

**METROPOLITAN DEVELOPMENT
AND HOUSING AGENCY**

NASHVILLE, TENNESSEE

**ANNUAL FINANCIAL REPORT
AND OTHER FINANCIAL INFORMATION**

SEPTEMBER 30, 2019

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

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METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

INTRODUCTION

The Metropolitan Housing and Development Agency ("MDHA" or the "Agency") is pleased to present its Annual Financial Report and Other Financial Information for the year ended September 30, 2019.

Responsibility and Controls

MDHA has prepared and is responsible for the financial statements and related information included in this report. A system of internal accounting control is maintained to provide reasonable assurance that assets are safeguarded and that the books and records reflect only authorized transactions. Limitations exist in any system of internal control. However, based on recognition that the cost of the system should not exceed its benefits, management believes its system of internal accounting control maintains an appropriate cost/benefit relationship.

MDHA's system of internal accounting control is evaluated on an ongoing basis by internal financial staff. MCM CPAs & Advisors LLP, external auditors, also consider certain elements of the internal control system in order to determine auditing procedures for the purpose of expressing an opinion on the financial statements.

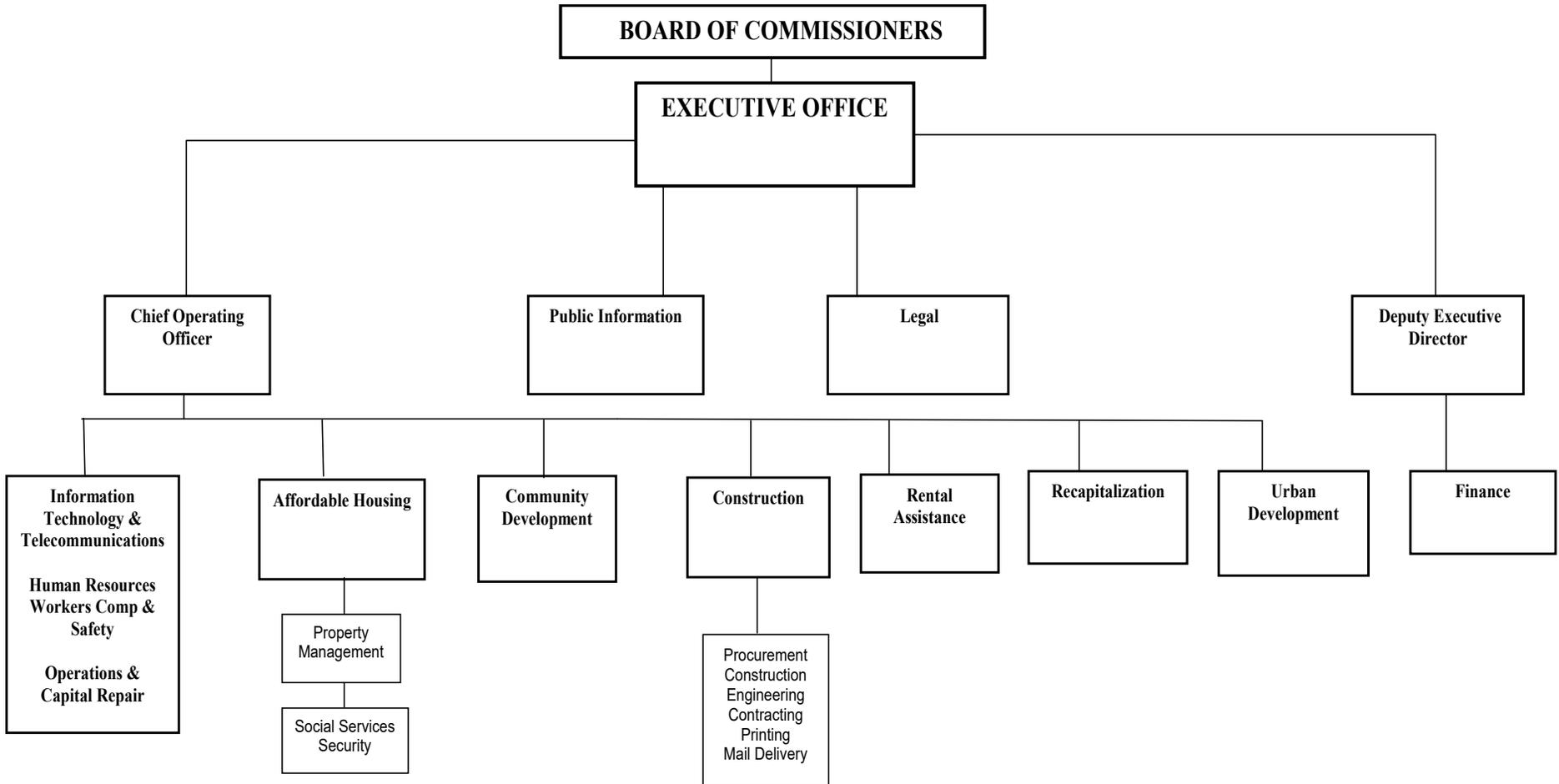
Management believes that its policies and procedures provide guidance and reasonable assurance that MDHA's operations are conducted according to management's intentions and to a high standard of business ethics. In management's opinion, the financial statements present fairly, in all material respects, the financial position of MDHA as of September 30, 2019, and the changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Audit Assurance

The unmodified opinion of the independent external auditors, MCM CPAs & Advisors LLP, on the September 30, 2019, financial statements is included in this report.

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

ORGANIZATIONAL CHART



METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

BOARD OF COMMISSIONERS

September 30, 2019

Charles Robert Bone, Chair
Aole Ansari, Vice Chair for Development
Emily Thaden, Vice Chair for Housing
Marcus Campbell, Commissioner
Antoinette Batts, Commissioner
Kay Bowers, Commissioner



Independent Auditor's Report

Board of Commissioners
Metropolitan Development and Housing Agency

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities, and the aggregate discretely presented component units of Metropolitan Development and Housing Agency (the "Agency"), a component unit of Metropolitan Government of Nashville and Davidson County, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Agency'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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the following discretely presented component units:

- Preston Taylor Homes, LLC
- Levy Place LP
- Ryman Lofts at Rolling Mill Hill, L.P

Collectively, these entities represent 41% of the assets, 48% of the net position, and 71% of the operating revenue of the discretely presented component units. Those statements, which were prepared in accordance with the Accounting Standards Codification as issued by the Financial Accounting Standards Board, were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component units, is based solely on the reports of the other auditors. No adjustments were necessary to convert the financial statements of the discretely presented component units to the financial reporting framework used by the Agency. The financial statements of the discretely presented component units were not audited in accordance with Government Auditing Standards. 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.

MCM CPAs & Advisors LLP

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of Independent Accounting Firms

Independent Auditor's Report (Continued)

Auditor's Responsibility (Continued)

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Agency'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 Agency'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 the other auditors of the discretely presented component units, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, and the aggregate discretely presented component units of the Agency, as of September 30, 2019, 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 Management's Discussion and Analysis on pages 7 through 11 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 opinions on the financial statements that collectively comprise the Agency's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements. In addition, the accompanying schedule of actual costs for the specified project from inception of the project through completion and the financial data schedule are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Independent Auditor's Report (Continued)

Other Matters (Continued)

Other Information (Continued)

The Schedule of Expenditures of Federal Awards and the schedule of actual costs for the specified project from inception of the project through completion and the financial data schedule are the responsibility of management and were derived from and relate directly to underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 information is 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 March 5, 2020, on our consideration of the Agency'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.



Lexington, Kentucky
March 5, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Metropolitan Development and Housing Agency's ("MDHA" or the "Agency") annual financial report presents management's discussion and analysis of the Agency's financial performance during the fiscal years ended September 30, 2019 and 2018. Please read this analysis in conjunction with the Agency's financial statements and accompanying notes.

FINANCIAL HIGHLIGHTS

Fiscal year 2019:

The Agency's total net position increased \$3 million or .82%, in part as a result of the following:

- Operating Revenues increased \$6.4 million (+4.73%)
- Operating Expenses increased \$3.6 million (+3.00%)
- Net Operating Income increased \$2.8 million (+19.14%)

OVERVIEW OF THE FINANCIAL STATEMENTS

The annual financial report consists of two parts: management's discussion and analysis and the basic financial statements. The Agency follows enterprise fund reporting; accordingly, the financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Enterprise fund statements offer short-term and long-term financial information about the activities and operations of the Agency. While detailed sub-fund information is not presented, separate accounts are maintained for each program of the Agency.

The financial statements include a statement of net position, statement of revenues, expenses and changes in net position, statement of cash flows and notes to the financial statements. The statement of net position provides a record or snapshot of the assets and liabilities at the close of the fiscal year. It presents the financial position of the Agency on a full accrual historical cost basis. The statement of revenues, expenses and changes in net position presents the results of the business activities over the course of the fiscal year. The statement of cash flows is related to the other financial statements by the way it links changes in assets and liabilities to the effects on cash and cash equivalents over the course of the fiscal year. The notes to the financial statements provide useful information regarding the Agency's significant accounting policies, significant account balances and activities, certain material risks, obligations, commitments, contingencies and subsequent events.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FINANCIAL ANALYSIS OF THE AGENCY

Net Position

Fiscal year 2019 as compared to fiscal year 2018:

| | <u>2019</u> | <u>2018</u> | <u>% Increase (Decrease)</u> |
|--------------------------------------|---------------------------|---------------------------|----------------------------------|
| Current assets | \$ 106,597,817 | \$ 113,510,442 | (5.8) % |
| Noncurrent assets | | | |
| Capital assets | 330,528,904 | 310,057,526 | 6.6 % |
| Other assets | <u>110,343,713</u> | <u>96,847,662</u> | 13.8 % |
| Total assets | <u>547,470,434</u> | <u>520,415,630</u> | 5.2 % |
| Current liabilities | 19,845,842 | 22,805,535 | (12.6) % |
| Long-term liabilities | <u>155,907,772</u> | <u>128,899,335</u> | 21.0 % |
| Total liabilities | <u>175,753,614</u> | <u>151,704,870</u> | 16.0 % |
| Net investment in capital assets | 229,100,515 | 228,894,225 | 0.1 % |
| Restricted net position | 51,396,328 | 44,980,162 | 17.0 % |
| Unrestricted net position | <u>91,219,977</u> | <u>94,836,373</u> | (5.1) % |
| Total net position | <u>\$ 371,716,820</u> | <u>\$ 368,710,760</u> | 0.8 % |

The Agency's total net position increased \$3 million, or .8%, in part as a result of the following:

- Current assets decreased due to equity contributions from MDHA for Low Income Housing Tax Credit projects closed during the year. CP II, L.P. and Boscobel III, L.P., both 102 unit mixed income projects, closed December 2018 and August 2019, respectively.

