</u>	<u>\$ 1,032,886</u>

**HOUSING AUTHORITY OF BALTIMORE CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 8 BONDS, NOTES, AND CAPITAL LEASE PAYABLE**

Long-term debt (direct borrowings) is summarized as follows:

<u>Direct Borrowings:</u>	Balance 12/31/20	Additions	Reductions	Balance 12/31/21	Due Within One Year
EPC Bonds	\$ 39,540,000	-	\$ (2,350,000)	\$ 37,190,000	\$ 2,555,000
EPC Bonds - Draw Downs	2,388,994	567,650	-	2,956,644	468,493
Broadway Overlook	4,129,810	-	-	4,129,810	-
Line of Credit	1,944,864	-	-	1,944,864	1,944,864
DHCD	234,037	-	-	234,037	6,177
Baltimore City Comm. Dev. Fin. Corp.	77,432	-	(19,542)	57,890	22,303
Lexington - Mortgage Payable 1st - HABC*	10,498,052	-	-	10,498,052	-
Lexington - Mortgage Payable 2nd - DHCD	4,899,382	-	-	4,899,382	-
Lexington - Unsecured Note Payable - HABC*	374,458	-	-	374,458	-
Arbor - CDA	1,041,798	-	(126,375)	915,423	134,437
Arbor - MHF	561,295	-	(7,344)	553,951	44,375
Arbor - City of Baltimore 3rd Lien (1)	63,750	-	(3,750)	60,000	-
Arbor - City of Baltimore 3rd Lien (2)	1,250,596	-	(15,198)	1,235,398	-
Arbor - DHCD 4th Lien	578,843	-	(17,983)	560,860	-
Arbor - DHCD 5th Lien	4,030,000	-	-	4,030,000	-
Arbor - DHCD 6th Lien	770,000	-	-	770,000	-
Flag I - Mortgage Payable - DHCD	-	7,440,000	-	7,440,000	-
Flag I - Mortgage Payable - HABC*	-	2,795,156	-	2,795,156	-
Flag II - Mortgage Payable - DHCD	-	2,960,000	-	2,960,000	-
Flag II - Mortgage Payable - HABC*	-	2,353,987	-	2,353,987	-
Subtotal Long-Term Debt	72,383,311	16,116,793	(2,540,192)	85,959,912	5,175,649
Consolidating Eliminations*	(10,872,510)	(5,149,143)	-	(16,021,653)	-
Total Long-Term Debt	<u>\$ 61,510,801</u>	<u>\$ 10,967,650</u>	<u>\$ (2,540,192)</u>	<u>\$ 69,938,259</u>	<u>\$ 5,175,649</u>

\*Consolidating Eliminations represent amounts due to HABC from Lexington Terrace Partners, LP, Flag House Rental I, LP, and Flag House Rental II, LP, blended component units of HABC.

**Bonds Payable**

In conjunction with the energy performance contract, the Authority issued \$52,190,000 in Series 2010A Federally Taxable-Build America Bonds and \$845,000 in Series 2010B Tax-Exempt Bonds on March 31, 2010. Interest rates on the Series 2010A bonds range from 3.66% to 6.5% with the final maturity on December 15, 2031. The interest rate on the 2010 Series B bonds was 1.25% and the bonds matured on July 1, 2013. The bonds were issued in connection with the acquisition of a lease for certain capital improvements to HABC properties related to energy conservation. The Build America Bond program provided subsidies from the U.S. Treasury as reflected in reduced interest rates to offset some interest costs associated with the bonds.

Future maturities of bonds payable at December 31, 2021 are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Treasury Subsidy</u>	<u>Net Debt Service</u>
2022	\$ 2,555,000	\$ 2,348,252	\$ (821,888)	\$ 4,081,364
2023	2,780,000	2,195,521	(768,432)	4,207,089
2024	3,125,000	2,013,307	(704,657)	4,433,650
2025	3,285,000	1,812,013	(634,205)	4,462,808
2026	3,465,000	1,600,225	(560,079)	4,505,146
2027-2031	21,980,000	4,182,423	(1,463,849)	24,698,574
Total	<u>\$ 37,190,000</u>	<u>\$ 14,151,741</u>	<u>\$ (4,953,110)</u>	<u>\$ 46,388,631</u>

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**NOTE 8 BONDS, NOTES, AND CAPITAL LEASE PAYABLE (CONTINUED)**

**Notes and Capital Lease Payable**

*EPC Draw Down Note*

On April 27, 2018, the Authority (Lessee) entered into Energy Performance Contract 2nd phase with TD Equipment Finance, Inc. the assignee of Grant Capital Management, Inc. (Lessor). The note is a variable interest-rate note for \$10,183,537 and has a maturity of 15 years. As of December 31, 2021, \$2,956,644 has been disbursed from the Escrow Fund. Subsequently, the Authority requested an extension to the Acquisition period. The revised lease agreement was approved October 15, 2020, with no change in the note balance or payoff terms.

*Broadway Overlook*

Effective June 24, 2002, HABC entered into a loan agreement to finance the Broadway Overlook revitalization project. The funding for this project is an interest-bearing line of credit with SunTrust Bank for \$3,000,000. On August 11, 2017, the Authority amended the loan with SunTrust Bank with the balance increasing to \$4,129,810 with a fixed annual interest rate of 2.58%. Payments shall be made commencing on August 11, 2018, based off of net cash flow arising from an HABC affiliate. A balloon payment sufficient to pay the entire outstanding indebtedness of principal, interest, and accrued interest shall be made on August 10, 2047. The balance outstanding at December 31, 2021 was \$4,624,404 of which the principal was \$4,129,810 and the accrued interest payable was \$494,594.

*Line of Credit*

BAHD has a revolving line of credit promissory note with the Harbor Bank of Maryland. The maximum stated principal amount of the note is \$3,000,000. The note bears interest annually at a variable rate of "one year LIBOR" plus 2.0% adjusted annually. Per the agreement, BAHD is to pay monthly interest payments. As of December 31, 2021, the outstanding balance of the line of credit totaled \$1,944,864.

*Montpelier*

Effective February 12, 1997, HABC entered into two loan agreements to finance the Montpelier revitalization project as follows:

The first note is a variable interest 40-year note with the Department of Housing and Community Development (DHCD) of the state of Maryland for \$399,000. Interest on the note was 0% for the construction period and 2% for the remainder of the term. Payments are to be made initially from surplus cash as defined in the agreement and then from other cash. The balance outstanding at December 31, 2021 was \$234,037.

The second note is a 20-year, 7.5% interest note with the Baltimore Community Development Financing Corporation for \$300,000. This note matures on the earlier of 20 years after the construction completion date or March 1, 2017, whichever is earlier. The balance outstanding at December 31, 2021 was \$57,890.

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**NOTE 8 BONDS, NOTES, AND CAPITAL LEASE PAYABLE (CONTINUED)**

**Notes and Capital Lease Payable (Continued)**

*Lexington Terrace Partners, LP (Lexington) – 1<sup>st</sup> Mortgage*

Lexington has a first mortgage in the amount of \$10,498,052 from HABC dated September 30, 1998. The mortgage bears interest at 0.25% per annum. The entire principal balance of the mortgage plus any accrued interest is due on September 30, 2038 (maturity date). The mortgage has a first lien position. The outstanding principal and deferred interest payable at December 31, 2021, are \$10,498,052 and \$584,038, respectively. For the year ended December 31, 2021, the interest expense was \$26,245. This obligation to HABC is fully eliminated.

*Lexington – 2<sup>nd</sup> Mortgage*

Lexington has a second mortgage in the amount of \$4,899,382 from the Maryland Department of Housing and Community Development (DHCD) dated September 30, 1998. The mortgage bears simple interest at 3.90% per annum. The interest accrues in two parts: 3.65% due to the DHCD and 0.25% due to the Mayor and City Council of Baltimore. The accrued interest due to the City is deferred and payable on September 30, 2038. Pursuant to a Tri-Party Agreement, the mortgage principal has been assigned and is payable to the City of Baltimore on September 30, 2038, unless a “Trigger Default” occurs (i.e., refinance, sale, or project no longer maintained as low-income housing). If a Trigger Default occurs, the principal is due and payable to DHCD. The accrued interest due DHCD shall be deferred and remain outstanding in perpetuity unless a triggering event occurs. This interest was not accrued due to the uncertainty of its payment.

The DHCD interest that would have been accrued as of December 31, 2021, was \$3,729,011. As of December 31, 2021, the outstanding principal and deferred interest payable amounts were \$4,899,382 and \$274,094, respectively. For the year ended December 31, 2021, the interest expense was \$12,249.

*Lexington – Unsecured Note*

Lexington has a \$374,458 unsecured note payable to HABC dated February 12, 2002. The loan bears interest at 0.25% per annum. The entire principal balance of the note plus accrued interest is due on September 30, 2039 (maturity date). The outstanding principal and deferred interest at December 31, 2021, was \$374,458 and \$19,188, respectively. This obligation to HABC is fully eliminated.

*MPV Associates, LP (Arbor) – CDA*

Arbor has a \$2,550,000 first lien mortgage payable to CDA which has been funded through the issuance of Multi-Family Housing Revenue Bonds and is insured by MHF. The mortgage bears interest at 6.2% per annum. Monthly payments of principal and interest in the amount of \$15,618 are due through the mortgage maturity on October 1, 2027. The outstanding principal amount at December 31, 2021, was \$915,423. Accrued interest payable at December 31, 2021, was \$4,730.

Under agreement with CDA, Arbor is required to make monthly escrow deposits for insurance, taxes, and replacement of project assets, and is subject to restrictions as to operating policies, rental charges, operating expenditures, and distributions to partners.

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**NOTE 8 BONDS, NOTES, AND CAPITAL LEASE PAYABLE (CONTINUED)**

**Notes and Capital Lease Payable (Continued)**

*Arbor – MHF*

Arbor has a \$1,087,259 second lien mortgage from MHF. The mortgage is divided into two portions which are comprised of a \$293,770 must pay portion and \$793,489 cash flow portion, both of which mature on October 1, 2037. The must pay portion is interest free and requires monthly payments of principal to fully amortize the loan by its maturity in 40 years. Additionally, the cash flow portion bears interest at 2% per annum and is payable in annual installments from surplus cash, as defined in the loan documents, in an amount which would fully amortize the mortgage by its maturity in 40 years. Any payment due that is not paid because of insufficient surplus cash shall be deferred and paid on the next annual payment date to the extent that there is sufficient surplus cash. The outstanding balance of the must-pay portion at December 31, 2021, was \$113,485. The outstanding balance on the cash flow portion at December 31, 2021, was \$440,466. Accrued interest payable on the cash flow portion at December 31, 2021, was \$133,237.

*Arbor – City of Baltimore 3<sup>rd</sup> Lien (1)*

Arbor has a \$150,000 third lien mortgage from the City of Baltimore. The mortgage is interest free through its maturity in 40 years. Monthly payments of principal are due to fully amortize the mortgage by its maturity on October 1, 2037. The amount outstanding on this mortgage at December 31, 2021, was \$60,000.

*Arbor – City of Baltimore 3<sup>rd</sup> Lien (2)*

Arbor also has a \$1,525,000 additional third lien mortgage from the City of Baltimore. The mortgage is also divided into two portions which are comprised of a \$611,900 must pay portion and a \$913,100 cash flow portion, both of which mature on October 1, 2037. The must pay portion is interest free and requires monthly payments of principal to fully amortize the mortgage by its maturity in 40 years. The cash flow portion bears interest at 2% per annum and is payable in annual installments from surplus cash, as defined in the loan documents, in an amount which would fully amortize the mortgage by its maturity in 40 years. Any payment due that is not paid because of insufficient surplus cash shall be deferred and paid on the next annual payment date to the extent that there is sufficient surplus cash. The outstanding balances of the must pay portion and the cash flow portion at December 31, 2021, were \$322,298 and \$913,100, respectively. Total accrued interest payable due on the cash flow portion at December 31, 2021, was \$404,098. The total amount of accrued interest currently payable at December 31, 2021, was \$102,403. This amount was due and payable from prior years and was not paid, although to date the lender has yet to bill or demand payment. Arbor made no principal or interest payments on this loan through February 2003. Required debt service for the \$611,900 must pay portion should have commenced pursuant to the terms of the loan agreement. However, the lender has yet to bill or demand payment. Management has been unable to resolve delinquency in billing. In March 2003, Arbor unilaterally started making monthly debt service payments of \$1,275 and the lender has not demanded payment of prior amounts due of \$81,586 which has been classified as a long-term liability until payment is requested.

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**NOTE 8 BONDS, NOTES, AND CAPITAL LEASE PAYABLE (CONTINUED)**

**Notes and Capital Lease Payable (Continued)**

*Arbor – DHCD 4<sup>th</sup> Lien*

Arbor has a \$1,000,000 fourth lien mortgage from DHCD. The mortgage is also divided into two portions which are comprised of a \$719,330 must pay portion and a \$280,670 cash flow portion, both of which mature on October 1, 2037. The must pay portion is interest free and requires monthly payments of principal to fully amortize the mortgage by its maturity in 40 years. Additionally, the cash flow portion bears interest at 2% per annum and is payable in annual installments from surplus cash, as defined in the loan documents, in an amount which would fully amortize the mortgage by its maturity in 40 years. The outstanding balances of the must pay portion and the cash flow portion at December 31, 2021, were \$281,021 and \$279,839, respectively. Accrued interest payable due on the cash flow portion at December 31, 2021, was \$128,734.

*Arbor – DHCD 5<sup>th</sup> Lien*

Arbor has a \$4,030,000 fifth lien mortgage from DHCD. The mortgage bears interest at 1% per annum through its maturity on October 1, 2037. The principal and deferred interest is due at maturity. The amount outstanding on this mortgage at December 31, 2021, was \$4,030,000. Accrued interest payable at December 31, 2021, was \$977,651.

*Arbor – DHCD 6<sup>th</sup> Lien*

Arbor has a \$770,000 sixth lien mortgage from DHCD. The mortgage bears interest at 1% per annum through its maturity on October 1, 2037. The principal and deferred interest is due at maturity. The amount outstanding on this mortgage at December 31, 2021, was \$770,000. Accrued interest payable at December 31, 2021, was \$187,143.

The liability of Arbor under the mortgages is limited to the underlying value of the real estate collateral plus other amounts deposited with the lender.

*Flag House Rental I, LP (Flag I) - DHCD*

Flag I entered into a second loan agreement with the DHCD in the amount of \$7,440,000. The loan bears simple interest at 4.50% per annum up to a maximum accrued interest obligation defined in the agreement and is secured by a deed of trust on the property. The agreement states that absent a trigger default event, as defined, payments to DHCD of principal and interest on the loan shall be deferred in perpetuity. However, the rights to payment of the principal amount and an amount of interest defined to the deed of trust note as .25% per annum over a period of 40 years have been assigned by DHCD to the City of Baltimore. Since payments of principal and interest are deferred in perpetuity, no interest was accrued on the loan in 2021. The amount of unrecorded accrued interest at December 31, 2021 that would be due in the event of a trigger default was \$6,379,545.

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**NOTE 8 BONDS, NOTES, AND CAPITAL LEASE PAYABLE (CONTINUED)**

**Notes and Capital Lease Payable (Continued)**

*Flag I – HABC*

Flag I entered into a loan agreement with HABC in the original amount of \$2,801,417. The loan bears interest at 4.13% to 5.61 % per annum and is secured by a deed of trust on the property. Interest on the outstanding principal balance accrues from the date of disbursement through the maturity date. Total principal and accrued interest are due on the maturity date, December 11, 2042. The outstanding balance was \$2,795,156 at December 31, 2021. At December 31, 2021, outstanding accrued interest was \$2,457,996. For the year ended December 31, 2021, interest expense totaled \$141,036. This obligation to HABC is fully eliminated.

*Flag House Rental II, LP (Flag II) - DHCD*

Flag II entered into a second loan agreement with the DHCD in the amount of \$2,960,000. The loan bears simple interest at 5% per annum up to a maximum accrued interest obligation defined in the agreement and is secured by a deed of trust on the property. The agreement states that absent a trigger default event, as defined, payments to DHCD of principal and interest on the loan shall be deferred in perpetuity. However, the rights to payment of the principal amount and an amount of interest defined to the deed of trust note as .25% per annum over a period of 40 years have been assigned by DHCD to the City of Baltimore. Since payments of principal and interest are deferred in perpetuity, no interest was accrued on the loan in 2021. The amount of unrecorded accrued interest at December 31, 2021 that would be due in the event of a trigger default was \$2,533,030.

