

HOUSING AUTHORITY OF BALTIMORE CITY

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2020



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INDEPENDENT AUDITORS' REPORT

Board of Commissioner
Housing Authority of Baltimore City
Baltimore, Maryland

Report on the Financial Statements

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 Housing Authority of Baltimore City (the Authority), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the aggregate discretely presented component units. Those statements, which were prepared in accordance with the accounting standards issued by the Financial Accounting Standards Board, were audited by other auditors whose reports have been furnished to us. We have applied audit procedures on the conversion adjustments only to conform the presentation of the financial statements of the discretely presented components units to accounting standards issued by the Government Accounting Standards Board. Our opinion, insofar as it relates to the amounts included for the discretely presented component units, prior to these conversion adjustments, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The audit of Sharp-Leadenhall Rental No. 1, LP was not performed in accordance with *Government Auditing Standards*. The audits of the remaining discretely presented component units were performed in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities, the aggregate discretely presented component units, and the aggregate remaining fund information of Housing Authority of Baltimore City as of the year ended December 31, 2020, 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.

Other Matters

Required Supplementary Information

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

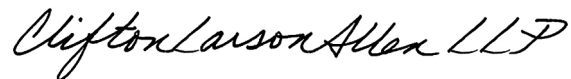
Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The financial data schedules listed as supplementary information in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is also presented for the purpose of additional analysis, and is not a required part of the basic financial statements.

The financial data schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the financial data schedules and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2021, on our consideration of 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 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 Housing Authority of Baltimore City's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Baltimore, Maryland
December 29, 2021

**HOUSING AUTHORITY OF BALTIMORE CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2020**

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, 2020. 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 2020 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 Post-Employment 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, and Lexington Terrace Townhomes, LP are presented as blended component units. The Authority also has seven (7) 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, 2020, HABC's Proprietary Fund Net Position was \$671,128,003 as compared to \$649,938,999 as of December 31, 2019, which is an increase of \$21,189,004. The changes in the Net Position categories are discussed as follows:

- **Net Investment in Capital Assets** increased by \$4,307,387 as compared to December 31, 2019. 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, 2019 by \$20,563,206. The increase was due to a \$1,842,671 increase in restrictions for the Pension and OPEB assets, a \$180,487 increase in the self-insurance fund, a \$13,351,560 increase in restricted notes receivable, a \$327,226 decrease in investments in joint ventures and a \$5,515,714 increase in reserves and miscellaneous restrictions.
- **Unrestricted Net Position** decreased by \$3,681,589 as compared to December 31, 2019. For the period ended December 31, 2020, the Authority reflected an increase in net position of \$21,189,004.

**HOUSING AUTHORITY OF BALTIMORE CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2020**

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, 2020**

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, 2020**

Analysis of Statement of Net Position (Proprietary Fund Only)

Total Net Position for the Proprietary Fund for 2020 and 2019 are \$671,128,003 and \$649,938,999, respectively. This represents an increase of \$21,189,004.

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

Proprietary Fund Net Position

	2020	Percent of Total	2019	Percent of Total	2020 vs. 2019 Inc (Dec)
Cash and Investments	\$ 149,131,857	19.2 %	\$123,061,626	16.8 %	\$ 26,070,231
Net Accounts Receivable	13,130,657	1.7	9,517,009	1.3	3,613,648
Due from Government, Net	15,536,785	2.0	8,114,633	1.1	7,422,152
Other Current Assets	2,091,837	0.3	22,475,543	3.1	(20,383,706)
Net Capital Assets	339,590,736	43.6	324,496,926	44.4	15,093,810
Non-Current Assets	256,992,813	33.0	242,125,808	33.1	14,867,005
Deferred Outflows	1,583,512	0.2	630,700	0.1	952,812
Total Assets and Deferred Outflows	778,058,197	100.0	\$730,422,245	100.0	47,635,952
Current Liabilities	35,620,500	33.3	21,381,834	26.6	14,238,666
Long Term Liabilities	60,784,347	56.8	49,424,917	61.4	11,359,430
Deferred Inflows	10,525,347	9.8	9,676,495	12.0	848,852
Total Liabilities and Deferred Inflows	106,930,194	100.0	80,483,246	100.0	26,446,948
Net Investment in Capital Assets	284,386,182	42.4	280,078,795	43.1	4,307,387
Restricted Net Position	284,056,944	42.3	263,493,738	40.4	20,563,206
Unrestricted Net Position	102,684,877	15.3	106,366,466	16.4	(3,681,589)
Total Net Position	671,128,003	100.0	649,938,999	100.0	21,189,004
 Total Liabilities and Net Position	 \$ 778,058,197		 \$ 730,422,245		 \$ 47,635,952

Listed below are areas that reported major increases or decreases from December 31, 2019:

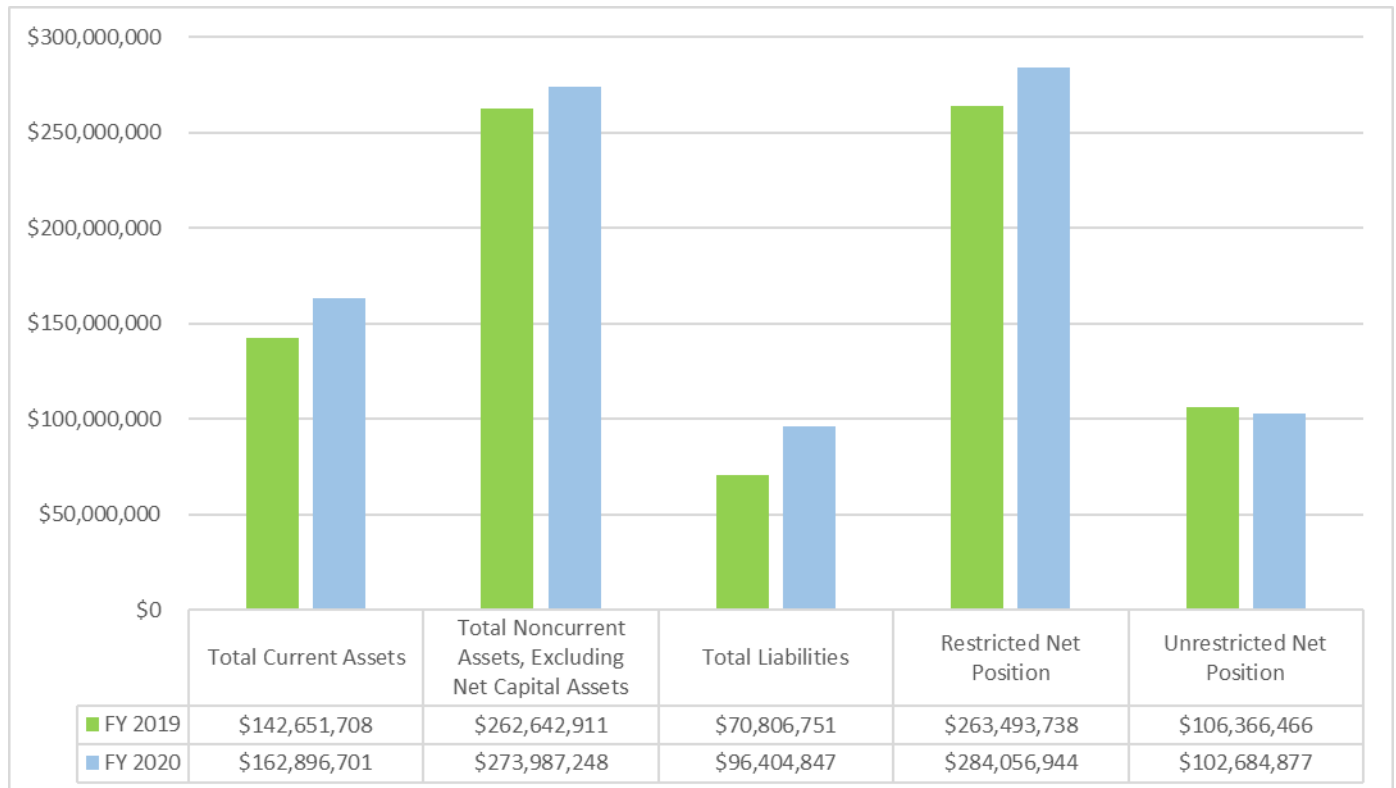
- **Total Cash and Investments** increased by \$26,070,231. The increased cash is reflective of the \$25,778,105 operating surplus, before depreciation.
- **Net Accounts Receivable** increased by \$3,613,648. There was an increase in aged tenant receivables attributed to the COVID-19 pandemic and an increase in various miscellaneous receivables.
- **Due from Government, Net** increased by \$7,422,152. The increase was primarily due to amounts receivable from HUD in connection with the capital fund and CARES programs.
- **Other Current Assets** decreased by \$20,383,706, primarily because of Hollander Ridge properties that were sold and removed from assets held for sale in 2020.
- **Capital Assets, net of accumulated depreciation** increased by \$15,093,810. The change in Net Capital Assets is presented with additional detail under the Analysis of Net Capital Assets section below.

**HOUSING AUTHORITY OF BALTIMORE CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2020**

- **Noncurrent Assets** increased \$14,867,005 primarily as a result of additional note agreements between HABC and newly formed development entities of \$13,411,936 and an increase in the net OPEB asset of \$2,647,212, net decreases in investments in joint ventures and the net pension asset of \$327,226 and \$804,541, respectively.
- **Deferred Outflows and Deferred Inflows** increased \$952,812 and \$848,852, respectively, due to updated actuarial valuations for the pension and OPEB plans.
- **Current Liabilities** increased by \$14,238,666 due to an increase in the accrued expenses for utilities, amounts due to the City of Baltimore as well as other vendor payments due at year-end. Additionally, there was an increase in unearned revenue in connection with advanced CDBG and HUD CARES funding.
- **Long Term Liabilities** increased by \$11,359,430 due primarily to an increase in long-term debt. The additional liabilities are obligations of the new blended component units, MPV Associates, LP and Lexington Terrace Townhomes, 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, 2020**

The table below illustrates the Analysis of Net Capital Assets:

Proprietary Fund Analysis of Net Capital Assets by Fiscal Years

	FY2020	Percent of Total	FY2019	Percent of Total	2020 vs. 2019 Net Increase/ (Decrease)
Land	\$ 49,660,158	14.6 %	\$ 48,452,694	14.9 %	\$ 1,207,464
Buildings	733,609,593	216.0	705,765,638	217.5	27,843,955
Equipment	9,740,290	2.9	9,533,944	2.9	206,346
Leasehold Improvements	1,508,307	0.4	1,362,601	0.4	145,706
Construction in Process	32,570,965	9.6	20,329,220	6.3	12,241,745
Total Capital Assets	<u>827,089,313</u>	<u>243.6</u>	<u>785,444,097</u>	<u>242.0</u>	<u>41,645,216</u>
Accumulated Depreciation	<u>(487,498,577)</u>	<u>(143.6)</u>	<u>(460,947,171)</u>	<u>(142.0)</u>	<u>(26,551,406)</u>
Net Capital Assets	<u><u>\$ 339,590,736</u></u>	<u><u>100.0 %</u></u>	<u><u>\$ 324,496,926</u></u>	<u><u>100.0 %</u></u>	<u><u>\$ 15,093,810</u></u>

Analysis of Capital Assets

Total Net Capital Assets at December 31, 2020 and December 31, 2019 were \$339,590,736 and \$324,496,926, respectively. This represents an increase of \$15,093,810.

- **Land** increased \$1,207,464 primarily due to BAHD purchases.
- **Buildings** increased by a net amount of \$27,843,955. This was due to primarily to the net effect of \$31,708,227 of MPV Associates, LP and Lexington Terrace Townhomes, LP buildings brought into HABC's proprietary fund as blended component units and \$10,533,127 of capitalizations from construction in progress, net \$14,482,867 of current year disposals of public housing properties.
- **Construction in Process** increased by a net amount of \$12,241,745 due to additions exceeding current year capitalizations.
- **Accumulated Depreciation** increased by \$26,551,406. Current year depreciation expense of \$16,847,808 was offset by \$8,155,497 of accumulated depreciation removed for disposed of buildings. Additionally, \$17,859,095 of the increase was a result of the component units (MPV Associates, LP and Lexington Terrace Townhomes, 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, 2020**

Analysis of Entity-Wide Revenues /Statement of Activities)

HABC administered the following programs with their respective revenues during 2020:

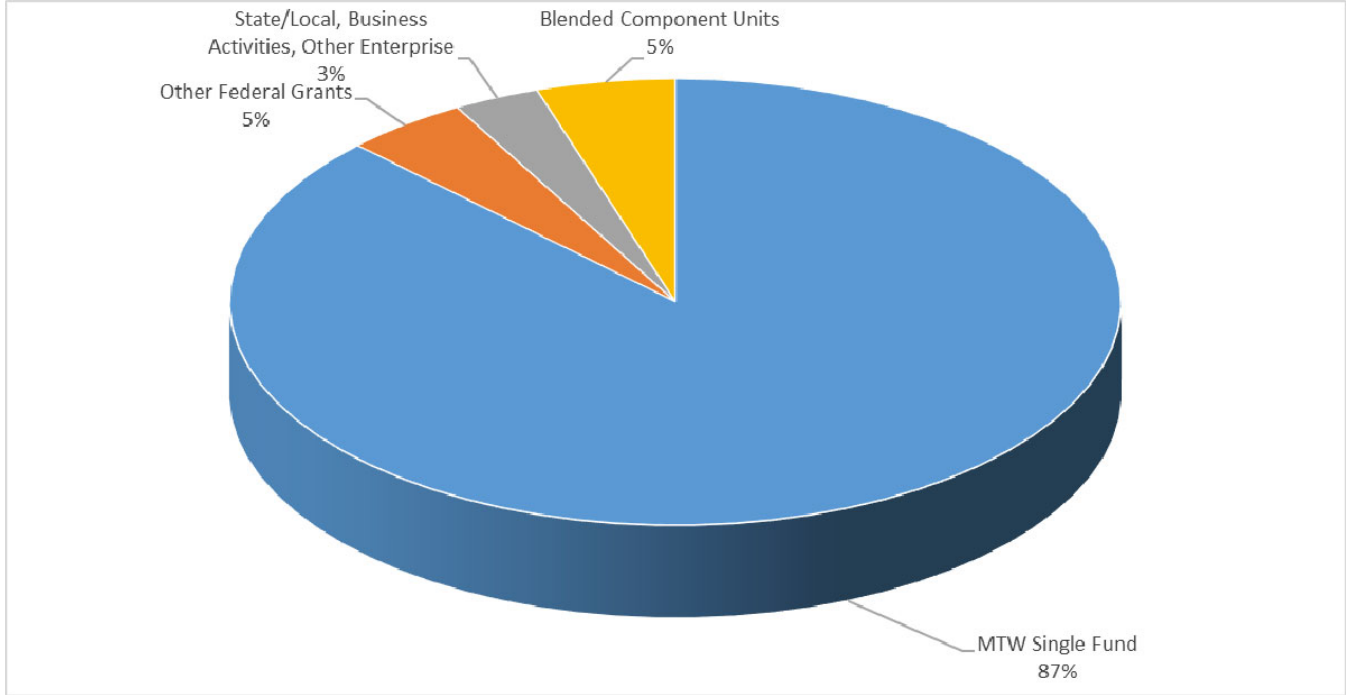
Proprietary Fund FY 2020 Revenue by Programs

		<u>Total Revenue</u>
MTW Programs		
Low Rent Public Housing	\$ 89,482,273	
COVID-19 Low Rent Public Housing CARES Program	9,646,343	
Section 8 Housing Choice Voucher Program	<u>236,974,772</u>	
Total MTW Revenue		\$ 336,103,388
Non-MTW Programs		
Section 8 Housing Choice Voucher Program		5,622,110
COVID-19 Section 8 Housing Choice Voucher CARES Program		4,319,499
Mainstream Vouchers		878,084
Mod. Rehabilitation		261,381
Single Room Occupancy/Other HCVP		387,904
Business Activities		3,667,629
State and Local		8,850,063
Job Plus Initiative Program Total		461,265
ROSS		695,849
CDBG		1,235,712
Blended Component Units		<u>21,991,351</u>
Total Non-MTW Programs Revenue		<u>48,370,847</u>
Total Operating Revenues		384,474,235
<i>Per Statements of Revenues, Expenses and Changes in Net Position</i>		
Operating revenues		384,474,235
Loss on Disposal of Fixed Assets	(3,648,451)	
Interest Income	1,207,184	
Capital Grants	<u>25,368,750</u>	
Total Non-Operating Revenues		<u>22,927,483</u>
Total Proprietary Fund Revenues (Agrees with Line 70000 of the FDS)		<u><u>\$ 407,401,718</u></u>

**HOUSING AUTHORITY OF BALTIMORE CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2020**

The diagram below illustrates the percentage of revenues generated from these programs by HABC during FY 2020.