Noncurrent assets increased due to new notes receivable from partnerships entered into during the year. MDHA contributed \$9.5 million in the form of a notes receivable to the CP II, L.P and \$16.1 million in the form of notes receivable to the Boscobel III, L.P. In December 2018, the remaining Pinnacle funds for the Boscobel I, L.P. project recorded as notes receivable from the partnership and notes payable to Pinnacle were escrowed totaling \$10 million. On January 1, 2019, the Investor Member and Special Member of the Preston Taylor LLC sold their interests in the Company to MDHA, for \$250,000. The Preston Taylor directors and shareholders terminated all leases, transferred the assets of the Company to MDHA as satisfaction of all indebtedness of \$21 million, and approved the dissolution of the Preston Taylor Corporation and the Preston Taylor, LLC.

Total liabilities increased due to HUD 223(f) loan proceeds of \$10.9 million for the MDHA Kirkpatrick Park LLC project and for refinancing of \$6.9 million for MDHA Madison Towers LLC, \$10 million loan proceeds from Pinnacle Bank for the Boscobel I, L.P. LIHTC project, and \$3.8 million loan proceeds for the Harper Cove Flats project.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FINANCIAL ANALYSIS OF THE AGENCY (CONTINUED)

Revenues, Expenses and Changes in Net Position

Fiscal year 2019 as compared to fiscal year 2018:

| | <u>2019</u> | <u>2018</u> | <u>% Increase (Decrease)</u> |
|---|---------------------|----------------------|----------------------------------|
| Operating revenues | | | |
| Rentals | \$ 19,217,499 | \$ 16,995,630 | 13.1 % |
| Other tenant revenue | 945,457 | 843,272 | 12.1 % |
| Governmental operating revenue | 102,386,782 | 100,150,706 | 2.2 % |
| Local government development activities | 3,964,552 | 3,074,443 | 28.9 % |
| Other | <u>14,954,296</u> | <u>14,020,398</u> | 6.7 % |
| Total operating revenues | <u>141,468,586</u> | <u>135,084,449</u> | 4.7 % |
| Operating expenses | | | |
| Administrative expenses | 20,173,995 | 19,700,289 | 2.4 % |
| Other | <u>103,922,098</u> | <u>100,802,313</u> | 3.0 % |
| Total operating expenses | <u>124,096,093</u> | <u>120,502,602</u> | 3.0 % |
| Operating gain | <u>17,372,493</u> | <u>14,581,847</u> | 19.1 % |
| Nonoperating revenues (expenses) | (2,258,237) | 4,994,610 | (>100) % |
| Capital fund grant | - | 34,202 | (100.0) % |
| Other changes | <u>(12,108,196)</u> | <u>1,858,792</u> | (>100) % |
| Change in net position | <u>\$ 3,006,060</u> | <u>\$ 21,469,451</u> | (86.0) % |

Operating revenue and Operating expense increased due to the dissolution of Historic Preston Taylor LLC as of January 1, 2019, after which \$3.7 million of revenue and \$2.7 million of expense from the property was recorded by MDHA for the year.

Governmental Operating revenue increased \$2.0 million due to increased rental assistance HAP and admin funding from HUD.

Decrease in Other Changes is due to the CP II, L.P. LIHTC closing of \$7.1 million and the dissolution of the Preston Taylor LLC resulting in expense of \$5 million to satisfy debts less the transfer of capital assets as of January 1, 2019.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

CAPITAL ASSETS

Fiscal year 2019 as compared to fiscal year 2018:

| | <u>2019</u> | <u>2018</u> |
|-----------------------------------|---------------------------|---------------------------|
| Land | \$ 97,846,870 | \$ 96,292,274 |
| Infrastructure | 26,016,108 | 21,899,113 |
| Buildings | 412,470,993 | 373,104,159 |
| Equipment | 7,056,864 | 5,810,230 |
| Construction in progress | <u>10,006,258</u> | <u>14,598,699</u> |
| Total | 553,397,093 | 511,704,475 |
| Less accumulated depreciation | <u>(222,868,189)</u> | <u>(201,646,949)</u> |
| Net capital assets | <u>\$ 330,528,904</u> | <u>\$ 310,057,526</u> |

Net capital assets increased \$20.4 million, or 6.6% during fiscal year 2019. During fiscal year 2019, the Agency expended \$19.4 million on construction in progress activities. Kirkpatrick Park construction was completed during the fiscal year and assets of \$21.9 million were transferred from construction in progress to depreciable assets. \$25.6 million of capital assets and \$11.5 million of accumulated depreciation were transferred to the Agency by the Preston Taylor LLC dissolution. Current year depreciation expense on capital assets totaled \$12.7 million.

The Agency retired \$3 million in capital assets during 2019 for the demolition of 164 units at Cayce Place.

DEBT ADMINISTRATION

Fiscal year 2019 as compared to fiscal year 2018:

| | <u>2019</u> | <u>2018</u> |
|-----------------------------|-----------------------|-----------------------|
| Total notes payable - other | <u>\$ 161,792,141</u> | <u>\$ 132,124,034</u> |

As of September 30, 2019, the Agency's note principal and interest outstanding totaled \$162 million - an increase of 22.5% from the prior year. The Agency incurred \$24.7 million in new debt for the ongoing construction of Kirkpatrick Park, Harper Cove Flats, and Boscobel I. The Agency also received \$6.9 million in loan proceeds from a FHA 223(F) refinancing of the MDHA Madison Towers LLC, which proceeds will be utilized for other recapitalization projects.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

AFFILIATE AGREEMENTS

The Agency has included, as discretely presented component units, the activity for Preston Taylor Homes, LLC, Levy Place LP, Ryman Lofts at Rolling Mill Hill, L.P, Boscobel I, L.P., CP II, L.P., Boscobel III, L.P., and Victory Hall, L.P. These entities are shown as discretely presented component units because the Agency is financially accountable for them; however, it does not have full ownership over the entities. The MDHA Housing Trust Corporation, which is included in the Primary Government has a .01% general partner interest in each of these entities. CP II, Boscobel III and Victory Hall were added during 2019.

Requests for the full financial information of the Preston Taylor Homes, LLC, Levy Place, LP, and the Ryman Lofts at Rolling Mill Hill, LP (the Discretely Presented Component Units) should be addressed to The Metropolitan Development and Housing Agency, 701 South Sixth Street, Nashville, Tennessee, 37206.

NEW BUSINESS

The Agency assisted in the financing of the new construction of 100 mixed income affordable and market rate housing in the form of Metro Nashville Affordable Housing funds, Public Housing Capital Funds, bond funds and equity contributions to Randee Rogers, L.P. The project received 4% Low-Income Housing Tax Credits from the Tennessee Housing and Development Agency. On December 11, 2019, the permanent financing and bond issuance of approximately \$16 million closed for the project. The partnership intends to enter into an Amended and Restated Agreement of Limited Partnership with Boston Capital Corporate Tax Credit Fund XLIX, the Investor Limited Partner and BCCC, Inc., the Special Limited Partner to facilitate their equity investment for the project early in 2020.

CONTACTING THE AGENCY'S FINANCIAL MANAGEMENT

This financial report is designed to provide residents, customers, investors and creditors with a general overview of the Agency's finances and to demonstrate the Agency's accountability for the monies it receives. If you have questions about this report or need additional financial information, contact the Director of Finance at MDHA, P.O. Box 846, Nashville, TN 37202.

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

STATEMENT OF NET POSITION

SEPTEMBER 30, 2019

ASSETS

| | <u>Primary Government</u> | <u>Discretely Presented Component Units</u> |
|--|-------------------------------|---|
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$ 40,222,063 | \$ 28,339,685 |
| Restricted cash and cash equivalents | 56,189,869 | 3,810,669 |
| Investments, at fair value | 2,254,173 | - |
| Receivables: | | |
| Tenant, net of allowances | 261,291 | 67,123 |
| Amounts due from other governmental agencies | 2,694,177 | - |
| Current portion of notes receivable, net of allowances | 201,534 | - |
| Other | 1,775,513 | 18,082 |
| Inventory | 1,527,110 | - |
| Prepaid expenses | 1,472,087 | 55,054 |
| TOTAL CURRENT ASSETS | <u>106,597,817</u> | <u>32,290,613</u> |
| CAPITAL ASSETS, NET | <u>330,528,904</u> | <u>86,315,946</u> |
| NONCURRENT ASSETS | | |
| Other assets | 36,965,489 | 198,195 |
| Notes receivable, net of allowances | 22,030,118 | - |
| Notes receivable between the primary government and its discretely presented component units, net of allowances | <u>51,348,106</u> | <u>-</u> |
| TOTAL NONCURRENT ASSETS | <u>110,343,713</u> | <u>198,195</u> |
| DEFERRED OUTFLOWS OF RESOURCES | <u>-</u> | <u>-</u> |
| TOTAL ASSETS | <u>\$ 547,470,434</u> | <u>\$ 118,804,754</u> |

See accompanying notes.

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

STATEMENT OF NET POSITION (CONTINUED)

SEPTEMBER 30, 2019

LIABILITIES

| | <u>Primary Government</u> | <u>Discretely Presented Component Units</u> |
|---|-------------------------------|---|
| CURRENT LIABILITIES | | |
| Funds held for others | \$ 1,906,567 | \$ - |
| Accounts payable | 3,474,874 | 7,939,310 |
| Contract retention payable | 1,149,304 | - |
| Compensated absences payable | 760,607 | 28,926 |
| Accrued liabilities | 1,073,749 | 1,450,666 |
| Due to tenants | 1,598,204 | 144,873 |
| Unearned revenue | 865,433 | 898,174 |
| Due to other governments | 299,704 | 29,000 |
| Current portion of long-term debt | <u>8,717,400</u> | <u>172,215</u> |
| TOTAL CURRENT LIABILITIES | <u>19,845,842</u> | <u>10,663,164</u> |
| NONCURRENT LIABILITIES | | |
| Deposits | 1,288,770 | 890,964 |
| Long-term debt, less current maturities | 153,074,741 | 35,677,735 |
| Long-term debt between the primary government and its discretely presented component units | - | 51,348,106 |
| Long-term compensated absences payable | <u>1,544,261</u> | <u>74,379</u> |
| TOTAL NONCURRENT LIABILITIES | <u>155,907,772</u> | <u>87,991,184</u> |
| TOTAL LIABILITIES | <u>175,753,614</u> | <u>98,654,348</u> |
| DEFERRED INFLOWS OF RESOURCES | <u>-</u> | <u>-</u> |
| NET POSITION | | |
| Net investment in capital assets | 229,100,515 | 20,788 |
| Restricted for other purposes | 51,396,328 | 20,568,667 |
| Unrestricted net position | <u>91,219,977</u> | <u>(439,049)</u> |
| TOTAL NET POSITION | <u>371,716,820</u> | <u>20,150,406</u> |
| TOTAL LIABILITIES AND NET POSITION | <u>\$ 547,470,434</u> | <u>\$ 118,804,754</u> |

See accompanying notes.