*Flag II – HABC*

Flag II entered into a loan agreement with HABC in the amount of \$2,353,987. The loan bears interest at 4.35% to 4.90% per annum and is secured by a deed of trust on the property. Interest on the outstanding principal balance accrues from the date of disbursement through the maturity date. Total principal and accrued interest are due on the maturity date, November 19, 2044. The outstanding balance on the loan was \$2,353,987 at December 31, 2021. At December 31, 2021, outstanding accrued interest was \$1,786,220. For the year ended December 31, 2021, interest expense totaled \$114,292. This obligation to HABC is fully eliminated.



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**NOTE 8 BONDS, NOTES, AND CAPITAL LEASE PAYABLE (CONTINUED)**

**Notes and Capital Lease Payable (Continued)**

Future maturities of notes and leases payable at December 31, 2021 are as follows:

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 2,620,649	\$ 523,629
2023	754,359	510,049
2024	738,842	467,114
2025	892,525	479,304
2026	952,833	460,246
2027-2031	47,424	899,589
2032-2036	30,885	58,626
2037-2041	22,942,946	4,694,300
2042-2046	15,580,026	9,624,717
2047-2051	4,160,695	4,631,957
2052-2056	30,886	2,736
2057-2060	17,842	139
Subtotal	<u>48,769,912</u>	<u>22,352,407</u>
Consolidating Elimination	(16,021,653)	-
Total	<u><u>\$ 32,748,259</u></u>	<u><u>\$ 22,352,407</u></u>

**NOTE 9 RESTRICTED NET POSITION**

Components of restricted net position consist of the following:

	<u>2021</u>
Pension Asset	\$ 4,413,938
OPEB Asset	16,794,918
Self-Insurance Fund	16,814,467
Notes Receivable	237,991,514
Investments in Joint Ventures	6,087,679
Reserves and Cash Restrictions	11,198,176
Total	<u><u>\$ 293,300,692</u></u>

**HOUSING AUTHORITY OF BALTIMORE CITY**  
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**NOTE 10 CAPITAL GRANTS**

Contributed capital grants are recorded as nonoperating revenue.

Certain new construction and rehabilitation projects are being funded through contributions from the Community Development Administration (CDA) and the City. If development costs exceed the CDA-approved capital assistance, the excess will be contributed by the City. Repayment of the CDA capital assistance and payment of interest is not required unless an event of default occurs, as defined in the agreements.

As of December 31, 2021, management believes that HABC was in compliance with all applicable covenants. There are additional operating covenants which apply when the projects begin operations.

**NOTE 11 LAND LEASE**

HABC entered into ground lease agreements with several limited partnerships that have constructed or are in the process of constructing rental home projects. The terms of the leases vary from 55 years to 99 years with an annual rent of \$1. The units must be used for public housing and are subject to public housing requirements. If at any time during the lease the public housing requirements are not met, the tenant is deemed to be in default and the lease is voided.

**NOTE 12 EMPLOYEE RETIREMENT PLANS**

**Retirement Plan**

Plan Description

The Housing Authority of Baltimore City Retirement and 457 Plan Committee (the Committee) oversees and administers the Retirement Plan for the employees of the Housing Authority of Baltimore City (the Plan) a single-employer employee retirement plan for all full-time employees. The Board of Commissioners of the Authority has the authority to modify or amend the provisions of the Plan. The Plan is a money purchase pension plan with both defined minimum benefits and defined contribution aspects. For most permanent participants, the accumulated contributions plus earnings provide a greater benefit than the minimum benefit defined under the Plan. Therefore, most eligible participants withdraw the contributions and interest to which they are entitled upon separation from HABC.

Benefits Provided

HABC changed the pension vesting schedule effective July 1, 2009. To receive HABC's contributions, employees must complete three years of continuous service to be considered fully "vested." If an employee leaves prior to completing three years of continuous service, all of HABC's contributions will be forfeited. If an employee leaves after completing three years of continuous service, the employee will receive the account balance of all of HABC's contributions.

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**NOTE 12 EMPLOYEE RETIREMENT PLANS (CONTINUED)**

**Retirement Plan (Continued)**

Benefits Provided (Continued)

An employee 60 or older may retire with full minimum monthly defined benefits, if age plus years of service is 85 or greater. The full minimum benefit includes service the participant would have at the normal retirement date at age 65. An employee may retire with reduced monthly-defined benefits at age 55 with 10 years of service. In both situations, the accumulated contributions plus earnings can be taken as an alternative benefit. Under the Plan, the defined minimum annual benefit is 1.5% of the employee's final average compensation multiplied by years of service, for employees hired before October 26, 1991, who did not elect to withdraw their prior required contributions. For participants hired on or after October 26, 1991, or who elected to withdraw their prior required contributions, the defined minimum annual benefit is 1% of final average compensation multiplied by years of service. Final average compensation is the average base rate of pay for the five highest consecutive years of service out of the last 10 years before age 65. For the full minimum benefit, base rates of pay for years between actual retirement date and normal retirement date are assumed to be equal to base rate of pay at actual retirement date. The final average pay used to calculate the defined minimum annual benefits are frozen as of December 31, 2012. Employees who were hired on or after October 1, 2012, are not entitled to the Plan's minimum benefits.

As of December 31, 2021 (date of most recent valuation), the retirement plan membership consisted of:

Active Participants	560
Terminated Participants Entitled to Future Benefits	107
Total	667

Funding Policy

For employees hired between July 1, 1984 and October 26, 1991, or those hired before July 1, 1984 who did not make the one-time election in 1991 to withdraw the value of the mandatory employee contribution account, HABC contributed 10% consisting of a 6% employer base contribution which is self-directed and a 4% pick up of the employee contribution which is invested in the fixed fund. For employees hired after October 26, 1991, or who were hired before July 1, 1984 and made a one-time election in 1991 to withdraw the value of the mandatory employee contribution account, HABC's policy is to contribute 6% of basic compensation: a 2% employer base contribution which is invested in the fixed fund and a 4% employer contribution which is self-directed. Employees may make voluntary post-tax contributions to the Plan of 1% to 10% of pay. Total voluntary employee contributions to the Plan for the fiscal period ended December 31, 2021, were \$199,901. HABC's contributions to the Plan were \$1,772,355 for the fiscal period ended December 31, 2021. For employees hired on or after October 1, 2012, HABC's policy is to contribute 3% of the employee's base pay to the Plan. The Authority will also match dollar-for-dollar any employee contributions to the Plan up to a maximum of 3% of base pay.

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**NOTE 12 EMPLOYEE RETIREMENT PLANS (CONTINUED)**

**Retirement Plan (Continued)**

Investment Policy

The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Committee. It is the policy of the Committee to pursue an investment strategy whose primary objectives are the generation of current income and safety and stability of principal. The Plan's policy is to hold no securities issued by the City, the state of Maryland or any other related entity. Assets held for the defined benefit portion of the Plan are invested in a pension fixed fund with the following allocations:

<u>Asset Class</u>	<u>Target Allocation Total</u>
Domestic Fixed Income	100.00 %

Rate of Return

For the year ended December 31, 2021, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, was 6.55%. The money-weighted rate of return expresses investment performance, net of investment expenses, adjusted for the changing amounts actually invested.

Net Pension Liability (Asset) of the Authority

The components of the net pension liability (asset) of the Plan at December 31, 2021 were as follows:

Pension Benefit Liability:	
Vested	\$ 44,568,103
Nonvested	280,714
Total Pension Benefit Liability	44,848,817
Plan Fiduciary Net Position	49,262,755
Authority's Net Pension Asset	\$ 4,413,938

Plan Fiduciary Net Position as a Percentage of Total Pension Liability	109.84%
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Actuarial Assumptions

The total pension asset was determined by an actuarial valuation as of December 31, 2021, using the following actuarial assumptions, applied to all periods included in the measurement:

Interest Rate	3.50 %
Investment Rate of Return	3.50 %

Mortality rates were based on the 2021 Applicable Mortality Table for Section 417(e).

The actuarial assumptions used in the December 31, 2021, valuation were based on the results of an actuarial experience study for a 5-year period.

**HOUSING AUTHORITY OF BALTIMORE CITY  
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**NOTE 12 EMPLOYEE RETIREMENT PLANS (CONTINUED)**

**Retirement Plan (Continued)**

Actuarial Assumptions (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class as of December 31, 2021, are summarized in the following table:

Asset Class	Long-Term Expected Nominal Return	Long-Term Expected Real Rate of Return
Fixed Income:		
Balanced Funds	7.98%	5.55%
Bond Funds	3.53%	1.20%
Diversified Equity Funds	9.67%	7.20%
Money Market	3.89%	1.55%
Stable Value	2.36%	0.06%
Target-Date Funds	6.48%	4.09%

All investments held by the pension plan were classified as Level 1 and Level 2 investments in accordance with GASB No. 72.

Discount Rate

The discount rate used to measure the total pension liability was 3.50%. The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the net pension liability (asset) of the Authority, calculated using the discount rate of 3.50% as well as what the Authority's net pension liability (asset) would be if it were calculated using a discount rate that is one-percentage point lower (2.50%) or one-percentage point higher (4.50%) than the current rate:

	1% Decrease 2.50%	Current Rate 3.50%	1% Increase 4.50%
Total Pension Liability	\$ 46,795,026	\$ 44,848,817	\$ 43,725,013
Plan Fiduciary Net Position	49,262,755	49,262,755	49,262,755
Authority's Net Pension Liability (Asset)	<u>\$ (2,467,729)</u>	<u>\$ (4,413,938)</u>	<u>\$ (5,537,742)</u>

**HOUSING AUTHORITY OF BALTIMORE CITY  
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**NOTE 12 EMPLOYEE BENEFIT PLANS (CONTINUED)**

**Retirement Plan (Continued)**

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate  
(Continued)

For the period ended December 31, 2021, HABC recognized pension expense of \$1,577,667.

At December 31, 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 3,182,664	\$ -
Changes of Assumptions	7,262	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	2,326,840
Total	\$ 3,189,926	\$ 2,326,840

There are no deferred outflows of resources related to pension resulting from employer contributions subsequent to the measurement date. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the pension plan will be recognized in the expense as follows:

Fiscal Year Ending December 31,	Amount
2022	\$ (179,509)
2023	276,342
2024	170,149
2025	129,566
2026	353,864
2027	112,674

**HOUSING AUTHORITY OF BALTIMORE CITY  
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**NOTE 12 EMPLOYEE BENEFIT PLANS (CONTINUED)**

**Retirement Plan (Continued)**

**Reconciliation of Net Pension Liability (Asset)**

Shown below are details regarding the total pension liability, Plan fiduciary net position, and net pension asset for the measurement period from December 31, 2020 to December 31, 2021.

	Total Pension Liability (a)	Increase (Decrease) in Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (c) = (a) - (b)
Balance Recognized at December 31, 2020	\$ 45,575,969	\$ 49,832,146	\$ (4,256,177)
Changes Recognized for the Fiscal Year			
Service Cost	2,252,892	-	2,252,892
Interest on the Total Pension Liability	1,539,968	-	1,539,968
Differences Between Expected and Actual Experience	(152,084)	-	(152,084)
Changes of Assumptions and Funding Method Change	1,648	-	1,648
Contributions from the Employer	-	1,772,355	(1,772,355)
Contributions from the Employee	-	199,901	(199,901)
Net Investment Income	-	3,145,342	(3,145,342)
Benefit Payments	(4,332,934)	(5,586,094)	1,253,160
Other Receipts	-	298	(298)
Forfeitures	(36,642)	-	(36,642)
Administrative Expense	-	(101,193)	101,193
Net Changes	<u>(727,152)</u>	<u>(569,391)</u>	<u>(157,761)</u>
Balance Recognized at December 31, 2021	<u>\$ 44,848,817</u>	<u>\$ 49,262,755</u>	<u>\$ (4,413,938)</u>

**Deferred Compensation Plan**

HABC offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is a defined contribution plan consisting entirely of employee voluntary pretax deferrals and investment income on those deferrals. The plan, available to all regular full-time Authority employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

As of December 31, 2021, the number of participants in the plan was:

Active Participants	240
Terminated Participants Entitled to Future Benefits	<u>30</u>
Total	<u><u>270</u></u>

**Death Benefits**

For eligible current employees, HABC provides a lump-sum death benefit payment. The cost of this benefit is expensed when paid and was \$79,432 as of December 31, 2021.

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**NOTE 13 OTHER POSTEMPLOYMENT BENEFITS**

**Plan Description**

The HABC OPEB Trust provides certain health care benefits including healthcare, prescription drug, dental, vision, and life insurance to qualified retired employees and their dependents. Substantially all employees who retire or are disabled directly from HABC become eligible for these benefits. The postretirement benefits plan is a cost-sharing plan that finances hospital, medical, dental, and prescription insurance for eligible retirees and their dependents. Vision insurance is currently provided to eligible retirees and their dependents at no cost to the retiree. General information regarding the plans and their benefits is described in HABC's summary plan descriptions. Plan documents govern the provisions of the benefit plans. There were 175 retirees and beneficiaries receiving benefits and 269 active plan members at January 1, 2022, the date of the latest census data used in the actuarial valuation. The census data has adjusted for employees' election to retire using HABC's Voluntary Retirement Program.

The Authority made certain changes to the other postemployment benefits policy effective July 1, 2012. The new policy does not change benefits for current retirees or active employees who met the eligibility requirements for retirement as of November 1, 2006. Active employees who were not eligible for retirement as of November 1, 2006, are eligible for OPEB benefits, but effective January 1, 2013, HABC ended contributions to annual cost increases in health and welfare benefits. In addition, the Authority discontinued the partial funding of benefits for retirees who were not eligible for retirement as of November 1, 2006, and their dependents once they obtain Medicare eligibility status. Employees hired on or after July 1, 2012, are not eligible for retiree health and welfare benefits from the Authority.

**Contributions**

The Plan is a contributory plan in which HABC, and the retired members and beneficiaries contribute, based on actuarial valuation, certain amounts toward the current cost of healthcare benefits.

**Funding Status and Funding Progress**

As of December 31, 2021, the most recent actuarial valuation, the total OPEB liability was \$25,921,754 and the actuarial net plan assets were \$42,716,672; therefore, the net OPEB asset was \$16,794,918. The actuarial valuation of the Plan involves estimates of the value of reported amounts and assumptions about the probability of events far into the future. The actuarially determined amounts regarding the funded status of the plan and the annual required contributions (ARC) of HABC and other participating agencies are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

In fiscal year 2011, HABC established an OPEB trust agreement with The Bank of New York Mellon Trust Company, N.A. (BONY) to fund the OPEB liability.

In the fiscal period ended December 31, 2021, HABC did not contribute to the trust for payment of insurance premiums.



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**NOTE 13 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

**Actuarial Methods and Assumptions**

The calculations of projected benefits are based on the terms of the Plan in effect at the time of valuation and on the pattern of sharing costs between the employer and plan members to that point. The actuarial calculations reflect a long-term perspective and actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in the actuarial accrued liability and the actuarial value of assets.

Actuarial assumptions used in the actuarial valuation were:

Valuation Date	January 1, 2022
Measurement Date	December 31, 2021
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	3.50%
Health Care Cost Trend Rate:	
Medical/Prescription	4.70%, Decreasing to 3.90% in 2070; Decrease to 3.50% after 2075
Vision	4.0%
Dental	4.5%

The investment returns by investment class, the Plan's asset investment policy, and the plan's asset performance for fiscal year 2021, were provided by HABC. Several factors should be considered in evaluation of the long-term rate of return (expected return, net of investment expense and inflation) as developed by the investment manager for each major asset class. These ranges should be combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

The discount rate assumption is tied to the long-term return expected on the funds used to pay these benefits. HABC established a trust for its OPEB plan but the trust must invest its assets within federal investment guidelines. The 2.83% discount rate assumption is a long term expected weight of return and will be evaluated periodically with the other assumptions. The 2.83% assumption was selected based on advice from HABC's investment advisor, Brown Advisory.

The medical trend assumption was developed using the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model baseline assumptions. The SOA Model was released in October 2010 and updated in September 2019. The following assumptions were used as input variables into this model:

Rate of Inflation	2.0%
Rate of Growth in Real Income / GDP Per Capita	1.5%
Extra Trend due to Technology and other factors	1.1%
Expected Health Share of GDP in 2029	20.0%
Health Share of GDP Resistance Point	25.0%
Year for Limiting Cost Growth to GDP Growth	2075

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**NOTE 13 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

**Actuarial Methods and Assumptions (Continued)**

The inflation assumption of 2.0% was selected to be consistent with the inflation assumption used to determine the long-term rate of investment return assumption (based on advice from HABC's investment advisor, Brown Advisory.) The other assumptions are the baseline assumptions for the SOA model.

The SOA Long-Run Medical Cost Trend Model is based on an econometric analysis of historical U.S. medical expenditures and the judgments of experts in the field. The long-run baseline projection, tolerance ranges and input variables have been developed under the guidance of an SOA Project Oversight Group.