Proprietary Fund Revenue Percentages by Programs



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

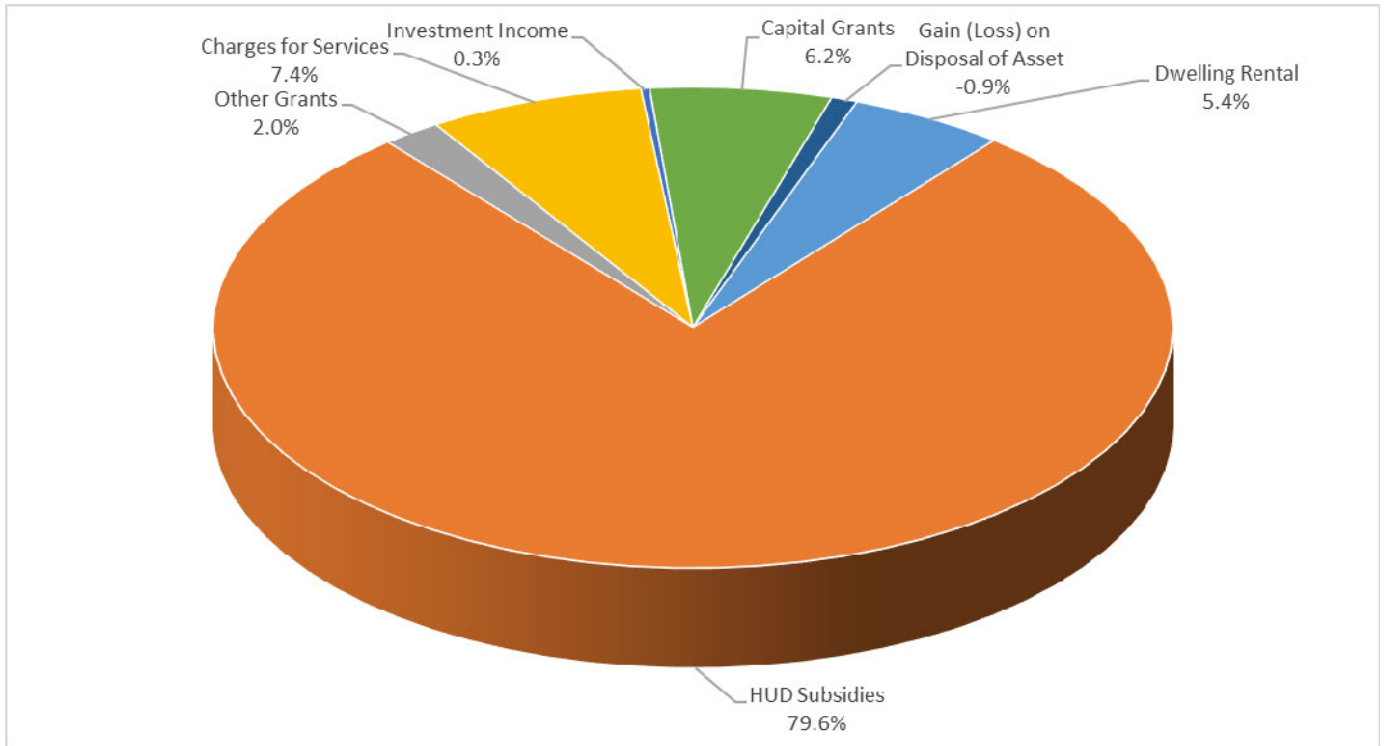
Proprietary Fund by Major Revenue Category

	2020	Percent of Total	2019	Percent of Total	2020 vs. 2019 Net Increase/ (Decrease)	Percent of Change
Rental	\$ 21,788,813	5.3 %	\$33,755,249	5.6 %	\$ (11,966,436)	-35%
HUD Subsidies	324,307,894	79.6	452,184,504	75.6	(127,876,610)	-28%
Other Grants	8,224,307	2.0	13,036,062	2.2	(4,811,755)	-37%
Other Income	30,153,221	7.4	88,083,967	14.7	(57,930,746)	-66%
Operating Revenue	384,474,235	94.4	587,059,782	98.1	(202,585,547)	
Investment Income	1,207,184	0.3	1,995,096	0.3	(787,912)	-39%
Capital Grants	25,368,750	6.2	38,694,098	6.5	(13,325,348)	-34%
Gain (loss) on disposal of asset	(3,648,451)	(0.9)	(29,582,011)	(4.9)	25,933,560	-88%
Non-Operating Revenue	22,927,483	5.6	11,107,183	1.9	11,820,300	
Total Revenue	<u>\$ 407,401,718</u>	<u>100.0 %</u>	<u>\$ 598,166,965</u>	<u>100.0 %</u>	<u>\$ (190,765,247)</u>	

**HOUSING AUTHORITY OF BALTIMORE CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2020**

The diagram below illustrates the percentage of revenues generated from each major revenue category by HABC during FY 2020.

Proprietary Fund Revenue Percentages by Major Revenue Category



Revenues were \$407,401,718 in FY 2020 compared to total revenues of \$598,166,965 in FY 2019.

Fiscal year 2019 was an 18-month period due to HABC converting to a 12/31 fiscal year end. As such, the prior period included 6 months of additional activity. For analysis, this MD&A will highlight any significant changes that do not fall within of 28-38% of the prior period amount. The scope represents 33% (6 months of the 18-month period) plus or minus 5% for expected fluctuations. Listed below are areas that fall within that scope:

- **Other income** decreased \$57,930,746, or 66%. Due the nature of other income, we do not expect consistency. The prior year activity that was not repeated was related to BAHD RAD property sales.
- **Investment income** decreased by \$787,912, or 39%, primarily due to a decrease in interest rates and a decrease in HABC's cash/investment portfolio that were held with investments.
- **Gain (Loss) on disposal of assets** decreased by \$25,933,560, or 88%, due to a decrease in the disposal/disposition activity of Public Housing properties as part of the Rental Demonstration Program. The current year loss reflects the residual value after the sale that is offset by seller promissory notes.

**HOUSING AUTHORITY OF BALTIMORE CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2020**

Analysis of Entity-Wide Expenses (Proprietary Fund Only)

HABC administers the following programs and the related expenses during FY 2020:

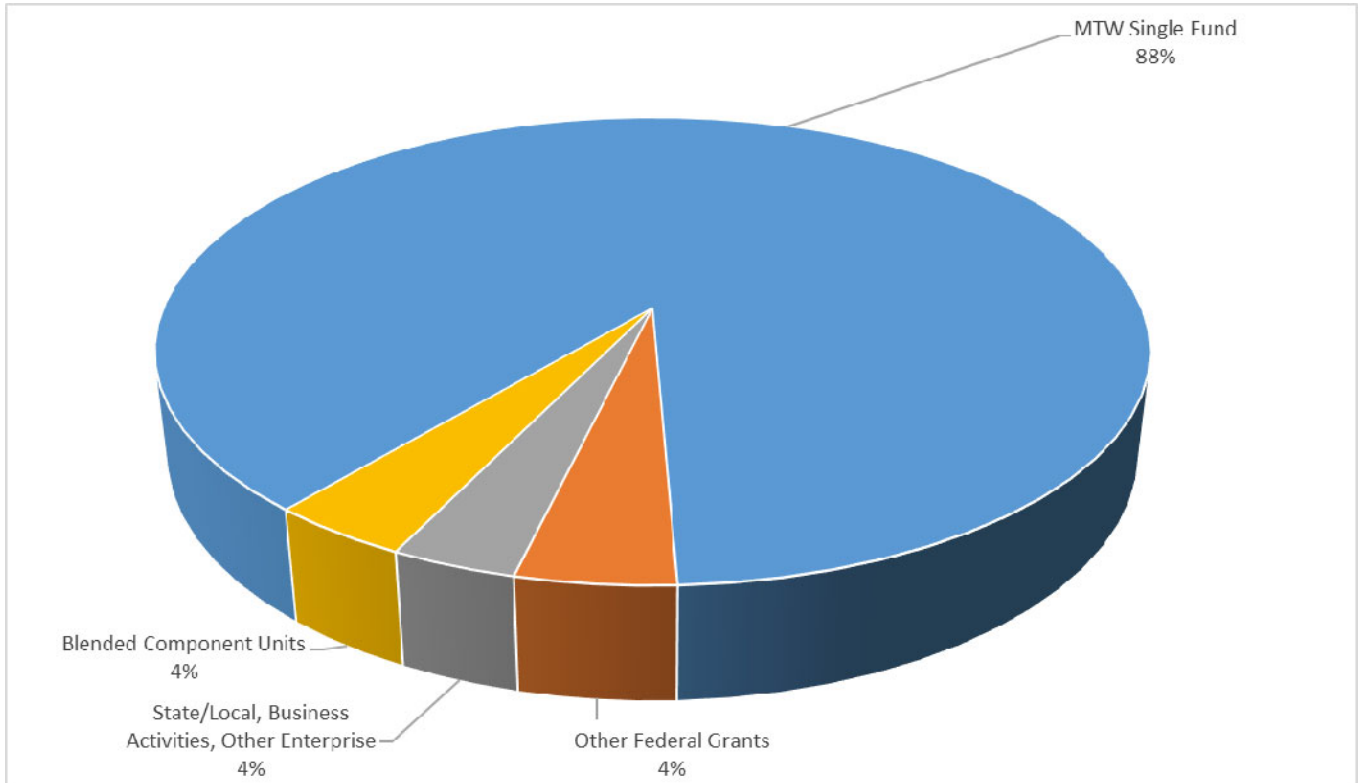
Proprietary Fund FY 2020 Expenses by Programs

		<u>Total Expenditures</u>
MTW Programs		
Low Rent Public Housing	\$ 80,040,924	
COVID-19 Low Rent Public Housing CARES Program	9,646,343	
Section 8 Housing Choice Voucher Program	<u>236,858,340</u>	
Total MTW Expense		\$ 326,545,607
Non-MTW Programs		
Section 8 Housing Choice Voucher Program		5,622,169
COVID-19 Section 8 Housing Choice Voucher CARES Program		4,319,499
Mainstream Vouchers		855,782
Mod. Rehabilitation		238,279
Single Room Occupancy/Other HCVP		381,618
Business Activities		4,958,450
State & Local		7,847,292
Job Plus Initiative Program Total		457,567
HOPE VI		2,459,917
CDBG		1,235,713
ROSS		701,540
Self Insurance		48,985
Blended Component Units		<u>14,466,781</u>
Total Non-MTW Programs Expense		<u>43,593,592</u>
Total Operating Expenses		370,139,199
<i>Per Statements of Revenues, Expenses and Changes in Net Position</i>		
Operating Expense		370,139,199
Depreciation Expense	16,847,808	
Extraordinary Maintenance	<u>924,512</u>	
Total Non-Operating Revenues		<u>17,772,320</u>
Total Proprietary Fund Expenses (Agrees with Line 90000 of the FDS)		<u>\$ 387,911,519</u>

**HOUSING AUTHORITY OF BALTIMORE CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2020**

The diagram below illustrates the percentage of expenses generated from these programs by HABC during FY 2020.

Proprietary Fund Expenses by Programs in FY 2020



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

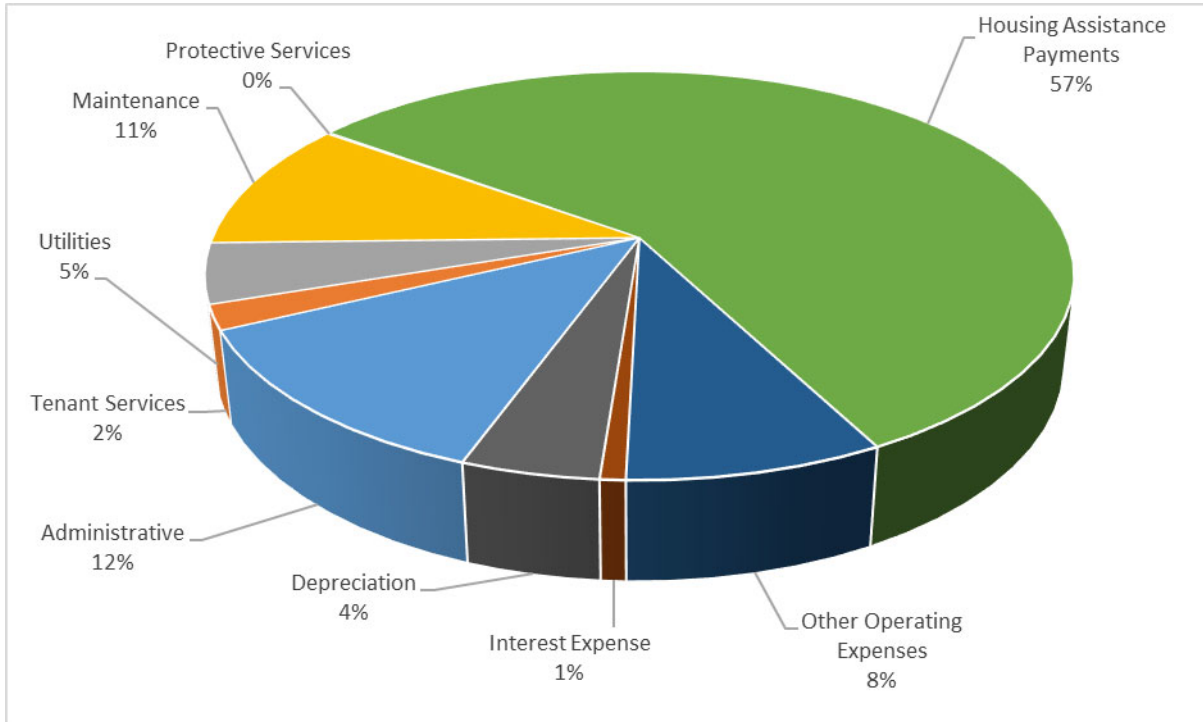
Proprietary Fund by Major Expense Category

	2020	Percent of Total	2019	Percent of Total	2020 vs. 2019 Net Increase/ (Decrease)	Percent of Change
Administrative	\$ 47,792,710	12.4 %	\$62,408,891	11.7 %	\$ (14,616,181)	-23%
Tenant Services	7,609,445	2.0	7,610,990	1.4	(1,545)	0%
Utilities	18,491,532	4.8	24,619,268	4.6	(6,127,736)	-25%
Maintenance	38,631,462	10.0	61,659,310	11.6	(23,027,848)	-37%
Protective Services	531,238	0.1	1,463,178	0.3	(931,940)	-64%
Housing Assistance Payments	221,923,212	57.5	323,267,192	60.7	(101,343,980)	-31%
Other Operating Expenses	31,466,860	8.1	22,745,959	4.3	8,720,901	38%
Expenses before Depreciation	366,446,459	94.9	\$503,774,788	94.7	(137,328,329)	
Extraordinary Maintenance	924,512	0.2	1,230,048	0.2	(305,536)	-25%
Casualty Losses	585,742	0.2	1,311,125	0.2	(725,383)	-55%
Interest Expense	3,106,998	0.8	2,911,736	0.5	195,262	7%
Depreciation	16,847,808	4.4	22,946,634	4.3	(6,098,826)	-27%
Transfer of Ownership	(1,698,805)	(0.4)	-	-	(1,698,805)	-100%
Total Expenses	\$ 386,212,714	100.0 %	\$ 532,174,331	100.0 %	\$ (145,961,617)	

**HOUSING AUTHORITY OF BALTIMORE CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2020**

The diagram below illustrates HABC's Proprietary Fund expenses by major category during FY 2020:

Proprietary Fund Expenses by Category in FY 2020



Total Proprietary Fund expenses were \$386,212,714 in FY 2020 and \$532,174,331 in FY 2019. Total expenses decreased by \$145,961,617 as discussed in further detail below.

Fiscal year 2019 was an 18-month period due to HABC converting to a 12/31 fiscal year end. As such, the prior period included 6 months of additional activity. For analysis, this MD&A will highlight any significant changes that do not fall within of 28-38% of the prior period amount. The scope represents 33% (6 months of the 18-month period) plus or minus 5% for expected fluctuations. Listed below are areas that fall within that scope:

- **Administrative** expenses decreased \$14,616,181, or 23%. Administrative costs were slightly higher than expected due to the inclusion of additional blended component units as result of changes in ownership during the fiscal year.
- **Tenant services** remained consistent with a \$1,545 decrease. This line item remained consistent with an 18-month period due to an increase in relocation and CARES-related COVID-19 costs.
- **Utilities** decreased by \$6,127,735, or 25%. Utilities were slightly higher than expected with the shorter reporting period due to City of Baltimore billing catch-up.

**HOUSING AUTHORITY OF BALTIMORE CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2020**

- **Protective services** decreased by \$931,940, or 64%. There was an overall decrease in protective service needs due to the COVID-19 pandemic.
- **Interest expense** increased by \$195,262, or 7%. Although there were 6 months less of activity, there was an increase in interest expense due to the inclusion of the new blended component units noted in the explanation for the transfer of ownership line item below.
- **Depreciation expense** decreased by \$6,098,826, or 27%. Depreciation was slightly higher than expected with the shorter reporting period due to an overall increase in depreciable assets.
- Due to the nature of **extraordinary maintenance, casualty losses**, and the **transfer of ownership** line items, we do not expect consistency on an annual basis. The transfer of ownership in the current fiscal year represents a purchase of the remaining ownership of MPV Associates, LP and Lexington Terrace Townhomes, LP. The partnerships were previously reported as discretely presented component units and were transferred to blended component units during the fiscal year because of the change in ownership.

Future Events

Perkins redevelopment in five phases is the focus in 2021. Perkins Ph 2 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 will acquire and rehabilitate 10 one-bedroom units as new public housing units. These scattered site units are planned for occupancy in FY 2021. HABC plans to demolish and/or dispose of 1,022 units and 10 vacant lots in FY 2021. 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 2021 for the disposition of 6 single-family lots for the developer to build for-sale housing units as part of Phase 1 redevelopment. Planning for redevelopment of Phase 2, consisting of 27 vacant acres is underway and a disposition application will be submitted in FY 2021.

**HOUSING AUTHORITY OF BALTIMORE CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2020**

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 \$48.8 million on capital-related activities in FY 2021. 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, 2020**

ASSETS

	Primary Government	Discrete Component Units
CURRENT ASSETS		
Cash and Cash Equivalents - Unrestricted	\$ 95,129,673	\$ 753,095
Cash and Cash Equivalents - Restricted	20,217,031	3,798,186
Accounts Receivable, Net	13,130,657	284,871
Due from Governments, Net	15,536,785	-
Unrestricted Investments	12,725,122	15,451
Restricted Investments	4,065,596	-
Other Current Assets	2,091,837	266,372
Total Current Assets	162,896,701	5,117,975
 NONCURRENT ASSETS		
Unrestricted Investments	12,873,104	-
Restricted Investments	4,121,331	-
Notes Receivable, Net of Allowance	232,323,641	-
Capital Assets, Net	339,590,736	44,746,147
Investments in Joint Ventures	6,087,679	-
Other Noncurrent Assets	-	378,554
Net Pension Asset	4,256,177	-
Net OPEB Asset	14,325,316	-
Total Noncurrent Assets	613,577,984	45,124,701
Total Assets	776,474,685	50,242,676
 DEFERRED OUTFLOWS OF RESOURCES		
Employer-Related Pension Activities	1,583,512	-
Total Deferred Outflows of Resources	1,583,512	-
Total Assets and Deferred Outflows of Resources	\$ 778,058,197	\$ 50,242,676

See accompanying Notes to Financial Statements.