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEAR ENDED SEPTEMBER 30, 2019

| | <u>Primary Government</u> | <u>Discretely Presented Component Units</u> |
|---|-------------------------------|---|
| OPERATING REVENUES | | |
| Rentals | \$ 19,217,499 | \$ 3,061,749 |
| Other tenant revenue | 945,457 | 88,114 |
| Governmental operating revenue | 102,386,782 | 991,048 |
| Program income | 421,801 | - |
| Local government development activities | 3,964,552 | - |
| Other income | 14,532,495 | 1,746,491 |
| TOTAL OPERATING REVENUES | 141,468,586 | 5,887,402 |
| OPERATING EXPENSES | | |
| Cost of Services: | | |
| Tenant services | 943,166 | 78,668 |
| Utilities | 8,726,013 | 202,610 |
| Ordinary maintenance and operations | 19,053,665 | 1,307,995 |
| Protective services | 1,712,560 | 69,423 |
| Other direct program costs | 11,885,994 | 290,582 |
| Housing assistance payments | 48,915,770 | - |
| Administration | 20,173,995 | 1,249,052 |
| Depreciation | 12,684,930 | 1,757,228 |
| TOTAL OPERATING EXPENSES | 124,096,093 | 4,955,558 |
| OPERATING INCOME | 17,372,493 | 931,844 |
| NONOPERATING REVENUES (EXPENSES) | | |
| Interest income | 2,084,753 | 67,421 |
| Loss on disposition of assets and land held for resale | (44,022) | - |
| Interest expense | (4,298,968) | (304,630) |
| TOTAL NONOPERATING EXPENSES - NET | (2,258,237) | (237,209) |
| INCREASE IN NET POSITION BEFORE CONTRIBUTIONS AND OTHER LOSSES | 15,114,256 | 694,635 |
| Capital fund grant | - | - |
| Members capital contributions | - | 9,303,829 |
| Other special items | (12,108,196) | - |
| CHANGES IN NET POSITION | 3,006,060 | 9,998,464 |
| NET POSITION - BEGINNING OF YEAR | 368,710,760 | 10,151,942 |
| NET POSITION - END OF YEAR | \$ 371,716,820 | \$ 20,150,406 |

See accompanying notes.

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE YEAR ENDED SEPTEMBER 30, 2019

RECONCILIATION OF OPERATING INCOME TO NET CASH

PROVIDED BY OPERATING ACTIVITIES

| | |
|--|-----------------------|
| Operating income | \$ 17,372,493 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | |
| Depreciation and amortization expense | 12,697,330 |
| Bad debt expense | 492,296 |
| Changes in assets and liabilities | |
| Accounts receivable | 1,025,250 |
| Prepaid expenses and other assets | 501,389 |
| Due to tenants | 235,834 |
| Accounts payable, funds held for others, contract retention and amounts due to other governments | (6,486,147) |
| Deferred revenue and other deposits | 565,062 |
| Accrued liabilities and compensated absences | 79,985 |
| Program loan activities: | |
| Cash expended for program loans | (36,230,723) |
| Principal collections on notes receivable | 271,904 |
| | <u>(26,847,820)</u> |
| NET CASH USED BY OPERATING ACTIVITIES | <u>\$ (9,475,327)</u> |

RECONCILIATION OF CASH TO THE STATEMENT OF NET POSITION:

| | |
|--------------------------------------|----------------------|
| Cash and cash equivalents | \$ 40,025,741 |
| Restricted cash and cash equivalents | <u>56,386,191</u> |
| | <u>\$ 96,411,932</u> |

Changes in assets and liabilities included in cash flows from capital and other financing activities:

| | |
|--|------------|
| Accounts receivable - interest and bad debt expense | \$ 12,894 |
| Prepaid expenses and other assets - unamortized costs | \$ 110,086 |
| Accrued liabilities - interest for 10th & Jefferson | \$ 138,619 |
| Accounts payable - interest for John Henry Hale and change in fixed assets in accounts payable at year end | \$ 72,731 |

See accompanying notes.

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - NATURE OF THE AGENCY

The Metropolitan Development and Housing Agency of Nashville, Tennessee ("MDHA" or the "Agency"), a public corporate body, was organized in 1938 under the laws of the State of Tennessee and is a discretely presented component unit of the Metropolitan Government of Nashville and Davidson County (the "Metropolitan Government"). The Agency was created for the purpose of providing affordable housing opportunities in a safe environment. MDHA has administrative responsibility for various other community development programs whose primary purpose is the development of viable urban communities.

The governing body of the Agency is its Board of Commissioners, composed of seven members appointed by the Mayor and confirmed by the Metropolitan Council of Nashville and Davidson County, Tennessee.

See additional information in NOTE 2 for reporting entity regarding both the primary government and discretely presented component units.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Measurement Focus, Basis of Accounting and Basis of Presentation

The financial statements are presented using the accrual basis of accounting with an economic resources measurement focus. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. As permitted by accounting principles generally accepted in the United States of America (GAAP), the Agency has elected to apply all relevant Government Accounting Standards Board (GASB) pronouncements.

The Agency distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from grant agreements, providing services, and producing and delivering goods in connection with the ongoing principal operations. The principal operating revenues of the Agency include program specific grants, rental income from tenants of the various single and multi-family housing projects and development fees for the administration of various community development programs and capital projects of the Metropolitan Government. Operating expenses include the cost of services, administrative expenses, and depreciation on capital assets. Revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Reporting Entity

As described in GASB Statement No. 34, paragraph 134, the Agency is considered a primary government and meets the definition of a special purpose government ("SPG"). MDHA is a legally separate entity that is engaged in only business-type activities. Business-type activities are defined as activities that are financed in whole or in part by fees charged to external parties for goods or services. SPGs engaged only in business-type activities are required to present only the financial statements required for proprietary funds, which includes Management's Discussion and Analysis ("MD&A"), basic financial statements, and Required Supplemental Information ("RSI"). All inter-program activities have been eliminated in these financial statements.

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Entity (Continued)

The Agency has included, as discretely presented component units, the activity for Preston Taylor Homes, LLC, Ryman Lofts at Rolling Mill Hill, L.P., and Levy Place, L.P. as of and for the year ended December 31, 2018. These entities are shown as discretely presented component units because the Agency is financially accountable for them; however, it does not have full ownership over the entities. Additionally, the Agency has included the activity for Boscobel I, L.P., CP II, L.P., Boscobel III L.P., and Victory Hall, L.P. as of September 30, 2019. These entities also meet the criteria to be included as discretely presented component units; however, construction on the properties is not complete and the properties are not yet subject to a separate audit requirement. The MDHA Housing Trust Corporation, which is included in the Primary Government, has a .01% general partner interest in Preston Taylor, Ryman Lofts, Levy Place and Boscobel I, and is considered a blended component unit. Total assets and net position of MDHA Housing Trust Corporation were approximately \$505,800 at September 30, 2019. Total operating activity was approximately a net income of \$501,600 for the year ended September 30, 2019 due to a donation received to fund the Victory Hall project. The accounting for these component units are such that they have elected to apply all relevant Accounting Standard Codification (ASC) pronouncements as issued by the Financial Accounting Standards Board.

Requests for the full financial information of Preston Taylor Homes, LLC, Ryman Lofts at Rolling Mill Hill, L.P., and Levy Place, L.P. (the Discretely Presented Component Units) as of December 31, 2018 should be addressed to The Metropolitan Development and Housing Agency, 701 South Sixth Street, Nashville, Tennessee, 37206.

The financial activity of MDHA J. Henry Hale, LLC, MDHA 10th & Jefferson, LLC, and MDHA Kirkpatrick Park LLC has been included in the Primary Government column of Statement of Net Position and the Statement of Activities as blended component units in accordance with the requirements of GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*. The accounting for these component units are such that they have elected to apply all relevant Accounting Standard Codification (ASC) pronouncements as issued by the Financial Accounting Standards Board; however, no adjustments were necessary to conform to the standards promulgated by the Government Accounting Standards Board.

Proprietary Fund Types - The Funds are Consolidated into a Single Fund for Reporting Purposes

PROJECT BASED RENTAL ASSISTANCE PROGRAM

This fund is used to account for all Agency owned RAD converted properties and any mixed finance public housing properties (which are not owned by the Agency.) It is the largest and most active of the funds and is controlled through annual HAP contracts renewed by HUD.

CENTRAL OFFICE COST CENTER

This program contains all the income and expenses associated with the Agency's centralized functions (e.g. executive, finance, human resources, information technology, purchasing, central maintenance, etc.). The establishment of the program was required by HUD regulations relating to asset management.

SECTION 8 VOUCHER PROGRAM

This fund is used to account for the administration of the Agency's Section 8 voucher program. It is funded by HUD and seeks to provide prospective residents with greater choice in selection of assisted housing.

CONSOLIDATED ANNUAL ACTION PLAN PROGRAMS

This fund has been created to account for the administration of programs funded by HUD. The goals of these programs are to address the problems of affordable housing, homelessness, community development needs, and economic opportunities for all citizens, particularly for very low-income and low-income persons.

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Proprietary Fund Types - The Funds are Consolidated into a Single Fund for Reporting Purposes (Continued)

LOCAL PROGRAMS

This fund accounts for the state funded programs and grants and programs administered on behalf of the local government by the Agency

BUSINESS ACTIVITIES

This fund accounts for all programs that are neither federal, state nor local that are administered by the Agency.

Cash and Cash Equivalents

The Agency's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Cash equivalents are stated at fair value.

Allowance for Doubtful Accounts

The Agency uses the allowance for bad debts method of valuing doubtful receivables which is based on historical experience, coupled with a review of the status of existing receivables. As of September 30, 2019, an allowance for doubtful tenant receivables in the amount of \$5,987,820 has been provided by management.

Investments

Investments consist primarily of certificates of deposit and are stated at cost, which approximates fair value given the nature of the investments.