To reach that targeted return, the broad asset allocation targets for the trust are as follows. Also shown are the long-term expected arithmetic return for each class.

<u>Asset Class</u>	<u>Target (%)</u>	<u>Long-Term Expected Rate of Return</u>
Cash	2.93 %	0.96 %
Fixed Income	74.63	3.41
Equities	22.44	22.09

All investments held by the Plan are classified as Level 1 investments in accordance with GASB No. 72. Level 1 investments are valued based on quoted prices in active markets for identical assets.

**Discount Rate**

The GASB No. 74 and GASB No. 75 calculations assume that the members and HABC will continue to make the current contribution levels. Because this Plan is more than 100% funded, even with no future employer contributions, the Plan is expected to never become insolvent. Consequently, management determined HABC's liability using the expected rate of return on assets of 2.83% as the discount rate.

**Sensitivity of the Net OPEB Liability (Asset) to the Discount Rate and Health Care Cost Trend Rate**

The following presents the net OPEB liability (asset) of the Authority, calculated using the discount rate of 2.83%. as well as what the Authority's net OPEB liability (asset) would be if it were calculated using a discount rate that is one-percentage point lower (1.83%) or one-percentage point higher (3.83%) than the current rate:

	1% Decrease 1.83%	Current Rate 2.83%	1% Increase 3.83%
Total OPEB Liability	\$ 28,473,433	\$ 25,921,754	\$ 23,731,112
Plan Fiduciary Net Position	42,716,672	42,716,672	42,716,672
Authority's Net OPEB Liability (Asset)	<u>\$ (14,243,239)</u>	<u>\$ (16,794,918)</u>	<u>\$ (18,985,560)</u>

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**NOTE 13 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

**Sensitivity of the Net OPEB Liability (Asset) to the Discount Rate and Health Care Cost Trend Rate (Continued)**

The following presents the net OPEB liability (asset) of the Authority, calculated using the health care cost trend rate of 3.50% as well as what the Authority's net OPEB liability (asset) would be if it were calculated using a health care cost trend rate that is one-percentage point lower (2.50%) or one-percentage point higher (4.50%) than the current rate:

	1% Decrease 2.50%	Current Rate 3.50%	1% Increase 4.50%
Total OPEB Liability	\$ 23,956,640	\$ 25,921,754	\$ 28,156,284
Plan Fiduciary Net Position	42,716,672	42,716,672	42,716,672
Authority's Net OPEB Liability (Asset)	<u>\$ (18,760,032)</u>	<u>\$ (16,794,918)</u>	<u>\$ (14,560,388)</u>

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources**

For the year ended December 31, 2021, the Authority recognized a decrease in OPEB expense of \$2,760,159. At December 31, 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 4,836,662
Changes of Assumptions	1,252,842	3,493,843
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	-	1,708,820
Total	<u>\$ 1,252,842</u>	<u>\$ 10,039,325</u>

There are no deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the OPEB plan at December 31, 2021 will be recognized in the expense as follows:

<u>Fiscal Year Ending December 31,</u>	<u>Amount</u>
2022	\$ (2,704,850)
2023	(2,695,119)
2024	(2,159,783)
2025	(861,361)
2026	(365,370)

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**NOTE 13 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

**Reconciliation of Net OPEB Liability (Asset)**

Shown below are details regarding the total OPEB liability, plan fiduciary net position, and net OPEB asset for the measurement period from December 31, 2020 to December 31, 2021.

	Total OPEB Liability (a)	Increase (Decrease) in Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (c) = (a) - (b)
Balance Recognized at December 31, 2020	<u>\$ 28,624,184</u>	<u>\$ 42,949,500</u>	<u>\$ (14,325,316)</u>
Changes Recognized for the Fiscal Year:			
Service Cost	97,449	-	97,449
Interest on the Total OPEB Liability	964,549	-	964,549
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	(3,466,254)	-	(3,466,254)
Change in Assumptions	-	-	-
Contributions from the Employer	-	-	-
Contributions from the Employee	-	-	-
Net Investment Income	-	1,580,956	(1,580,956)
Changes in Assumptions	1,503,410	-	1,503,410
Benefit Payments, Net of Retiree Contributions	(1,801,584)	(1,801,584)	-
Administrative Expense	-	(12,200)	12,200
Net Changes	<u>(2,702,430)</u>	<u>(232,828)</u>	<u>(2,469,602)</u>
Balance Recognized at December 31, 2021	<u><u>\$ 25,921,754</u></u>	<u><u>\$ 42,716,672</u></u>	<u><u>\$ (16,794,918)</u></u>

**NOTE 14 INVESTMENTS IN JOINT VENTURES**

HABC's blended component units are interest holders with multiple organizations as part of various housing projects, development and construction projects, and for financing purposes. Activity of these entities is reflected in HABC's financial statements as applicable, to the extent of their ownership interest and level of activity.

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**NOTE 14 INVESTMENTS IN JOINT VENTURES (CONTINUED)**

The investment in these entities at December 31, 2021 is as follows:

Project	Investment
St. Ambrose L.P.	\$ 4,605,765
Flag House Rental I, L.P.	(1,249)
Lexington Terrace Sr. Housing	(166)
Lexington Terrace Townhomes, LP	135,002
MPV Associates L.P.	68,823
Orchard Ridge Rental I, LLC	(672)
Orchard Ridge Rental II, LLC	(653)
Orchard Ridge Rental III, LLC	(797)
Orchard Ridge Rental IV, LLC	1,282,027
Reservoir Hill Housing LLC	(487)
Conifer Cooks Lane Associates, LLC	(246)
Homewood L.P.	332
Total	<u>\$ 6,087,679</u>

**NOTE 15 COOPERATION WITH THE CITY OF BALTIMORE**

HABC and the City mutually recognize the benefit of cooperation and coordination beyond that required by housing laws. This recognition was expressed in an Agreement for Services between HABC and the City in fiscal year 1996. The Agreement for Services provides the basis for payment for services and related materials provided by the two parties within the scope of their powers under existing laws and regulations. Either HABC or the City may provide, to the extent requested by the other, certain related services, including administration, planning, research, design, development, construction, rehabilitation, repair, property management and maintenance. All services are to be performed subject to the acceptance of the requesting party with proper authorizations under the applicable federal and local laws and regulations. These services are paid for at the same or equivalent rates as those which the performing party would charge a division of its own organization.

During the fiscal year ended December 31, 2021, HABC provided to the Department of Housing and Community Development \$2,419,631 in construction contracts and \$142,555 in general work.

**NOTE 16 COMMITMENTS AND CONTINGENCIES**

As of December 31, 2021, the unexpended budgets for uncompleted construction and major capital improvement projects were \$32,498,251, of which \$6,514,396, has been committed via agreements with construction vendors.

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**NOTE 16 COMMITMENTS AND CONTINGENCIES (CONTINUED)**

**Operating Lease**

HABC had previously entered into a lease agreement for the rental of office space ranging from one to ten years. Rental expense under this lease for the year ended December 31, 2021, was \$999,694. The Authority has not renewed the lease agreement as of the report date and has been making payments on a month-to-month basis starting July 1, 2018.

**Deeds of Trust**

As part of the Heritage Crossing Homeownership program, HABC provided grants to homeowners in the form of Deeds of Trusts on all 185 homes sold. The terms of these trusts state that only during the first 10 years, if the homeowner refinances or takes a home equity loan, the proceeds from such loans must be paid to HABC. In the event that the property is sold or transferred in the first 10 years, any gains must be distributed to HABC in percentages based on the passage of time as follows: within 1-5 years - 90%; 6 years - 80%; 7-9 years - 20%, plus 20% per additional year.

**Grants**

HABC receives significant financial assistance from numerous federal, state and city governmental agencies in the form of grants and subsidies. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become HABC's liabilities.

HABC believes any such disallowed claims will not have a material effect on the financial statements as of December 31, 2021.

HABC is subject to numerous laws and regulations. HUD, as well as other internal and external auditors, is currently conducting inquiries and/or investigations regarding the compliance by HABC and its programs with such laws and regulations. Management believes that there may be findings that result from these inquiries and/or investigations; however, the significance of such findings on HABC cannot presently be determined.

**Litigation**

HABC is involved in multiple ongoing lawsuits as of December 31, 2021. These include injury claims, workers' compensation claims, and personnel matters. The Authority intends to vigorously defend itself in all litigation, and several of these claims are covered by insurance. HABC is involved in claims where the claim amount exceeds the cap set by the Maryland Local Government Tort Claims Act. This cap is currently set at \$800,000 per occurrence. Claim liabilities are reported when it is probable that a loss has occurred, and the amount of loss can be reasonably estimated. At December 31, 2021, there were no accruals for these contingent liabilities in the financial statements.

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**NOTE 16 COMMITMENTS AND CONTINGENCIES (CONTINUED)**

**Litigation (Continued)**

HABC has been named in multiple complex tort litigation claims related to lead paint poisoning. From October 2011 through June 2017, HABC has paid approximately \$14.3 million, with HUD approval, to satisfy 27 judgments due to lead-based paint injuries. During 2017, a court ruling on these lead paint cases resulted in a reduction in the number of cases and potential claim amounts. The Authority is assessing the impact of this ruling in their defense of these claims.

During 2015, due to the complexity and extent of the lead paint cases with which HABC is involved, HABC continued to seek HUD approval to establish a separate fund from which to pay any claims, judgments, and the related legal expenses. HUD approved this request and HABC established a reserve of \$20,000,000 as of June 30, 2015. As a condition for agreeing to the reserve for this purpose, HUD requires, among other things, that HABC continue to follow HUD guidance with respect to litigation, which includes obtaining approval from HUD to pay claims, judgments, or related legal expenses from the reserve fund. There were disbursements of \$32,328 made from this fund during fiscal year 2021. The reserve balance as of December 31, 2021 was \$17,083,454. The net position of this fund is fully restricted.

**Contingent Liability**

HABC previously received \$7,623,684 in funding from DHCD for various low-income housing Projects. Due to the nature of the agreements, the funding was recognized as revenue in the year received. All payments of principal and interest were deferred and were to remain outstanding in perpetuity as long as the Projects were used for low-income housing and were not refinanced, sold, transferred, or conveyed. Failure to meet the terms of the agreement will require the Project to repay principal and interest at a rate equal to the interest paid by the state of Maryland on the bonds, or other monies used to fund the Projects. Subsequent to year-end, management began discussions with DHCD to repay a portion of the principal as a result of the projects being out of service. Management has determined that the payback amount is probable and reasonably estimable, therefore a liability of an estimated amount has been recognized. Management estimates that \$3,720,205 will be repaid in the year ending December 31, 2022.

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**NOTE 17 BLENDED COMPONENT UNITS**

The condensed statements of net position of the blended component units are as follows as of December 31, 2021:

	Resident Services, Inc.	Baltimore Affordable Housing Development, Inc.	Flag House Rental I, LP	Flag House Rental II, LP	MPV Associates, LP	Lexington Terrace Partners, LP	HABC Montpelier Housing Corporation	Other Entities	Consolidating Eliminations	Total Blended Component Units	Primary Government
<b>Assets</b>											
Current Assets	\$ 125,328	\$ 37,856,402	\$ 918,435	\$ 500,449	\$ 1,567,278	\$ 2,656,321	\$ 112,178	\$ -	\$ -	\$ 43,736,391	\$ 121,377,170
Interprogram	-	-	-	-	-	-	-	-	-	-	23,867,932
Noncurrent Assets	-	225,169,059	46,692	61,687	17,164	22,719	-	6,087,679	-	231,405,000	307,674,143
Capital Assets	-	10,851,507	8,267,688	5,257,814	4,331,120	8,955,015	594,173	-	-	38,257,317	42,389,892
Deferred Outflows of Resources	-	-	-	-	-	-	-	-	-	-	4,442,768
Total Assets and Deferred Outflows of Resources	<u>\$ 125,328</u>	<u>\$ 273,876,968</u>	<u>\$ 9,232,815</u>	<u>\$ 5,819,950</u>	<u>\$ 5,915,562</u>	<u>\$ 11,634,055</u>	<u>\$ 706,351</u>	<u>\$ 6,087,679</u>	<u>\$ -</u>	<u>\$ 313,398,708</u>	<u>\$ 499,751,905</u>
<b>Liabilities</b>											
Current Liabilities	\$ 2,906	\$ 3,691,528	\$ 2,699,751	\$ 1,934,053	\$ 2,291,131	\$ 1,977,327	\$ 125,026	\$ -	\$ -	\$ 12,721,722	\$ 23,346,440
Interprogram	226,842	882,892	-	-	-	-	108,339	-	-	1,218,073	22,649,859
Noncurrent Liabilities	-	-	10,235,156	5,313,987	8,046,821	15,774,952	263,446	-	(16,021,653)	23,612,709	44,337,479
Deferred Inflows of Resources	-	-	-	-	-	-	-	-	-	-	12,366,165
Total Liabilities	<u>229,748</u>	<u>4,574,420</u>	<u>12,934,907</u>	<u>7,248,040</u>	<u>10,337,952</u>	<u>17,752,279</u>	<u>496,811</u>	<u>-</u>	<u>(16,021,653)</u>	<u>37,552,504</u>	<u>102,699,943</u>
<b>Net Position</b>											
Net Investment in Capital Assets	-	10,851,507	(1,967,468)	(56,173)	(3,615,701)	(6,816,877)	302,246	-	16,021,653	14,719,187	251,558,405
Restricted Net Position	-	225,169,059	634,498	391,384	648,771	2,493,554	67,905	6,087,679	-	235,492,850	57,807,842
Unrestricted Net Position	(104,420)	33,281,982	(2,369,122)	(1,763,301)	(1,455,460)	(1,794,901)	(160,611)	-	-	25,634,167	87,685,715
Total Net Position	<u>(104,420)</u>	<u>269,302,548</u>	<u>(3,702,092)</u>	<u>(1,428,090)</u>	<u>(4,422,390)</u>	<u>(6,118,224)</u>	<u>209,540</u>	<u>6,087,679</u>	<u>16,021,653</u>	<u>275,846,204</u>	<u>397,051,962</u>
Total Liabilities and Net Position	<u>\$ 125,328</u>	<u>\$ 273,876,968</u>	<u>\$ 9,232,815</u>	<u>\$ 5,819,950</u>	<u>\$ 5,915,562</u>	<u>\$ 11,634,055</u>	<u>\$ 706,351</u>	<u>\$ 6,087,679</u>	<u>\$ -</u>	<u>\$ 313,398,708</u>	<u>\$ 499,751,905</u>



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**NOTE 17 BLENDED COMPONENT UNITS (CONTINUED)**

The condensed statements of revenues, expenses and changes in net position of the blended component units are as follows for the period ended December 31, 2021:

	Resident Services, Inc.	Baltimore Affordable Housing Development, Inc.	Flag House Rental I, LP	Flag House Rental II, LP	MPV Associates, LP	Lexington Terrace Partners, LP	HABC Montpelier Housing Corporation	Other Entities	Consolidating Eliminations	Total Blended Component Units	Primary Government
<b>Operating Revenues</b>											
Dwelling Rental	\$ -	\$ -	\$ 340,678	\$ 248,216	\$ 1,191,481	\$ 606,640	\$ 228,620	\$ -	\$ -	\$ 2,615,635	\$ 20,063,403
Nondwelling Rental	-	-	-	-	-	-	2,910	-	-	2,910	38,253
Grants and Contracts	29,937	-	473,194	189,080	368,681	616,320	-	-	-	1,677,212	331,228,093
Other	217,493	18,101,399	187,935	74,706	125,986	-	825	-	-	18,708,344	9,512,998
Total Operating Revenues	247,430	18,101,399	1,001,807	512,002	1,686,148	1,222,960	232,355	-	-	23,004,101	360,842,747
<b>Operating Expenses</b>											
Administration	61,724	1,905,298	349,277	164,747	366,468	244,866	59,283	-	-	3,151,663	41,817,267
Tenant Services	298,571	-	-	-	-	-	-	-	-	298,571	5,443,943
Utilities	3,822	18,500	84,719	75,869	83,627	138,699	52,858	-	-	458,094	17,333,779
Maintenance	-	2,930	324,126	160,083	600,393	906,610	153,958	-	-	2,148,100	44,856,134
Depreciation	-	-	395,516	233,719	270,488	482,447	140,410	-	-	1,522,580	20,356,444
Housing Assistance Payments	-	-	-	-	-	-	-	-	-	-	223,627,900
General and Other	1,734	15,895,891	331,033	277,243	368,995	291,850	58,722	-	-	17,225,468	18,952,616
Total Operating Expenses	365,851	17,822,619	1,484,671	911,661	1,689,971	2,064,472	465,231	-	-	24,804,476	372,388,083
<b>Operating Income (Loss)</b>	(118,421)	278,780	(482,864)	(399,659)	(3,823)	(841,512)	(232,876)	-	-	(1,800,375)	(11,545,336)
<b>Nonoperating Revenues (Expenses)</b>											
Extraordinary Maintenance	-	-	-	-	-	-	(8,544)	-	-	(8,544)	(780,397)
Investment Income	140	30,898	302	231	132	207,677	-	-	-	239,380	866,658
Capital Grants	-	-	-	-	-	-	-	-	-	-	17,742,790
Gain (loss) on disposal of asset	-	146,667	-	-	-	-	-	-	-	146,667	(3,991,631)
Other Financing Sources	30,000	4,920,979	-	-	-	-	36,419	-	-	4,987,398	(4,987,398)
Total Nonoperating Revenues (Expenses)	30,140	5,098,544	302	231	132	207,677	27,875	-	-	5,364,901	8,850,022
<b>Increase (Decrease) in Net Position</b>	(88,281)	5,377,324	(482,562)	(399,428)	(3,691)	(633,835)	(205,001)	-	-	3,564,526	(2,695,314)
Equity Transfer	-	-	(3,219,530)	(1,028,662)	-	-	-	-	5,149,143	900,951	-
Net Position - Beginning of Year	(16,139)	263,925,224	-	-	(4,418,699)	(5,484,389)	414,541	6,087,679	10,872,510	271,380,727	399,747,276
<b>Net Position - End of Year</b>	<u>\$ (104,420)</u>	<u>\$ 269,302,548</u>	<u>\$ (3,702,092)</u>	<u>\$ (1,428,090)</u>	<u>\$ (4,422,390)</u>	<u>\$ (6,118,224)</u>	<u>\$ 209,540</u>	<u>\$ 6,087,679</u>	<u>\$ 16,021,653</u>	<u>\$ 275,846,204</u>	<u>\$ 397,051,962</u>