**HOUSING AUTHORITY OF BALTIMORE CITY
STATEMENTS OF NET POSITION (CONTINUED)
DECEMBER 31, 2020**

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION

	<u>Primary Government</u>	<u>Discrete Component Units</u>
CURRENT LIABILITIES		
Accounts Payable	\$ 5,255,061	\$ 954,495
Accrued Liabilities	17,705,276	10,540,681
Accrued Compensated Absences	1,125,448	-
Due to Other Governmental Agencies	1,278,408	67,846
Current Portion of Long-Term Debt - Operating Borrowings	2,115,612	-
Tenant Security Deposits	492,317	122,070
Unearned Revenue	4,793,601	-
Notes and Capital Lease Payable, Current	2,793,808	67,698
Other Current Liabilities	<u>60,969</u>	<u>95,606</u>
Total Current Liabilities	35,620,500	11,848,396
NONCURRENT LIABILITIES		
Notes and Capital Lease Payable, Less Current Portion	56,601,381	42,291,965
Noncurrent Liabilities - Other	1,316,943	3,930,041
Accrued Compensated Absences, Less Current Portion	<u>2,866,023</u>	<u>-</u>
Total Noncurrent Liabilities	<u>60,784,347</u>	<u>46,222,006</u>
Total Liabilities	96,404,847	58,070,402
DEFERRED INFLOWS OF RESOURCES		
Unamortized Pension Net Difference	1,448,308	-
Unamortized OPEB Net Difference	<u>9,077,039</u>	<u>-</u>
Total Deferred Inflows of Resources	10,525,347	-
NET POSITION		
Net Investment in Capital Assets	284,386,182	2,386,484
Restricted Net Position	284,056,944	3,798,186
Unrestricted Net Position	<u>102,684,877</u>	<u>(14,012,396)</u>
Total Net Position	<u>671,128,003</u>	<u>(7,827,726)</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 778,058,197</u>	<u>\$ 50,242,676</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, 2020

	Primary Government	Discrete Component Units
OPERATING REVENUES		
Rent	\$ 21,702,897	\$ 2,156,619
Rent - Other	85,916	30,558
HUD PHA Operating Grants	324,307,894	-
Other Governmental Grants	8,224,307	1,928,302
Fraud Recovery	47,441	-
Other Revenue	30,105,780	284,555
Total Operating Revenues	384,474,235	4,400,034
OPERATING EXPENSES		
Administration and General	47,792,710	1,054,775
Housing Operations and Tenant Services	100,423,277	4,075,264
Housing Assistance Payments	221,923,212	-
Total Operating Expenses	370,139,199	5,130,039
OPERATING INCOME (LOSS) BEFORE DEPRECIATION	14,335,036	(730,005)
DEPRECIATION	16,847,808	1,854,193
TOTAL OPERATING LOSS	(2,512,772)	(2,584,198)
NONOPERATING REVENUES (EXPENSES)		
Loss on Sale of Assets	(3,648,451)	-
Investment Income	1,207,184	5,852
Extraordinary Maintenance	(924,512)	-
Nonoperating Revenues (Expenses), Net	(3,365,779)	5,852
LOSS BEFORE CONTRIBUTIONS	(5,878,551)	(2,578,346)
CONTRIBUTIONS		
Transfer of Ownership	1,698,805	9,173,705
HUD Capital Contributions	25,368,750	-
CHANGE IN NET POSITION	21,189,004	6,595,359
Net Position - Beginning of Year	649,938,999	(14,423,085)
NET POSITION - END OF YEAR	\$ 671,128,003	\$ (7,827,726)

See accompanying Notes to Financial Statements.

**HOUSING AUTHORITY OF BALTIMORE CITY
STATEMENT OF CASH FLOWS
BUSINESS-TYPE ACTIVITIES
YEAR ENDED DECEMBER 31, 2020**

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from Dwelling Rentals	\$ 21,353,945
HUD and Other Government Grants	321,792,609
Other Receipts	30,153,221
Payments for Salaries and Benefits	(42,879,333)
Payments for Administrative and General	(52,545,563)
Payments for Housing Operations and Tenant Services	(19,675,505)
Payments to Landlords and Resident Benefits	<u>(221,923,212)</u>
Net Cash Provided by Operating Activities	36,276,162

CASH FLOWS FROM INVESTING ACTIVITIES

Increase in Investments in Joint Ventures	327,226
Sale (Purchase) of Investments	3,474,582
Interest Income	1,207,184
Disbursement of Notes Receivable, Net of Receipts	<u>(13,351,560)</u>
Net Cash Used by Investing Activities	(8,342,568)

CASH FLOWS FROM FINANCING ACTIVITIES

Expenditures for Capital Assets, Net	(25,913,718)
Proceeds from Sale of Capital Assets	4,194,076
Payment on Bonds Payable	11,058,245
Other financing uses	(13,096,134)
Capital Contribution from HUD	<u>25,368,750</u>
Net Cash Provided by Financing Activities	<u>1,611,219</u>

NET INCREASE IN CASH AND CASH EQUIVALENTS

29,544,813

Cash and Cash Equivalents - Beginning of Period

85,801,891

CASH AND CASH EQUIVALENTS - END OF PERIOD

\$ 115,346,704

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

Cash and Cash Equivalents	\$ 95,129,673
Cash and Cash Equivalents - Restricted	20,217,031
Total	<u>\$ 115,346,704</u>

See accompanying Notes to Financial Statements.

**HOUSING AUTHORITY OF BALTIMORE CITY
STATEMENT OF CASH FLOWS (CONTINUED)
BUSINESS-TYPE ACTIVITIES
YEAR ENDED DECEMBER 31, 2020**

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

Operating Loss	\$ (2,512,772)
Adjustments to Reconcile Operating Loss to Net Cash	
Provided by Operating Activities:	
Depreciation	16,847,808
Effects of Changes in Operating Assets and Liabilities, Net of Business Combination and Noncash Items:	
Accounts Receivable, Net	(3,613,648)
Due to/from Other governmental Agencies, Net	(7,651,238)
Assets Held for Sale	19,403,407
Other Assets	980,299
Accounts Payable	2,968,710
Accrued Liabilities	8,398,351
Tenant Security Deposits	90,426
Unearned Revenue	3,365,768
Accrued Compensated Absences	889,779
Deferred Outflow or Resources	(952,812)
Pension Asset	804,541
OPEB Asset	(2,647,212)
Other Noncurrent Liabilities	(944,097)
Deferred Inflows of Resources	848,852
Net Cash Provided by Operating Activities	<u>\$ 36,276,162</u>

See accompanying Notes to Financial Statements.

**HOUSING AUTHORITY OF BALTIMORE CITY
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2020**

	<u>OPEB Trust</u>	<u>Employee Retirement Plan</u>
ASSETS		
Cash and Cash Equivalents	\$ -	\$ -
Accounts Receivable	80,829	-
Investments	47,736,823	49,864,758
Accrued Interest Receivable	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 47,817,652</u>	<u>\$ 49,864,758</u>
LIABILITIES AND FIDUCIARY NET POSITION		
LIABILITIES		
Due to HABC	\$ 4,863,152	\$ 27,612
Accrued Liabilities	<u>5,000</u>	<u>5,000</u>
Total Liabilities	4,868,152	32,612
NET POSITION HELD IN TRUST	<u>42,949,500</u>	<u>49,832,146</u>
Total Liabilities and Fiduciary Net Position	<u>\$ 47,817,652</u>	<u>\$ 49,864,758</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, 2020**

	OPEB Trust <u>2020</u>	Employee Retirement Plan <u>2020</u>
ADDITIONS		
Contributions:		
Employer	\$ -	\$ 1,934,811
Plan Members	-	220,382
Total Contributions	<u>-</u>	<u>2,155,193</u>
Investment Earnings:		
Interest and Dividends, Less Investment Expense	<u>3,490,476</u>	<u>3,682,917</u>
Total Additions	3,490,476	5,838,110
DEDUCTIONS		
Benefit Payments	1,845,332	3,268,572
Administrative Expenses	<u>16,236</u>	<u>87,155</u>
Total Deductions	1,861,568	3,355,727
TRANSFER FROM HABC	<u>-</u>	<u>10,122</u>
CHANGE IN NET POSITION	1,628,908	2,492,505
Total Net Position - Beginning of Period	<u>41,320,592</u>	<u>47,339,641</u>
TOTAL NET POSITION - END OF PERIOD	<u><u>\$ 42,949,500</u></u>	<u><u>\$ 49,832,146</u></u>

See accompanying Notes to Financial Statements.

**HOUSING AUTHORITY OF BALTIMORE CITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

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 (Statement 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, 2020**

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 Townhomes, LP** owns and operates a 203-unit rental housing project for low- and moderate-income families.

**HOUSING AUTHORITY OF BALTIMORE CITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

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.

<u>BAHD Affiliate</u>	<u>HABC Affiliate</u>
1234 McElderry	HABC Allendale RAD Corporation
Allendale RAD, LLC	HABC Ambrose Housing Corporation
Arbor Oaks RAD, LLC	HABC Barclay Rental 1 Housing Corporation
BE Mason RAD, LLC	HABC Bel-Park Tower RAD Corporation
Bel-Park Tower RAD, LLC	HABC Bernard E. Mason Apartments RAD Corporation
Brentwood RAD, LLC	HABC Brentwood RAD Corporation
Broadway Overlook RAD, LLC	HABC Broadway Housing Corporation
Chase House RAD, LLC	HABC Chase House RAD Corporation
Ellerslie RAD, LLC	HABC Flag Housing Corporation
Flag House I LP, LLC	HABC Flag II Housing Corporation
Flag House II LP, LLC	HABC Hillside Housing Corporation
Govans Manor RAD, LLC	HABC Hollins House RAD Corporation
Heritage Crossing RAD, LLC	HABC Lakeview Tower RAD Corporation
Hillside Park RAD, LLC	HABC Lexington Housing Corporation
Hollander Thompson, LLC	HABC McCulloh Extension RAD Corporation
Hollins House RAD, LLC	HABC Mt. Pleasant Housing Corporation
J. Van Story Branch RAD, LLC	HABC Murphy/Julian Housing Corporation
Lakeview Tower RAD, LLC	HABC Orchard Ridge Rental 1 Housing Corporation
Lexington Terrace RAD, LLC	HABC Orchard Ridge Rental 2 Housing Corporation
McCulloh RAD, LLC	HABC Orchard Ridge Rental 3 Housing Corporation
Monument East RAD, LLC	HABC Pleasant View Gardens Senior Building RAD Corporation
ODH Phase 2, LLC	HABC Pleasant View Gardens Townhomes RAD Corporation
Primrose Place RAD, LLC	HABC Primrose Place RAD Corporation
PV Gardens Senior RAD, LLC	HABC Reservoir Hill Housing Corporation
PV Gardens Townhomes RAD, LLC	HABC Sharp-Leadenhall Housing Corporation
Rosemont Tower RAD, LLC	HABC Westover Housing Corporation
Somerset RAD, LLC	N/A
Wyman House RAD, LLC	HABC Wyman House RAD Corporation

**HOUSING AUTHORITY OF BALTIMORE CITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

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, 2020. 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:

- **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.
- **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, 2020

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.

**HOUSING AUTHORITY OF BALTIMORE CITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

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 \$12,667,547 as of December 31, 2020 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, 2020, notes receivable expected to be collected by BAHD totaled \$219,656,094.

HOUSING AUTHORITY OF BALTIMORE CITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

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. HABC has unspent bond proceeds (see Note 8) restricted for capital improvement purposes in accordance with an energy conservation lease. As these bond proceeds directly relate to the capital assets and bonds payable, they are included in this category to properly match the assets with related debt.

HOUSING AUTHORITY OF BALTIMORE CITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

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 percent 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 2020, PILOT expense was \$427,887 with \$647,434 receivable. The pandemic affected rental revenue resulting in a negative computation and no payment to the City.

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, 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. Interest incurred during the construction phase is included as part of the capitalized amount of construction in progress or capitalized costs.

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
DECEMBER 31, 2020**

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.

Effect of New Pronouncements

For the fiscal year ended December 31, 2020, HABC has adopted the following GASB statements:

In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations. The implementation of this Statement had no impact on HABC.

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. This Statement establishes criteria for identifying activities for state and local governments, focusing on (1) whether the government is controlling the assets of the fiduciary activity, and (2) the beneficiaries with whom a fiduciary relationship exists. The implementation of this Statement had no impact on HABC.

In April 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This Statement improves the information that is disclosed in notes to the government financial statements related to debt, including direct borrowing and direct placements and clarifies which liabilities governments should include when disclosing information related to debt.

**HOUSING AUTHORITY OF BALTIMORE CITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Effect of New Pronouncements (Continued)

In August 2018, the GASB issued Statement No. 90, Majority Equity Interests – an *Amendment of GASB Statements No. 14 and No. 61*. This Statement improves the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units. The implementation of this Statement had no impact on HABC.

NOTE 2 CASH, CASH EQUIVALENTS, AND INVESTMENTS

Deposits

At December 31, 2020, the aggregate carrying amount of HABC’s deposits (Proprietary Fund) were \$115,346,704 and the bank balance was \$116,582,072. 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 \$2,477,658 at December 31, 2020.

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 1 Year	1-5 Years	S&P Ratings	Moody's Ratings	Percentage of Total Investments
U.S. Treasuries	\$ 6,497,297	\$ 6,497,297	\$ -	N/A	Aaa	19.2%
Federal Home Loan Bank	14,933,935	6,127,563	8,806,372	AA+	Aaa	44.2%
Federal Farm Credit Bank	12,353,921	4,165,858	8,188,063	AA+	Aaa	36.6%
Total Investments	<u>\$ 33,785,153</u>	<u>\$ 16,790,718</u>	<u>\$ 16,994,435</u>			

Fair Value Measurements: The Authority categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. 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.

**HOUSING AUTHORITY OF BALTIMORE CITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

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

Investments – Proprietary Funds (Continued)

At December 31, 2020, 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	\$ 6,497,297	\$ 6,497,297	\$ -
Federal Home Loan Bank	14,933,935	-	14,933,935
Federal Farm Credit Bank	12,353,921	-	12,353,921
Total Investments by Fair Value Level	<u>\$ 33,785,153</u>	<u>\$ 6,497,297</u>	<u>\$ 27,287,856</u>

Investments – Fiduciary Funds

Fiduciary fund investments are in debt and equity 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 1 Year	1-5 Years	S&P Ratings	Moody's Ratings	Percentage of Total Investments
Debt Securities	\$ 26,646,521	\$ 2,495,007	\$ 24,151,514	AAA to BBB-	Aaa to Baa3	27.3%
Equity Securities	70,955,060	70,955,060	-	N/A	N/A	72.7%
Total Investments	<u>\$ 97,601,581</u>	<u>\$ 73,450,067</u>	<u>\$ 24,151,514</u>			

At December 31, 2020, 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	\$ 26,646,521	\$ 26,646,521	\$ -
Equity Securities	70,955,060	51,888,261	19,066,799
Total Investments by Fair Value Level	<u>\$ 97,601,581</u>	<u>\$ 78,534,782</u>	<u>\$ 19,066,799</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, 2020 met HABC's investment policy as of that date.

**HOUSING AUTHORITY OF BALTIMORE CITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

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

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, 2020. 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.

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	\$ 4,557,465
OPEB and Pension	4,890,764
RAD and Managed Sites Settlements	1,265,906
Private Management Company	275,929
Pass Through State Grants	546,554
Other Receivables	<u>3,380,583</u>
Total Accounts Receivable	14,917,201
Less: Allowance for Doubtful Accounts	<u>(1,786,544)</u>
Accounts Receivable, Net	<u><u>\$ 13,130,657</u></u>

**HOUSING AUTHORITY OF BALTIMORE CITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 4 DUE FROM/TO GOVERNMENTAL AGENCIES

The amounts due from/to other government agencies as of December 31, 2020 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*	\$ 9,596,584	\$ 867,265	\$ 8,729,319
Portability Provisions**	265,269	-	265,269
City of Baltimore***	5,674,932	411,143	5,263,789
Total	<u>\$ 15,536,785</u>	<u>\$ 1,278,408</u>	<u>\$ 14,258,377</u>

* Primarily expenses from the Capital Fund Program (CFP), HOPE VI, Section 8, ROSS Grants, and HUD-CARES funding.

** 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.

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%.

HOUSING AUTHORITY OF BALTIMORE CITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 5 NOTES RECEIVABLE (CONTINUED)

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.

HABC has the following notes receivable outstanding as of December 31, 2020:

<u>Description</u>	<u>Amount</u>
Broadway II LP	\$ 17,344,748
Lexington Terrace Townhomes, LP	11,448,557
Lexington Gardens	3,850,312
Homewood LP	9,211,321
Flag House Courts Project, Flaghouse Rental Phases I and II	9,142,641
O'Donnell Heights Association	7,424,204
Reservoir Hill Housing, LLC	5,418,718
Orchard Ridge LP	4,347,527
Affordable Housing Initiative	3,471,728
Sharp Leadenhall Rental No 1 LLC	3,249,439
Special Mobility Program	2,967,500
Milltowne Association	2,068,302
Albermarle Square Affordable House	1,676,988
LRG, LLC	1,132,436
Barclay Square LP	614,223
NEDs	600,603
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	195,389
Baltimore Community Development, LLC	150,000
City Arts II Limited	90,000
Brian Henderson	15,000
Total Notes Receivable	<u>85,939,636</u>
Less: Allowance	<u>(73,272,089)</u>
Notes Receivable, Net	<u><u>\$ 12,667,547</u></u>

**HOUSING AUTHORITY OF BALTIMORE CITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 5 NOTES RECEIVABLE (CONTINUED)

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, 2020. Payments are payable from cash flow of the property.

BAHD has the following notes receivable outstanding at December 31, 2020:

<u>Description</u>	<u>Amount</u>
TCB McCulloh Apartments LLC	\$ 27,231,719
Rosemont Tower, LLC	18,097,642
Van Story Branch Apartments LLC	17,950,314
Wyman House LLC	13,853,306
Monument East Apartments LLC	13,647,293
LVTE LLC	13,955,923
BE Mason LLC	13,255,111
GM Maryland LLC	13,047,347
Homes for Mt. Vernon LP (Chase)	12,469,827
Hollander Ridge LLC	11,824,650
BBT, LLC	10,218,785
New Brentwood LP	10,084,433
Ellerslie LP	9,470,564
Allendale Apartments LP	8,345,709
Primrose Place Apartments, LLC	7,797,139
PVG Townhomes LLC	6,421,115
Hollins House LLC	6,281,659
Somerset Extension LP	8,519,419
Heritage Crossing II LP	2,749,880
1234 McElderry	1,888,000
Total Notes Receivable	<u>\$ 227,109,835</u>
Less: Allowance	<u>(7,453,741)</u>
Notes Receivable, Net	<u>\$ 219,656,094</u>

HOUSING AUTHORITY OF BALTIMORE CITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 6 CAPITAL ASSETS

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

	Balance 12/31/2019	Additions	Disposals	Transfers	Component Unit Transfer	Balance 12/31/2020
Nondepreciable Capital Assets:						
Land	\$ 48,452,694	\$ 1,159,258	\$ (277,185)	\$ -	\$ 325,391	\$ 49,660,158
Construction in Progress	20,329,220	23,598,774	(823,902)	(10,533,127)	-	32,570,965
Total Nondepreciable Capital Assets	68,781,914	24,758,032	(1,101,087)	(10,533,127)	325,391	82,231,123
Depreciable Capital Assets:						
Buildings	705,765,638	85,468	(14,482,867)	10,533,127	31,708,227	733,609,593
Equipment	9,533,944	-	(414,070)	-	620,416	9,740,290
Leaseholds	1,362,601	145,706	-	-	-	1,508,307
Total Depreciable Capital Assets	716,662,183	231,174	(14,896,937)	10,533,127	32,328,643	744,858,190
Accumulated Depreciation:						
Buildings	(453,192,264)	(16,648,458)	8,155,497	-	(17,859,095)	(479,544,320)
Equipment	(7,754,907)	(199,350)	-	-	-	(7,954,257)
Total Accumulated Depreciation	(460,947,171)	(16,847,808)	8,155,497	-	(17,859,095)	(487,498,577)
Net Depreciable Capital Assets	255,715,012	(16,616,634)	(6,741,440)	10,533,127	14,469,548	257,359,613
Net Capital Assets	\$ 324,496,926	\$ 8,141,398	\$ (7,842,527)	\$ -	\$ 14,794,939	\$ 339,590,736

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, 2020. 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, MPV Associates, LP and Lexington Terrace Townhomes, LP.