Capital Assets

Capital assets include property, plant, equipment, and infrastructure assets with an initial, individual cost of more than \$5,000 and an estimated useful life of one year or more. Capital assets are stated at cost. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. The costs of U. S. Department of Housing and Urban Development ("HUD") "Capital Fund" projects are reported as construction-in-progress until audited cost certification reports are approved by HUD, at which time such costs are transferred to appropriate fixed assets categories. Depreciation is provided by the straight-line method over the following estimated useful lives of the assets:

| | |
|---------------------------|----------------|
| Building and improvements | 10 to 40 years |
| Infrastructure | 10 to 40 years |
| Furniture and Equipment | 3 to 15 years |

Additionally, the Agency holds certain capital assets under agreements with the Metropolitan Government. Under the agreements, the proceeds from the sale of such assets revert to the Metropolitan Government. As of September 30, 2019, the value of these assets totaled \$21,500,000. The assets are recorded in capital assets at fair value at the date of transfer.

Inventory

MDHA's inventory consists of vacant properties that have been purchased or received as contributions from the Metropolitan Government. Inventory also includes single-family homes that were constructed with federal or state funds and are available for sale to qualified agencies or individuals. Properties purchased or constructed are reported at historical cost. Properties contributed by the Metropolitan Government are recorded at fair value at the date of gift. These costs are reported as inventory until such time as the property is sold or used.

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Provision for Uncollectible Notes

A note receivable is considered impaired when, based on current information, it is probable that all amounts of principal and interest due will not be collected according to the terms of the note agreement. Uncollectible notes are charged to the allowance account in the period such determination is made. The provision for uncollectible notes receivable was \$15,341,099 at September 30, 2019.

Compensated Absences

Employees earn annual leave at a rate ranging from 12 days per year for the first five years of service, up to a maximum of 25½ days per year after 20 years. There is no requirement that annual leave be taken; however, the maximum permissible accumulation is 76½ days. Sick leave is accumulated at the rate of one work day per month. Unused sick leave may accumulate to an unlimited amount. At termination, employees are paid for any accumulated annual leave, and employees who have completed 15 years or more of service will be paid 20% of unused sick leave. All annual leave and vested sick leave are accrued in the period incurred.

Use of Estimates in Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Restricted Assets

Restricted assets consist of cash and certificate of deposits, which are legally restricted. The restricted assets primarily are to be used for purposes specified under the Housing Choice Voucher or Family Self Sufficiency programs. The restricted assets also include debt service escrow accounts for certain tax increment loans. When restricted and unrestricted resources are available for use, it is the Agency's policy to use restricted resources first, then unrestricted resources as they are needed.

Tenant Accounts Receivable Net of Bad Debt Expense

The State of Tennessee Comptroller's Office review of the 2004 audited financial statements cited that in accordance with Governmental Accounting Standards Board Statement No. 34, revenues in proprietary funds should be reported as net of all related allowances, which include amounts pertaining to uncollectible accounts. Therefore, the increase and decrease in the estimate of uncollectible accounts should be reported net of revenue instead of bad debt expense. The Agency's bad debt expense charged against revenue was \$492,296 for the year ended September 30, 2019.

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 3 - CASH, CASH EQUIVALENTS, AND INVESTMENTS

In accordance with GASB Statement No. 40 "Deposits and Investment Risk Disclosures," information related to cash, cash equivalents and investments is as follows:

A. Custodial Credit Risk

Custodial credit risk for deposits and investments is the risk that, in the event of failure by a financial institution, the Agency may not be able to recover the value of its deposits and investments or collateral securities that are in the possession of the financial institution. The policy of the Agency is to invest, on a daily basis, all idle funds in financial institutions that are secured by collateral of identifiable United States government securities. All cash and investments are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC) or other equivalent insurance company of depository financial institutions. The deposits exceeding the insured or registered limits are collateralized with securities held by the Agency's financial institution. (See Deposit and Investment Policy on page 23.)

B. Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of investments will adversely affect the fair value of an investment. The Agency's investment policy limits investments to provide the optimum return on the investment consistent with the cash management program of the Agency.

Investments are made based upon prevailing market conditions at the time of the transaction. The Agency reviews its cash and investment needs in order to maintain adequate liquidity to meet its cash flow needs. Investments will typically be limited to securities maturing in periods of up to one year, or such lesser period that coincides with expected disbursements by the Agency.

C. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Investments are made under the 'prudent investor' standard to ensure that (a) due diligence is exercised in accordance with State law, (b) any negative deviations are reported timely and (c) reasonable action is taken to control any adverse developments. The Agency's investment policy requires investments to be made in accordance with HUD Financial Handbook, 7475.1 Chapter 4.

D. Concentration of Credit Risk

The Agency's investment policy does not limit the amount it may invest with one financial institution as long as all funds are secured by the FDIC or identifiable United States government securities.

E. Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect fair value of an investment or a deposit. All of the Agency's deposits and investments are dominated in United States currency.

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 3 - CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

E. Foreign Currency Risk (Continued)

Schedule of restricted cash with offsetting liability as of September 30, 2019:

| | |
|---|----------------------|
| Funds held for others | \$ 1,906,567 |
| Deposits | 944,159 |
| MDHA 10th & Jefferson LLC Escrow | 331,827 |
| MDHA Kirkpatrick Park LLC Escrow | 440,727 |
| MDHA J Henry Hale LLC Escrow | 463,778 |
| MDHA Madison Towers LLC Escrow | 696,801 |
| Boscobel Heights Development Co account | 562 |
| Due to resident councils | 660,885 |
| HAP reserves | 729,044 |
| FSS Escrow accounts | 1,288,770 |
| Post RAD Rehab escrows | 2,638,061 |
| Replacement reserve accounts | 45,325,881 |
| Property management company accounts | 762,807 |
| | <u>\$ 56,189,869</u> |

Funds held for others \$1,906,567 are cash and cash equivalents held in MDHA's name and managed by the Agency under a 'Memorandum of Understanding' (MOU) for the benefit of certain affiliate entities and escrow funds held for certain tax increment financing loans.

Tenant security deposits of \$944,159 for rental properties managed by MDHA.

Deposits of \$331,827 held by HUD for the MDHA 10th & Jefferson LLC replacement reserve and construction hold out escrow.

MDHA deposits of \$440,727 required by HUD for MDHA Kirkpatrick Park off site construction costs.

Deposits of \$463,778 held by HUD for the MDHA J Henry Hale LLC replacement reserve and post RAD rehab reserves.

Deposits of \$696,801 held by HUD for the MDHA Madison Towers LLC replacement reserve and post RAD rehab reserves.

Amounts due to resident councils of \$660,885 are tenant participation funds from HUD which are held for use by the duly elected resident councils.

Housing Assistance Payment (HAP) restricted equity totaling \$729,044 are excess Section 8 housing assistance funds under the Housing Choice Voucher program.

Deposits of \$1,288,770 are held for participants in the HUD Family Self-Sufficiency program.

Escrow deposits of \$2,638,061 required by HUD to cover non-critical repairs identified in Capital Needs Assessment for the RAD converted project based rental assistance properties.

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 3 - CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

Replacement reserves of \$45,325,881 required by HUD for the RAD converted project based rental assistance properties.

Tenant deposits and replacement reserves of \$762,807 for market rate units managed by a separate management company.

Discretely Presented Component Unit Deposits

As of December 31, 2018, the carrying amount of unrestricted cash and cash equivalents was \$28,339,685. The bank balances held with financial institutions are entirely insured and are classified as cash and cash equivalents on the statement of net position.

Restricted Deposits - Regulations of HUD require that security deposits be segregated from cash. Accordingly, the discretely presented component units hold all security deposits in a separate account. At December 31, 2018, amounts held for tenant security deposits totaled \$88,700. Pursuant to various agreements, the discretely presented component units must hold amounts in reserves and escrow in separate cash accounts. The following is a summary of the restricted cash of the Discretely Presented Component Units as of December 31, 2018:

| | |
|--------------------------|---------------------|
| Replacement reserves | \$ 1,043,597 |
| Authority reserve escrow | 1,411,862 |
| Operating reserves | 778,440 |
| FSS escrow accounts | 190,964 |
| Loan escrow reserves | 297,106 |
| Tenant security deposits | <u>88,700</u> |
| | <u>\$ 3,810,669</u> |

Deposit and Investment Policy

MDHA's deposit and investment policy is governed by the laws of the State of Tennessee and HUD guidelines. Permissible investments include direct obligations of the U.S. Government and Agency securities, certificates of deposit, savings accounts, repurchase agreements and the State of Tennessee Local Government Investment Pool.

Deposits in financial institutions are required by State statute to be secured and collateralized by the institutions. The collateral must meet certain requirements and must have a total minimum market value of 105% of the value of the deposits placed in the institutions, less the amount protected by federal depository insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its subdivisions. Collateral requirements are not applicable for financial institutions that participate in the State of Tennessee's bank collateral pool.

The amount of collateral required to secure these public deposits must be at least 105% of the average daily balance of public deposits held. Collateral securities required to be pledged by the participating banks to protect public fund accounts are pledged to the State Treasurer on behalf of the bank collateral pool. The securities pledged to protect these accounts are pledged in the aggregate rather than against each individual account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under this additional assessment agreement, public fund accounts covered by the pool are considered to be insured for purposes of credit risk disclosure in accordance with GASB Statement No. 40, Deposit and Investment Risk Disclosures.

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 3 - CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

Investments

Certificates of deposit were covered by the Certificate of Deposit Account Registry Service (CDARS) to stay below the Federal Deposit Insurance (FDIC) limits at any given bank.

The Agency has not established a limit on the amount it may invest in any one issuer. Citizens Bank has 100% of the Agency's investments through the CDARS program as of September 30, 2019 consisting solely of certificates of deposit.