**HOUSING AUTHORITY OF BALTIMORE CITY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 17 BLENDED COMPONENT UNITS (CONTINUED)**

The statements of cash flows of the blended component units are as follows for the period ended December 31, 2021:

	Resident Services, Inc.	Baltimore Affordable Housing Development, Inc.	Flag House Rental I, LP	Flag House Rental II, LP	MPV Associates, LP	Lexington Terrace Partners, LP	HABC Montpelier Housing Corporation	Other Entities	Consolidating Eliminations	Total Blended Component Units	Primary Government
<b>Net Cash Provided (Used) by</b>											
Operating Activities	\$ (334,318)	\$ 7,083,796	\$ 165,618	\$ 123,279	\$ 307,947	\$ 294,599	\$ 14,656	\$ -	\$ -	\$ 7,655,577	\$ (6,615,480)
Capital and Related Financing Activities	-	4,366,411	(73,964)	(30,535)	(170,750)	-	(83,136)	-	-	4,008,026	2,458,409
Investing Activities	-	(8,338,730)	731,308	386,900	-	(10,436)	-	-	-	(7,230,958)	6,663,710
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(334,318)	3,111,477	822,962	479,644	137,197	284,163	(68,480)	-	-	4,432,645	2,506,639
Cash and Cash Equivalents - Beginning of Year	438,914	33,876,498	-	-	643,361	2,288,296	157,156	-	-	37,404,225	77,942,479
<b>Cash and Cash Equivalents - End of Year</b>	<u>\$ 104,596</u>	<u>\$ 36,987,975</u>	<u>\$ 822,962</u>	<u>\$ 479,644</u>	<u>\$ 780,558</u>	<u>\$ 2,572,459</u>	<u>\$ 88,676</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 41,836,870</u>	<u>\$ 80,449,118</u>

**HOUSING AUTHORITY OF BALTIMORE CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 18 DISCRETELY PRESENTED COMPONENT UNITS CONDENSED FINANCIAL INFORMATION**

The condensed statements of the discretely presented component units are as follows as of December 31, 2021:

	Flag House Rental I, LP	Flag House Rental II, LP	Homewood LP	Reservoir Hill Housing, LLC	Sharp-Leadenhall Rental No. 1, LP	St. Ambrose LP	Conifer Cooks Lane Associates, LLC	Total
<b>ASSETS</b>								
Cash and Cash Equivalents	\$ -	\$ -	\$ 181,237	\$ 47,006	\$ 60,680	\$ 110,483	\$ -	\$ 399,406
Cash and Cash Equivalents - Restricted	-	-	1,486,093	494,816	582,760	139,785	335,216	3,038,670
Tenant Security Deposits	-	-	3,909	11,576	8,556	2,380	47,061	73,482
Accounts Receivables	-	-	42,558	22,988	8,628	15,486	85,810	175,470
Other Assets	-	-	41,446	31,172	-	76	-	72,694
Capital Assets, Net	-	-	12,429,135	7,071,922	3,668,178	2,787,912	3,412,563	29,369,710
Non-Current Assets	-	-	111,481	54,356	15,013	2,921	54,708	238,479
Total Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,295,859</u>	<u>\$ 7,733,836</u>	<u>\$ 4,343,815</u>	<u>\$ 3,059,043</u>	<u>\$ 3,935,358</u>	<u>\$ 33,367,911</u>
<b>LIABILITIES AND NET POSITION</b>								
<b>LIABILITIES</b>								
Current Liabilities	\$ -	\$ -	\$ 752,946	\$ 3,766,048	\$ 1,896,388	\$ 268,327	\$ 1,054,879	\$ 7,738,588
Long-Term Liabilities	-	-	3,615,060	356,978	-	-	707,587	4,679,625
Long-Term Debt	-	-	12,738,935	7,024,140	1,699,030	-	4,704,426	26,166,531
<b>NET POSITION</b>								
Net Investment in Capital Assets	-	-	(309,800)	47,782	1,969,148	2,787,912	(1,239,975)	3,255,067
Restricted	-	-	1,490,002	506,392	591,316	142,165	382,277	3,112,152
Unrestricted (Deficit)	-	-	(3,991,284)	(3,967,504)	(1,812,067)	(139,361)	(1,673,836)	(11,584,052)
Total Liabilities and Net Position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,295,859</u>	<u>\$ 7,733,836</u>	<u>\$ 4,343,815</u>	<u>\$ 3,059,043</u>	<u>\$ 3,935,358</u>	<u>\$ 33,367,911</u>
Operating Revenues	\$ -	\$ -	\$ 371,540	\$ 280,361	\$ 135,669	\$ 29,448	\$ 690,142	\$ 1,507,160
Operating Expenses	-	-	(723,460)	(833,424)	(417,043)	(191,921)	(1,111,237)	(3,277,085)
Operating Income (Loss)	-	-	(351,920)	(553,063)	(281,374)	(162,473)	(421,095)	(1,769,925)
Nonoperating Revenues	-	-	471,418	320,251	152,511	150,091	263,895	1,358,166
Nonoperating Expenses	-	-	(395,464)	(307,103)	(146,651)	(216,543)	(159,779)	(1,225,540)
Change in Net Position	-	-	(275,966)	(539,915)	(275,514)	(228,925)	(316,979)	(1,637,299)
Equity Transfer	3,219,530	1,028,662	-	-	-	-	-	4,248,192
Beginning Net Position	(3,219,530)	(1,028,662)	(2,535,116)	(2,873,415)	1,023,911	3,019,641	(2,214,555)	(7,827,726)
Ending Net Position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,811,082)</u>	<u>\$ (3,413,330)</u>	<u>\$ 748,397</u>	<u>\$ 2,790,716</u>	<u>\$ (2,531,534)</u>	<u>\$ (5,216,833)</u>

**HOUSING AUTHORITY OF BALTIMORE CITY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 18 DISCRETELY PRESENTED COMPONENT UNITS CONDENSED FINANCIAL INFORMATION (CONTINUED)**

**Summarized Capital Assets – Discretely Presented Component Units**

Land, structures, and equipment activity of the discretely presented component units was as follows for the year ended December 31, 2021.

	Balance 12/31/20	Additions and Transfers In	Disposals and Transfers Out	Balance 12/31/21
Land	\$ 2,925,826	\$ -	\$ (136,981)	\$ 2,788,845
Construction in Progress	-	-	-	-
Total Capital Assets not Being Depreciated	2,925,826	-	(136,981)	2,788,845
Buildings and Improvements	67,756,117	-	(23,228,243)	44,527,874
Equipment	1,911,196	-	(1,250,476)	660,720
Total	69,667,313	-	(24,478,719)	45,188,594
Less: Accumulated Depreciation	(27,846,992)	(1,225,540)	10,464,803	(18,607,729)
Total Capital Assets Being Depreciated	41,820,321	(1,225,540)	(14,013,916)	26,580,865
Total Capital Assets, Net	<u>\$ 44,746,147</u>	<u>\$ (1,225,540)</u>	<u>\$ (14,150,897)</u>	<u>\$ 29,369,710</u>

**Summarized Notes Payable – Discretely Presented Component Units**

Notes payable of the discretely presented component units was as follows for the year ended December 31, 2021.

Notes Payable - General Partner	\$ 11,258,010
Mortgages and Other Housing Related Notes	14,908,521
Total	26,166,531
Less: Current Portion	64,539
Noncurrent Portion	<u>\$ 26,101,992</u>

A summary of activity in the discretely presented component units notes payable is as follows:

Balance December 31, 2020	Increase	Decrease	Balance December 31, 2021
<u>\$ 42,359,663</u>	<u>\$ -</u>	<u>\$ (16,193,132)</u>	<u>\$ 26,166,531</u>

**HOUSING AUTHORITY OF BALTIMORE CITY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 19 COMBINING FIDUCIARY STATEMENTS**

The combining fiduciary fund statements are as follows as of December 31, 2021:

	OPEB Trust	Employee Retirement Plan	Total OPEB and Pension Trusts
<b>ASSETS</b>			
Accounts Receivable	\$ 81,720	\$ -	\$ 81,720
Investments	44,467,364	49,262,755	93,730,119
Total Assets	\$ 44,549,084	\$ 49,262,755	\$ 93,811,839
<b>LIABILITIES AND FIDUCIARY NET POSITION</b>			
<b>LIABILITIES</b>			
Due to HABC	\$ 1,832,412	\$ -	\$ 1,832,412
Total Liabilities	1,832,412	-	1,832,412
<b>NET POSITION HELD IN TRUST</b>			
Total Liabilities and Fiduciary Net Position	\$ 44,549,084	\$ 49,262,755	\$ 93,811,839

**HOUSING AUTHORITY OF BALTIMORE CITY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 19 COMBINING FIDUCIARY STATEMENTS (CONTINUED)**

	OPEB Trust	Employee Retirement Plan	Total OPEB and Pension Trusts
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ADDITIONS</b>			
Contributions:			
Employer	\$ -	\$ 1,772,355	\$ 1,772,355
Plan Members	-	199,901	199,901
Total Contributions	<u>-</u>	<u>1,972,256</u>	<u>1,972,256</u>
Investment Earnings:			
Interest and Dividends, Less Investment Expense	<u>1,580,956</u>	<u>3,145,640</u>	<u>4,726,596</u>
Total Additions	1,580,956	5,117,896	6,698,852
<b>DEDUCTIONS</b>			
Benefit Payments	1,801,584	5,586,094	7,387,678
Administrative Expenses	<u>12,200</u>	<u>101,193</u>	<u>113,393</u>
Total Deductions	<u>1,813,784</u>	<u>5,687,287</u>	<u>7,501,071</u>
<b>CHANGE IN NET POSITION</b>	(232,828)	(569,391)	(802,219)
Total Net Position - Beginning of Period	<u>42,949,500</u>	<u>49,832,146</u>	<u>92,781,646</u>
<b>TOTAL NET POSITION - END OF PERIOD</b>	<u><u>\$ 42,716,672</u></u>	<u><u>\$ 49,262,755</u></u>	<u><u>\$ 91,979,427</u></u>

**HOUSING AUTHORITY OF BALTIMORE CITY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 20 SUBSEQUENT EVENTS**

**Rental Assistance Demonstration (RAD)**

HABC continues to participate in HUD's RAD program, whereby HABC has converted 27 public housing sites comprising of 3,940 units to a form of project-based assistance under Section 8 of the Housing Act of 1937. This program is taking place in four phases and includes the transfer of ownership of these sites to private developers.

The Perkins Somerset Oldtown Transformation Plan is underway. The housing component is broken out in nine phases, including four Somerset Housing Phases and five Perkins Housing Phases. Construction is complete for the 1st Somerset Housing Phase and the building is at 100% occupancy. Somerset Housing Phases 2 & 3 are currently under construction and is estimated to be completed by the summer of 2023. Somerset 4 predevelopment activity is expected to ramp up by December 2022. Perkins Housing Phase 1 is currently under construction and is expected to be completed by fall of 2023.

Predevelopment activity is underway for Perkins 2 and construction is expected to begin by the end of 2022. Predevelopment activity is expected to begin for Perkins Housing Phase 3 during the fall of 2022. Predevelopment activity is expected to begin for Perkins Phases 4 & 5 during 2023.

HABC has acquired and rehabilitated 3 of the 10 Bailey Consent Decree 1-bedroom units, which are all occupied. HABC plans to acquire 2 additional units by the end of 2022

**REQUIRED SUPPLEMENTARY INFORMATION**



**HOUSING AUTHORITY OF BALTIMORE CITY**  
**SCHEDULE OF CHANGES IN AUTHORITY'S NET PENSION LIABILITY (ASSET)**  
**AND RELATED RATIOS – LAST TEN FISCAL YEARS\***  
**FISCAL YEAR ENDED DECEMBER 31**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total Pension Liability:							
Service Cost	\$ 2,252,892	\$ 2,523,983	\$ 3,545,880	\$ 2,079,795	\$ 2,249,744	\$ 2,049,469	\$ 2,575,434
Interest	1,539,968	1,465,561	2,030,966	1,421,084	1,476,964	1,599,577	2,184,074
Change of Benefit Terms	-	-	1,095,014	-	-	-	-
Differences Between Expected and Actual Experience	(152,084)	1,988,056	718,742	89,517	203,065	(558,075)	(2,216,247)
Change in Assumptions	1,648	687,414	512,052	1,329,253	-	201,281	106,862
Benefit Payment, Including Refunds of Member Contributions	(4,332,934)	(3,268,572)	(4,225,529)	(5,749,027)	(4,563,706)	(3,082,053)	(17,105,436)
Funding Method Change	-	-	-	-	-	-	(584,369)
Forfeitures	(36,642)	(22,363)	-	-	-	-	-
Administrative Expense	-	(87,155)	(158,668)	(170,555)	(187,160)	(192,008)	(211,552)
Net Change in Total Pension Liability	(727,152)	3,286,924	3,518,457	(999,933)	(821,093)	18,191	(15,251,234)
Total Pension Liability - Beginning	45,575,969	42,289,045	38,770,588	39,770,521	40,591,614	40,573,423	55,824,657
Total Pension Liability - Ending (a)	<u>\$ 44,848,817</u>	<u>\$ 45,575,969</u>	<u>\$ 42,289,045</u>	<u>\$ 38,770,588</u>	<u>\$ 39,770,521</u>	<u>\$ 40,591,614</u>	<u>\$ 40,573,423</u>
Plan Fiduciary Net Position:							
Contributions - Employer	\$ 1,772,355	\$ 1,934,811	\$ 2,609,788	\$ 1,865,994	\$ 2,016,923	\$ 1,841,167	\$ 2,380,204
Contributions - Member	199,901	220,382	232,699	159,754	167,113	164,157	195,231
Net Investment Income (Loss)	3,145,342	3,682,917	4,193,831	2,211,827	2,305,930	(14,312)	636,086
Benefit Payments, Including Refunds of Member Contributions	(5,586,094)	(3,268,572)	(4,225,529)	(5,749,027)	(4,563,706)	(3,082,053)	(17,105,436)
Administrative Expense	(100,895)	(87,155)	(158,668)	(170,555)	(187,160)	(192,008)	(211,552)
Net Change in Plan Fiduciary Net Position	(569,391)	2,482,383	2,652,121	(1,682,007)	(260,900)	(1,283,049)	(14,105,467)
Plan Fiduciary Net Position - Beginning	49,832,146	47,349,763	44,697,642	46,379,649	46,640,549	47,923,598	62,029,065
Plan Fiduciary Net Position - Ending (b)	<u>\$ 49,262,755</u>	<u>\$ 49,832,146</u>	<u>\$ 47,349,763</u>	<u>\$ 44,697,642</u>	<u>\$ 46,379,649</u>	<u>\$ 46,640,549</u>	<u>\$ 47,923,598</u>
Authority's Net Pension Liability (Asset) - Ending (a) - (b)	<u>\$ (4,413,938)</u>	<u>\$ (4,256,177)</u>	<u>\$ (5,060,718)</u>	<u>\$ (5,927,054)</u>	<u>\$ (6,609,128)</u>	<u>\$ (6,048,935)</u>	<u>\$ (7,350,175)</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	109.84%	109.34%	111.97%	115.29%	116.62%	114.90%	118.12%
Covered Payroll	\$ 33,990,913	\$ 35,526,572	\$ 32,553,497	\$ 30,404,449	\$ 29,370,914	\$ 29,250,296	\$ 28,206,704
Authority's Net Position Liability (Asset) as a Percentage of Covered Payroll	-12.99%	-11.98%	-15.55%	-19.49%	-22.50%	-20.68%	-26.06%

\* This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, information was presented for the years for which information is available.