NOTE 7 LONG-TERM LIABILITIES

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

	Balance 12/31/19	Additions	Reductions	Balance 12/31/20	Due Within One Year
Other Noncurrent Liabilities	\$ 1,232,539	\$ 84,404	\$ -	\$ 1,316,943	\$ -
Compensated Absences	3,101,692	1,017,356	(127,577)	3,991,471	1,125,448
Total	\$ 4,334,231	\$ 1,101,760	\$ (127,577)	\$ 5,308,414	\$ 1,125,448

**HOUSING AUTHORITY OF BALTIMORE CITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 8 BONDS, NOTES, AND CAPITAL LEASE PAYABLE

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

	Balance 12/31/19	Additions	Reductions	Balance 12/31/20	Due Within One Year
EPC Bonds	\$ 41,690,000	\$ -	\$ (2,150,000)	\$ 39,540,000	\$ 2,350,000
EPC Bonds - Draw Downs	2,388,994	-	-	2,388,994	415,327
Broadway Overlook	4,129,810	-	-	4,129,810	-
Line of Credit	1,904,615	40,249	-	1,944,864	1,944,864
DHCD	243,539	-	(9,502)	234,037	6,177
Baltimore City Comm. Dev. Fin. Corp.	95,598	-	(18,166)	77,432	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	-	1,041,798	126,375
Arbor - MHF	-	561,295	-	561,295	44,374
Arbor - City of Baltimore 3rd Lien (1)	-	63,750	-	63,750	-
Arbor - City of Baltimore 3rd Lien (2)	-	1,250,596	-	1,250,596	-
Arbor - DHCD 4th Lien	-	578,843	-	578,843	-
Arbor - DHCD 5th Lien	-	4,030,000	-	4,030,000	-
Arbor - DHCD 6th Lien	-	770,000	-	770,000	-
Sub-total Long-Term Debt	<u>50,452,556</u>	<u>24,108,423</u>	<u>(2,177,668)</u>	<u>72,383,311</u>	<u>4,909,420</u>
Consolidating Eliminations*	-	(10,872,510)	-	(10,872,510)	-
Total Long-Term Debt	<u>\$ 50,452,556</u>	<u>\$ 13,235,913</u>	<u>\$ (2,177,668)</u>	<u>\$ 61,510,801</u>	<u>\$ 4,909,420</u>

*Consolidating Eliminations represent amounts due to HABC from Lexington Terrace Townhomes, LP, a blended component unit 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 January 1, 2032. 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, 2020 are as follows:

Year Ending December 31	Principal	Interest	Treasury Subsidy	Net Debt Service
2021	\$ 2,350,000	\$ 2,482,564	\$ (868,897)	\$ 3,963,667
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
2026-2030	20,360,000	5,531,564	(1,936,047)	23,955,517
2031	5,085,000	251,084	(87,881)	5,248,203
Total	<u>\$ 39,540,000</u>	<u>\$ 16,634,305</u>	<u>\$ (5,822,007)</u>	<u>\$ 50,352,298</u>

**HOUSING AUTHORITY OF BALTIMORE CITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

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, 2020, \$2,388,994 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, 2020 was \$4,506,745 of which the principal was \$4,129,810 and the accrued interest payable was \$376,935.

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, 2020, 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, 2020 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, 2020 was \$77,432.

HOUSING AUTHORITY OF BALTIMORE CITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

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

Lexington Terrace Townhomes, LP (Lexington) – 1st 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, 2020, are \$10,498,052 and \$557,793, respectively. For the year ended December 31, 2020, the interest expense was \$26,245. This obligation to HABC is fully eliminated.

Lexington – 2nd 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, 2020, was \$3,550,184. As of December 31, 2020, the outstanding principal and deferred interest payable amounts were \$4,899,382 and \$261,845, respectively. For the year ended December 31, 2020, the interest expense was \$12,248.

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, 2020, was \$374,458 and \$19,390, 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, 2020, was \$1,041,798. Accrued interest payable at December 31, 2020, was \$5,383.

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.

HOUSING AUTHORITY OF BALTIMORE CITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 8 BONDS, 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, 2020, was \$120,829. The outstanding balance on the cash flow portion at December 31, 2020, was \$440,466. Accrued interest payable on the cash flow portion at December 31, 2020, was \$124,428.

Arbor – City of Baltimore 3rd 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, 2020, was \$63,750.

Arbor – City of Baltimore 3rd 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, 2020, were \$337,596 and \$913,000. Total accrued interest payable due on the cash flow portion at December 31, 2020, was \$385,836. The total amount of accrued interest currently payable at December 31, 2020, 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.

**HOUSING AUTHORITY OF BALTIMORE CITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

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

Arbor – DHCD 4th 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, 2020, were \$299,004 and \$279,839, respectively. Accrued interest payable due on the cash flow portion at December 31, 2020, was \$123,137.

Arbor – DHCD 5th 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, 2020, was \$4,030,000. Accrued interest payable at December 31, 2020, was \$937,351.

Arbor – DHCD 6th 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, 2020, was \$770,000. Accrued interest payable at December 31, 2020, was \$179,443.

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.

Future maturities of notes and leases payable at December 31, 2020 are as follows:

Year Ending December 31	Principal	Interest
2021	\$ 2,559,420	\$ 409,091
2022	675,783	389,191
2023	751,600	367,036
2024	738,842	314,978
2025	656,201	317,462
2026-2030	133,011	1,088,474
2031-2035	30,885	150,703
2036-2040	23,057,261	12,620
2041-2045	30,885	9,531
2046-2050	4,160,695	4,632,575
2051-2055	30,885	3,354
2056-2060	17,843	530
Sub-total	<u>32,843,311</u>	<u>7,695,545</u>
Consolidating Elimination	<u>(10,872,510)</u>	<u>-</u>
Total	<u><u>\$ 21,970,801</u></u>	<u><u>\$ 7,695,545</u></u>

**HOUSING AUTHORITY OF BALTIMORE CITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 9 RESTRICTED NET POSITION

Components of restricted net position consist of the following:

	2020
Pension Asset	\$ 4,256,177
OPEB Asset	14,325,316
Self-Insurance Fund	16,841,961
Notes Receivable	232,323,641
Investments in Joint Ventures	6,087,679
Reserves and Miscellaneous Restrictions	10,222,170
Total	\$ 284,056,944

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, 2020, 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.

HOUSING AUTHORITY OF BALTIMORE CITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

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. 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.

**HOUSING AUTHORITY OF BALTIMORE CITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 12 EMPLOYEE RETIREMENT PLANS (CONTINUED)

Retirement Plan (Continued)

Benefits Provided (Continued)

As of December 31, 2020 (date of most recent valuation), the retirement plan membership consisted of:

Active Participants	560
Terminated Participants Entitled to Future Benefits	110
Total	670

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, 2020, were \$220,382. HABC's contributions to the plan were \$1,934,811 for the fiscal period ended December 31, 2020. 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.

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:

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

**HOUSING AUTHORITY OF BALTIMORE CITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 12 EMPLOYEE RETIREMENT PLANS (CONTINUED)

Retirement Plan (Continued)

Rate of Return

For the year ended December 31, 2020, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, was 7.88%. 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, 2020 were as follows:

Pension Benefit Liability:	
Vested	\$ 45,131,009
Nonvested	444,960
Total Pension Benefit Liability	<u>45,575,969</u>
Plan Fiduciary Net Position	<u>49,832,146</u>
Authority's Net Pension Asset	<u><u>\$ 4,256,177</u></u>

Plan Fiduciary Net Position as a Percentage of Total Pension Liability	109.34%
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Actuarial Assumptions

The total pension asset was determined by an actuarial valuation as of December 31, 2020, using the following actuarial assumptions, applied to all periods included in the measurement:

Interest Rate	3.50 %
Investment Rate of Return	3.75 %

Mortality rates were based on the 2020 Applicable Mortality Table for Section 417(e).

The actuarial assumptions used in the December 31, 2020, valuation were based on the results of an actuarial experience study for a 5-year period.

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.

**HOUSING AUTHORITY OF BALTIMORE CITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 12 EMPLOYEE BENEFIT PLANS (CONTINUED)

Retirement Plan (Continued)

Actuarial Assumptions (Continued)

Best estimates of arithmetic real rates of return for each major asset class as of December 31, 2020, are summarized in the following table:

Asset Class	Long-Term Expected Nominal Return	Long-Term Expected Real Rate of Return
Fixed Income:		
Cash (Government)	2.6 %	0.3 %
Cash (LIBOR)	3.2	0.9
TIPS	3.4	1.1
Core U.S. Fixed Income (Market Duration)	3.5	1.2
Long Duration Bonds - Government/ Credit	3.7	1.4
Long Duration Bonds - Credit	4.2	1.9
Long Duration Bonds - Government	3.1	0.8
High Yield Bonds	5.0	2.6
High Yield Bonds - Fallen Angels	6.8	4.4
Bank Loans	5.8	3.4
Non-U.S. Developed Bond (0% Hedged)	2.7	0.4
Non-U.S. Developed Bond (50% Hedged)	2.9	0.6
Non-U.S. Developed Bond (100% Hedged)	3.0	0.7
Short Duration Bonds - Government	2.7	0.4
Short Duration Bonds - Credit	3.4	1.1
Intermediate Duration Bonds - Government	2.8	0.5
Intermediate Duration Bonds - Credit	3.7	1.4
Convertible Bonds	5.8	3.4
STRIPS (25 Duration)	3.0	-
Emerging Markets Bonds (Sov. USD)	5.0	2.6
Emerging Market Bonds (Corporate USD)	4.9	2.5
Emerging Market Bonds (Sov. Local)	6.4	4.0

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

**HOUSING AUTHORITY OF BALTIMORE CITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 12 EMPLOYEE BENEFIT PLANS (CONTINUED)

Retirement Plan (Continued)

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	<u>\$ 47,886,891</u>	<u>\$ 45,575,969</u>	<u>\$ 44,195,565</u>
Plan Fiduciary Net Position	<u>49,832,146</u>	<u>49,832,146</u>	<u>49,832,146</u>
Authority's Net Pension Liability (Asset)	<u><u>\$ (1,945,255)</u></u>	<u><u>\$ (4,256,177)</u></u>	<u><u>\$ (5,636,581)</u></u>

For the period ended December 31, 2020, HABC recognized pension expense of \$1,894,553.

At December 31, 2020, the Authority reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 1,583,512	\$ -
Changes of Assumptions	-	131,799
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	1,316,509
Total	<u><u>\$ 1,583,512</u></u>	<u><u>\$ 1,448,308</u></u>

**HOUSING AUTHORITY OF BALTIMORE CITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 12 EMPLOYEE BENEFIT PLANS (CONTINUED)

Retirement Plan (Continued)

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

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:

<u>Fiscal Year Ending December 31,</u>	<u>Amount</u>
2021	\$ (210,458)
2022	(357,495)
2023	149,957
2024	328,614
2025	224,586

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, 2019 to December 31, 2020.

	<u>Total Pension Liability (a)</u>	<u>Increase (Decrease) Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability (Asset) (c) = (a) - (b)</u>
Balance Recognized at December 31, 2019	\$ 42,289,045	\$ 47,349,763	\$ (5,060,718)
Changes Recognized for the Fiscal Year			
Service Cost	2,525,752	-	2,525,752
Interest on the Total Pension Liability	1,465,592	-	1,465,592
Differences Between Expected and Actual Experience	1,876,738	-	1,876,738
Changes of Assumptions and Funding Method Change	687,414	-	687,414
Contributions from the Employer	-	1,934,811	(1,934,811)
Contributions from the Employee	-	220,382	(220,382)
Net Investment Income	-	3,682,917	(3,682,917)
Benefit Payments	(3,268,572)	(3,268,572)	-
Administrative Expense	-	(87,155)	87,155
Net Changes	<u>3,286,924</u>	<u>2,482,383</u>	<u>804,541</u>
Balance Recognized at December 31, 2020	<u>\$ 45,575,969</u>	<u>\$ 49,832,146</u>	<u>\$ (4,256,177)</u>

**HOUSING AUTHORITY OF BALTIMORE CITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 12 EMPLOYEE BENEFIT PLANS (CONTINUED)

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, 2020, the number of participants in the plan was:

Active Participants	200
Terminated Participants Entitled to Future Benefits	60
Total	<u>260</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 \$72,691 as of December 31, 2020.

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 198 retirees and beneficiaries receiving benefits and 327 active plan members at January 1, 2020, 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.

**HOUSING AUTHORITY OF BALTIMORE CITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 13 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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, 2020, the most recent actuarial valuation, the total OPEB liability was \$28,624,184 and the actuarial net plan assets were \$42,949,500; therefore, the net OPEB asset was \$14,325,316. 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, 2020, HABC did not contribute to the trust for payment of insurance premiums.

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, 2020
Measurement Date	December 31, 2020
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%

**HOUSING AUTHORITY OF BALTIMORE CITY
NOTES TO FINANCIAL STATEMENTS
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NOTE 13 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Actuarial Methods and Assumptions (Continued)

The investment returns by investment class, the Plan's asset investment policy, and the plan's asset performance for fiscal year 2019, 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 capital market assumptions developed by the investment manager may cover a shorter investment horizon and may not be useful in setting the long-term rate of return for funding OPEB plans, which are likely to cover a longer timeframe. The 4.00% return assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

An Investment Policy Statement (IPS) has been adopted which reflects the actuarial analysis and capital markets outlook. Per the actuarial analysis, the OPEB Trust is expected to earn a minimum required return of 2.90% over the life of the plan which would minimize the actuarially determined contribution (ADC) payments to the plan. To provide for this return and provide for variance in inflation and other variables, the targeted rate of return for the OPEB Trust is 4.00%.

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	5 %	2.25 %
Fixed Income	75	3.50
Equities	20	6.60

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 3.50% as the discount rate.

**HOUSING AUTHORITY OF BALTIMORE CITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 13 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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 3.50%. 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 (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	\$ 31,383,376	\$ 28,624,184	\$ 26,252,553
Plan Fiduciary Net Position	42,949,500	42,949,500	42,949,500
Authority's Net OPEB Liability (Asset)	<u><u>\$(11,566,124)</u></u>	<u><u>\$(14,325,316)</u></u>	<u><u>\$(16,696,947)</u></u>

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	\$ 26,238,112	\$ 28,624,184	\$ 31,349,754
Plan Fiduciary Net Position	42,949,500	42,949,500	42,949,500
Authority's Net OPEB Liability (Asset)	<u><u>\$(16,711,388)</u></u>	<u><u>\$(14,325,316)</u></u>	<u><u>\$(11,599,746)</u></u>

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

For the year ended December 31, 2020, the Authority recognized an OPEB revenue of \$(2,541,923). At December 31, 2020, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ -	\$ 2,498,821
Changes of Assumptions	-	4,747,486
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	-	1,830,732
Total	<u><u>\$ -</u></u>	<u><u>\$ 9,077,039</u></u>

**HOUSING AUTHORITY OF BALTIMORE CITY
NOTES TO FINANCIAL STATEMENTS
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NOTE 13 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources (Continued)

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, 2020 will be recognized in the expense as follows:

<u>Fiscal Year Ending December 31,</u>	<u>Amount</u>
2021	\$ (2,239,178)
2022	(2,299,479)
2023	(2,289,748)
2024	(1,754,412)
2025	(455,991)
Thereafter	(38,231)

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, 2019 to December 31, 2020.

	Total OPEB Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (c) = (a) - (b)
Balance Recognized at December 31, 2019	\$ 29,642,488	\$ 41,320,592	\$ (11,678,104)
Changes Recognized for the Fiscal Year			
Service Cost	94,153	-	94,153
Interest on the Total OPEB Liability	1,000,510	-	1,000,510
Differences Between Expected and Actual Experience	(267,635)	-	(267,635)
Net Investment Income	-	3,490,476	(3,490,476)
Benefit Payments, Net of Retiree Contributions	(1,845,332)	(1,845,332)	-
Administrative Expense	-	(16,236)	16,236
Net Changes	<u>(1,018,304)</u>	<u>1,628,908</u>	<u>(2,647,212)</u>
Balance Recognized at December 31, 2020	<u>\$ 28,624,184</u>	<u>\$ 42,949,500</u>	<u>\$ (14,325,316)</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.

**HOUSING AUTHORITY OF BALTIMORE CITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 14 INVESTMENTS IN JOINT VENTURES (CONTINUED)

The investment in these entities at December 31, 2020 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, 2020, HABC provided to the Department of Housing and Community Development \$3,598,144 in construction contracts, \$65,916 in administration and \$492,785 in general work.

NOTE 16 COMMITMENTS AND CONTINGENCIES

As of December 31, 2020, the unexpended budgets for uncompleted construction and major capital improvement projects were \$32,570,964, of which \$8,873,674, has been committed via agreements with construction vendors.

**HOUSING AUTHORITY OF BALTIMORE CITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

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, 2020, was \$975,572. 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, 2020.

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, 2020. 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, 2020, there were no accruals for these contingent liabilities in the financial statements.

**HOUSING AUTHORITY OF BALTIMORE CITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

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 \$48,985 made from this fund during fiscal year 2020.