At September 30, 2019, the future maturities of MDHA's investments are as follows:

| <u>Type of Investment</u> | <u>Carrying amount</u> | <u>Maturity fiscal 2020</u> | <u>Not subject to maturity</u> |
|---------------------------|----------------------------|---------------------------------|------------------------------------|
| Certificates of deposit | <u>\$ 2,254,173</u> | <u>\$ 2,254,173</u> | <u>\$ -</u> |
| Total | <u><u>\$ 2,254,173</u></u> | <u><u>\$ 2,254,173</u></u> | <u><u>\$ -</u></u> |

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 4 - CAPITAL ASSETS

| | <u>September 30, 2018</u> | <u>Additions</u> | <u>Retirements</u> | <u>Transfers</u> | <u>September 30, 2019</u> |
|--|---------------------------|----------------------|---------------------|---------------------|---------------------------|
| Capital assets, not being depreciated: | | | | | |
| Land | \$ 96,292,274 | \$ - | \$ (393,852) | \$ 1,948,448 | \$ 97,846,870 |
| Construction in progress | 14,598,699 | 19,308,136 | - | (23,900,577) | 10,006,258 |
| | <u>110,890,973</u> | <u>19,308,136</u> | <u>(393,852)</u> | <u>(21,952,129)</u> | <u>107,853,128</u> |
| Capital assets, being depreciated: | | | | | |
| Buildings | 373,104,159 | 23,511,182 | (2,780,067) | 18,635,719 | 412,470,993 |
| Infrastructure | 21,899,113 | 1,366,363 | - | 2,750,632 | 26,016,108 |
| Furniture, equipment, & machinery - dwellings | 4,838,144 | 966,070 | (245,059) | 565,778 | 6,124,933 |
| Furniture, equipment, & machinery - administrative | 972,086 | - | (40,155) | - | 931,931 |
| | <u>400,813,502</u> | <u>25,843,615</u> | <u>(3,065,281)</u> | <u>21,952,129</u> | <u>445,543,965</u> |
| Less accumulated depreciation for: | | | | | |
| Buildings | (178,942,608) | (22,440,216) | 2,738,848 | - | (198,643,976) |
| Infrastructure | (17,984,661) | (592,427) | - | - | (18,577,088) |
| Furniture, equipment, & machinery - dwellings | (3,883,744) | (1,174,151) | 242,256 | - | (4,815,639) |
| Furniture, equipment, & machinery - administrative | (835,936) | (35,705) | 40,155 | - | (831,486) |
| | <u>(201,646,949)</u> | <u>(24,242,499)</u> | <u>3,021,259</u> | <u>-</u> | <u>(222,868,189)</u> |
| Total capital assets, being depreciated, net | <u>199,166,553</u> | <u>1,601,116</u> | <u>(44,022)</u> | <u>21,952,129</u> | <u>222,675,776</u> |
| Total capital assets, net | <u>\$ 310,057,526</u> | <u>\$ 20,909,252</u> | <u>\$ (437,874)</u> | <u>\$ -</u> | <u>\$ 330,528,904</u> |

Total depreciation expense for the year ended September 30, 2019 was \$12,684,930.

Additions to accumulated depreciation include \$11,545,710 of accumulated depreciation associated with the acquisition of Preston Taylor Homes, LLC.

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 4 - CAPITAL ASSETS (CONTINUED)

Discretely Presented Component Units

| | <u>Prior Year Balance</u> | <u>Additions</u> | <u>Retirements</u> | <u>Transfers</u> | <u>Current Year Balance</u> |
|--|---------------------------|----------------------|---------------------|------------------|-----------------------------|
| Capital assets, not being depreciated: | | | | | |
| Land | \$ 6,822,203 | \$ 672,170 | \$ - | \$ - | \$ 7,494,373 |
| Construction in progress | <u>2,909,097</u> | <u>40,251,325</u> | <u>(105,775)</u> | <u>-</u> | <u>43,054,647</u> |
| Total capital assets, not being depreciated | <u>9,731,300</u> | <u>40,923,495</u> | <u>(105,775)</u> | <u>-</u> | <u>50,549,020</u> |
| Capital assets, being depreciated: | | | | | |
| Buildings | 45,989,371 | - | - | - | 45,989,371 |
| Infrastructure | 1,366,363 | - | - | - | 1,366,363 |
| Furniture, equipment, & machinery | <u>3,172,903</u> | <u>10,575</u> | <u>-</u> | <u>-</u> | <u>3,183,478</u> |
| Total capital assets, being depreciated | <u>50,528,637</u> | <u>10,575</u> | <u>-</u> | <u>-</u> | <u>50,539,212</u> |
| Less accumulated depreciation for: | | | | | |
| Buildings | (11,836,645) | (1,147,291) | - | - | (12,983,936) |
| Infrastructure | (147,941) | (184,682) | - | - | (332,623) |
| Furniture, equipment, & machinery | <u>(1,030,472)</u> | <u>(425,255)</u> | <u>-</u> | <u>-</u> | <u>(1,455,727)</u> |
| Total accumulated depreciation | <u>(13,015,058)</u> | <u>(1,757,228)</u> | <u>-</u> | <u>-</u> | <u>(14,772,286)</u> |
| Total capital assets, being depreciated, net | <u>37,513,579</u> | <u>(1,746,653)</u> | <u>-</u> | <u>-</u> | <u>35,766,926</u> |
| Total capital assets, net | <u>\$ 47,244,879</u> | <u>\$ 39,176,842</u> | <u>\$ (105,775)</u> | <u>\$ -</u> | <u>\$ 86,315,946</u> |

Total Depreciation expense for the discretely presented component units was \$1,757,228.

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 5 - NOTES RECEIVABLE

Notes receivable, including related accrued interest, consisted of the following as of September 30, 2019:

| | <u>2019</u> |
|--|-----------------------------|
| Boscobel I LP | \$ 16,605,762 |
| Boscobel Heights Development Co | 19,775,787 |
| Levy Place LP | 8,147,735 |
| Victory Hall LP | 1,000,000 |
| CP II LP | 9,500,000 |
| Boscobel III LP | 16,094,609 |
| Rehabilitation loans | 2,477,353 |
| Business district loans | 53,704 |
| Façade loans | 116,704 |
| Neighborhood Stabilization promissory notes | 14,514,864 |
| Other | 634,339 |
| Allowance for doubtful accounts | <u>(15,341,099)</u> |
| Net notes receivable and accrued interest receivable | 73,579,758 |
| Less current portion | <u>(201,534)</u> |
| Net notes receivable and accrued interest receivable, less current portion | <u><u>\$ 73,378,224</u></u> |

Boscobel Heights Development Co Loans were made to MOB Nashville Investment Fund, LLC for the construction of the K-8 charter school facility. Financing was provided by Community Development Entities (CDE). The loans are secured by the CDE interest and security interest in the charter school. Interest accrues at an annual rate of 4.604% commencing September 24, 2018. Interest only shall be due and payable quarterly on Leverage Loan A for \$14,880,000 with outstanding principal due on the maturity date of September 24, 2025. Interest only shall be due and payable quarterly on Leverage Loan B for \$4,845,800 through September 2025, with quarterly principal and interest payable through maturity date of October 10, 2048. Unpaid interest earned totaled \$49,987 at September 30, 2019, and has been added to the note receivable balance.

Rehabilitation Loans are made from the Community Development Block Grant and Home Investment Trust programs to aid homeowners in rehabilitating substandard housing or historic homes. The loans are secured by the property deeds of trust. Loan repayments on rental properties are made monthly, for a maximum of 10 years, together with interest at 3% per annum, with a maximum loan amount set at \$35,000 for projects rehabbing one to two units, \$50,000 for three to four units, and \$75,000 for five or more units. Effective March 2003, the Board of Commissioners approved 3% loans for new construction of rental properties; forgivable loans for rehabilitation of rental projects with five or more units; and forgivable loans for rehabilitation of rental projects with one-half or more of the total number of units containing four or more bedrooms. The four bedroom units must be rented for a low rental rate over the 10 year loan period. The loans are forgiven at the rate of 10% on each anniversary date. Management has provided an allowance for doubtful accounts totaling \$730,827 related to these loans.

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 5- NOTES RECEIVABLE (CONTINUED)

Business District Loans are made from the Community Development Block Grant program to promote small business and provide incentive for reinvestment in areas of general commercial deterioration. The loans are for a maximum of \$20,000 at the prime interest rate for a term of five to ten years. Management has provided an allowance for doubtful accounts totaling \$23,704 related to these loans.

Facade Loans are made from the Community Development Block Grant program to aid businesses in repairing and renovating the exterior of buildings in the commercial neighborhood strategy areas. The non-interest bearing loans are for a maximum of \$35,000 per building with a five year repayment term. Management has provided an allowance for doubtful accounts totaling \$71,704 related to these loans.

Neighborhood Stabilization Promissory Notes were executed between MDHA and non-profit entities that received NSP funds for the acquisition, rehabilitation and redevelopment of foreclosed or vacant properties. The properties have an affordability period per the grant agreements of 25 years. If the borrower complies with all of the terms and requirements of the restrictions, the entire balance of the Note will be forgiven at the end of the affordability period. No interest shall be due or payable on this Note. The provision for uncollectible notes includes 100% of the NSP notes which total \$14,514,864 as of September 30, 2019.

Other notes receivable consist of business loans to local development agencies for affordable housing development and loans made from the Technical Assistance Program Fund to promote privately owned small businesses in low-income areas and loans related to the sale of properties. Of the \$634,339 balance, \$595,305 is due from Ryman Lofts at Rolling Mill Hill, L.P. The loan bears interest at 5% and matures on September 1, 2041. Principal and interest are payable from the cash flow of Ryman Lofts at Rolling Mill Hill, L.P on an annual basis, on or before the 90th day following the end of each calendar year.

The Agency has made various loans to the discretely presented component units, Levy Place, L.P., Boscobel I, L.P., CP II, L.P., Boscobel III, L.P., and Victory Hall, L.P. See Note 7 for the detailed information regarding the terms and conditions of each loan made by the Agency to the discretely presented component units.