**HOUSING AUTHORITY OF BALTIMORE CITY  
SCHEDULE OF AUTHORITY'S PENSION CONTRIBUTIONS  
LAST TEN FISCAL YEARS\*  
FISCAL YEAR ENDED DECEMBER 31**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially Determined Contributions	\$ 1,772,355	\$ 1,934,811	\$ 2,609,788	\$ 1,865,994	\$ 2,016,923	\$ 1,841,167	\$ 2,184,973	\$ 2,353,399
Contributions in Relation to Actuarially Determined Contributions	<u>1,772,355</u>	<u>1,934,811</u>	<u>2,609,788</u>	<u>1,865,994</u>	<u>2,016,923</u>	<u>1,841,167</u>	<u>2,184,973</u>	<u>2,353,399</u>
Contributions Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 33,990,913	\$ 35,526,572	\$ 32,553,497	\$ 30,404,449	\$ 29,370,914	\$ 29,250,296	\$ 28,206,704	\$ 35,041,919
Contributions as a Percentage of Covered Payroll	5.21%	5.45%	8.02%	6.14%	6.87%	6.29%	7.75%	6.72%

\* This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, information was presented for the years for which information is available.

Notes to Schedule

Valuation Date:	December 31, 2021
Methods and Assumptions Used to Determine Contribution Rates:	
Actuarial Cost Method:	Projected Unit Credit
Asset Valuation Method:	Market Value of Assets
Discount Rate:	3.50%
Investment Rate of Return:	3.50%, Net of Pension Plan Investment Expense, Including Inflation
Mortality:	2021 Applicable Mortality Table for Section 417(e)
Withdrawal:	In accordance with Sarason T-10 termination table

**HOUSING AUTHORITY OF BALTIMORE CITY**  
**SCHEDULE OF CHANGES IN AUTHORITY'S NET OPEB LIABILITY (ASSET)**  
**AND RELATED RATIOS – LAST TEN FISCAL YEARS \***  
**FISCAL YEAR ENDED DECEMBER 31**

	2021	2020	2019	2018
Total OPEB Liability:				
Service Cost	\$ 97,449	\$ 94,153	\$ 191,887	\$ 150,360
Interest	964,549	1,000,510	2,057,584	1,055,896
Differences Between Expected and Actual Experience	(3,466,254)	(267,635)	(3,330,418)	(256,873)
Change in Assumptions	1,503,410	-	(2,518,154)	(6,257,346)
Benefit Payments, Including Refunds of Member Contributions	<u>(1,801,584)</u>	<u>(1,845,332)</u>	<u>(2,813,124)</u>	<u>(2,003,263)</u>
Net Change in Total OPEB Liability	(2,702,430)	(1,018,304)	(6,412,225)	(7,311,226)
Total OPEB Liability - Beginning	<u>28,624,184</u>	<u>29,642,488</u>	<u>36,054,713</u>	<u>43,365,939</u>
Total OPEB Liability - Ending (a)	<u>\$ 25,921,754</u>	<u>\$ 28,624,184</u>	<u>\$ 29,642,488</u>	<u>\$ 36,054,713</u>
Plan Fiduciary Net Position:				
Contributions - Employer	\$ -	\$ -	\$ -	\$ -
Net Investment Income	1,580,956	3,490,476	3,079,665	438,120
Benefit Payments, Including Refunds of Member Contributions	(1,801,584)	(1,845,332)	(2,813,124)	(2,003,263)
Administrative Expense	<u>(12,200)</u>	<u>(16,236)</u>	<u>(15,827)</u>	<u>(24,149)</u>
Net Change in Plan Fiduciary Net Position	(232,828)	1,628,908	250,714	(1,589,292)
Plan Fiduciary Net Position - Beginning	<u>42,949,500</u>	<u>41,320,592</u>	<u>41,069,878</u>	<u>42,659,170</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 42,716,672</u>	<u>\$ 42,949,500</u>	<u>\$ 41,320,592</u>	<u>\$ 41,069,878</u>
Authority's Net OPEB Liability (Asset) - Ending (a) - (b)	<u>\$ (16,794,918)</u>	<u>\$ (14,325,316)</u>	<u>\$ (11,678,104)</u>	<u>\$ (5,015,165)</u>
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	164.79%	150.05%	139.40%	113.91%
Covered Employee Payroll	N/A	N/A	N/A	N/A
Authority's Net Position Liability (Asset) as a Percentage of Covered Employee Payroll	N/A	N/A	N/A	N/A
Expected Average Remaining Service Years of All Participants	6	7	7	7
Discount rate	2.83	3.50%	3.50%	4.00%

\* This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, information was presented for the years for which information is available.

**Changes of Assumptions:**

-See above for the changes in discount rates

**HOUSING AUTHORITY OF BALTIMORE CITY  
SCHEDULE OF AUTHORITY'S NET OPEB CONTRIBUTIONS  
LAST TEN FISCAL YEARS \*  
FISCAL YEAR ENDED DECEMBER 31**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially Determined Contributions	\$ -	\$ -	\$ -	\$ -
Contributions in Relation to Actuarially Determined Contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contributions Deficiency (Excess)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Covered Employee Payroll	N/A	N/A	N/A	N/A
Contributions as a Percentage of Covered Employee Payroll	N/A	N/A	N/A	N/A

\* This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled Information was presented for the years for which information is available.

## **SUPPLEMENTARY INFORMATION**

**HOUSING AUTHORITY OF BALTIMORE CITY  
FINANCIAL DATA SCHEDULES  
ENTITY-WIDE BALANCE SHEET  
DECEMBER 31, 2021**

		Moving to Work Program									
Line		Moving to Work	HCV for	LIPH for	CFP for	AMPS	AMPS	Total MTW	Section 8	State and	Mainstream
Item #	Accounts Description	Demonstration	MTW	MTW	MTW	AMPS	CARES	Programs	N/C S/R	Local	Vouchers
		14.881	14 HCV	14.OPS	14.CFP	14.850/872			14.182		14.879
<b>ASSETS</b>											
<b>CURRENT ASSETS</b>											
Cash:											
111	Unrestricted	\$ 50,458,763	\$ -	\$ -	\$ -	\$ 12,227,784	\$ -	\$ 62,686,547	\$ -	\$ -	\$ -
113	Other restricted	317,707	-	-	-	437,632	-	755,339	-	-	-
114	Tenant security deposits	-	-	-	-	266,558	-	266,558	-	-	-
115	Cash - restricted for payment of current liability	-	-	-	-	2,017,371	-	2,017,371	-	-	-
	Total cash	50,776,470	-	-	-	14,949,345	-	65,725,815	-	-	-
Accounts and notes receivable:											
121	Accounts receivable- PHA	334,669	-	-	-	-	-	334,669	-	-	-
122	Accounts receivable - HUD	6,575,738	-	-	-	1,269,405	-	7,845,143	-	-	-
124	Accounts receivable - other government	6,361,788	-	-	-	-	-	6,361,788	-	189,071	-
125	Accounts receivable - miscellaneous	6,098,897	-	-	-	1,059,803	-	7,158,700	-	1,864,330	-
126	Accounts receivable - tenants rents	-	-	-	-	6,090,197	-	6,090,197	-	-	-
126.1	Allowance for doubtful accounts - tenants	-	-	-	-	(3,008,093)	-	(3,008,093)	-	-	-
127	Notes, Loans, & Mortgages Receivable - Current	-	-	-	-	-	-	-	-	-	-
	Total receivables, net	19,371,092	-	-	-	5,411,312	-	24,782,404	-	2,053,401	-
131	Investments - Unrestricted	235,884	-	-	-	22,377,490	-	22,613,374	-	-	-
132	Investments - restricted	-	-	-	-	-	-	-	-	-	-
142	Prepaid expenses and other assets	1,175,307	-	-	-	-	-	1,175,307	-	-	-
143	Inventories	385,615	-	-	-	-	-	385,615	-	-	-
144	Interprogram due from	8,577,461	-	-	-	14,509,804	-	23,087,265	-	-	2,888
	Total current assets	80,521,829	-	-	-	57,247,951	-	137,769,780	-	2,053,401	2,888
<b>NONCURRENT ASSETS</b>											
Capital assets:											
161	Land	-	-	-	-	37,384,948	-	37,384,948	-	-	-
162	Buildings	4,054,110	-	-	-	669,045,728	-	673,099,838	-	-	-
163	Furniture and equipment - Dwellings	-	-	-	-	-	-	-	-	-	-
164	Furniture and equipment - Administration	4,231,167	-	-	-	3,698,176	-	7,929,343	-	60,642	-
165	Leasehold Improvements	2,172,935	-	-	-	-	-	2,172,935	-	-	-
167	Construction in Progress	6,147,044	-	-	-	15,565,162	-	21,712,206	-	2,760,643	-
166	Accumulated depreciation	(5,795,293)	-	-	-	(452,127,244)	-	(457,922,537)	-	(60,642)	-
	Total capital assets, net	10,809,963	-	-	-	273,566,770	-	284,376,733	-	2,760,643	-
174	Other assets	21,208,856	-	-	-	-	-	21,208,856	-	-	-
176	Investments in Joint Ventures	-	-	-	-	-	-	-	-	-	-
171	Notes receivable - noncurrent	-	-	-	-	8,729,791	-	8,729,791	-	-	-
	Total noncurrent assets	32,018,819	-	-	-	282,296,561	-	314,315,380	-	2,760,643	-
200	Deferred Outflow of Resources	4,442,768	-	-	-	-	-	4,442,768	-	-	-
	Total Assets	\$ 116,983,416	\$ -	\$ -	\$ -	\$ 339,544,512	\$ -	\$ 456,527,928	\$ -	\$ 4,814,044	\$ 2,888

**HOUSING AUTHORITY OF BALTIMORE CITY  
FINANCIAL DATA SCHEDULES  
ENTITY-WIDE BALANCE SHEET  
DECEMBER 31, 2021**

Line Item #	Accounts Description	Mainstream Vouchers CARES	ROSS 14.870	Business Activities	Housing Choice Vouchers 14.871	Housing Choice Vouchers CARES	Emergency Housing Vouchers 14.871	Single Room Occupancy 14.249	Section 8 Moderate Rehabilitation 14.856	Self Insurance Fund
<b>ASSETS</b>										
<b>CURRENT ASSETS</b>										
Cash:										
111	Unrestricted	\$ -	\$ -	\$ 325,504	\$ -	\$ -	192,807	\$ -	\$ -	\$ -
113	Other restricted	-	-	2,561,004	-	-	1,628,350	-	-	9,906,262
114	Tenant security deposits	-	-	109,376	-	-	0	-	-	-
115	Cash - restricted for payment of current liability	-	-	-	-	-	-	-	-	-
	Total cash	-	-	2,995,884	-	-	1,821,157	-	-	9,906,262
Accounts and notes receivable:										
121	Accounts receivable- PHA	-	-	-	-	-	-	-	-	-
122	Accounts receivable - HUD	-	55,373	-	-	-	-	180,981	55,498	-
124	Accounts receivable - other government	-	-	-	-	-	-	-	-	-
125	Accounts receivable - miscellaneous	-	-	2,190,077	-	-	-	-	-	-
126	Accounts receivable - tenants rents	-	-	68,801	-	-	-	-	-	-
126.1	Allowance for doubtful accounts - tenants	-	-	-	-	-	-	-	-	-
127	Notes, Loans, & Mortgages Receivable - Current	-	-	-	-	-	-	-	-	-
	Total receivables, net	-	55,373	2,258,878	-	-	-	180,981	55,498	-
131	Investments - Unrestricted	-	-	-	-	-	-	-	-	-
132	Investments - restricted	-	-	-	-	-	-	-	-	7,177,192
142	Prepaid expenses and other assets	-	8,422	777	-	-	-	-	-	-
143	Inventories	-	-	-	-	-	-	-	-	-
144	Interprogram due from	-	-	-	5,665	-	-	-	45,799	-
	Total current assets	-	63,795	5,255,539	5,665	-	1,821,157	180,981	101,297	17,083,454
<b>NONCURRENT ASSETS</b>										
Capital assets:										
161	Land	-	-	2,123,497	-	-	-	-	-	-
162	Buildings	-	-	13,657,024	-	-	-	-	-	-
163	Furniture and equipment - Dwellings	-	-	-	-	-	-	-	-	-
164	Furniture and equipment - Administration	-	-	1,085,587	-	-	-	-	-	-
165	Leasehold Improvements	-	-	572	-	-	-	-	-	-
167	Construction in Progress	-	-	3,007,883	-	-	-	-	-	-
166	Accumulated depreciation	-	-	(13,874,293)	-	-	-	-	-	-
	Total capital assets, net	-	-	6,000,270	-	-	-	-	-	-
174	Other assets	-	-	-	-	-	-	-	-	-
176	Investments in Joint Ventures	-	-	-	-	-	-	-	-	-
171	Notes receivable - noncurrent	-	-	4,092,664	-	-	-	-	-	-
	Total noncurrent assets	-	-	10,092,934	-	-	-	-	-	-
200	Deferred Outflow of Resources	-	-	-	-	-	-	-	-	-
	Total Assets	\$ -	\$ 63,795	\$ 15,348,473	\$ 5,665	\$ -	\$ 1,821,157	\$ 180,981	\$ 101,297	\$ 17,083,454

**HOUSING AUTHORITY OF BALTIMORE CITY  
FINANCIAL DATA SCHEDULES  
ENTITY-WIDE BALANCE SHEET  
DECEMBER 31, 2021**

Line Item #	Accounts Description	Jobs Plus Pilot Initiative 14.895	HOPE VI 14.866	Choice 14.889	CDBG 14.218	Blended Component Units	Elimination	Total Business Type Activities	Discrete Component Units	Pension	OPEB	Fiduciary Funds Total
<b>ASSETS</b>												
<b>CURRENT ASSETS</b>												
Cash:												
111	Unrestricted	\$ -	\$ -	\$ -	\$ -	\$ 37,399,581	\$ -	\$ 100,604,439	\$ 386,120	\$ -	\$ -	\$ -
113	Other restricted	-	-	-	-	4,236,112	-	19,087,067	3,038,670	-	-	-
114	Tenant security deposits	-	-	-	-	201,177	-	577,111	73,482	-	-	-
115	Cash - restricted for payment of current liability	-	-	-	-	-	-	2,017,371	-	-	-	-
	Total cash	-	-	-	-	41,836,870	-	122,285,988	3,498,272	-	-	-
Accounts and notes receivable:												
121	Accounts receivable- PHA	-	-	-	-	-	-	334,669	64,300	-	-	-
122	Accounts receivable - HUD	-	233,479	554,163	-	20,732	-	8,945,369	-	-	-	-
124	Accounts receivable - other government	-	-	-	-	-	-	6,550,859	-	-	-	-
125	Accounts receivable - miscellaneous	658	-	-	-	1,429,823	-	12,643,588	1,607	-	81,720	81,720
126	Accounts receivable - tenants rents	-	-	-	-	194,745	-	6,353,743	522,942	-	-	-
126.1	Allowance for doubtful accounts - tenants	-	-	-	-	(2,656)	-	(3,010,749)	(416,790)	-	-	-
127	Notes, Loans, & Mortgages Receivable - Current	-	-	-	-	-	-	-	3,411	-	-	-
	Total receivables, net	658	233,479	554,163	-	1,642,644	-	31,263,316	175,470	-	81,720	81,720
131	Investments - Unrestricted	-	-	-	-	-	-	22,613,374	13,286	-	-	-
132	Investments - restricted	-	-	-	-	-	-	7,177,192	-	49,262,755	44,467,364	93,730,119
142	Prepaid expenses and other assets	-	-	-	-	256,877	-	1,441,383	72,694	-	-	-
143	Inventories	-	-	-	-	-	-	385,615	-	-	-	-
144	Interprogram due from	-	56,023	-	670,292	-	(23,867,932)	-	-	-	-	-
	Total current assets	658	289,502	554,163	670,292	43,736,391	(23,867,932)	185,721,031	3,759,722	49,262,755	44,549,084	93,811,839
<b>NONCURRENT ASSETS</b>												
Capital assets:												
161	Land	-	-	-	-	11,370,424	-	50,878,869	2,788,845	-	-	-
162	Buildings	-	-	-	-	58,749,237	-	745,506,099	44,033,852	-	-	-
163	Furniture and equipment - Dwellings	-	-	-	-	663,900	-	663,900	660,720	-	-	-
164	Furniture and equipment - Administration	-	-	-	-	1,207,397	-	10,282,969	-	-	-	-
165	Leasehold Improvements	-	-	-	-	-	-	2,173,507	494,022	-	-	-
167	Construction in Progress	-	45,242	2,242,366	-	-	-	29,768,340	-	-	-	-
166	Accumulated depreciation	-	-	-	-	(33,733,641)	-	(505,591,113)	(18,607,729)	-	-	-
	Total capital assets, net	-	45,242	2,242,366	-	38,257,317	-	333,682,571	29,369,710	-	-	-
174	Other assets	-	-	-	-	148,262	-	21,357,118	238,479	-	-	-
176	Investments in Joint Ventures	-	-	-	-	6,087,679	-	6,087,679	-	-	-	-
171	Notes receivable - noncurrent	-	-	-	-	225,169,059	-	237,991,514	-	-	-	-
	Total noncurrent assets	-	45,242	2,242,366	-	269,662,317	-	599,118,882	29,608,189	-	-	-
200	Deferred Outflow of Resources	-	-	-	-	-	-	4,442,768	-	-	-	-
	Total Assets	\$ 658	\$ 334,744	\$ 2,796,529	\$ 670,292	\$ 313,398,708	\$ (23,867,932)	\$ 789,282,681	\$ 33,367,911	\$ 49,262,755	\$ 44,549,084	\$ 93,811,839