HOUSING AUTHORITY OF BALTIMORE CITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 17 BLENDED COMPONENT UNITS

The condensed statements of net position of the blended component units are as follows as of December 31, 2020:

	Resident Services, Inc.	Baltimore Affordable Housing Development, Inc.	HABC Montpelier Housing Corporation	MPV Associates, LP	Lexington Terrace Townhomes, LP	Other Entities	Consolidating Eliminations	Total Blended Component Units	Primary Government	Eliminations	Total
Assets											
Current Assets	\$ 471,353	\$ 35,141,640	\$ 228,494	\$ 1,383,098	\$ 2,353,641	\$ -	\$ -	\$ 39,578,226	\$ 123,318,475	\$ -	\$ 162,896,701
Interprogram	-	-	-	-	-	-	-	-	32,432,670	(32,432,670)	-
Noncurrent Assets	-	219,656,094	-	-	-	6,087,679	-	225,743,773	48,243,475	-	273,987,248
Capital Assets	-	15,217,918	734,985	4,601,608	9,425,663	-	-	29,980,174	309,610,562	-	339,590,736
Deferred Outflows of Resources	-	-	-	-	-	-	-	-	1,583,512	-	1,583,512
Total Assets and Deferred Outflows of Resources	\$ 471,353	\$ 270,015,652	\$ 963,479	\$ 5,984,706	\$ 11,779,304	\$ 6,087,679	\$ -	\$ 295,302,173	\$ 515,188,694	\$ (32,432,670)	\$ 778,058,197
Liabilities											
Current Liabilities	\$ 64,824	\$ 4,385,234	\$ 93,889	\$ 2,198,218	\$ 1,487,051	\$ -	\$ -	\$ 8,229,216	\$ 27,391,284	\$ -	\$ 35,620,500
Interprogram	422,668	472,655	172,060	-	-	-	-	1,067,383	31,365,287	(32,432,670)	-
Noncurrent Liabilities	-	1,232,539	282,989	8,205,187	15,776,642	-	(10,872,510)	14,624,847	46,159,500	-	60,784,347
Deferred Inflows of Resources	-	-	-	-	-	-	-	-	10,525,347	-	10,525,347
Total Liabilities	487,492	6,090,428	548,938	10,403,405	17,263,693	-	(10,872,510)	23,921,446	115,441,418	(32,432,670)	106,930,194
Net Position											
Net Investment in Capital Assets	-	15,217,918	423,515	(3,523,925)	(6,346,229)	-	10,872,510	16,643,789	267,742,393	-	284,386,182
Restricted Net Position	-	222,656,439	134,449	526,968	1,580,103	6,087,679	-	230,985,638	53,071,306	-	284,056,944
Unrestricted Net Position	(16,139)	26,050,867	(143,423)	(1,421,742)	(718,263)	-	-	23,751,300	78,933,577	-	102,684,877
Total Net Position	(16,139)	263,925,224	414,541	(4,418,699)	(5,484,389)	6,087,679	10,872,510	271,380,727	399,747,276	-	671,128,003
Total Liabilities and Net Position	\$ 471,353	\$ 270,015,652	\$ 963,479	\$ 5,984,706	\$ 11,779,304	\$ 6,087,679	\$ -	\$ 295,302,173	\$ 515,188,694	\$ (32,432,670)	\$ 778,058,197

HOUSING AUTHORITY OF BALTIMORE CITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

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, 2020:

	Resident Services, Inc.	Baltimore Affordable Housing Development, Inc.	HABC Montpelier Housing Corporation	MPV Associates, LP	Lexington Terrace Townhomes, LP	Other Entities	Consolidating Eliminations	Total Blended Component Units	Primary Government	Eliminations	Total
Operating Revenues											
Dwelling Rental	\$ -	\$ -	\$ 246,000	\$ 1,196,777	\$ 627,636	\$ -	\$ -	\$ 2,070,413	\$ 19,632,484	\$ -	\$ 21,702,897
Nondwelling Rental	-	-	11,584	-	-	-	-	11,584	74,332	-	85,916
Grants and Contracts	229,502	-	-	325,813	-	-	-	555,315	331,976,886	-	332,532,201
Other	470,086	18,004,460	14,251	62,370	802,872	-	-	19,354,039	10,799,182	-	30,153,221
Total Operating Revenues	699,588	18,004,460	271,835	1,584,960	1,430,508	-	-	21,991,351	362,482,884	-	384,474,235
Operating Expenses											
Administration	29,703	1,373,262	80,120	319,293	372,202	-	-	2,174,580	45,618,130	-	47,792,710
Tenant Services	809,727	-	-	-	-	-	-	809,727	6,799,718	-	7,609,445
Utilities	28,081	123,781	63,138	187,598	270,315	-	-	672,913	17,818,619	-	18,491,532
Maintenance	19,260	64,974	116,778	578,626	453,555	-	-	1,233,193	37,398,269	-	38,631,462
Depreciation	-	-	78,334	270,488	497,179	-	-	846,001	16,001,807	-	16,847,808
Housing Assistance Payments	-	-	-	-	-	-	-	-	221,923,212	-	221,923,212
General and Other	6,184	8,405,300	25,981	444,570	367,107	327,226	-	9,576,368	26,114,470	-	35,690,838
Total Operating Expenses	892,955	9,967,317	364,351	1,800,575	1,960,358	327,226	-	15,312,782	371,674,225	-	386,987,007
Operating Income (Loss)	(193,367)	8,037,143	(92,516)	(215,615)	(529,850)	(327,226)	-	6,678,569	(9,191,341)	-	(2,512,772)
Nonoperating Revenues (Expenses)											
Extraordinary Maintenance	-	-	(13,536)	-	-	-	-	(13,536)	(910,976)	-	(924,512)
Investment Income	3,210	46,249	76	15,089	993	-	-	65,617	1,141,567	-	1,207,184
Capital Grants	-	-	-	-	-	-	-	-	25,368,750	-	25,368,750
Transfer of Ownership	-	-	-	-	-	-	-	-	-	-	-
Gain (loss) on disposal of asset	-	(234,514)	-	-	-	-	-	(234,514)	(3,413,937)	-	(3,648,451)
Other Financing Sources	-	-	-	-	-	-	-	-	-	-	-
Total Nonoperating Revenues (Expenses)	3,210	(188,265)	(13,460)	15,089	993	-	-	(182,433)	22,185,404	-	22,002,971
Increase (Decrease) in Net Position	(190,157)	7,848,878	(105,976)	(200,526)	(528,857)	(327,226)	-	6,496,136	12,994,063	-	19,490,199
Equity Transfer	-	-	-	(4,218,173)	(4,955,532)	-	10,872,510	1,698,805	-	-	1,698,805
Net Position - Beginning of Year	174,018	256,076,346	520,517	-	-	6,414,905	-	263,185,786	386,753,213	-	649,938,999
Net Position - End of Year	<u>\$ (16,139)</u>	<u>\$ 263,925,224</u>	<u>\$ 414,541</u>	<u>\$ (4,418,699)</u>	<u>\$ (5,484,389)</u>	<u>\$ 6,087,679</u>	<u>\$ 10,872,510</u>	<u>\$ 271,380,727</u>	<u>\$ 399,747,276</u>	<u>\$ -</u>	<u>\$ 671,128,003</u>

**HOUSING AUTHORITY OF BALTIMORE CITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

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, 2020:

	Resident Services, Inc.	Baltimore Affordable Housing Development, Inc.	HABC Montpelier Housing Corporation	MPV Associates, LP	Lexington Terrace Townhomes, LP	Other Entities	Consolidating Eliminations	Total Blended Component Units	Primary Government	Eliminations	Total
Net Cash Provided (Used) by											
Operating Activities	\$ 210,542	\$ 11,968,998	\$ 7,140	\$ 240,851	\$ 195,537	\$ -	\$ -	\$ 12,623,068	\$ 23,653,094	\$ -	\$ 36,276,162
Capital and Related Financing Activities	-	(4,703,706)	6,492	(163,172)	-	-	-	(4,860,386)	6,471,605	-	1,611,219
Investing Activities	-	5,329,589	-	565,682	2,092,759	-	-	7,988,030	(16,330,598)	-	(8,342,568)
Net Increase (Decrease) in Cash and Cash Equivalents	210,542	12,594,881	13,632	643,361	2,288,296	-	-	15,750,712	13,794,101	-	29,544,813
Cash and Cash Equivalents - Beginning of Year	228,372	21,281,617	143,524	-	-	-	-	21,653,513	43,078,654	-	85,801,891
Cash and Cash Equivalents - End of Year	<u>\$ 438,914</u>	<u>\$ 33,876,498</u>	<u>\$ 157,156</u>	<u>\$ 643,361</u>	<u>\$ 2,288,296</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,404,225</u>	<u>\$ 56,872,755</u>	<u>\$ -</u>	<u>\$ 115,346,704</u>

HOUSING AUTHORITY OF BALTIMORE CITY
NOTES TO FINANCIAL STATEMENTS
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NOTE 18 DISCRETELY PRESENTED COMPONENT UNITS CONDENSED FINANCIAL INFORMATION

	Flag House Rental I, LP	Flag House Rental II, LP	MPV Associates, LP	Homewood LP	Reservoir Hill Housing, LLC	Sharp-Leadenhall Rental No. 1, LP	St. Ambrose LP	Lexington Terrace Townhomes, LP	Conifer Cooks Lane Associates, LLC	Total
ASSETS										
Cash and Cash Equivalents	\$ 218,326	\$ 120,275	\$ -	\$ 298,434	\$ 10,983	\$ 27,109	\$ 26,474	\$ -	\$ 66,945	\$ 768,546
Cash and Cash Equivalents - Restricted	470,438	270,140	-	1,445,308	498,043	574,134	188,353	-	213,721	3,660,137
Tenant Security Deposits	42,544	24,140	-	3,993	12,093	8,256	2,330	-	44,693	138,049
Accounts Receivables	64,779	45,779	-	36,030	54,460	6,868	19,053	-	57,902	284,871
Other Assets	38,623	58,572	-	41,570	32,846	-	76	-	94,685	266,372
Capital Assets, Net	8,663,204	5,491,533	-	12,822,434	7,377,417	3,814,762	3,004,455	-	3,572,342	44,746,147
Non-Current Assets	48,722	64,267	-	118,508	56,637	16,403	-	-	74,017	378,554
Total Assets	<u>\$ 9,546,636</u>	<u>\$ 6,074,706</u>	<u>\$ -</u>	<u>\$ 14,766,277</u>	<u>\$ 8,042,479</u>	<u>\$ 4,447,532</u>	<u>\$ 3,240,741</u>	<u>\$ -</u>	<u>\$ 4,124,305</u>	<u>\$ 50,242,676</u>
LIABILITIES AND NET POSITION										
LIABILITIES										
Current Liabilities	\$ 2,531,010	\$ 1,789,381	\$ -	\$ 732,288	\$ 3,583,064	\$ 1,724,591	\$ 221,100	\$ -	\$ 1,266,962	\$ 11,848,396
Long-Term Liabilities	-	-	-	3,241,390	2,322,830	-	-	-	312,263	5,876,483
Long-Term Debt	10,235,156	5,313,987	-	13,327,715	5,010,000	1,699,030	-	-	4,759,635	40,345,523
NET POSITION										
Net Investment in Capital Assets	(1,571,952)	177,546	-	(505,281)	353,277	2,115,732	3,004,455	-	(1,187,293)	2,386,484
Restricted	512,982	294,280	-	1,449,301	510,136	582,390	190,683	-	258,414	3,798,186
Unrestricted (Deficit)	(2,160,560)	(1,500,488)	-	(3,479,136)	(3,736,828)	(1,674,211)	(175,497)	-	(1,285,676)	(14,012,396)
Total Liabilities and Net Position	<u>\$ 9,546,636</u>	<u>\$ 6,074,706</u>	<u>\$ -</u>	<u>\$ 14,766,277</u>	<u>\$ 8,042,479</u>	<u>\$ 4,447,532</u>	<u>\$ 3,240,741</u>	<u>\$ -</u>	<u>\$ 4,124,305</u>	<u>\$ 50,242,676</u>
Operating Revenues	\$ 1,050,562	\$ 498,203	\$ -	\$ 818,699	\$ 591,744	\$ 233,665	\$ 210,503	\$ -	\$ 996,658	\$ 4,400,034
Operating Expenses	(1,169,517)	(644,873)	-	(822,773)	(812,199)	(407,626)	(267,354)	-	(1,005,697)	(5,130,039)
Operating Income (Loss)	(118,955)	(146,670)	-	(4,074)	(220,455)	(173,961)	(56,851)	-	(9,039)	(730,005)
Nonoperating Revenues	1,219	896	-	953	2,312	449	1	-	22	5,852
Nonoperating Expenses	(395,516)	(233,719)	-	(395,464)	(307,103)	(146,651)	(215,961)	-	(159,779)	(1,854,193)
Change in Net Position	(513,252)	(379,493)	-	(398,585)	(525,246)	(320,163)	(272,811)	-	(168,796)	(2,578,346)
Equity Transfer	-	-	4,218,173	-	-	-	-	4,955,532	-	9,173,705
Beginning Net Position	(2,706,278)	(649,169)	(4,218,173)	(2,136,531)	(2,348,169)	1,344,074	3,292,452	(4,955,532)	(2,045,759)	(14,423,085)
Ending Net Position	<u>\$ (3,219,530)</u>	<u>\$ (1,028,662)</u>	<u>\$ -</u>	<u>\$ (2,535,116)</u>	<u>\$ (2,873,415)</u>	<u>\$ 1,023,911</u>	<u>\$ 3,019,641</u>	<u>\$ -</u>	<u>\$ (2,214,555)</u>	<u>\$ (7,827,726)</u>

**HOUSING AUTHORITY OF BALTIMORE CITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

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, 2020.

	Balance 12/31/19	Additions and Transfers In	Disposals and Transfers Out	Balance 12/31/20
Land	\$ 3,207,213	\$ 44,004	\$ (325,391)	\$ 2,925,826
Construction in Progress	-	-	-	-
Total Capital Assets not Being Depreciated	<u>3,207,213</u>	<u>44,004</u>	<u>(325,391)</u>	<u>2,925,826</u>
Buildings and Improvements	100,458,665	-	(32,702,548)	67,756,117
Equipment	1,739,434	171,762	-	1,911,196
Total	<u>102,198,099</u>	<u>171,762</u>	<u>(32,702,548)</u>	<u>69,667,313</u>
Less: Accumulated Depreciation	<u>(43,957,379)</u>	<u>(1,854,193)</u>	<u>17,964,580</u>	<u>(27,846,992)</u>
Total Capital Assets Being Depreciated	<u>58,240,720</u>	<u>(1,682,431)</u>	<u>(14,737,968)</u>	<u>41,820,321</u>
Total Capital Assets, Net	<u>\$ 61,447,933</u>	<u>\$ (1,638,427)</u>	<u>\$ (15,063,359)</u>	<u>\$ 44,746,147</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, 2020.

Notes Payable - General Partner	\$ 20,057,664
Mortgages and Other Housing Related Notes	22,301,999
Total	<u>42,359,663</u>
Less: Current Portion	67,698
Noncurrent Portion	<u>\$ 42,291,965</u>

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

Balance December 31, 2019	Increase	Decrease	Balance December 31, 2020
\$ 67,124,391	\$ 536,157	\$ (25,300,885)	\$ 42,359,663

**HOUSING AUTHORITY OF BALTIMORE CITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 19 SUBSEQUENT EVENTS

Rental Assistance Demonstration (RAD)

HABC participates in HUD's RAD program, whereby HABC has converted 23 public housing sites comprising of 3,694 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.

HABC was awarded 2 additional phases of RAD Assistance (Phase III & Phase IV). Phase III consists of 1,434 units which includes the Perkins Development. The Perkins Development was also awarded a \$30M Choice Neighborhood Transformation grant and is currently under construction. The 629 Public Housing units in this development will be transformed into a mixed-income community that will provide 1,346 brand new units. RAD Phase IV consists of an additional 69 units. The development projects are scheduled in Phase IV during FY 2021 and 2022.

HABC is often approached by private individuals, developers and other entities asking to purchase its Scattered Sites properties. If HABC determines that a unit/building will not be sold to the City of Baltimore or is unsuitable for homeownership, HABC may negotiate a sale to a third party. Units considered for homeownership are in areas of opportunity, those undergoing re-investment and/or those with a sustainable future.

On March 1, 2021, BAHD purchased the limited partner interest of Flag I and II aka Albemarle Square and became the majority owner/sole member for these properties.

COVID-19

Like the rest of the world, the Authority continues to deal with the effects of COVID-19. This pandemic has resulted in some slowed operations and continues to affect decision making and cost of operations. One impact was that rental revenue went drastically down, however operations continued effectively. During the shutdown only essential employees were on field with PPE equipped and non-essential employees were provided resources to telecommute. We do not anticipate it to have an outsized impact on operations or the cost in 2021.

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

	2020	2019	2018	2017	2016	2015
Total Pension Liability:						
Service Cost	\$ 2,523,983	\$ 3,545,880	\$ 2,079,795	\$ 2,249,744	\$ 2,049,469	\$ 2,575,434
Interest	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	1,988,056	718,742	89,517	203,065	(558,075)	(2,216,247)
Change in Assumptions	687,414	512,052	1,329,253	-	201,281	106,862
Benefit Payment, Including Refunds of Member Contributions	(3,268,572)	(4,225,529)	(5,749,027)	(4,563,706)	(3,082,053)	(17,105,436)
Funding Method Change	-	-	-	-	-	(584,369)
Forfeitures	(22,363)	-	-	-	-	-
Administrative Expense	(87,155)	(158,668)	(170,555)	(187,160)	(192,008)	(211,552)
Net Change in Total Pension Liability	3,286,924	3,518,457	(999,933)	(821,093)	18,191	(15,251,234)
Total Pension Liability - Beginning	42,289,045	38,770,588	39,770,521	40,591,614	40,573,423	55,824,657
Total Pension Liability - Ending (a)	<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	\$ 1,934,811	\$ 2,609,788	\$ 1,865,994	\$ 2,016,923	\$ 1,841,167	\$ 2,380,204
Contributions - Member	220,382	232,699	159,754	167,113	164,157	195,231
Net Investment Income (Loss)	3,682,917	4,193,831	2,211,827	2,305,930	(14,312)	636,086
Benefit Payments, Including Refunds of Member Contributions	(3,268,572)	(4,225,529)	(5,749,027)	(4,563,706)	(3,082,053)	(17,105,436)
Administrative Expense	(87,155)	(158,668)	(170,555)	(187,160)	(192,008)	(211,552)
Net Change in Plan Fiduciary Net Position	2,482,383	2,652,121	(1,682,007)	(260,900)	(1,283,049)	(14,105,467)
Plan Fiduciary Net Position - Beginning	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>\$ 49,832,146</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>\$ (4,256,177)</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	109.34%	111.97%	115.29%	116.62%	114.90%	118.12%
Covered Payroll	\$ 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	-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>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially Determined Contributions	\$ 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>1,934,811</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>
Covered Payroll	\$ 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	5.45%	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, 2020
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:	3.75%, Net of Pension Plan Investment Expense, Including Inflation
Mortality:	2020 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

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability:			
Service Cost	\$ 94,153	\$ 191,887	\$ 150,360
Interest	1,000,510	2,057,584	1,055,896
Differences Between Expected and Actual Experience	(267,635)	(3,330,418)	(256,873)
Change in Assumptions	-	(2,518,154)	(6,257,346)
Benefit Payments, Including Refunds of Member Contributions	<u>(1,845,332)</u>	<u>(2,813,124)</u>	<u>(2,003,263)</u>
Net Change in Total OPEB Liability	(1,018,304)	(6,412,225)	(7,311,226)
Total OPEB Liability - Beginning	<u>29,642,488</u>	<u>36,054,713</u>	<u>43,365,939</u>
Total OPEB Liability - Ending (a)	<u>\$ 28,624,184</u>	<u>\$ 29,642,488</u>	<u>\$ 36,054,713</u>
Plan Fiduciary Net Position:			
Contributions - Employer	\$ -	\$ -	\$ -
Net Investment Income	3,490,476	3,079,665	438,120
Benefit Payments, Including Refunds of Member Contributions	(1,845,332)	(2,813,124)	(2,003,263)
Administrative Expense	<u>(16,236)</u>	<u>(15,827)</u>	<u>(24,149)</u>
Net Change in Plan Fiduciary Net Position	1,628,908	250,714	(1,589,292)
Plan Fiduciary Net Position - Beginning	<u>41,320,592</u>	<u>41,069,878</u>	<u>42,659,170</u>
Plan Fiduciary Net Position - Ending (b)	<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>\$ (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	150.05%	139.40%	113.91%
Covered Employee Payroll	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
Expected Average Remaining Service Years of All Participants	7	7	7
Discount rate	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>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially Determined Contributions	\$ -	\$ -	\$ -
Contributions in Relation to Actuarially Determined Contributions	<u>-</u>	<u>-</u>	<u>-</u>
Contributions Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Employee Payroll	N/A	N/A	N/A
Contributions as a Percentage of Covered Employee Payroll	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, 2020**