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 6 - OTHER ASSETS

The following is a summary of other assets of the Primary Government for the year ended September 30, 2019:

| | |
|---|-----------------------------|
| Tax increment revenues due for The Sports Authority Debt repayment (See Note 7) | \$ 29,197,790 |
| Downtown Parking Garage unamortized bond issuance costs and capitalized interest | 6,200,000 |
| MDHA 10th & Jefferson LLC other assets | 305,132 |
| Randee Rogers LP other assets | 427,377 |
| Boscobel IV other assets | 34,708 |
| MDHA Kirkpatrick Park LLC other assets | 222,104 |
| Bordeaux Project other assets | 117,012 |
| J. Henry Hale bond issuance costs | 379,486 |
| Nance Place Apartments unamortized costs | <u>81,880</u> |
| | <u><u>\$ 36,965,489</u></u> |

NOTE 7 - LONG-TERM DEBT

A summary of changes in MDHA's long-term debt for the year ended September 30, 2019 is presented below:

| | <u>Balance 9/30/2018</u> | <u>Additions</u> | <u>Retirements</u> | <u>Balance 9/30/2019</u> | <u>Due within one year</u> |
|---------------|--------------------------|----------------------|-----------------------|------------------------------|--------------------------------|
| Notes Payable | <u>\$ 132,124,034</u> | <u>\$ 33,873,155</u> | <u>\$ (4,205,048)</u> | <u>\$ 161,792,141</u> | <u>\$ 8,717,400</u> |

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 7 - LONG-TERM DEBT (CONTINUED)

Primary Government

\$1,400,000 promissory note with Bank of Tennessee, dated May 24, 2012, payable in monthly installments of principal of \$7,780 plus accrued interest through the maturity date of June 25, 2024. Interest accrues at the variable rate of the Prime Rate minus two percentage points, but not less than zero. The note is collateralized by a 76-unit apartment complex and assignment of rents and leases. \$ 447,038

\$7,875,600 HUD 221(d)4 Construction Note with Walker & Dunlop, LLC, for the construction of a 54 unit apartment building. Interest only payments shall be due monthly beginning November 1, 2015 up to April 1, 2017, thereafter monthly principal and interest payments totaling \$34,150 are due. The loan bears an interest rate of 4.25%. The loan is collateralized by the 10th & Jefferson apartment complex and assignment of rents and will mature in April of 2057. 7,567,783

\$28,000,000 promissory loan with The Sports Authority of the Metropolitan Government of Nashville and Davidson County for TIF eligible expenses related to the property acquisition and construction of the new ballpark facility on the "Sulphur Dell" site. The loan bears an interest rate of 4.55% per annum and interest payments will begin on July 1, 2014 and principal payments on July 1, 2017 or after previously accrued interest has been fully paid. The loan is securitized by revenues from tax increment revenue generated by certain properties in the Phillips Jackson Redevelopment District. The loan will mature on July 1, 2043. As of September 30, 2019 interest accrued on the loan totaled \$1,197,790. (Included in other noncurrent assets is a corresponding amount totaling \$29,197,790 - see Note 6) 29,197,790

\$2,300,000 promissory note with the Bank of Tennessee, for the construction of a 109 unit apartment building. This loan was previously a construction loan that converted to permanent financing on December 1, 2011. Monthly principal payments total \$6,390 and interest accrues at a variable rate of the Prime Rate each month minus 4%, however the interest rate shall not fall below 0% (Prime Rate at September 30, 2019 was 5%). The note is collateralized by the Nance Place apartment complex and assignment of rents and will mature in December of 2026. 1,699,348

\$9,076,327 loan commitment with the Tennessee Housing & Development Agency (THDA) through the TCR Program, pursuant to Section 1602 of the American Recovery and Reinvestment Act of 2009, for the construction of a 109 unit apartment building. The note is noninterest bearing and forgivable over the term of the loan provided all covenants and agreements set forth in the loan agreement are met. The note is collateralized by the Nance Place apartment complex and assignment of rents and will mature in November of 2024. 6,295,796

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 7 - LONG-TERM DEBT (CONTINUED)

| | |
|--|--------------|
| <p>\$3,508,629 Flexible Subsidy Operating Assistance loan with the Secretary of Housing and Urban Development assumed by MDHA at the purchase of CWA apartments December 19, 2014. The note has an interest rate of 1% with monthly principal and interest payments totaling \$19,029 for a twenty-year term maturing September 30, 2034. The loan is collateralized by CWA I Apartments, a 178 unit apartment complex and assignment of rents.</p> | \$ 3,249,753 |
| <p>\$1,659,585 Flexible Subsidy Operating Assistance loan with the Secretary of Housing and Urban Development assumed by MDHA at the purchase of CWA apartments December 19, 2015. The note has an interest rate of 1% with monthly principal and interest payments totaling \$9,059 for a twenty-year term, maturing September 30, 2034. The loan is collateralized by CWA II Apartments, a 76 unit apartment complex and assignment of rents.</p> | 1,547,873 |
| <p>\$42,900,000 Lease Financing Contract with Gates/Parking Real Estate II dated November 14, 2014, for the purchase of 505 Church Street and construction of a parking garage. Monthly payments are required beginning December 2016 through November 2044 and interest accrues at a rate equal to 4.839%.</p> | 41,412,877 |
| <p>\$20,478,300 HUD with Walker & Dunlop, LLC, to establish a Board controlled Strategic Reserve to be utilized for MDHA Recapitalization. Monthly principal and interest payments totaling \$83,571 are due. The loan bears an interest rate of 3.41%. The loan is collateralized by the MDHA J Henry Hale apartment complex and assignment of rents and will mature in August of 2052.</p> | 19,821,735 |
| <p>\$2,945,072 promissory note with the Bank of Tennessee dated April 19, 2014, for the construction of a 72 unit apartment building. This loan was previously an interest only loan that converted to permanent financing on April 19, 2014. Monthly principal and interest payments total \$24,202 and interest accrues at a rate equal of 5.51%. The note is collateralized by the Uptown Flats apartment complex and assignment of rents and will mature in January of 2024.</p> | 1,828,697 |
| <p>\$13,776,500 HUD 221(d)4 Construction Note with Walker & Dunlop, LLC, for the construction of a 94 unit apartment building. Interest only payments shall be due monthly beginning December 1, 2017 up to June 1, 2019, thereafter monthly principal and interest payments total \$56,723 are due. The loan bears an interest rate of 3.90%. The loan is collateralized by the Kirkpatrick Park apartment complex and assignment of rents and will mature in June of 2059.</p> | 12,678,084 |

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 7 - LONG-TERM DEBT (CONTINUED)

\$5,400,000 construction loan with First Advantage Bank dated May 30, 2018, advances under this loan shall be used for the construction of 40 townhomes in Bordeaux. Monthly interest payments are due until the earlier of final closing or May 30, 2020 and interest accrues at a fixed rate equal to the US Treasury note rate, plus 2.5%, not to exceed 3.75% \$ 4,093,005

\$4,960,000 note with the Low Income Investment Fund dated September 24, 2018. Quarterly interest payments are accrued at a 6% fixed rate through August 30, 2021, thereafter quarterly principal and interest payments total \$106,880. The note is collateralized by a K-8 charter school facility and assignment of rents and will mature September 24, 2025. Accrued interest included in note as of September 30, 2019 is \$37,000. 4,997,000

\$4,960,000 note with the Nonprofit Finance Fund dated September 24, 2018. Quarterly interest payments are accrued at a 6% fixed rate through August 30, 2021, thereafter quarterly principal and interest payments total \$106,880. The note is collateralized by a K-8 charter school facility and assignment of rents and will mature September 24, 2025. Accrued interest included in note as of September 30, 2019 is \$25,350. 4,985,350

\$4,960,000 note with the Reinvestment Fund, Inc. dated September 24, 2018. Quarterly interest payments are accrued at a 6% fixed rate through August 30, 2021, thereafter quarterly principal and interest payments total \$106,880. The note is collateralized by a K-8 charter school facility and assignment of rents and will mature September 24, 2025. Accrued interest included in note as of September 30, 2019 is \$25,400. 4,985,400

\$6,986,400 HUD with Walker & Dunlop, LLC, to establish a Board controlled Strategic Reserve to be utilized for MDHA Recapitalization. Monthly principal and interest payments totaling \$28,632 are due. The loan bears an interest rate of 3.44%. The loan is collateralized by the MDHA Madison Towers apartment complex and assignment of rents and will mature in September of 2054. 6,986,400

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 7 - LONG-TERM DEBT (CONTINUED)

\$1,684,554 note with Pinnacle Bank dated August 15, 2018. Monthly interest payments are payable at a variable rate of the Prime Rate minus 4%, however the interest rate shall not fall below 0% (Prime Rate at September 30, 2019 was 5%). Unpaid principal and accrued interest is due and payable in full at maturity, January 4, 2021. The note is collateralized by Boscobel I, a 96 unit mixed income property and assignment of rents. \$ 1,684,554

\$7,000,000 note with Pinnacle Bank dated August 15, 2018. Monthly interest payments are payable at a variable rate of the Prime Rate minus 4%, however the interest rate shall not fall below 0% (Prime Rate at September 30, 2019 was 5%). Beginning, February 15, 2021, monthly principal payments will be due with the monthly interest payments. The note is collateralized by Boscobel I, a 96 unit mixed income property and assignment of rents and will mature August 15, 2033. 7,000,000

\$8,557,622 note with Pinnacle Bank dated August 15, 2018. Monthly interest payments are payable at a variable rate equal to the Prime Rate (September 30, 2019 was 5%). Unpaid principal and accrued interest is due and payable in full at maturity, January 4, 2021. The note is collateralized by Boscobel I, a 96 unit mixed income property and assignment of rents. The amount drawn as of September 30, 2019 was \$1,313,658. 1,313,658

\$ 161,792,141

A schedule of principal maturities of the Agency's long-term debt at September 30, 2019 is as follows:

| <u>Year ending September 30</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|---------------------------------|-----------------------|----------------------|-----------------------|
| 2020 | \$ 8,717,400 | \$ 6,507,459 | \$ 15,224,859 |
| 2021 | 6,607,735 | 6,092,514 | 12,700,249 |
| 2022 | 4,206,939 | 5,935,462 | 10,142,401 |
| 2023 | 4,381,895 | 5,782,606 | 10,164,501 |
| 2024 | 4,497,628 | 5,846,662 | 10,344,290 |
| 2025 - 2029 | 35,810,603 | 22,478,019 | 58,288,622 |
| 2030- 2034 | 24,936,844 | 17,670,550 | 42,607,394 |
| 2035 - 2039 | 22,598,135 | 13,003,301 | 35,601,436 |
| 2040 - 2044 | 29,581,353 | 7,213,224 | 36,794,577 |
| 2045 - 2049 | 9,177,782 | 3,241,089 | 12,418,871 |
| 2050 - 2054 | 8,547,823 | 1,520,681 | 10,068,504 |
| 2055 - 2057 | 2,728,004 | 343,890 | 3,071,894 |
| Total | <u>\$ 161,792,141</u> | <u>\$ 95,635,457</u> | <u>\$ 257,427,598</u> |

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 7 - LONG-TERM DEBT (CONTINUED)

A summary of changes in long-term debt, before loan cost adjustment of \$46,934 of the Discretely Presented Component Units for the year ended December 31, 2018 is presented below:

| | <u>Prior year balance</u> | <u>Additions</u> | <u>Retirements</u> | <u>Current year balance</u> | <u>Due within one year</u> |
|---------------|---------------------------|------------------|--------------------|-----------------------------|----------------------------|
| Notes Payable | \$ 44,271,228 | \$ 44,671,641 | \$ (1,633,322) | \$ 87,309,547 | \$ 172,215 |

Notes payable on the statement of net position include \$111,491 in unamortized costs.