**HOUSING AUTHORITY OF BALTIMORE CITY  
FINANCIAL DATA SCHEDULES  
ENTITY-WIDE BALANCE SHEET  
DECEMBER 31, 2021**

Line Item #	Accounts Description	Moving to Work Program						Section 8 N/C S/R 14.182	State and Local	Mainstream Vouchers 14.879	
		Moving to Work Demonstration Program 14.881	HCV for MTW 14 HCV	LIPH for MTW 14.OPS	CFP for MTW 14.CFP	AMPS 14.850/872	AMPS CARES				Total MTW Programs
<b>LIABILITIES AND NET ASSETS</b>											
<b>CURRENT LIABILITIES</b>											
312	Accounts payable < 90 days	\$ 2,429,009	\$ -	\$ -	\$ -	\$ 256,882	\$ -	\$ 2,685,891	\$ -	\$ 486,866	\$ -
321	Accrued salaries/payroll withholding	2,065,929	-	-	-	-	-	2,065,929	-	-	-
322	Accrued compensated absences	659,838	-	-	-	316,763	-	976,601	-	-	-
324	Accrued Contingency Liability	-	-	-	-	3,720,205	-	3,720,205	-	-	-
325	Accrued interest payable	-	-	-	-	494,594	-	494,594	-	-	-
331	Accounts payable - HUD PHA programs	-	-	-	-	-	-	-	-	-	-
333	Accounts payable - other gov.	-	-	-	-	219,148	-	219,148	-	-	-
341	Tenant security deposits	-	-	-	-	266,558	-	266,558	-	-	-
342	Unearned revenue	78,581	-	-	-	833,992	-	912,573	-	-	-
343	Current portion of L-T debt - capital projects	-	-	-	-	2,555,000	-	2,555,000	-	-	-
344	Current Portion of Long-term Debt - Operating Borrowings	-	-	-	-	-	-	-	-	-	-
345	Other current liabilities	324,170	-	-	-	61,219	-	385,389	-	-	-
346	Accrued liabilities - other	4,126,359	-	-	-	2,135,404	-	6,261,763	-	21,431	-
347	Interprogram (due to)	-	-	-	-	17,964,086	-	17,964,086	-	3,217,837	-
	Total current liabilities	9,683,886	-	-	-	28,823,851	-	38,507,737	-	3,726,134	-
<b>NONCURRENT LIABILITIES</b>											
Long-term Debt, Net of Current -											
351	Capital Projects/Mortgage Revenue	-	-	-	-	34,635,000	-	34,635,000	-	-	-
352	Long-term Debt, Net of Current - Operating Borrowings	-	-	-	-	4,129,810	-	4,129,810	-	-	-
353	Noncurrent liabilities - other	-	-	-	-	-	-	-	-	-	-
354	Accrued comp. absences - long term	1,979,514	-	-	-	950,289	-	2,929,803	-	-	-
355	Loan Liability - Non Current	-	-	-	-	-	-	-	-	-	-
	Total noncurrent liabilities	1,979,514	-	-	-	39,715,099	-	41,694,613	-	-	-
	Total liabilities	11,663,400	-	-	-	68,538,950	-	80,202,350	-	3,726,134	-
400	Deferred Inflow of Resources	12,366,165	-	-	-	-	-	12,366,165	-	-	-
<b>NET POSITION</b>											
508.4	Invested in capital assets, net of related debt	10,809,963	-	-	-	232,656,565	-	243,466,528	-	2,760,643	-
511.4	Restricted net position	21,526,563	-	-	-	11,184,794	-	32,711,357	-	-	-
512.4	Unrestricted net position	60,617,325	-	-	-	27,164,203	-	87,781,528	-	(1,672,733)	2,888
	Total net position	92,953,851	-	-	-	271,005,562	-	363,959,413	-	1,087,910	2,888
	Total Liabilities and Net Position	\$ 116,983,416	\$ -	\$ -	\$ -	\$ 339,544,512	\$ -	\$ 456,527,928	\$ -	\$ 4,814,044	\$ 2,888

**HOUSING AUTHORITY OF BALTIMORE CITY  
FINANCIAL DATA SCHEDULES  
ENTITY-WIDE BALANCE SHEET  
DECEMBER 31, 2021**

Line Item #	Accounts Description	Mainstream Vouchers CARES	ROSS 14.870	Business Activities	Housing Choice Vouchers 14.871	Housing Choice Vouchers CARES	Emergency Housing Vouchers 14.871	Single Room Occupancy 14.249	Section 8 Moderate Rehabilitation 14.856	Self Insurance Fund
<b>LIABILITIES AND NET ASSETS</b>										
<b>CURRENT LIABILITIES</b>										
312	Accounts payable < 90 days	\$ -	\$ -	\$ 36,120	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
321	Accrued salaries/payroll withholding	-	-	-	-	-	-	-	-	-
322	Accrued compensated absences	-	-	51,572	4,713	-	-	-	-	-
324	Accrued Contingency Liability	-	-	-	-	-	-	-	-	-
325	Accrued interest payable	-	-	-	-	-	-	-	-	-
331	Accounts payable - HUD PHA programs	-	-	-	-	-	-	-	45,799	-
333	Accounts payable - other gov.	-	-	121,502	-	-	-	-	-	-
341	Tenant security deposits	-	-	109,376	-	-	-	-	-	-
342	Unearned revenue	-	-	17,555	-	-	189,000	-	-	-
343	Current portion of L-T debt - capital projects	-	-	468,493	-	-	-	-	-	-
344	Current Portion of Long-term Debt - Operating Borrowings	-	-	-	-	-	-	-	-	-
345	Other current liabilities	-	-	-	-	-	-	-	-	-
346	Accrued liabilities - other	-	-	448,578	952	-	-	-	-	-
347	Interprogram (due to)	-	45,472	656,069	-	-	-	180,981	55,498	268,987
	Total current liabilities	-	45,472	1,909,265	5,665	-	189,000	180,981	101,297	268,987
<b>NONCURRENT LIABILITIES</b>										
Long-term Debt, Net of Current -										
351	Capital Projects/Mortgage Revenue	-	-	2,488,151	-	-	-	-	-	-
352	Long-term Debt, Net of Current - Operating Borrowings	-	-	-	-	-	-	-	-	-
353	Noncurrent liabilities - other	-	-	-	-	-	-	-	-	-
354	Accrued comp. absences - long term	-	-	154,715	-	-	-	-	-	-
355	Loan Liability - Non Current	-	-	-	-	-	-	-	-	-
	Total noncurrent liabilities	-	-	2,642,866	-	-	-	-	-	-
	Total liabilities	-	45,472	4,552,131	5,665	-	189,000	180,981	101,297	268,987
400	Deferred Inflow of Resources	-	-	-	-	-	-	-	-	-
<b>NET POSITION</b>										
508.4	Invested in capital assets, net of related debt	-	-	3,043,626	-	-	-	-	-	-
511.4	Restricted net position	-	-	6,653,668	-	-	1,628,350	-	-	16,814,467
512.4	Unrestricted net position	-	18,323	1,099,048	-	-	3,807	-	-	-
	Total net position	-	18,323	10,796,342	-	-	1,632,157	-	-	16,814,467
	Total Liabilities and Net Position	\$ -	\$ 63,795	\$ 15,348,473	\$ 5,665	\$ -	\$ 1,821,157	\$ 180,981	\$ 101,297	\$ 17,083,454

**HOUSING AUTHORITY OF BALTIMORE CITY  
FINANCIAL DATA SCHEDULES  
ENTITY-WIDE BALANCE SHEET  
DECEMBER 31, 2021**

Line Item #	Accounts Description	Jobs Plus Pilot Initiative 14.895	HOPE VI 14.866	Choice 14.889	CDBG 14.218	Blended Component Units	Elimination	Total Business Type Activities	Discrete Component Units	Pension	OPEB	Fiduciary Funds Total
<b>LIABILITIES AND NET ASSETS</b>												
<b>CURRENT LIABILITIES</b>												
312	Accounts payable < 90 days	\$ -	\$ 101,266	\$ 224,642	\$ -	\$ 1,252,623	\$ -	\$ 4,787,408	\$ 517,845	\$ -	\$ -	\$ -
321	Accrued salaries/payroll withholding	-	-	-	-	16,370	-	2,082,299	-	-	-	-
322	Accrued compensated absences	-	-	-	-	-	-	1,032,886	-	-	-	-
324	Accrued Contingency Liability	-	-	-	-	0	-	3,720,205	-	-	-	-
325	Accrued interest payable	-	-	-	-	6,986,051	-	7,480,645	7,067,934	-	-	-
331	Accounts payable - HUD PHA programs	46,440	-	-	-	-	-	92,239	-	-	-	-
333	Accounts payable - other gov.	-	-	-	-	16,749	-	357,399	-	-	-	-
341	Tenant security deposits	-	-	-	-	201,177	-	577,111	60,734	-	-	-
342	Unearned revenue	-	-	-	338,453	43,147	-	1,500,728	-	-	-	-
343	Current portion of L-T debt - capital projects	-	-	-	-	28,481	-	3,051,974	12,651	-	-	-
344	Current Portion of Long-term Debt - Operating Borrowings	-	-	-	-	2,123,675	-	2,123,675	51,888	-	-	-
345	Other current liabilities	-	-	-	-	1,555,949	-	1,941,338	80,499	-	1,832,412	1,832,412
346	Accrued liabilities - other	-	-	-	90,031	497,500	-	7,320,255	11,576	-	-	-
347	Interprogram (due to)	3,423	-	257,506	-	1,218,073	(23,867,932)	-	-	-	-	-
	Total current liabilities	49,863	101,266	482,148	428,484	13,939,795	(23,867,932)	36,068,162	7,803,127	-	1,832,412	1,832,412
<b>NONCURRENT LIABILITIES</b>												
Long-term Debt, Net of Current -												
351	Capital Projects/Mortgage Revenue	-	-	-	-	23,509,649	-	60,632,800	26,101,992	-	-	-
352	Long-term Debt, Net of Current - Operating Borrowings	-	-	-	-	-	-	4,129,810	-	-	-	-
353	Noncurrent liabilities - other	-	-	-	-	103,060	-	103,060	4,679,625	-	-	-
354	Accrued comp. absences - long term	-	-	-	-	-	-	3,084,518	-	-	-	-
355	Loan Liability - Non Current	-	-	-	-	-	-	-	-	-	-	-
	Total noncurrent liabilities	-	-	-	-	23,612,709	-	67,950,188	30,781,617	-	-	-
	Total liabilities	49,863	101,266	482,148	428,484	37,552,504	(23,867,932)	104,018,350	38,584,744	-	1,832,412	1,832,412
400	Deferred Inflow of Resources	-	-	-	-	-	-	12,366,165	-	-	-	-
<b>NET POSITION</b>												
508.4	Invested in capital assets, net of related debt	-	45,242	2,242,366	-	14,719,187	-	266,277,592	3,255,067	-	-	-
511.4	Restricted net position	-	-	-	-	235,492,850	-	293,300,692	3,112,152	49,262,755	42,716,672	91,979,427
512.4	Unrestricted net position	(49,205)	188,236	72,015	241,808	25,634,167	-	113,319,882	(11,584,052)	-	-	-
	Total net position	(49,205)	233,478	2,314,381	241,808	275,846,204	-	672,898,166	(5,216,833)	49,262,755	42,716,672	91,979,427
	Total Liabilities and Net Position	\$ 658	\$ 334,744	\$ 2,796,529	\$ 670,292	\$ 313,398,708	\$ (23,867,932)	\$ 789,282,681	\$ 33,367,911	\$ 49,262,755	\$ 44,549,084	\$ 93,811,839

**HOUSING AUTHORITY OF BALTIMORE CITY  
FINANCIAL DATA SCHEDULES  
ENTITY-WIDE REVENUE AND EXPENSE SUMMARY  
YEAR ENDED DECEMBER 31, 2021**

Line Item #	Accounts Description	Moving to Work Program						Section 8 N/C S/R 14.182	State and Local	Mainstream Vouchers 14.879	
		Moving to Work Demonstration Program 14.881	HCV for MTW 14 HCV	LIPH for MTW 14.OPS	CFP for MTW 14.CFP	AMPS 14.850/872	AMPS CARES				Total MTW Programs
<b>REVENUE</b>											
70300	Net tenant rental revenue	\$ -	\$ -	\$ -	\$ -	\$ 18,583,017	\$ -	\$ 18,583,017	\$ -	\$ -	\$ -
70400	Tenant revenue - other	-	-	-	-	35,172	-	35,172	-	-	-
70500	Total tenant revenue	-	-	-	-	18,618,189	-	18,618,189	-	-	-
70600	HUD PHA operating grants	-	237,802,988	69,506,531	2,741,130	-	1,125,618	311,176,267	-	-	861,316
70610	Capital grants	-	-	-	14,815,886	-	-	14,815,886	-	-	-
70800	Other governmental grants	-	-	-	-	-	-	-	6,702,620	-	-
71100	Investment income - unrestricted	353,690	-	-	-	508,135	-	861,825	-	-	-
71310	Cost of Sale of Assets	-	-	-	-	-	-	-	-	-	-
71400	Fraud recovery	30,491	-	-	-	-	-	30,491	-	-	-
71500	Other revenue	4,195,223	-	-	-	1,172,665	-	5,367,888	-	675,881	-
71600	Gain or loss on the sale of fixed assets	-	-	-	-	(3,993,243)	-	(3,993,243)	-	-	-
72000	Investment income - restricted	-	-	-	-	-	-	-	-	-	-
	Total revenue	4,579,404	237,802,988	69,506,531	17,557,016	16,305,746	1,125,618	346,877,303	-	7,378,501	861,316
<b>EXPENSES</b>											
Administrative:											
91100	Administrative salaries	10,525,809	-	-	-	6,205,768	1,013,496	17,745,073	-	20,318	-
91200	Auditing fees	36,526	-	-	-	123,309	-	159,835	-	-	-
91300	Management fee	-	-	-	-	12,390	-	12,390	-	-	-
91310	Bookkeeping fee	-	-	-	-	-	-	-	-	-	-
91400	Advertising and marketing	19,539	-	-	-	5,046	-	24,585	-	-	-
91500	Employee benefit contributions - administrative	3,782,463	-	-	-	1,904,538	77,255	5,764,256	-	9,475	-
91600	Office expenses	2,809,891	-	-	-	857,127	-	3,667,018	-	1,886	-
91700	Legal expense	10,761	-	-	-	114,434	-	125,195	-	-	-
91800	Travel	1,348	-	-	-	2,426	-	3,774	-	-	-
91810	Allocated overhead	(9,179,053)	-	-	-	8,904,453	238	(274,362)	-	43,520	-
91900	Other	5,429,794	-	-	-	3,043,077	33,611	8,506,482	-	69,172	86,109
	Total administrative	13,437,078	-	-	-	21,172,568	1,124,600	35,734,246	-	144,371	86,109
Tenant services:											
92100	Salaries	-	-	-	-	1,295,618	-	1,295,618	-	597,117	-
92200	Relocation costs	1,420	-	-	-	171,165	-	172,585	-	-	-
92300	Employee benefit contributions	-	-	-	-	399,826	-	399,826	-	134,556	-
92400	Other	-	-	-	-	91,441	1,018	92,459	-	361,188	-
	Total tenant services	1,420	-	-	-	1,958,050	1,018	1,960,488	-	1,092,861	-