Line Item #	Accounts Description	Moving to Work Program						Total MTW Programs	Section 8 N/C S/R 14.182	State and Local
		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			
ASSETS										
CURRENT ASSETS										
Cash:										
111	Unrestricted	\$ 63,091,977	\$ -	\$ -	\$ -	\$ 127,137	\$ -	\$ 63,219,114	\$ -	\$ -
113	Other restricted	326,073	-	-	-	429,147	-	755,220	-	-
114	Tenant security deposits	-	-	-	-	264,837	-	264,837	-	-
115	Cash - restricted for payment of current liability	-	-	-	-	1,859,066	-	1,859,066	-	-
	Total cash	63,418,050	-	-	-	2,680,187	-	66,098,237	-	-
Accounts and notes receivable:										
121	Accounts receivable- PHA	265,269	-	-	-	-	-	265,269	-	-
122	Accounts receivable - HUD	-	-	-	-	4,557,909	3,514,104	8,072,013	-	116,504
124	Accounts receivable - other government	4,156,845	-	-	-	634,590	-	4,791,435	-	883,497
125	Accounts receivable - miscellaneous	5,006,635	-	-	-	1,280,049	-	6,286,684	-	2,025,485
126	Accounts receivable - tenants rents	-	-	-	-	4,339,330	-	4,339,330	-	-
126.1	Allowance for doubtful accounts - tenants	-	-	-	-	(1,785,051)	-	(1,785,051)	-	-
	Total receivables, net	9,428,749	-	-	-	9,026,827	3,514,104	21,969,680	-	3,025,486
131	Investments - Unrestricted	4,098,226	-	-	-	21,500,000	-	25,598,226	-	-
132	Investments - restricted	-	-	-	-	-	-	-	-	-
142	Prepaid expenses and other assets	1,129,080	-	-	-	175,225	-	1,304,305	-	-
143	Inventories	501,135	-	-	-	-	-	501,135	-	-
144	Interprogram due from	1,861,946	-	-	-	24,451,408	-	26,313,354	130,819	-
	Total current assets	80,437,186	-	-	-	57,833,647	3,514,104	141,784,937	130,819	3,025,486
NONCURRENT ASSETS										
Capital assets:										
161	Land	-	-	-	-	36,460,097	-	36,460,097	-	-
162	Buildings	4,054,110	-	-	-	680,394,075	-	684,448,185	-	-
163	Furniture and equipment - Dwellings	-	-	-	-	-	-	-	-	-
164	Furniture and equipment - Administration	4,231,167	-	-	-	3,742,073	-	7,973,240	-	60,642
165	Leasehold Improvements	1,508,307	-	-	-	-	-	1,508,307	-	-
167	Construction in Progress	5,326,002	-	-	-	15,780,989	-	21,106,991	-	1,045,557
166	Accumulated depreciation	(5,646,879)	-	-	-	(446,311,230)	-	(451,958,109)	-	-
	Total capital assets, net	9,472,707	-	-	-	290,066,004	-	299,538,711	-	1,106,199
174	Other assets	18,581,493	-	-	-	-	-	18,581,493	-	-
176	Investments in Joint Ventures	-	-	-	-	-	-	-	-	-
171	Notes receivable - noncurrent	-	-	-	-	8,612,132	-	8,612,132	-	-
	Total noncurrent assets	28,054,200	-	-	-	298,678,136	-	326,732,336	-	1,106,199
200	Deferred Outflow of Resources	1,583,512	-	-	-	-	-	1,583,512	-	-
	Total Assets	\$ 110,074,898	\$ -	\$ -	\$ -	\$ 356,511,783	\$ 3,514,104	\$ 470,100,785	\$ 130,819	\$ 4,131,685

**HOUSING AUTHORITY OF BALTIMORE CITY
FINANCIAL DATA SCHEDULES
ENTITY-WIDE BALANCE SHEET
DECEMBER 31, 2020**

Line Item #	Accounts Description	Mainstream Vouchers 14.879	Mainstream Vouchers CARES	ROSS 14.870	Business Activities	Housing Choice Vouchers 14.871	Housing Choice Vouchers CARES	Single Room Occupancy 14.249	Section 8 Moderate Rehabilitation 14.856	Self Insurance Fund	Jobs Plus Pilot Initiative 14.895
ASSETS											
CURRENT ASSETS											
Cash:											
111	Unrestricted	\$ -	\$ -	\$ -	\$ 480,027	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
113	Other restricted	-	-	-	2,360,799	-	-	-	-	8,891,694	-
114	Tenant security deposits	-	-	-	111,722	-	-	-	-	-	-
115	Cash - restricted for payment of current liability	-	-	-	-	-	-	-	-	-	-
	Total cash	-	-	-	2,952,548	-	-	-	-	8,891,694	-
Accounts and notes receivable:											
121	Accounts receivable- PHA	-	-	-	-	-	-	-	-	-	-
122	Accounts receivable - HUD	-	-	174,501	-	-	-	560	-	-	67,710
124	Accounts receivable - other government	-	-	-	-	-	-	-	-	-	-
125	Accounts receivable - miscellaneous	-	-	-	287,701	-	-	-	-	39,107	2,150
126	Accounts receivable - tenants rents	-	-	-	64,864	-	-	-	-	-	-
126.1	Allowance for doubtful accounts - tenants	-	-	-	-	-	-	-	-	-	-
	Total receivables, net	-	-	174,501	352,565	-	-	560	-	39,107	69,860
131	Investments - Unrestricted	-	-	-	-	-	-	-	-	-	-
132	Investments - restricted	-	-	-	-	-	-	-	-	8,186,927	-
142	Prepaid expenses and other assets	-	-	8,422	777	-	-	-	-	-	-
143	Inventories	-	-	-	-	-	-	-	-	-	-
144	Interprogram due from	459,855	16,957	-	1,132,790	107,456	2,540,057	323,716	66,882	-	-
	Total current assets	459,855	16,957	182,923	4,438,680	107,456	2,540,057	324,276	66,882	17,117,728	69,860
NONCURRENT ASSETS											
Capital assets:											
161	Land	-	-	-	2,123,497	-	-	-	-	-	-
162	Buildings	-	-	-	13,650,850	-	-	-	-	-	-
163	Furniture and equipment - Dwellings	-	-	-	-	-	-	-	-	-	-
164	Furniture and equipment - Administration	-	-	-	1,085,587	-	-	-	-	-	-
165	Leasehold Improvements	-	-	-	-	-	-	-	-	-	-
167	Construction in Progress	-	-	-	2,732,136	-	-	-	-	-	-
166	Accumulated depreciation	-	-	-	(13,789,007)	-	-	-	-	-	-
	Total capital assets, net	-	-	-	5,803,063	-	-	-	-	-	-
174	Other assets	-	-	-	-	-	-	-	-	-	-
176	Investments in Joint Ventures	-	-	-	-	-	-	-	-	-	-
171	Notes receivable - noncurrent	-	-	-	4,055,415	-	-	-	-	-	-
	Total noncurrent assets	-	-	-	9,858,478	-	-	-	-	-	-
200	Deferred Outflow of Resources	-	-	-	-	-	-	-	-	-	-
	Total Assets	\$ 459,855	\$ 16,957	\$ 182,923	\$ 14,297,158	\$ 107,456	\$ 2,540,057	\$ 324,276	\$ 66,882	\$ 17,117,728	\$ 69,860

**HOUSING AUTHORITY OF BALTIMORE CITY
FINANCIAL DATA SCHEDULES
ENTITY-WIDE BALANCE SHEET
DECEMBER 31, 2020**

Line Item #	Accounts Description	HOPE VI 14,866	CDBG 14,218	Blended Component Units	Elimination	Total Business Type Activities	Discrete Component Units	Pension	OPEB	Fiduciary Funds Total
ASSETS										
CURRENT ASSETS										
Cash:										
111	Unrestricted	\$ -	\$ -	\$ 31,430,532	\$ -	\$ 95,129,673	\$ 753,095	\$ -	\$ -	\$ -
113	Other restricted	-	-	5,848,070	-	17,855,783	3,660,137	-	-	-
114	Tenant security deposits	-	-	125,623	-	502,182	138,049	-	-	-
115	Cash - restricted for payment of current liability	-	-	-	-	1,859,066	-	-	-	-
	Total cash	-	-	37,404,225	-	115,346,704	4,551,281	-	-	-
Accounts and notes receivable:										
121	Accounts receivable- PHA	-	-	-	-	265,269	73,996	-	-	-
122	Accounts receivable - HUD	1,132,354	-	32,942	-	9,596,584	7,499	-	-	-
124	Accounts receivable - other government	-	-	-	-	5,674,932	-	-	-	-
125	Accounts receivable - miscellaneous	-	6,526	1,712,083	-	10,359,736	6,568	-	80,829	80,829
126	Accounts receivable - tenants rents	-	-	153,271	-	4,557,465	343,496	-	-	-
126.1	Allowance for doubtful accounts - tenants	-	-	(1,493)	-	(1,786,544)	(146,688)	-	-	-
	Total receivables, net	1,132,354	6,526	1,896,803	-	28,667,442	284,871	-	80,829	80,829
131	Investments - Unrestricted	-	-	-	-	25,598,226	15,451	-	-	-
132	Investments - restricted	-	-	-	-	8,186,927	-	49,864,758	47,736,823	97,601,581
142	Prepaid expenses and other assets	-	-	277,198	-	1,590,702	266,372	-	-	-
143	Inventories	-	-	-	-	501,135	-	-	-	-
144	Interprogram due from	-	1,340,784	-	(32,432,670)	-	-	-	-	-
	Total current assets	1,132,354	1,347,310	39,578,226	(32,432,670)	179,891,136	5,117,975	49,864,758	47,817,652	97,682,410
NONCURRENT ASSETS										
Capital assets:										
161	Land	-	-	11,076,564	-	49,660,158	2,925,826	-	-	-
162	Buildings	-	-	35,510,558	-	733,609,593	67,262,095	-	-	-
163	Furniture and equipment - Dwellings	-	-	308,375	-	308,375	1,324,620	-	-	-
164	Furniture and equipment - Administration	-	-	312,446	-	9,431,915	586,576	-	-	-
165	Leasehold Improvements	-	-	-	-	1,508,307	494,022	-	-	-
167	Construction in Progress	3,162,589	-	4,523,692	-	32,570,965	-	-	-	-
166	Accumulated depreciation	-	-	(21,751,461)	-	(487,498,577)	(27,846,992)	-	-	-
	Total capital assets, net	3,162,589	-	29,980,174	-	339,590,736	44,746,147	-	-	-
174	Other assets	-	-	-	-	18,581,493	378,554	-	-	-
176	Investments in Joint Ventures	-	-	6,087,679	-	6,087,679	-	-	-	-
171	Notes receivable - noncurrent	-	-	219,656,094	-	232,323,641	-	-	-	-
	Total noncurrent assets	3,162,589	-	255,723,947	-	596,583,549	45,124,701	-	-	-
200	Deferred Outflow of Resources	-	-	-	-	1,583,512	-	-	-	-
	Total Assets	\$ 4,294,943	\$ 1,347,310	\$ 295,302,173	\$ (32,432,670)	\$ 778,058,197	\$ 50,242,676	\$ 49,864,758	\$ 47,817,652	\$ 97,682,410

**HOUSING AUTHORITY OF BALTIMORE CITY
FINANCIAL DATA SCHEDULES
ENTITY-WIDE BALANCE SHEET
DECEMBER 31, 2020**

Line Item #	Accounts Description	Moving to Work Program					AMPS CARES	Total MTW Programs	Section 8 N/C S/R 14.182	State and Local
		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				
LIABILITIES AND NET ASSETS										
CURRENT LIABILITIES										
312	Accounts payable < 90 days	\$ 1,647,103	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,647,103	\$ -	\$ 1,459,332
321	Accrued salaries/payroll withholding	2,406,759	-	-	-	-	-	2,406,759	-	-
322	Accrued compensated absences	677,682	-	-	-	412,970	-	1,090,652	-	-
325	Accrued interest payable	-	-	-	-	376,935	-	376,935	-	-
331	Accounts payable - HUD PHA programs	-	-	-	-	-	-	-	-	-
333	Accounts payable - other gov.	-	-	-	-	263,594	-	263,594	-	-
341	Tenant security deposits	-	-	-	-	264,351	-	264,351	-	-
342	Unearned revenue	45,000	-	-	-	682,885	-	727,885	-	7,900
343	Current portion of L-T debt - capital projects	-	-	-	-	2,350,000	-	2,350,000	-	-
344	Current Portion of Long-term Debt - Operating Borrowings	-	-	-	-	-	-	-	-	-
345	Other current liabilities	-	-	-	-	53,151	-	53,151	-	-
346	Accrued liabilities - other	1,532,446	-	-	-	8,804,208	-	10,336,654	-	21,911
347	Interprogram (due to)	6,833,371	-	-	-	17,861,354	3,514,104	28,208,829	-	1,408,431
	Total current liabilities	13,142,361	-	-	-	31,069,448	3,514,104	47,725,913	-	2,897,574
NONCURRENT LIABILITIES										
351	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	-	-	-	-	37,190,000	-	37,190,000	-	-
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	1,522,725	-	-	-	1,238,911	-	2,761,636	-	-
355	Loan Liability - Non Current	-	-	-	-	-	-	-	-	-
	Total noncurrent liabilities	1,522,725	-	-	-	42,558,721	-	44,081,446	-	-
	Total liabilities	14,665,086	-	-	-	73,628,169	3,514,104	91,807,359	-	2,897,574
400	Deferred Inflow of Resources	10,525,347	-	-	-	-	-	10,525,347	-	-
NET POSITION										
508.4	Invested in capital assets, net of related debt	9,472,707	-	-	-	250,526,004	-	259,998,711	-	1,106,199
511.4	Restricted net position	18,907,566	-	-	-	10,900,831	-	29,808,397	-	-
512.4	Unrestricted net position	56,504,192	-	-	-	21,456,779	-	77,960,971	130,819	127,912
	Total net position	84,884,465	-	-	-	282,883,614	-	367,768,079	130,819	1,234,111
	Total Liabilities and Net Position	\$ 110,074,898	\$ -	\$ -	\$ -	\$ 356,511,783	\$ 3,514,104	\$ 470,100,785	\$ 130,819	\$ 4,131,685

**HOUSING AUTHORITY OF BALTIMORE CITY
FINANCIAL DATA SCHEDULES
ENTITY-WIDE BALANCE SHEET
DECEMBER 31, 2020**

Line Item #	Accounts Description	Mainstream Vouchers 14.879	Mainstream Vouchers CARES	ROSS 14.870	Business Activities	Housing Choice Vouchers 14.871	Housing Choice Vouchers CARES	Single Room Occupancy 14.249	Section 8 Moderate Rehabilitation 14.856	Self Insurance Fund	Jobs Plus Pilot Initiative 14.895
LIABILITIES AND NET ASSETS											
CURRENT LIABILITIES											
312	Accounts payable < 90 days	\$ -	\$ -	\$ -	\$ 46,762	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
321	Accrued salaries/payroll withholding	-	-	-	-	-	-	-	-	-	-
322	Accrued compensated absences	-	-	-	34,796	-	-	-	-	-	-
325	Accrued interest payable	-	-	-	-	-	-	-	-	-	-
331	Accounts payable - HUD PHA programs	-	-	-	-	-	-	256,415	-	-	-
333	Accounts payable - other gov.	-	-	-	129,263	-	-	-	-	-	-
341	Tenant security deposits	-	-	-	106,988	-	-	-	-	-	-
342	Unearned revenue	437,553	16,957	-	9,567	-	2,540,057	-	-	-	-
343	Current portion of L-T debt - capital projects	-	-	-	415,327	-	-	-	-	-	-
344	Current Portion of Long-term Debt - Operating Borrowings	-	-	-	-	-	-	-	-	-	-
345	Other current liabilities	-	-	-	-	1,658	-	-	-	-	-
346	Accrued liabilities - other	-	-	-	291,093	-	-	-	-	1,000	-
347	Interprogram (due to)	-	-	165,352	-	-	-	-	-	275,767	66,162
	Total current liabilities	437,553	16,957	165,352	1,033,796	1,658	2,540,057	256,415	-	276,767	66,162
NONCURRENT LIABILITIES											
351	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	-	-	-	1,912,842	-	-	-	-	-	-
352	Long-term Debt, Net of Current - Operating Borrowings	-	-	-	60,825	-	-	-	-	-	-
353	Noncurrent liabilities - other	-	-	-	-	-	-	-	-	-	-
354	Accrued comp. absences - long term	-	-	-	104,387	-	-	-	-	-	-
355	Loan Liability - Non Current	-	-	-	-	-	-	-	-	-	-
	Total noncurrent liabilities	-	-	-	2,078,054	-	-	-	-	-	-
	Total liabilities	437,553	16,957	165,352	3,111,850	1,658	2,540,057	256,415	-	276,767	66,162
400	Deferred Inflow of Resources	-	-	-	-	-	-	-	-	-	-
NET POSITION											
508.4	Invested in capital assets, net of related debt	-	-	-	3,474,894	-	-	-	-	-	-
511.4	Restricted net position	-	-	-	6,420,948	-	-	-	-	16,841,961	-
512.4	Unrestricted net position	22,302	-	17,571	1,289,466	105,798	-	67,861	66,882	(1,000)	3,698
	Total net position	22,302	-	17,571	11,185,308	105,798	-	67,861	66,882	16,840,961	3,698
	Total Liabilities and Net Position	\$ 459,855	\$ 16,957	\$ 182,923	\$ 14,297,158	\$ 107,456	\$ 2,540,057	\$ 324,276	\$ 66,882	\$ 17,117,728	\$ 69,860