Preston Taylor Homes, LLC

HOPE VI Note - Phase I - MDHA is providing mortgage financing in the amount of \$12,020,515 through the HOPE VI Program administered by HUD. As of December 31, 2018, advances totaling \$11,879,616 have been received on this note. Such advances accrue simple interest at the rate of 0.1% per annum from the date which is the earlier of (i) the occurrence of a default or event of default under the note or any document which secures the indebtedness evidenced by the note or (ii) issuance of final certificates of occupancy for the last of the dwelling units to be constructed with the proceeds of the note and shall not be due and payable except at maturity or on acceleration after default. This note is secured by a leasehold deed of trust, assignment of rents and leases, and security agreement and fixture filing on the property. Interest only is payable quarterly from Cash Flow, as defined. All principal and unpaid interest are due 40 years from the date of the note, December 29, 2040. As of December 31, 2018, interest of \$192,058 was accrued, of which \$11,881 was incurred in 2018.

\$ 12,071,674

HOPE VI Note - Phase II - MDHA is providing mortgage financing in the amount of \$4,420,742 through the HOPE VI Program administered by HUD. As of December 31, 2017, advances totaling \$4,420,742 have been received on this note. Such advances accrue simple interest at the rate of 0.1% per annum from the date which is the earlier of (i) the occurrence of a default or event of default under the note or any document which secures the indebtedness evidenced by the note or (ii) issuance of final certificates of occupancy for the last of the dwelling units to be constructed with the proceeds of the note and shall not be due and payable except at maturity or on acceleration after default. This note is secured by a leasehold deed of trust, assignment of rents and leases, and security agreement and fixture filing on the property. Interest only is payable quarterly from Cash Flow, as defined. All principal and unpaid interest are due 40 years from the date of the note, January 4, 2042. As of December 31, 2018, interest of \$67,042 was accrued, of which \$4,419 was incurred in 2018.

4,487,784

UDAG Repayment Funds -Phase I - Additional financing in the amount of \$1,000,000 is being provided by MDHA through UDAG repayment funds. This note is secured by a leasehold deed of trust, assignment of rents and leases, and security agreement and fixture filing on the property and accrues simple interest at the rate of 0.1% per annum. No payments for principal or interest are due until December 29, 2040, 40 years from the date of the note. As of December 31, 2018, advances totaling \$1,000,000 have been received. As of December 31, 2018, interest of \$16,167 was accrued, of which \$1,000 was incurred in 2018.

1,016,167

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 7 - LONG-TERM DEBT (CONTINUED)

Preston Taylor Homes, LLC (Continued)

UDAG Repayment Funds -Phase II - Additional financing in the amount of \$1,000,000 is being provided by MDHA through UDAG repayment funds. This note is secured by a leasehold deed of trust, assignment of rents and leases, and security agreement and fixture filing on the property and accrues simple interest at the rate of 0.1% per annum. No payments for principal or interest are due until January 4, 2042, 40 years from the date of the note. As of December 31, 2018, advances totaling \$1,000,000 have been received. As of December 31, 2018, interest of \$15,167 was accrued, of which \$1,000 was incurred in 2018. \$ 1,015,167

Comp Grant Loan -Phase II - MDHA is also providing additional financing in the form of a \$1,580,986 comp grant loan. This note is secured by a leasehold deed of trust, assignment of rents and leases, and security agreement and fixture filing on the property and accrues simple interest at the rate of 0.1% per annum. No payments for principal or interest are due until January 4, 2042, 40 years from the date of the note. As of December 31, 2018, advances of \$1,580,986 have been received. As of December 31, 2018, interest of \$23,978 was accrued, of which \$1,581 was incurred in 2018. 1,604,964

CDBG Block Grant Loan -Phase II - MDHA is also providing additional financing in the form of a \$500,000 CDBG block grant loan. This note is secured by a leasehold deed of trust, assignment of rents and leases, and security agreement and fixture filing on the property and accrues simple interest at the rate of 0.1% per annum. No payments for principal or interest are due until January 4, 2042, 40 years from the date of the note. As of December 31, 2018, advances of \$500,000 have been received. As of December 31, 2018, interest of \$7,583 was accrued, of which \$500 was incurred in 2018. 507,583

Section 8 Refinancing Grant Loan -Phase II - MDHA is also providing additional financing in the form of a \$400,000 Section 8 refinancing grant loan. This note is secured by a leasehold deed of trust, assignment of rents and leases, and security agreement and fixture filing on the property and accrues simple interest at the rate of 0.1% per annum. No payments for principal or interest are due until January 4, 2042, 40 years from the date of the note. As of December 31, 2018, advances of \$400,000 on the grant loan have been received and repayments of \$204,927 were made in 2005, leaving a balance outstanding of \$195,073 at December 31, 2018. As of December 31, 2018, interest of \$2,963 was accrued, of which \$196 was incurred in 2018. 198,036

As of January 1, 2019 Preston Taylor Homes, LLC was dissolved and the property was returned to the Agency. As part of this transaction the debt detailed above was forgiven.

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 7 - LONG-TERM DEBT (CONTINUED)

Ryman Lofts at Rolling Mill Hill, L.P.

Construction and permanent financing is being provided by Bank of Tennessee under loan commitments of \$3,900,000 (the construction loan) and \$1,000,000 (the permanent loan), respectively. The loans bear interest at a variable interest rate of the prime rate minus 2% and may not fall below 0%. The prime rate at December 31, 2018 was 5.5%. The loans are secured by a leasehold deed of trust and an assignment of rents and leases. Interest only payments are due monthly through March 1, 2014, the maturity date of the construction loan. Beginning August 1, 2014, monthly principal and interest payments of \$3,332 began on the permanent loan, and increased to \$5,561 in September 2014. In February 2015, monthly payments of \$4,304 began on the permanent loan and are due until maturity in June 2029.

\$ 837,867

Construction and permanent financing is being provided by Metropolitan Development Housing Agency (MDHA) under a loan commitment of \$400,000. The nonrecourse loan is secured by a second leasehold deed of trust and bears interest at a rate of 5% of the outstanding principal balance per annum. No principal payments are due until the maturity date in September 2041. As of December 31, 2018, interest of \$150,379, remained payable. During 2018, interest expense of \$21,232 was incurred.

550,379

Levy Place, L.P.

Construction and permanent financing is being provided by Pinnacle Bank under a loan commitment of \$5,850,000. The nonrecourse loan is secured by a leasehold deed of trust and an assignment of rents and leases. Interest shall accrue at an annual rate of the Wall Street Journal prime rate (5.5% as of December 31, 2018) minus 4% with a floor of 0% and a cap of 5%. Commencing on August 28, 2016, monthly payments of interest only shall be due and payable until, and including, June 8, 2017, the Conversion Date. After conversion, monthly payments of principal and interest shall be due and payable. There was no accrued interest at December 31, 2018. The entire principal balance, as well as all accrued and unpaid interest, is due and payable on July 28, 2035.

5,633,609

Permanent financing is being provided by MDHA under a loan commitment of \$7,898,296. The nonrecourse loan is secured by an agency leasehold deed of trust and an assignment of rents and leases. Interest shall accrue at an annual rate of 2.24% commencing July 28, 2016. Principal and accrued interest shall be due and payable within 90 days after the end of each calendar year to the extent of Available Cash Flow, as defined in the Amended and Restated Partnership Agreement. During 2018, interest expense of \$176,922 was incurred and \$427,561 remains payable as of December 31, 2018. The entire principal balance, as well as accrued and unpaid interest, is due and payable in July 2056.

8,325,857

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 7 - LONG-TERM DEBT (CONTINUED)

Boscobel I, L.P.

Permanent financing is being provided by MDHA under a loan commitment of \$6,581,900. The nonrecourse loan is secured by an agency leasehold deed of trust and an assignment of rents and leases. Interest shall accrue at an annual rate of 3.05% commencing August 15, 2018. Principal and accrued interest shall be due and payable within 90 days after the end of each calendar year to the extent of Available Cash Flow, as defined in the Partnership Agreement. During 2019, interest expense of \$25,650 was incurred and remains payable as of September 30, 2019. The entire principal balance, as well as accrued and unpaid interest, is due and payable in August 2048. \$ 6,607,550

\$1,684,554 note with MDHA dated August 15, 2018. Monthly interest payments are payable at a variable rate of the Prime Rate minus 4%, however the interest rate shall not fall below 0% (Prime Rate at September 30, 2019 was 5%). Unpaid principal and accrued interest is due and payable in full at maturity, January 4, 2021. The note is collateralized by Boscobel I, a 96 unit mixed income property and assignment of rents. 1,684,554

\$7,000,000 note with MDHA dated August 15, 2018. Monthly interest payments are payable at a variable rate of the Prime Rate minus 4%, however the interest rate shall not fall below 0% (Prime Rate at September 30, 2019 was 5%). Beginning, February 15, 2021, monthly principal payments will be due with the monthly interest payments. The note is collateralized by Boscobel I, a 96 unit mixed income property and assignment of rents and will mature August 15, 2033. 7,000,000

\$8,557,622 note with MDHA dated August 15, 2018. Monthly interest payments are payable at a variable rate equal to the Prime Rate (September 30, 2019 was 5%). Unpaid principal and accrued interest are due and payable in full at maturity, January 4, 2021. The note is collateralized by Boscobel I, a 96 unit mixed income property and assignment of rents. The amount drawn as of September 30, 2019 was \$1,313,658. 1,313,658

CP II, L.P.

\$7,400,000 note with Pinnacle Bank dated December 12, 2018. Monthly interest payments are payable at a variable rate of the Prime Rate minus 4%, however the interest rate shall not fall below 0% (Prime Rate at September 30, 2019 was 5%). Beginning, June 15, 2021, monthly principal payments will be due with the monthly interest payments. The note is collateralized by CP II, a 102 unit mixed income property and assignment of rents and will mature November 15, 2033. 7,400,000

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 7 - LONG-TERM DEBT (CONTINUED)

CP II, L.P. (Continued)

\$459,589 note with Pinnacle Bank dated December 12, 2018. Monthly interest payments are payable at a variable rate of the Prime Rate minus 4%, however the interest rate shall not fall below 0% (Prime Rate at September 30, 2019 was 5%). Unpaid principal and accrued interest are due and payable in full at maturity, January 4, 2021. The note is collateralized by CP II, a 102 unit mixed income property and assignment of rents. \$ 459,589

\$9,000,000 note with MDHA dated December 11, 2018. Note shall bear interest at a fixed rate equal to 1%. Principal and interest shall be based upon a 40-year amortization and paid annually from the Cash Flow as described in the Partnership Agreement. The note is collateralized by CP II, a 102 unit mixed income property and assignment of rents and will mature December 11, 2048. 9,000,000

\$500,000 note with MDHA dated December 11, 2018. Proceeds from the note shall be used in accordance with the rules and regulations of the HOME Investment Partnership Programs. No interest is payable, provided the principal is paid by the due date set forth in the note, twenty years from the Project Completion date. The note is collateralized by CP II, a 101 unit mixed income property and assignment of rents. 500,000

Boscobel III, L.P.