**HOUSING AUTHORITY OF BALTIMORE CITY  
FINANCIAL DATA SCHEDULES  
ENTITY-WIDE REVENUE AND EXPENSE SUMMARY  
YEAR ENDED DECEMBER 31, 2021**

Line Item #	Accounts Description	Mainstream Vouchers CARES	ROSS 14.870	Youth Build 17.274	Business Activities	Housing Choice Vouchers 14.871	Housing Choice Vouchers CARES	Emergency Housing Vouchers 14.871	Single Room Occupancy 14.249	Section 8 Moderate Rehabilitation 14.856	Self Insurance Fund
<b>REVENUE</b>											
70300	Net tenant rental revenue	\$ -	\$ -	\$ -	\$ 1,480,386	\$ -	\$ -		\$ -	\$ -	\$ -
70400	Tenant revenue - other	-	-	-	3,081	-	-		-	-	-
70500	Total tenant revenue	-	-	-	1,483,467	-	-		-	-	-
70600	HUD PHA operating grants	16,957	658,541	-	-	5,720,876	2,540,057	2,019,266	166,938	203,130	-
70610	Capital grants	-	-	-	-	-	-	-	-	-	-
70800	Other governmental grants	-	-	-	-	-	-	-	-	-	-
71100	Investment income - unrestricted	-	-	-	-	-	-	-	-	-	4,833
71310	Cost of Sale of Assets	-	-	-	1,612	-	-	-	-	-	-
71400	Fraud recovery	-	-	-	-	-	-	-	-	-	-
71500	Other revenue	-	750	-	3,159,962	-	-	-	65,942	9,504	1,000
71600	Gain or loss on the sale of fixed assets	-	-	-	-	-	-	-	-	-	-
72000	Investment income - restricted	-	-	-	-	-	-	-	-	-	-
	Total revenue	16,957	659,291	-	4,645,041	5,720,876	2,540,057	2,019,266	232,880	212,634	5,833
<b>EXPENSES</b>											
Administrative:											
91100	Administrative salaries	-	-	-	1,469,666	-	2,178,428	-	-	-	-
91200	Auditing fees	-	-	-	6,745	-	-	-	4,500	2,250	-
91300	Management fee	-	-	-	95,382	-	-	-	-	-	-
91310	Bookkeeping fee	-	-	-	-	-	-	-	-	-	-
91400	Advertising and marketing	-	-	-	4,030	-	-	-	-	-	-
91500	Employee benefit contributions - administrative	-	-	-	350,907	-	176,629	-	-	-	-
91600	Office expenses	-	-	-	72,897	-	378	-	-	-	-
91700	Legal expense	-	-	-	32,877	-	-	-	-	-	32,327
91800	Travel	-	-	-	2,626	-	-	-	-	-	-
91810	Allocated overhead	-	-	-	198,539	-	-	17,849	-	-	-
91900	Other	16,957	-	-	281,380	-	138,971	-	-	61,924	-
	Total administrative	16,957	-	-	2,515,049	-	2,494,406	17,849	4,500	64,174	32,327
Tenant services:											
92100	Salaries	-	513,636	-	-	-	-	-	-	-	-
92200	Relocation costs	-	-	-	244,122	-	-	297,500	-	-	-
92300	Employee benefit contributions	-	120,937	-	-	-	-	-	-	-	-
92400	Other	-	14,116	-	5,377	-	-	-	-	-	-
	Total tenant services	-	648,689	-	249,499	-	-	297,500	-	-	-

**HOUSING AUTHORITY OF BALTIMORE CITY  
FINANCIAL DATA SCHEDULES  
ENTITY-WIDE REVENUE AND EXPENSE SUMMARY  
YEAR ENDED DECEMBER 31, 2021**

Line Item #	Accounts Description	Jobs Plus Pilot Initiative 14.895	HOPE VI 14.866	Choice 14.889	CDBG 14.218	Blended Component Units	Elimination	Total Business Type Activities	Discrete Component Units	Pension	OPEB	Fiduciary Funds Total
<b>REVENUE</b>												
70300	Net tenant rental revenue	\$ -	\$ -	\$ -	\$ -	\$ 2,615,635	\$ -	\$ 22,679,038	\$ 1,267,582	\$ -	\$ -	\$ -
70400	Tenant revenue - other	-	-	-	-	2,910	-	41,163	15,523	-	-	-
70500	Total tenant revenue	-	-	-	-	2,618,545	-	22,720,201	1,283,105	-	-	-
70600	HUD PHA operating grants	199,517	286,773	-	-	-	-	323,849,638	-	-	-	-
70610	Capital grants	-	-	2,926,904	-	-	-	17,742,790	-	-	-	-
70800	Other governmental grants	-	-	-	675,835	1,677,212	-	9,055,667	-	-	-	-
71100	Investment income - unrestricted	-	-	-	-	32,770	-	899,428	123	-	-	-
71310	Cost of Sale of Assets	-	-	-	-	-	-	1,612	-	-	-	-
71400	Fraud recovery	-	-	-	-	-	-	30,491	-	-	-	-
71500	Other revenue	201,580	-	-	-	18,708,344	-	28,190,851	224,055	2,013,924	38,302	2,052,226
71600	Gain or loss on the sale of fixed assets	-	-	-	-	146,667	-	(3,846,576)	-	-	-	-
72000	Investment income - restricted	-	-	-	-	206,610	-	206,610	-	3,145,342	1,580,956	4,726,298
	Total revenue	401,097	286,773	2,926,904	675,835	23,390,148	-	398,850,712	1,507,283	5,159,266	1,619,258	6,778,524
<b>EXPENSES</b>												
Administrative:												
91100	Administrative salaries	-	-	206,722	-	464,298	-	22,084,505	250,237	-	-	-
91200	Auditing fees	-	-	-	-	200,891	-	374,221	72,411	-	3,476	3,476
91300	Management fee	-	-	-	-	246,003	-	353,775	142,574	-	-	-
91310	Bookkeeping fee	-	-	-	-	-	-	-	7,776	-	-	-
91400	Advertising and marketing	-	-	-	-	630	-	29,245	12,239	-	-	-
91500	Employee benefit contributions - administrative	-	-	14,000	-	-	-	6,315,267	-	5,586,094	1,839,886	7,425,980
91600	Office expenses	24,322	-	-	3,060	125,902	-	3,895,463	60,811	-	8,724	8,724
91700	Legal expense	-	-	229,217	-	48,754	-	468,370	27,745	-	-	-
91800	Travel	-	-	-	-	1,654	-	8,054	-	-	-	-
91810	Allocated overhead	-	-	-	-	14,454	-	-	-	-	-	-
91900	Other	91	99,276	130,591	-	2,049,077	-	11,440,030	92,575	136,752	-	136,752
	Total administrative	24,413	99,276	580,530	3,060	3,151,663	-	44,968,930	666,368	5,722,846	1,852,086	7,574,932
Tenant services:												
92100	Salaries	98,334	-	-	-	139,670	-	2,644,375	-	-	-	-
92200	Relocation costs	-	-	384,894	-	-	-	1,099,101	-	-	-	-
92300	Employee benefit contributions	48,602	-	-	-	52,186	-	756,107	-	-	-	-
92400	Other	268,440	5,675	388,961	-	106,715	-	1,242,931	-	-	-	-
	Total tenant services	415,376	5,675	773,855	-	298,571	-	5,742,514	-	-	-	-

**HOUSING AUTHORITY OF BALTIMORE CITY  
FINANCIAL DATA SCHEDULES  
ENTITY-WIDE REVENUE AND EXPENSE SUMMARY  
YEAR ENDED DECEMBER 31, 2021**

Line Item #	Accounts Description	Moving to Work Program						Section 8 N/C S/R	State and Local	Mainstream Vouchers
		Moving to Work Demonstration Program 14.881	HCV for MTW 14 HCV	LIPH for MTW 14.OPS	CFP for MTW 14.CFP	AMPS 14.850/872	AMPS CARES			
<b>EXPENSES (Continued)</b>										
Utilities:										
93100	Water	\$ -	\$ -	\$ -	\$ -	\$ 7,173,551	\$ -	\$ 7,173,551	\$ -	\$ -
93200	Electricity	14,942	-	-	-	4,361,611	-	4,376,553	-	-
93300	Gas	26,626	-	-	-	2,575,324	-	2,601,950	-	-
93600	Sewer	-	-	-	-	-	-	-	-	-
93800	Other utilities expense	-	-	-	-	2,916,353	-	2,916,353	-	-
	Total utilities	41,568	-	-	-	17,026,839	-	17,068,407	-	-
Ordinary maintenance and operations:										
94100	Labor	6,158	-	-	-	10,748,416	-	10,754,574	-	1,167,884
94200	Materials and other	3,197	-	-	-	8,644,751	-	8,647,948	-	786,935
94300	Contracts	5,644,864	-	-	-	12,349,456	-	17,994,320	-	494,935
94500	Employee benefits contribution	405,526	-	-	-	3,636,815	-	4,042,341	-	89,490
	Total ordinary maintenance and operations	6,059,745	-	-	-	35,379,438	-	41,439,183	-	2,539,244
Protective Services:										
95200	Protective services - other contract costs	217,420	-	-	-	405,801	-	623,221	-	980
	Total protective services	217,420	-	-	-	405,801	-	623,221	-	980
Insurance premiums:										
96110	Property insurance	-	-	-	-	565,671	-	565,671	-	-
96120	Liability insurance	913	-	-	-	1,196,868	-	1,197,781	-	-
96130	Workmen's compensation	250,900	-	-	-	504,769	-	755,669	-	24,162
96140	All other insurance	406,992	-	-	-	199,419	-	606,411	-	-
96100	Total Insurance premiums	658,805	-	-	-	2,466,727	-	3,125,532	-	24,162
General expenses:										
96200	Other general expenses	2,862,979	-	-	-	6,710,215	-	9,573,194	-	380
96210	Compensated absences	98,178	-	-	-	231,726	-	329,904	-	-
96300	Payments in lieu of taxes	-	-	-	-	416,702	-	416,702	-	-
96400	Bad debt - tenant rents	-	-	-	-	1,125,082	-	1,125,082	-	-
96600	Bad debt - Other	-	-	-	-	-	-	-	-	-
96800	Severance Expense	-	-	-	-	-	-	-	-	-
	Total general expenses	2,961,157	-	-	-	8,483,725	-	11,444,882	-	380
96710	Interest of mortgage or bonds payable	-	-	-	-	-	-	-	-	-
96720	Interest on Notes Payable (Short and Long Term)	-	-	-	-	1,713,084	-	1,713,084	-	-
96700	Total interest expense and amortization cost	-	-	-	-	1,713,084	-	1,713,084	-	-
	Total operating expenses	23,377,193	-	-	-	88,606,232	1,125,618	113,109,043	-	3,801,998
	Excess of operating revenue over operating expenses	(18,797,789)	237,802,988	69,506,531	17,557,016	(72,300,486)	-	233,768,260	-	3,576,503

**HOUSING AUTHORITY OF BALTIMORE CITY  
FINANCIAL DATA SCHEDULES  
ENTITY-WIDE REVENUE AND EXPENSE SUMMARY  
YEAR ENDED DECEMBER 31, 2021**

Line Item #	Accounts Description	Mainstream Vouchers CARES	ROSS 14.870	Business Activities	Housing Choice Vouchers 14.871	Housing Choice Vouchers CARES	Emergency Housing Vouchers 14.871	Single Room Occupancy 14.249	Section 8 Moderate Rehabilitation 14.856	Self Insurance Fund
<b>EXPENSES (Continued)</b>										
Utilities:										
93100	Water	\$ -	\$ -	\$ 208,981	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
93200	Electricity	-	-	54,258	-	-	-	-	-	-
93300	Gas	-	-	2,133	-	-	-	-	-	-
93600	Sewer	-	-	-	-	-	-	-	-	-
93800	Other utilities expense	-	-	-	-	-	-	-	-	-
	Total utilities	-	-	265,372	-	-	-	-	-	-
Ordinary maintenance and operations:										
94100	Labor	-	-	110,638	-	-	-	-	-	-
94200	Materials and other	-	-	82,262	-	-	-	-	-	-
94300	Contracts	-	-	619,848	-	45,651	-	-	-	-
94500	Employee benefits contribution	-	-	13,408	-	-	-	-	-	-
	Total ordinary maintenance and operations	-	-	826,156	-	45,651	-	-	-	-
Protective Services:										
95200	Protective services - other contract costs	-	-	32,826	-	-	-	-	-	-
	Total protective services	-	-	32,826	-	-	-	-	-	-
Insurance premiums:										
96110	Property insurance	-	-	55,583	-	-	-	-	-	-
96120	Liability insurance	-	-	18,451	-	-	-	-	-	-
96130	Workmen's compensation	-	9,850	528,157	-	-	-	-	-	-
96140	All other insurance	-	-	30,209	-	-	-	-	-	-
96100	Total Insurance premiums	-	9,850	632,400	-	-	-	-	-	-
General expenses:										
96200	Other general expenses	-	-	81,376	-	-	-	-	-	-
96210	Compensated absences	-	-	59,613	-	-	-	-	-	-
96300	Payments in lieu of taxes	-	-	-	-	-	-	-	-	-
96400	Bad debt - tenant rents	-	-	21,660	-	-	-	-	-	-
96600	Bad debt - Other	-	-	-	-	-	-	-	-	-
96800	Severance Expense	-	-	-	-	-	-	-	-	-
	Total general expenses	-	-	162,649	-	-	-	-	-	-
96710	Interest of mortgage or bonds payable	-	-	-	-	-	-	-	-	-
96720	Interest on Notes Payable (Short and Long Term)	-	-	-	-	-	-	-	-	-
96700	Total interest expense and amortization cost	-	-	-	-	-	-	-	-	-
	Total operating expenses	16,957	658,539	4,683,951	-	2,540,057	315,349	4,500	64,174	32,327
	Excess of operating revenue over operating expenses	-	752	(38,910)	5,720,876	-	1,703,917	228,380	148,460	(26,494)



**HOUSING AUTHORITY OF BALTIMORE CITY  
FINANCIAL DATA SCHEDULES  
ENTITY-WIDE REVENUE AND EXPENSE SUMMARY  
YEAR ENDED DECEMBER 31, 2021**

Line Item #	Accounts Description	Jobs Plus Pilot Initiative 14.895	HOPE VI 14.866	Choice 14.889	CDBG 14.218	Blended Component Units	Elimination	Total Business Type Activities	Discrete Component Units	Pension	OPEB	Fiduciary Funds Total
<b>EXPENSES (Continued)</b>												
Utilities:												
93100	Water	\$ -	\$ -	\$ -	\$ -	\$ 316,785	\$ -	\$ 7,699,317	\$ 268,727	\$ -	\$ -	\$ -
93200	Electricity	-	-	-	-	94,972	-	4,525,783	40,979	-	-	-
93300	Gas	-	-	-	-	27,837	-	2,631,920	5,541	-	-	-
93600	Sewer	-	-	-	-	-	-	-	117,676	-	-	-
93800	Other utilities expense	-	-	-	-	18,500	-	2,934,853	-	-	-	-
	Total utilities	-	-	-	-	458,094	-	17,791,873	432,923	-	-	-
Ordinary maintenance and operations:												
94100	Labor	-	-	-	-	435,234	-	12,468,330	194,736	-	-	-
94200	Materials and other	-	-	-	-	223,327	-	9,740,472	140,892	-	-	-
94300	Contracts	5,900	-	-	-	1,489,539	-	20,650,193	524,637	-	-	-
94500	Employee benefits contribution	-	-	-	-	-	-	4,145,239	17,568	-	-	-
	Total ordinary maintenance and operations	5,900	-	-	-	2,148,100	-	47,004,234	877,833	-	-	-
Protective Services:												
95200	Protective services - other contract costs	-	-	-	-	1,370	-	658,397	-	-	-	-
	Total protective services	-	-	-	-	1,370	-	658,397	-	-	-	-
Insurance premiums:												
96110	Property insurance	-	-	-	-	241,269	-	862,523	189,030	-	-	-
96120	Liability insurance	-	-	-	-	13,196	-	1,229,428	-	-	-	-
96130	Workmen's compensation	8,311	-	1,452	-	4,948	-	1,332,549	17,082	-	-	-
96140	All other insurance	-	-	-	-	595	-	637,215	5,973	5,811	-	5,811
96100	Total Insurance premiums	8,311	-	1,452	-	260,008	-	4,061,715	212,085	5,811	-	5,811
General expenses:												
96200	Other general expenses	-	-	-	-	8,031,961	-	17,686,911	29,526	-	-	-
96210	Compensated absences	-	-	-	-	-	-	389,517	-	-	-	-
96300	Payments in lieu of taxes	-	-	-	-	78,010	-	494,712	74,623	-	-	-
96400	Bad debt - tenant rents	-	-	-	-	127,554	-	1,274,296	275,162	-	-	-
96600	Bad debt - Other	-	-	-	-	8,277,615	-	8,277,615	-	-	-	-
96800	Severance Expense	-	-	-	-	-	-	-	-	-	-	-
	Total general expenses	-	-	-	-	16,515,140	-	28,123,051	379,311	-	-	-
96710	Interest of mortgage or bonds payable	-	-	-	-	448,950	-	448,950	706,045	-	-	-
96720	Interest on Notes Payable (Short and Long Term)	-	-	-	-	-	-	1,713,084	2,520	-	-	-
96700	Total interest expense and amortization cost	-	-	-	-	448,950	-	2,162,034	708,565	-	-	-
	Total operating expenses	454,000	104,951	1,355,837	3,060	23,281,896	-	150,512,748	3,277,085	5,728,657	1,852,086	7,580,743
	Excess of operating revenue over operating expenses	(52,903)	181,822	1,571,067	672,775	108,252	-	248,337,964	(1,769,802)	(569,391)	(232,828)	(802,219)