**HOUSING AUTHORITY OF BALTIMORE CITY
FINANCIAL DATA SCHEDULES
ENTITY-WIDE BALANCE SHEET
DECEMBER 31, 2020**

Line Item #	Accounts Description	HOPE VI 14.866	CDBG 14.218	Blended Component Units	Elimination	Total Business Type Activities	Discrete Component Units	Pension	OPEB	Fiduciary Funds Total
LIABILITIES AND NET ASSETS										
CURRENT LIABILITIES										
312	Accounts payable < 90 days	\$ 1,000,310	\$ 83,023	\$ 1,018,531	\$ -	\$ 5,255,061	\$ 954,495	\$ -	\$ -	\$ -
321	Accrued salaries/payroll withholding	-	-	15,455	-	2,422,214	-	-	-	-
322	Accrued compensated absences	-	-	-	-	1,125,448	-	-	-	-
325	Accrued interest payable	-	-	2,571,420	-	2,948,355	10,527,225	-	-	-
331	Accounts payable - HUD PHA programs	-	-	610,850	-	867,265	67,846	-	-	-
333	Accounts payable - other gov.	-	-	18,286	-	411,143	-	-	-	-
341	Tenant security deposits	-	-	120,978	-	492,317	122,070	-	-	-
342	Unearned revenue	-	1,014,288	39,394	-	4,793,601	-	-	-	-
343	Current portion of L-T debt - capital projects	-	-	28,481	-	2,793,808	67,698	-	-	-
344	Current Portion of Long-term Debt - Operating Borrowings	-	-	2,115,612	-	2,115,612	-	-	-	-
345	Other current liabilities	-	-	6,160	-	60,969	95,606	27,612	4,863,152	4,890,764
346	Accrued liabilities - other	-	-	1,684,049	-	12,334,707	13,456	5,000	5,000	10,000
347	Interprogram (due to)	1,240,746	-	1,067,383	(32,432,670)	-	-	-	-	-
	Total current liabilities	2,241,056	1,097,311	9,296,599	(32,432,670)	35,620,500	11,848,396	32,612	4,868,152	4,900,764
NONCURRENT LIABILITIES										
351	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	-	-	13,307,904	-	52,410,746	42,291,965	-	-	-
352	Long-term Debt, Net of Current - Operating Borrowings	-	-	-	-	4,190,635	-	-	-	-
353	Noncurrent liabilities - other	-	-	1,316,943	-	1,316,943	3,930,041	-	-	-
354	Accrued comp. absences - long term	-	-	-	-	2,866,023	-	-	-	-
355	Loan Liability - Non Current	-	-	-	-	-	-	-	-	-
	Total noncurrent liabilities	-	-	14,624,847	-	60,784,347	46,222,006	-	-	-
	Total liabilities	2,241,056	1,097,311	23,921,446	(32,432,670)	96,404,847	58,070,402	32,612	4,868,152	4,900,764
400	Deferred Inflow of Resources	-	-	-	-	10,525,347	-	-	-	-
NET POSITION										
508.4	Invested in capital assets, net of related debt	3,162,589	-	16,643,789	-	284,386,182	2,386,484	-	-	-
511.4	Restricted net position	-	-	230,985,638	-	284,056,944	3,798,186	49,832,146	42,949,500	92,781,646
512.4	Unrestricted net position	(1,108,702)	249,999	23,751,300	-	102,684,877	(14,012,396)	-	-	-
	Total net position	2,053,887	249,999	271,380,727	-	671,128,003	(7,827,726)	49,832,146	42,949,500	92,781,646
	Total Liabilities and Net Position	\$ 4,294,943	\$ 1,347,310	\$ 295,302,173	\$ (32,432,670)	\$ 778,058,197	\$ 50,242,676	\$ 49,864,758	\$ 47,817,652	\$ 97,682,410

**HOUSING AUTHORITY OF BALTIMORE CITY
FINANCIAL DATA SCHEDULES
ENTITY-WIDE REVENUE AND EXPENSE SUMMARY
YEAR ENDED DECEMBER 31, 2020**

		Moving to Work Program								
Line Item #	Accounts Description	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	Section 8 N/C S/R 14.182	State and Local
REVENUE										
70300	Net tenant rental revenue	\$ -	\$ -	\$ -	\$ -	\$ 18,195,108	\$ -	\$ 18,195,108	\$ -	\$ -
70400	Tenant revenue - other	-	-	-	-	27,240	-	27,240	-	-
70500	Total tenant revenue	-	-	-	-	18,222,348	-	18,222,348	-	-
70600	HUD PHA operating grants	-	232,012,356	70,020,015	-	-	9,646,343	311,678,714	-	3,088
70610	Capital grants	-	-	-	20,770,764	-	-	20,770,764	-	-
70800	Other governmental grants	-	-	-	-	-	-	-	-	6,433,280
71100	Investment income - unrestricted	123,472	-	-	-	789,623	-	913,095	-	-
71300	Proceeds from disposition of assets held for sale	-	-	-	-	-	-	-	-	-
71310	Cost of Sale of Assets	-	-	-	-	-	-	-	-	-
71400	Fraud recovery	47,441	-	-	-	-	-	47,441	-	-
71500	Other revenue	4,914,975	-	-	-	1,239,910	-	6,154,885	-	2,413,695
71600	Gain or loss on the sale of fixed assets	-	-	-	-	(3,451,419)	-	(3,451,419)	-	-
72000	Investment income - restricted	-	-	-	-	-	-	-	-	-
	Total revenue	5,085,888	232,012,356	70,020,015	20,770,764	16,800,462	9,646,343	354,335,828	-	8,850,063
EXPENSES										
Administrative:										
91100	Administrative salaries	6,559,297	-	-	-	5,300,582	4,651,498	16,511,377	-	54,268
91200	Auditing fees	27,500	-	-	-	118,395	-	145,895	-	-
91300	Management fee	-	-	-	-	6,006	-	6,006	-	-
91310	Bookkeeping fee	-	-	-	-	-	-	-	-	-
91400	Advertising and marketing	564	-	-	-	16,748	5,445	22,757	-	-
91500	Employee benefit contributions - administrative	1,726,666	-	-	-	1,509,714	1,443,998	4,680,378	-	16,809
91600	Office expenses	2,193,758	-	-	-	693,956	3,277	2,890,991	-	9,562
91700	Legal expense	54,760	-	-	-	384	-	55,144	-	-
91800	Travel	7,931	-	-	-	13,156	-	21,087	-	-
91810	Allocated overhead	(11,339,970)	-	-	-	10,769,557	-	(570,413)	-	288,802
91900	Other	9,567,150	-	-	-	3,038,798	26,164	12,632,112	-	119,257
	Total administrative	8,797,656	-	-	-	21,467,296	6,130,382	36,395,334	-	488,698
Tenant services:										
92100	Salaries	676,625	-	-	-	1,054,046	376,921	2,107,592	-	689,098
92200	Relocation costs	-	-	-	-	84,941	-	84,941	-	-
92300	Employee benefit contributions	283,483	-	-	-	364,868	123,102	771,453	-	358,439
92400	Other	37	-	-	-	93,182	17	93,236	-	340,978
	Total tenant services	960,145	-	-	-	1,597,037	500,040	3,057,222	-	1,388,515

**HOUSING AUTHORITY OF BALTIMORE CITY
FINANCIAL DATA SCHEDULES
ENTITY-WIDE REVENUE AND EXPENSE SUMMARY
YEAR ENDED DECEMBER 31, 2020**

Line Item #	Accounts Description	Mainstream Vouchers 14,879	Mainstream Vouchers CARES	ROSS 14,870	Youth Build 17,274	Business Activities	Housing Choice Vouchers 14,871	Housing Choice Vouchers CARES	Single Room Occupancy 14,249	Section 8 Moderate Rehabilitation 14,856	Self Insurance Fund	Jobs Plus Pilot Initiative 14,895
REVENUE												
70300	Net tenant rental revenue	\$ -	\$ -	\$ -	\$ -	\$ 1,437,376	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
70400	Tenant revenue - other	-	-	-	-	47,092	-	-	-	-	-	-
70500	Total tenant revenue	-	-	-	-	1,484,468	-	-	-	-	-	-
70600	HUD PHA operating grants	878,084	-	695,849	-	-	5,622,110	4,319,499	387,904	261,381	-	461,265
70610	Capital grants	-	-	-	-	-	-	-	-	-	-	-
70800	Other governmental grants	-	-	-	-	-	-	-	-	-	-	-
71100	Investment income - unrestricted	-	-	-	-	-	-	-	-	-	228,472	-
71300	Proceeds from disposition of assets held for sale	-	-	-	-	-	-	-	-	-	-	-
71310	Cost of Sale of Assets	-	-	-	-	-	-	-	-	-	-	-
71400	Fraud recovery	-	-	-	-	-	-	-	-	-	-	-
71500	Other revenue	-	-	-	-	2,183,161	-	-	-	-	-	-
71600	Gain or loss on the sale of fixed assets	-	-	-	-	37,482	-	-	-	-	-	-
72000	Investment income - restricted	-	-	-	-	-	-	-	-	-	-	-
	Total revenue	878,084	-	695,849	-	3,705,111	5,622,110	4,319,499	387,904	261,381	228,472	461,265
EXPENSES												
Administrative:												
91100	Administrative salaries	-	-	-	-	1,681,489	-	1,945,306	-	-	-	-
91200	Auditing fees	-	-	-	-	13,265	-	-	3,750	2,250	1,000	-
91300	Management fee	-	-	-	-	92,484	-	-	-	-	-	-
91310	Bookkeeping fee	-	-	-	-	-	-	-	-	-	-	-
91400	Advertising and marketing	-	-	-	-	4,026	-	-	-	-	-	-
91500	Employee benefit contributions - administrative	-	-	-	-	443,452	-	903,646	-	-	-	734
91600	Office expenses	-	-	19,738	-	63,394	-	-	-	-	-	7,730
91700	Legal expense	-	-	-	-	106,000	-	-	-	-	47,985	-
91800	Travel	-	-	-	-	2,437	-	-	-	-	-	369
91810	Allocated overhead	-	-	-	-	231,769	-	-	-	-	-	-
91900	Other	33,136	-	30,753	-	351,111	-	1,425,437	106,948	37,223	-	8,412
	Total administrative	33,136	-	50,491	-	2,989,427	-	4,274,389	110,698	39,473	48,985	17,245
Tenant services:												
92100	Salaries	-	-	503,079	-	-	-	-	-	-	-	312,475
92200	Relocation costs	-	-	-	-	700	-	-	-	-	-	-
92300	Employee benefit contributions	-	-	127,597	-	-	-	-	-	-	-	98,131
92400	Other	-	-	6,069	-	-	-	-	-	-	-	22,317
	Total tenant services	-	-	636,745	-	700	-	-	-	-	-	432,923

**HOUSING AUTHORITY OF BALTIMORE CITY
FINANCIAL DATA SCHEDULES
ENTITY-WIDE REVENUE AND EXPENSE SUMMARY
YEAR ENDED DECEMBER 31, 2020**

Line Item #	Accounts Description	HOPE VI 14.866	CDBG 14.218	Blended Component Units	Elimination	Total Business Type Activities	Discrete Component Units	Pension	OPEB	Fiduciary Funds Total
REVENUE										
70300	Net tenant rental revenue	\$ -	\$ -	\$ 2,070,413	\$ -	\$ 21,702,897	\$ 2,156,619	\$ -	\$ -	\$ -
70400	Tenant revenue - other	-	-	11,584	-	85,916	30,558	-	-	-
70500	Total tenant revenue	-	-	2,081,997	-	21,788,813	2,187,177	-	-	-
70600	HUD PHA operating grants	-	-	-	-	324,307,894	-	-	-	-
70610	Capital grants	4,597,986	-	-	-	25,368,750	-	-	-	-
70800	Other governmental grants	-	1,235,712	555,315	-	8,224,307	1,928,302	-	-	-
71100	Investment income - unrestricted	-	-	65,541	-	1,207,108	5,852	-	-	-
71300	Proceeds from disposition of assets held for sale	-	-	19,168,893	-	19,168,893	-	-	-	-
71310	Cost of Sale of Assets	-	-	(19,403,407)	-	(19,403,407)	-	-	-	-
71400	Fraud recovery	-	-	-	-	47,441	-	-	-	-
71500	Other revenue	-	-	19,354,039	-	30,105,780	284,555	2,165,315	-	2,165,315
71600	Gain or loss on the sale of fixed assets	-	-	-	-	(3,413,937)	-	-	-	-
72000	Investment income - restricted	-	-	76	-	76	-	3,682,917	3,490,476	7,173,393
	Total revenue	4,597,986	1,235,712	21,822,454	-	407,401,718	4,405,886	5,848,232	3,490,476	9,338,708
EXPENSES										
Administrative:										
91100	Administrative salaries	156,274	-	245,482	-	20,594,196	481,854	-	-	-
91200	Auditing fees	-	-	52,805	-	218,965	89,582	5,000	5,000	10,000
91300	Management fee	-	-	186,474	-	284,964	243,351	-	-	-
91310	Bookkeeping fee	-	-	-	-	-	7,417	-	-	-
91400	Advertising and marketing	-	-	998	-	27,781	3,998	-	-	-
91500	Employee benefit contributions - administrative	51,583	-	23,209	-	6,119,811	-	3,268,572	1,845,332	5,113,904
91600	Office expenses	-	-	75,170	-	3,066,585	136,816	-	-	-
91700	Legal expense	108,987	-	60,371	-	378,487	26,172	-	-	-
91800	Travel	-	-	1,530	-	25,423	-	-	-	-
91810	Allocated overhead	17,322	-	32,520	-	-	-	-	-	-
91900	Other	835,343	745	1,496,021	-	17,076,498	65,585	79,779	11,236	91,015
	Total administrative	1,169,509	745	2,174,580	-	47,792,710	1,054,775	3,353,351	1,861,568	5,214,919
Tenant services:										
92100	Salaries	-	-	562,472	-	4,174,716	-	-	-	-
92200	Relocation costs	1,273,142	-	-	-	1,358,783	-	-	-	-
92300	Employee benefit contributions	-	-	110,017	-	1,465,637	-	-	-	-
92400	Other	10,471	-	137,238	-	610,309	-	-	-	-
	Total tenant services	1,283,613	-	809,727	-	7,609,445	-	-	-	-

**HOUSING AUTHORITY OF BALTIMORE CITY
FINANCIAL DATA SCHEDULES
ENTITY-WIDE REVENUE AND EXPENSE SUMMARY
YEAR ENDED DECEMBER 31, 2020**

Line Item #	Accounts Description	Moving to Work Program						Total MTW Programs	Section 8 N/C S/R 14.182	State and Local
		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			
EXPENSES (Continued)										
Utilities:										
93100	Water	\$ -	\$ -	\$ -	\$ -	\$ 7,896,180	\$ -	\$ 7,896,180	\$ -	\$ -
93200	Electricity	30,596	-	-	-	4,509,694	-	4,540,290	-	-
93300	Gas	22,507	-	-	-	2,186,694	-	2,209,201	-	-
93600	Sewer	-	-	-	-	-	-	-	-	-
93800	Other utilities expense	-	-	-	-	3,028,200	-	3,028,200	-	-
	Total utilities	53,103	-	-	-	17,620,768	-	17,673,871	-	-
Ordinary maintenance and operations:										
94100	Labor	-	-	-	-	8,960,718	2,266,438	11,227,156	-	1,797,580
94200	Materials and other	17	-	-	-	6,241,119	350	6,241,486	-	1,876,176
94300	Contracts	1,744,919	-	-	-	8,475,278	8,915	10,229,112	-	805,275
94500	Employee benefits contribution	-	-	-	-	3,347,226	740,218	4,087,444	-	136,989
	Total ordinary maintenance and operations	1,744,936	-	-	-	27,024,341	3,015,921	31,785,198	-	4,616,020
Protective Services:										
95200	Protective services - other contract costs	148,224	-	-	-	344,145	-	492,369	-	2,853
	Total protective services	148,224	-	-	-	344,145	-	492,369	-	2,853
Insurance premiums:										
96110	Property insurance	-	-	-	-	551,222	-	551,222	-	-
96120	Liability insurance	129	-	-	-	892,974	-	893,103	-	-
96130	Workmen's compensation	365,457	-	-	-	795,153	-	1,160,610	-	47,898
96140	All other insurance	-	-	-	-	105,784	-	105,784	-	3,166
96100	Total Insurance premiums	365,586	-	-	-	2,345,133	-	2,710,719	-	51,064
General expenses:										
96200	Other general expenses	10,518,388	-	-	-	3,342,459	-	13,860,847	-	1,300,142
96210	Compensated absences	497,910	-	-	-	478,739	-	976,649	-	-
96300	Payments in lieu of taxes	-	-	-	-	-	-	-	-	-
96400	Bad debt - tenant rents	-	-	-	-	1,300,058	-	1,300,058	-	-
96600	Bad debt - Other	-	-	-	-	1,053,696	-	1,053,696	-	-
	Total general expenses	11,016,298	-	-	-	6,174,952	-	17,191,250	-	1,300,142
96710	Interest of mortgage or bonds payable	-	-	-	-	-	-	-	-	-
96720	Interest on Notes Payable (Short and Long Term)	-	-	-	-	2,881,510	-	2,881,510	-	-
96700	Total interest expense and amortization cost	-	-	-	-	2,881,510	-	2,881,510	-	-
	Total operating expenses	23,085,948	-	-	-	79,455,182	9,646,343	112,187,473	-	7,847,292
	Excess of operating revenue over operating expenses	(18,000,060)	232,012,356	70,020,015	20,770,764	(62,654,720)	-	242,148,355	-	1,002,771

**HOUSING AUTHORITY OF BALTIMORE CITY
FINANCIAL DATA SCHEDULES
ENTITY-WIDE REVENUE AND EXPENSE SUMMARY
YEAR ENDED DECEMBER 31, 2020**

Line Item #	Accounts Description	Mainstream Vouchers 14,879	Mainstream Vouchers CARES	ROSS 14,870	Business Activities	Housing Choice Vouchers 14,871	Housing Choice Vouchers CARES	Single Room Occupancy 14,249	Section 8 Moderate Rehabilitation 14,856	Self Insurance Fund	Jobs Plus Pilot Initiative 14,895
EXPENSES (Continued)											
Utilities:											
93100	Water	\$ -	\$ -	\$ -	\$ 70,485	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
93200	Electricity	-	-	-	71,876	-	-	-	-	-	-
93300	Gas	-	-	-	2,387	-	-	-	-	-	-
93600	Sewer	-	-	-	-	-	-	-	-	-	-
93800	Other utilities expense	-	-	-	-	-	-	-	-	-	-
	Total utilities	-	-	-	144,748	-	-	-	-	-	-
Ordinary maintenance and operations:											
94100	Labor	-	-	-	270,997	-	-	-	-	-	-
94200	Materials and other	-	-	-	59,876	-	-	-	-	-	-
94300	Contracts	-	-	-	577,249	-	45,110	-	-	-	4,100
94500	Employee benefits contribution	-	-	-	34,486	-	-	-	-	-	-
	Total ordinary maintenance and operations	-	-	-	942,608	-	45,110	-	-	-	4,100
Protective Services:											
95200	Protective services - other contract costs	-	-	-	32,386	-	-	-	-	-	529
	Total protective services	-	-	-	32,386	-	-	-	-	-	529
Insurance premiums:											
96110	Property insurance	-	-	-	38,935	-	-	-	-	-	-
96120	Liability insurance	-	-	-	11,674	-	-	-	-	-	-
96130	Workmen's compensation	-	-	14,304	597,368	2,374	-	-	-	-	2,770
96140	All other insurance	-	-	-	-	-	-	-	-	-	-
96100	Total Insurance premiums	-	-	14,304	647,977	2,374	-	-	-	-	2,770
General expenses:											
96200	Other general expenses	-	-	-	-	-	-	-	-	-	-
96210	Compensated absences	-	-	-	40,707	-	-	-	-	-	-
96300	Payments in lieu of taxes	-	-	-	129,263	-	-	-	-	-	-
96400	Bad debt - tenant rents	-	-	-	26,949	-	-	-	-	-	-
96600	Bad debt - Other	-	-	-	-	-	-	-	-	-	-
	Total general expenses	-	-	-	196,919	-	-	-	-	-	-
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	33,136	-	701,540	4,954,765	2,374	4,319,499	110,698	39,473	48,985	457,567
	Excess of operating revenue over operating expenses	844,948	-	(5,691)	(1,249,654)	5,619,736	-	277,206	221,908	179,487	3,698

**HOUSING AUTHORITY OF BALTIMORE CITY
FINANCIAL DATA SCHEDULES
ENTITY-WIDE REVENUE AND EXPENSE SUMMARY
YEAR ENDED DECEMBER 31, 2020**

Line Item #	Accounts Description	HOPE VI 14,866	CDBG 14,218	Blended Component Units	Elimination	Total Business Type Activities	Discrete Component Units	Pension	OPEB	Fiduciary Funds Total
EXPENSES (Continued)										
Utilities:										
93100	Water	\$ -	\$ -	\$ 524,225	\$ -	\$ 8,490,890	\$ 414,698	\$ -	\$ -	\$ -
93200	Electricity	-	-	57,729	-	4,669,895	63,146	-	-	-
93300	Gas	-	-	67,735	-	2,279,323	5,395	-	-	-
93600	Sewer	-	-	23,224	-	23,224	8,172	-	-	-
93800	Other utilities expense	-	-	-	-	3,028,200	-	-	-	-
	Total utilities	-	-	672,913	-	18,491,532	491,411	-	-	-
Ordinary maintenance and operations:										
94100	Labor	-	-	306,587	-	13,602,320	391,487	-	-	-
94200	Materials and other	-	-	195,918	-	8,373,456	185,103	-	-	-
94300	Contracts	-	-	730,688	-	12,391,534	793,169	-	-	-
94500	Employee benefits contribution	5,233	-	-	-	4,264,152	14,947	-	-	-
	Total ordinary maintenance and operations	5,233	-	1,233,193	-	38,631,462	1,384,706	-	-	-
Protective Services:										
95200	Protective services - other contract costs	-	-	3,101	-	531,238	-	-	-	-
	Total protective services	-	-	3,101	-	531,238	-	-	-	-
Insurance premiums:										
96110	Property insurance	-	-	245,240	-	835,397	360,039	-	-	-
96120	Liability insurance	-	-	39,672	-	944,449	-	-	-	-
96130	Workmen's compensation	1,562	-	4,114	-	1,831,000	19,059	-	-	-
96140	All other insurance	-	-	-	-	108,950	12,647	2,376	-	2,376
96100	Total Insurance premiums	1,562	-	289,026	-	3,719,796	391,745	2,376	-	2,376
General expenses:										
96200	Other general expenses	-	-	1,192,006	-	16,352,995	498,163	-	-	-
96210	Compensated absences	-	-	-	-	1,017,356	-	-	-	-
96300	Payments in lieu of taxes	-	-	132,106	-	261,369	122,964	-	-	-
96400	Bad debt - tenant rents	-	-	157,747	-	1,484,754	203,232	-	-	-
96600	Bad debt - Other	-	-	7,576,894	-	8,630,590	-	-	-	-
	Total general expenses	-	-	9,058,753	-	27,747,064	824,359	-	-	-
96710	Interest of mortgage or bonds payable	-	-	225,488	-	225,488	980,421	-	-	-
96720	Interest on Notes Payable (Short and Long Term)	-	-	-	-	2,881,510	2,622	-	-	-
96700	Total interest expense and amortization cost	-	-	225,488	-	3,106,998	983,043	-	-	-
	Total operating expenses	2,459,917	745	14,466,781	-	147,630,245	5,130,039	3,355,727	1,861,568	5,217,295
	Excess of operating revenue over operating expenses	2,138,069	1,234,967	7,355,673	-	258,926,525	(724,153)	2,492,505	1,628,908	4,121,413

**HOUSING AUTHORITY OF BALTIMORE CITY
FINANCIAL DATA SCHEDULES
ENTITY-WIDE REVENUE AND EXPENSE SUMMARY
YEAR ENDED DECEMBER 31, 2020**

		Moving to Work Program								
Line Item #	Accounts Description	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	Section 8 N/C S/R 14.182	State and Local
EXPENSES (Continued)										
97100	Extraordinary maintenance	\$ 622,403	\$ -	\$ -	\$ -	\$ 135,156	\$ -	\$ 757,559	\$ -	\$ -
97200	Casualty losses - noncapitalized	-	-	-	-	585,742	-	585,742	-	-
97300	Housing assistance payments	212,634,195	-	-	-	-	-	212,634,195	-	-
97350	HAP portability - in	1,138,197	-	-	-	-	-	1,138,197	-	-
97400	Depreciation expense	84,076	-	-	-	15,780,003	-	15,864,079	-	-
	Total expenses	<u>237,564,819</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>95,956,083</u>	<u>9,646,343</u>	<u>343,167,245</u>	<u>-</u>	<u>7,847,292</u>
Other financing sources (uses):										
10010	Operating transfer in	322,803,135	-	-	-	-	-	322,803,135	-	-
10020	Operating transfer out	-	(232,012,356)	(70,020,015)	(20,770,764)	-	-	(322,803,135)	-	-
10093	Transfers between program and project- in	-	-	-	-	76,080,459	-	76,080,459	-	-
10094	Transfers between program and project- out	(76,080,459)	-	-	-	-	-	(76,080,459)	-	-
	Total other financing sources (uses)	<u>246,722,676</u>	<u>(232,012,356)</u>	<u>(70,020,015)</u>	<u>(20,770,764)</u>	<u>76,080,459</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENSES										
		<u>\$ 14,243,745</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,075,162)</u>	<u>\$ -</u>	<u>\$ 11,168,583</u>	<u>\$ -</u>	<u>\$ 1,002,771</u>
Memo Account Information										
11020	Required annual debt principal payments	\$ -	\$ -	\$ -	\$ -	\$ 2,150,000	\$ -	\$ -	\$ -	\$ -
11030	Beginning equity	70,640,720	-	-	-	285,958,776	-	356,599,496	130,819	231,340
11040	Prior period adjustments, equity transfers and correction	-	-	-	-	-	-	-	-	-

**HOUSING AUTHORITY OF BALTIMORE CITY
FINANCIAL DATA SCHEDULES
ENTITY-WIDE REVENUE AND EXPENSE SUMMARY
YEAR ENDED DECEMBER 31, 2020**

Line Item #	Accounts Description	Mainstream Vouchers 14.879	Mainstream Vouchers CARES	ROSS 14.870	Business Activities	Housing Choice Vouchers 14.871	Housing Choice Vouchers CARES	Single Room Occupancy 14.249	Section 8 Moderate Rehabilitation 14.856	Self Insurance Fund	Jobs Plus Pilot Initiative 14.895
EXPENSES (Continued)											
97100	Extraordinary maintenance	\$ -	\$ -	\$ -	\$ 153,417	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
97200	Casualty losses - noncapitalized	-	-	-	-	-	-	-	-	-	-
97300	Housing assistance payments	822,646	-	-	3,685	5,619,795	-	270,920	198,806	-	-
97350	HAP portability - in	-	-	-	-	-	-	-	-	-	-
97400	Depreciation expense	-	-	-	137,728	-	-	-	-	-	-
	Total expenses	<u>855,782</u>	<u>-</u>	<u>701,540</u>	<u>5,249,595</u>	<u>5,622,169</u>	<u>4,319,499</u>	<u>381,618</u>	<u>238,279</u>	<u>48,985</u>	<u>457,567</u>
Other financing sources (uses):											
10010	Operating transfer in	-	-	-	-	-	-	-	-	-	-
10020	Operating transfer out	-	-	-	-	-	-	-	-	-	-
10093	Transfers between program and project-in	-	-	-	-	-	-	-	-	-	-
10094	Transfers between program and project-out	-	-	-	-	-	-	-	-	-	-
	Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUE											
OVER (UNDER) EXPENSES											
		<u>\$ 22,302</u>	<u>\$ -</u>	<u>\$ (5,691)</u>	<u>\$ (1,544,484)</u>	<u>\$ (59)</u>	<u>\$ -</u>	<u>\$ 6,286</u>	<u>\$ 23,102</u>	<u>\$ 179,487</u>	<u>\$ 3,698</u>
Memo Account Information											
11020	Required annual debt principal payments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11030	Beginning equity	-	-	23,262	12,729,792	105,857	-	61,575	43,780	16,661,474	-
11040	Prior period adjustments, equity transfers and correction	-	-	-	-	-	-	-	-	-	-

**HOUSING AUTHORITY OF BALTIMORE CITY
FINANCIAL DATA SCHEDULES
ENTITY-WIDE REVENUE AND EXPENSE SUMMARY
YEAR ENDED DECEMBER 31, 2020**

Line Item #	Accounts Description	HOPE VI 14.866	CDBG 14.218	Blended Component Units	Elimination	Total Business Type Activities	Discrete Component Units	Pension	OPEB	Fiduciary Funds Total
EXPENSES (Continued)										
97100	Extraordinary maintenance	\$ -	\$ -	\$ 13,536	\$ -	\$ 924,512	\$ -	\$ -	\$ -	\$ -
97200	Casualty losses - noncapitalized	-	-	-	-	585,742	-	-	-	-
97300	Housing assistance payments	-	1,234,968	-	-	220,785,015	-	-	-	-
97350	HAP portability - in	-	-	-	-	1,138,197	-	-	-	-
97400	Depreciation expense	-	-	846,001	-	16,847,808	1,854,193	-	-	-
	Total expenses	<u>2,459,917</u>	<u>1,235,713</u>	<u>15,326,318</u>	<u>-</u>	<u>387,911,519</u>	<u>6,984,232</u>	<u>3,355,727</u>	<u>1,861,568</u>	<u>5,217,295</u>
Other financing sources (uses):										
10010	Operating transfer in	-	-	-	(322,803,135)	-	-	-	-	-
10020	Operating transfer out	-	-	-	322,803,135	-	-	-	-	-
10093	Transfers between program and project- in	-	-	-	-	76,080,459	-	-	-	-
10094	Transfers between program and project- out	-	-	-	-	(76,080,459)	-	-	-	-
	Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUE										
OVER (UNDER) EXPENSES										
		<u>\$ 2,138,069</u>	<u>\$ (1)</u>	<u>\$ 6,496,136</u>	<u>\$ -</u>	<u>\$ 19,490,199</u>	<u>\$ (2,578,346)</u>	<u>\$ 2,492,505</u>	<u>\$ 1,628,908</u>	<u>\$ 4,121,413</u>
Memo Account Information										
11020	Required annual debt principal payments	\$ -	\$ -	\$ -	\$ -	\$ 2,161,020	-	\$ -	\$ -	\$ -
11030	Beginning equity	(84,182)	250,000	263,185,786	-	649,938,999	(14,423,085)	47,339,641	41,320,592	88,660,233
11040	Prior period adjustments, equity transfers and correction	-	-	1,698,805	-	1,698,805	9,173,705	-	-	-



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, 2020, 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 December 29, 2021. Our report includes a reference to other auditors who audited the financial statements of the discretely presented component units, as described in our report on the Housing Authority of Baltimore City's financial statements. The audit of Sharp-Leadenhall Rental No. 1, LP was 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 reporting on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2020-001 that we consider to be a significant deficiency.

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*.

Authority’s Response to Finding

The Housing Authority of Baltimore City’s response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Housing Authority of Baltimore City’s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 Housing Authority of Baltimore City’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 Housing Authority of Baltimore City’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Baltimore, Maryland
December 29, 2021



**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

We have audited the Housing Authority of Baltimore City's compliance with the types of compliance requirements described 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, 2020. 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, 2020. 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.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Housing Authority of Baltimore City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Housing Authority of Baltimore City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Housing Authority of Baltimore City's compliance.

Opinion on Each Major Federal Program

In our opinion, the Housing Authority of Baltimore City complied, in all material respects, with the types of 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, 2020.

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 2020-002. Our opinion on each major federal program is not modified with respect to this matter.

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

Report on Internal Control Over Compliance

Management of the Housing Authority of Baltimore City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Housing Authority of Baltimore City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority of Baltimore City's internal control over compliance.


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

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

deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a certain deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2020-002, that we consider to be a significant deficiency.

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

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



CliftonLarsonAllen LLP

Baltimore, Maryland
December 29, 2021

**HOUSING AUTHORITY OF BALTIMORE CITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2020**

Federal Grantor/Pass through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
Department of Housing and Urban Development				
Direct Programs				
Moving to Work Demonstration Program	14.881	N/A	\$ 82,014,538	\$ 322,803,135
COVID-19 Housing Choice Voucher CARES Act Funding	14.881	N/A	-	4,319,499
COVID-19 Public Housing CARES Act Funding	14.881	N/A	-	9,646,343
Total Moving to Work Demonstration Program			82,014,538	336,768,977
Revitalization of Severely Distressed Public Housing	14.866	N/A	-	4,597,986
Resident Opportunities and Supportive Services	14.870	N/A	-	701,540
Community Development Block Grant	14.218	N/A	-	1,235,713
Jobs-Plus Pilot Initiative	14.895	N/A	-	457,567
Section 8 Project-Based Cluster:				
Lower Income Housing Assistance				
Program - Section 8 Moderate				
Rehabilitation	14.856	N/A	-	238,279
Section 8 Moderate Rehabilitation				
Single Room Occupancy	14.249	N/A	-	381,618
Total Section 8 Project-Based Cluster			-	619,897
Housing Voucher Cluster:				
Section 8 Housing Vouchers				
Section 8 Housing Vouchers	14.871	N/A	-	5,622,169
Mainstream Vouchers	14.879	N/A	-	855,782
Total Housing Voucher Cluster			-	6,477,951
Total Department of Housing and Urban Development			82,014,538	350,859,631
Total Expenditures of Federal Awards			\$ 82,014,538	\$ 350,859,631

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, 2020

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, 2020. 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 \$82,014,538 under the Moving to Work program (Federal Assistance Listing #14.881) for the year ended December 31, 2020.

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, 2020**

Section I – Summary of Auditors’ Results

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? x yes _____ 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

Federal Assistance Listing Numbers	Name of Federal Program or Cluster
14.881	Moving to Work Demonstration Program
14.871/879	Housing Voucher Cluster

- Dollar threshold used to distinguish between Type A and Type B programs: \$ 3,000,000
- Auditee qualified as low-risk auditee? _____ yes x no

**HOUSING AUTHORITY OF BALTIMORE CITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2020**

Section II – Financial Statement Findings

2020 – 001

Type of Finding: Significant Deficiency in Internal Control over Financial Reporting

Condition: While performing audit procedures, it was noted that management does not have sufficient internal controls in place to provide reasonable assurance that financial statements are prepared in accordance with U.S. GAAP. Additionally, the Authority prepares a Financial Data Schedule (FDS) that is submitted to the U.S. Department of Housing and Urban Development (HUD) to which internal controls are not in place to provide reasonable assurance that the unaudited FDS conforms to applicable standards and HUD guidance.

The Authority's internal controls over financial reporting are not sufficient to provide reasonable assurance that financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP); therefore, the potential exists that a material misstatement of the annual financial statements could occur and not be prevented, or detected and corrected, by the Authority's internal controls.

Criteria: The internal Control-Integrated Framework (COSO Report) requires adequate internal controls over financial reporting to ensure that transactions are properly recorded and accounted for to permit the preparation of reliable financial statements and demonstrate compliance with laws, regulations, and other compliance requirements. Internal controls should be in place to provide reasonable assurance that financial statements are prepared in accordance with U.S. GAAP.

Effect: The lack of controls in place over the financial reporting function increases the risk of misstatements, fraud, or errors occurring and not being detected and corrected. An inefficient and ineffective financial close process could result in inaccurate account balances that require a restatement, a significant number of audit adjustments, or a lack of timely financial information.

Cause: The Authority has not adopted a policy to provide reasonable assurance that (1) financial statements are prepared in accordance with U.S. GAAP and (2) the FDS is an accurate presentation of underlying accounting records and conforms to applicable standards and HUD guidance.

Repeat Finding: The finding is a repeat of finding 2019-001 in the prior audit period. Corrective action is on-going.

Recommendation: The Authority should evaluate its financial reporting processes and controls to determine whether additional controls over the preparation of annual financial statements can be implemented to provide reasonable assurance that financial statements are prepared in accordance with U.S. GAAP.

The Authority should review the process and controls in place relating to the preparation of the unaudited FDS to ensure that the financial reporting to HUD agrees to the underlying accounting records of the Authority. The Authority has one primary person in the financial reporting process aligned to completing the FDS with a review done largely at the top level. We recommend management identify an additional resource to assist with preparation of the FDS to allow the Finance Department adequate time and separation to review the FDS prior to submission to HUD and the auditors.

**HOUSING AUTHORITY OF BALTIMORE CITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2020**

Views of responsible officials and planned corrective actions: There is no disagreement with the audit finding. Management will continue its aggressive staff training plan in building staff expertise and capacity, has recently procured and contracted Fee Accounting services to bring in high level financial review and additional hands-on assistance with preparation of certain reconciliation schedules and review of Financial Data Schedule. This will advance current review we have in place and provide layers of control on year-end statements, prior to finalization and submission of Financial Data Schedules to the auditor and HUD.

Section III – Findings and Questioned Costs – Major Federal Programs

2020 – 002

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

Federal Program Title: Housing Voucher Cluster

Federal Assistance Listing Numbers: 14.871; 14.879

Award Period: January 1, 2020 – December 31, 2020

Type of Finding:

- Significant Deficiency in Internal Control over Compliance
- Other Matters

Criteria or specific requirement: 24 CFR section 960.259 states that for both family income examinations and reexaminations, the Authority must obtain and document in the family file third-party verification of expenses related to deductions from annual income.

Condition/Context: Testing of 40 tenant files for eligibility found that 1 of the tenant files did not contain supporting documentation for medical expenses that were utilized in the calculation of housing assistance payments (HAP).

Questioned costs: \$817 of questioned costs (overpayment of HAP), calculated based on exclusion of the unsupported medical expenses.

Cause: The internal control in place did not identify the missing supporting documentation.

Effect: The HAP calculation is unsupported resulting in a misstatement of HAP.

Repeat Finding: No.

Recommendation: The Authority should perform a review of the implemented internal controls to verify that they are adequate to ensure all required documentation is obtained and retained in the tenant files.

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