**HOUSING AUTHORITY OF BALTIMORE CITY  
FINANCIAL DATA SCHEDULES  
ENTITY-WIDE REVENUE AND EXPENSE SUMMARY  
YEAR ENDED DECEMBER 31, 2021**

Line Item #	Accounts Description	Moving to Work Program						Section 8 N/C S/R	State and Local	Mainstream Vouchers	
		Moving to Work Demonstration Program 14.881	HCV for MTW 14 HCV	LIPH for MTW 14.OPS	CFP for MTW 14.CFP	AMPS 14.850/872	AMPS CARES				Total MTW Programs
<b>EXPENSES (Continued)</b>											
97100	Extraordinary maintenance	\$ 2,500	\$ -	\$ -	\$ -	\$ 607,257	\$ -	\$ 609,757	\$ -	\$ -	\$ -
97200	Casualty losses - noncapitalized	-	-	-	-	1,140,340	-	1,140,340	-	-	-
97300	Housing assistance payments	214,976,089	-	-	-	-	-	214,976,089	-	-	794,621
97350	HAP portability - in	872,064	-	-	-	-	-	872,064	-	-	-
97400	Depreciation expense	148,416	-	-	-	20,030,517	-	20,178,933	-	60,642	-
	Total expenses	239,376,262	-	-	-	110,384,346	1,125,618	350,886,226	-	3,862,640	880,730
Other financing sources (uses):											
10010	Operating transfer in	324,866,535	-	-	-	2,103,345	-	326,969,880	-	-	-
10020	Operating transfer out	(2,103,345)	(237,802,988)	(69,506,531)	(17,557,016)	(36,419)	-	(327,006,299)	-	(3,662,062)	-
10040	Operating transfers from/to component unit	-	-	-	-	-	-	-	-	-	-
10080	Special Items (Net Gain/Loss)	-	-	-	-	-	-	-	-	-	-
10093	Transfers between program and project- in	-	-	-	-	80,133,622	-	80,133,622	-	-	-
10094	Transfers between program and project- out	(80,133,622)	-	-	-	-	-	(80,133,622)	-	-	-
	Total other financing sources (uses)	242,629,568	(237,802,988)	(69,506,531)	(17,557,016)	82,200,548	-	(36,419)	-	(3,662,062)	-
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENSES</b>											
		<u>\$ 7,832,710</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (11,878,052)</u>	<u>\$ -</u>	<u>\$ (4,045,342)</u>	<u>\$ -</u>	<u>\$ (146,201)</u>	<u>\$ (19,414)</u>
<b>Memo Account Information</b>											
11020	Required annual debt principal payments	\$ -	\$ -	\$ -	\$ -	\$ 2,150,000	\$ -	\$ -	\$ -	\$ -	\$ -
11030	Beginning equity	84,884,465	-	-	-	282,883,614	-	367,768,079	130,819	1,234,111	22,302
11040	Prior period adjustments, equity transfers and correction	236,676	-	-	-	-	-	236,676	(130,819)	-	-

**HOUSING AUTHORITY OF BALTIMORE CITY  
FINANCIAL DATA SCHEDULES  
ENTITY-WIDE REVENUE AND EXPENSE SUMMARY  
YEAR ENDED DECEMBER 31, 2021**

Line Item #	Accounts Description	Mainstream Vouchers CARES	ROSS 14.870	Business Activities	Housing Choice Vouchers 14.871	Housing Choice Vouchers CARES	Emergency Housing Vouchers 14.871	Single Room Occupancy 14.249	Section 8 Moderate Rehabilitation 14.856	Self Insurance Fund
<b>EXPENSES (Continued)</b>										
97100	Extraordinary maintenance	\$ -	\$ -	\$ 170,640	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
97200	Casualty losses - noncapitalized	-	-	32,547	-	-	-	-	-	-
97300	Housing assistance payments	-	-	-	5,720,817	-	71,760	296,241	215,342	-
97350	HAP portability - in	-	-	-	-	-	-	-	-	-
97400	Depreciation expense	-	-	116,869	-	-	-	-	-	-
	Total expenses	16,957	658,539	5,004,007	5,720,817	2,540,057	387,109	300,741	279,516	32,327
Other financing sources (uses):										
10010	Operating transfer in	-	-	-	-	-	-	-	-	-
10020	Operating transfer out	-	-	(30,000)	-	-	-	-	-	-
10040	Operating transfers from/to component unit	-	-	-	-	-	-	-	-	-
10080	Special Items (Net Gain/Loss)	-	-	-	-	-	-	-	-	-
10093	Transfers between program and project- in	-	-	-	-	-	-	-	-	-
10094	Transfers between program and project- out	-	-	-	-	-	-	-	-	-
	Total other financing sources (uses)	-	-	(30,000)	-	-	-	-	-	-
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENSES</b>										
		\$ -	\$ 752	\$ (388,966)	\$ 59	\$ -	\$ 1,632,157	\$ (67,861)	\$ (66,882)	\$ (26,494)
<b>Memo Account Information</b>										
11020	Required annual debt principal payments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11030	Beginning equity	-	17,571	11,185,308	105,798	-	-	67,861	66,882	16,840,961
11040	Prior period adjustments, equity transfers and correction	-	-	-	(105,857)	-	-	-	-	-

**HOUSING AUTHORITY OF BALTIMORE CITY  
FINANCIAL DATA SCHEDULES  
ENTITY-WIDE REVENUE AND EXPENSE SUMMARY  
YEAR ENDED DECEMBER 31, 2021**

Line		Jobs Plus Pilot Initiative	HOPE VI	Choice	CDBG	Blended Component		Total Business Type	Discrete Component Units	Pension	OPEB	Fiduciary Funds
Item #	Accounts Description	14.895	14.866	14.889	14.218	Units	Elimination	Activities				Total
<b>EXPENSES (Continued)</b>												
97100	Extraordinary maintenance	\$ -	\$ -	\$ -	\$ -	\$ 8,544	\$ -	\$ 788,941	\$ -	\$ -	\$ -	\$ -
97200	Casualty losses - noncapitalized	-	-	-	-	-	-	1,172,887	-	-	-	-
97300	Housing assistance payments	-	-	-	680,966	-	-	222,755,836	-	-	-	-
97350	HAP portability - in	-	-	-	-	-	-	872,064	-	-	-	-
97400	Depreciation expense	-	-	-	-	1,522,580	-	21,879,024	1,225,540	-	-	-
	Total expenses	454,000	104,951	1,355,837	684,026	24,813,020	-	397,981,500	4,502,625	5,728,657	1,852,086	7,580,743
Other financing sources (uses):												
10010	Operating transfer in	-	-	-	-	4,987,398	(331,957,278)	-	-	-	-	-
10020	Operating transfer out	-	-	(1,258,917)	-	-	331,957,278	-	-	-	-	-
10040	Operating transfers from/to component unit	-	-	-	-	-	-	-	1,358,043	-	-	-
10080	Special Items (Net Gain/Loss)	-	-	-	-	-	-	-	-	-	-	-
10093	Transfers between program and project- in	-	-	-	-	-	(80,133,622)	-	-	-	-	-
10094	Transfers between program and project- out	-	-	-	-	-	80,133,622	-	-	-	-	-
	Total other financing sources (uses)	-	-	(1,258,917)	-	4,987,398	-	-	1,358,043	-	-	-
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENSES</b>												
		\$ (52,903)	\$ 181,822	\$ 312,150	\$ (8,191)	\$ 3,564,526	\$ -	\$ 869,212	\$ (1,637,299)	\$ (569,391)	\$ (232,828)	\$ (802,219)
<b>Memo Account Information</b>												
11020	Required annual debt principal payments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,161,020		\$ -	\$ -	\$ -
11030	Beginning equity	3,698	2,053,887	-	249,999	271,380,727	-	671,128,003	(7,827,726)	49,832,146	42,949,500	92,781,646
11040	Prior period adjustments, equity transfers and correction	-	(2,002,231)	2,002,231	-	900,951	-	900,951	4,248,192	-	-	-



**INDEPENDENT AUDITORS' 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 Baltimore City  
Baltimore, 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, the aggregate discretely presented component units, and the aggregate remaining fund information of the Housing Authority of Baltimore City, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Housing Authority of Baltimore City's basic financial statements, and have issued our report thereon dated September 27, 2022. 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 Housing Authority of Baltimore City's financial statements. The audits of Sharp-Leadenhall Rental No. 1, LP and Lexington Terrace Partners, LP were not performed in accordance with *Government Auditing Standards*. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

***Report on Internal Control Over Financial Reporting***

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

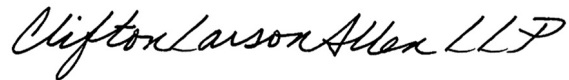
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 Housing Authority of Baltimore City'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 or other matters that are required to be reported under *Government Auditing Standards*.

***Purpose of This Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.



**CliftonLarsonAllen LLP**

Baltimore, Maryland  
September 27, 2022



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR  
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE**

Board of Commissioners  
Housing Authority of Baltimore City  
Baltimore, Maryland

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited the Housing Authority of Baltimore City'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 Housing Authority of Baltimore City's major federal programs for the year ended December 31, 2021. The Housing Authority of Baltimore City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

The Housing Authority of Baltimore City's basic financial statements include the operations of discretely presented component units which may have received federal awards which are not included in the schedule of expenditures of federal awards for the year ended December 31, 2021. Our audit, described below, did not include the operations of the aggregate discretely presented component units because other auditors were engaged to perform audits of compliance, if applicable.

In our opinion, the Housing Authority of Baltimore City 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 December 31, 2021.

***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 (GAAS); 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 Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Housing Authority of Baltimore City 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 Housing Authority of Baltimore City'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 Housing Authority of Baltimore City's federal programs.

**Auditors' 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 Housing Authority of Baltimore City'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 GAAS, *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 Housing Authority of Baltimore City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *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 Housing Authority of Baltimore City'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 Housing Authority of Baltimore City'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 Housing Authority of Baltimore City'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 an instance 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 item 2021-001. 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 Housing Authority of Baltimore City's response to the noncompliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Housing Authority of Baltimore City'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 Auditors' 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 a deficiency in internal control over compliance that we consider to be a significant deficiency.

*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 deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2021-001, to be a significant deficiency.

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 Housing Authority of Baltimore City's response to the internal control over compliance finding identified in our audit described in the accompanying schedule of findings and questioned costs. The Housing Authority of Baltimore City'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.



**CliftonLarsonAllen LLP**

Baltimore, Maryland  
September 27, 2022

**HOUSING AUTHORITY OF BALTIMORE CITY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED DECEMBER 31, 2021**

Federal Grantor/Pass through Grantor/ Program or Cluster Title	Assistance Listing Number	Pass-Through Identifying Number	Passed Through to Subrecipients	Federal Expenditures
<b>Department of Housing and Urban Development</b>				
<b>Direct Programs</b>				
Moving to Work Demonstration Program	14.881	N/A	\$ 84,954,393	\$ 324,866,535
COVID-19 Housing Choice Voucher CARES Act Funding	14.881	N/A	-	2,540,057
COVID-19 Public Housing CARES Act Funding	14.881	N/A	-	1,125,618
Total Moving to Work Demonstration Program			84,954,393	328,532,210
Resident Opportunities and Supportive Services	14.870	N/A	-	658,541
Community Development Block Grant Cluster	14.218	N/A	-	684,026
Jobs-Plus Pilot Initiative	14.895	N/A	-	199,517
Section 8 Project-Based Cluster:				
Lower Income Housing Assistance				
Program - Section 8 Moderate Rehabilitation	14.856	N/A	-	279,516
Section 8 Moderate Rehabilitation				
Single Room Occupancy	14.249	N/A	-	300,741
Total Section 8 Project-Based Cluster			-	580,257
HOPE VI Cluster:				
Revitalization of Severely Distressed Public Housing	14.866	N/A	-	286,773
Choice Neighborhoods Implementation Grant	14.889	N/A	-	2,926,904
Total HOPE VI Cluster			-	3,213,677
Housing Voucher Cluster:				
Section 8 Housing Vouchers	14.871	N/A	-	5,720,817
Emergency Housing Vouchers	14.871	N/A	-	387,109
Mainstream Vouchers	14.879	N/A	-	880,730
COVID-19 Mainstream Vouchers CARES Act Funding	14.879	N/A	-	16,957
Total Housing Voucher Cluster			-	7,005,613
Total Department of Housing and Urban Development			84,954,393	340,873,841
Total Expenditures of Federal Awards			\$ 84,954,393	\$ 340,873,841

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**HOUSING AUTHORITY OF BALTIMORE CITY**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**DECEMBER 31, 2021**

**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 Baltimore City (the Authority) under programs of the federal government for the year ended December 31, 2021. The information in this Schedule is presented in accordance with the requirements of Title 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.

**NOTE 3 SUBRECIPIENTS**

Of the federal expenditures presented in the accompanying schedule, the Authority provided federal awards to a subrecipient (Baltimore Regional Housing Partnership) in the amount of \$84,954,393 under the Moving to Work program (Assistance Listing Number 14.881) for the year ended December 31, 2021.

**NOTE 4 INDIRECT COST RATE**

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

**HOUSING AUTHORITY OF BALTIMORE CITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
DECEMBER 31, 2021**

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**Section I – Summary of Auditors’ Results**

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**Financial Statements**

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? \_\_\_\_\_ yes        x   no
  - Significant deficiency(ies) identified? \_\_\_\_\_ yes        x   none reported
3. Noncompliance material to financial statements noted? \_\_\_\_\_ yes        x   no

**Federal Awards**

1. Internal control over major federal programs:
- Material weakness(es) identified? \_\_\_\_\_ yes        x   no
  - Significant deficiency(ies) identified?   x   yes      \_\_\_\_\_ none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?   x   yes      \_\_\_\_\_ no

**Identification of Major Federal Programs**

**Assistance Listing Numbers**

14.881  
14.886/14.889

**Name of Federal Program or Cluster**

Moving to Work Demonstration Program  
HOPE VI Cluster

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 3,000,000

Auditee qualified as low-risk auditee?

  x   yes      \_\_\_\_\_ no

**HOUSING AUTHORITY OF BALTIMORE CITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
DECEMBER 31, 2021**

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**Section II – Financial Statement Findings**

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Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

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**Section III – Findings and Questioned Costs – Major Federal Programs**

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**2021 – 001**

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

Federal Program Name: Moving to Work Demonstration Program

Assistance Listing Number: 14.881

Federal Award Identification Number and Year: MD002VO ; 2021

Award Period: January 1, 2021 – December 31, 2021

Type of Finding:

- Significant Deficiency in Internal Control over Compliance
- Other Matters

**Criteria or specific requirement:** Public Law 109-282, the Federal Funding Accountability and Transparency Act of 2006 as amended (FFATA), requires disclosure of all entities and organizations receiving federal funds through a single publicly accessible website. Any subcontract greater than \$30,000 is required to be reported by the prime recipient of federal funds. The Authority must have internal controls designed to ensure compliance with reporting requirements.

**Condition:** During our testing, we noted that the Authority did not have adequate internal controls designed to ensure that the Authority followed applicable reporting requirements.

**Questioned costs:** None

**Context:** 1 of 1 required report was not submitted. The entire population of subrecipient payments were reviewed.

**Cause:** The Authority was unaware of the applicable FFATA reporting requirements.

**Effect:** The Authority is not in compliance with applicable FFATA reporting requirements.

**Repeat Finding:** No

**Recommendation:** We recommend that the Authority implements controls in order to ensure reporting requirements are met in accordance with applicable grant agreements and regulations.

**Views of responsible officials:** There is no disagreement with the audit finding.