\$15,594,609 note with MDHA dated August 9, 2019. Note shall bear interest at a fixed rate equal to 0.75%. Principal and interest shall be based upon a 30-year amortization and paid annually from the Cash Flow as described in the Partnership Agreement. The note is collateralized by Boscobel III, a 102 unit mixed income property and assignment of rents and will mature August 9, 2048. 15,594,609

\$7,400,000 note with Pinnacle Bank dated August 9, 2019. Monthly interest payments are payable at a variable rate of the Prime Rate minus 4%, however the interest rate shall not fall below 0% (Prime Rate at September 30, 2019 was 5%). Beginning, March 15, 2022, monthly principal payments will be due with the monthly interest payments. The note is collateralized by Boscobel III, a 102 unit mixed income property and assignment of rents and will mature August 8, 2034. The amount drawn as of September 30, 2019 was \$100. 100

\$669,822 note with Pinnacle Bank dated August 9, 2019. Monthly interest payments are payable at a variable rate of the Prime Rate minus 4%, however the interest rate shall not fall below 0% (Prime Rate at September 30, 2019 was 5%). Unpaid principal and accrued interest are due and payable in full at maturity, January 5, 2022. The note is collateralized by Boscobel III, a 102 unit mixed income property and assignment of rents. The amount drawn as of September 30, 2019 was \$100. 100

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 7 - LONG-TERM DEBT (CONTINUED)

Boscobel III. L.P. (Continued)

\$10,270,684 note with MDHA dated August 9, 2019. Monthly interest payments are payable at a variable rate equal to the Prime Rate (September 30, 2019 was 5%). Unpaid principal and accrued interest are due and payable in full at maturity, January 5, 2022. The note is collateralized by Boscobel III, a 102 unit mixed income property and assignment of rents. The amount drawn as of September 30, 2019 was \$100. \$ 100

\$500,000 note with MDHA dated August 9, 2019. Proceeds from the note shall be used in accordance with the rules and regulations of the HOME Investment Partnership Programs. No interest is payable, provided the principal is paid by the due date set forth in the note, twenty years from the Project Completion date. The note is collateralized by Boscobel III, a 102 unit mixed income property and assignment of rents. 500,000

Victory Hall L.P.

\$500,000 note with MDHA dated August 2, 2019 funded by a private donation. Note shall bear interest at a fixed rate equal to 2.5%. No payment of principal or interest shall be due during the construction period, following the construction period, principal and interest shall be based upon a 30-year amortization and paid annually from the Cash Flow as described in the Partnership Agreement. The note is collateralized by Curb Victory Hall, a 39 units set aside for homeless veterans and assignment of rents and will mature August 2, 2049. 500,000

\$500,000 note with MDHA dated August 2, 2019 funded by the Tennessee Housing Trust Fund grant program. Note shall bear interest at a fixed rate equal to 2.5%. No payment of principal or interest shall be due during the construction period, following the construction period, principal and interest shall be based upon a 30-year amortization and paid annually from the Cash Flow as described in the Partnership Agreement. The note is collateralized by Curb Victory Hall, a 39 units set aside for homeless veterans and assignment of rents and will mature August 2, 2049. 500,000

\$1,231,400 note with Pinnacle Bank dated August 2, 2019. Monthly interest payments are payable at a Prime Rate minus 4%, however the interest rate shall not fall below 0% (Prime Rate at September 30, 2019 was 5%). Beginning August 15, 2021, monthly principal payments will be due with the monthly interest payments. The note is collateralized by Curb Victory Hall, a 39 units set aside for homeless veterans and assignment of rents and will mature August 1, 2034. The amount drawn as of September 30, 2019 was \$100. 100

\$78,600 note with Pinnacle Bank dated August 2, 2019. Monthly interest payments are payable at a variable rate equal to the Prime Rate (September 30, 2019 was 5%). The entire unpaid principal and accrued interest shall be due and payable August 1, 2021. The note is collateralized by Curb Victory Hall, a 39 units set aside for homeless veterans and assignment of rents. The amount drawn as of September 30, 2019 was \$100. 100

\$ 87,309,547

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 7 - LONG-TERM DEBT (CONTINUED)

A schedule of principal maturities of the Discretely Presented Component Unit's long-term debt before the loan cost adjustment of \$46,934 at December 31, 2018 is as follows:

| <u>Year ending December 31,</u> | <u>Principal</u> |
|---------------------------------|----------------------|
| 2019 | \$ 172,215 |
| 2020 | 496,000 |
| 2021 | 3,585,675 |
| 2022 | 634,494 |
| 2023 | 634,735 |
| Thereafter | <u>81,786,428</u> |
| Total | <u>\$ 87,309,547</u> |

NOTE 8 - CONDUIT DEBT OBLIGATIONS

Tax increment financing ("TIF") is a method of funding certain public investments for redevelopment by recapturing, for a time, all or a portion of the increased tax revenue that may result if private investment can be stimulated to occur. Tax increment can only be generated by the increased taxes resulting from private development on land in a redevelopment district that has been acquired and re-sold or leased by MDHA. The tax increment due to the difference in the tax basis is then diverted to the redevelopment agency which may use those funds to finance public purpose expenditures or to repay bonds or notes that were issued to finance those expenditures. These loans are special limited obligations of MDHA, payable solely from and secured by a pledge of the tax increment revenues designated for the payment of the loan. The loans do not constitute debt or a pledge of credit of MDHA or the Metropolitan Government and, accordingly, are not reported in the accompanying financial statements.

The Tax Increment Financing Loans, including related accrued interest payable, aggregated approximately \$135.2 million at September 30, 2019.

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 8 - CONDUIT DEBT OBLIGATIONS (CONTINUED)

A summary of changes in MDHA's conduit debt for the year ended September 30, 2019 is presented below:

| <u>Company</u> | <u>Project Description</u> | <u>Balance 9/30/2018</u> | <u>Additions</u> | <u>Retirements</u> | <u>Balance 9/30/2019</u> | <u>Accrued Interest</u> |
|----------------|--------------------------------------|------------------------------|----------------------|-----------------------|------------------------------|-----------------------------|
| 3501 | Castner Knott | \$ 1,850,000 | \$ - | \$ - | \$ 1,850,000 | \$ 866,568 |
| 3501 | Cohen Bldg | 300,000 | - | - | 300,000 | 208,996 |
| 3501 | Cumberland apts | 6,000,000 | - | (89,332) | 5,910,668 | 221,529 |
| 3501 | Kress | 296,070 | - | (51,719) | 244,351 | 4,064 |
| 3501 | Viridian | 471,297 | - | (471,297) | - | - |
| 3501 | ACME Feed Building | 226,800 | - | (59,296) | 167,504 | 3,536 |
| 3501 | Omni Hotel (10/4/2013) | - | - | - | - | - |
| | Regions Bank | 28,386,996 | - | (2,499,923) | 25,887,073 | 251,707 |
| 3501 | Omni Hotel | - | - | - | - | - |
| | Downtown Parking Garage | 610,768 | - | (51,003) | 559,765 | 5,518 |
| 3501 | Omni Hotel - 21C Hotel | 1,077,802 | - | (142,073) | 935,729 | 9,272 |
| 3501 | Parmenter Garage | 1,092,017 | - | (216,532) | 875,485 | 13,863 |
| 3501 | 505 CST | 12,500,000 | - | - | 12,500,000 | 390,942 |
| 3501 | 21C Hotel Project | 4,800,000 | - | - | 4,800,000 | 166,110 |
| 3501 | 4Pant Dream Hotel | 3,240,205 | 3,011,464 | - | 6,251,669 | 121,679 |
| 3501 | Joseph Hotel | 4,500,000 | - | - | 4,500,000 | 370,205 |
| 3501 | 5th & Broad | - | 7,810,000 | (147,306) | 7,662,694 | 143,597 |
| 3501 | 5th & Broad | - | 17,190,000 | - | 17,190,000 | 366,877 |
| 3504 | Rolling Mill Hill | 1,967,813 | - | (480,363) | 1,487,450 | 27,098 |
| 3504 | Trolley Barn | 219,172 | - | (124,979) | 94,193 | 2,452 |
| 3504 | 205 Demonbreun | 2,176,995 | - | (1,151,247) | 1,025,748 | 32,042 |
| 3504 | SWH River House | 525,000 | - | (222,184) | 302,816 | 6,631 |
| 3504 | Eakin The Peabody Plaza | 7,900,000 | - | - | 7,900,000 | 639,738 |
| 3507 | Ballpark Project | 5,681,671 | - | (639,534) | 5,042,137 | 49,070 |
| 3510 | 1821 Jefferson Street | 613,559 | - | (29,261) | 584,298 | 29,031 |
| 3510 | 1712 Jefferson Street | 240,532 | - | - | 240,532 | 44,228 |
| 3511 | 1101 Dickerson Pike | 128,347 | - | (8,243) | 120,104 | 2,751 |
| 3515 | 5th & MAIN | 5,807,570 | - | - | 5,807,570 | 1,576,138 |
| 3515 | East Side Apartments | 153,666 | - | (111,551) | 42,115 | 965 |
| 3518 | Ash-McNiel | 116,394 | - | (42,013) | 74,381 | 2,041 |
| 3518 | Braid Electric | 118,695 | - | (95,233) | 23,462 | 483 |
| 3518 | Javanco/Waggoner | 236,447 | - | (236,447) | - | - |
| 3518 | Velocity | 4,168,900 | - | (362,117) | 3,806,783 | 121,673 |
| 3518 | Gulch Infrastructure (Laurel Propert | 202,748 | - | (202,748) | - | - |
| 3518 | Gulch Crossing | 1,906,133 | - | (665,780) | 1,240,353 | 28,804 |
| 3518 | Westin Hotel | 14,791,825 | - | (670,000) | 14,121,825 | 328,837 |
| 3518 | Thompson Hotel | 3,987,213 | - | (293,349) | 3,693,864 | 89,679 |
| | Total | \$ 116,294,635 | \$ 28,011,464 | \$ (9,063,530) | \$ 135,242,569 | \$ 6,126,124 |

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 9 - OTHER LONG-TERM LIABILITIES OTHER THAN DEBT

The activities of compensated absences and other noncurrent liabilities for MDHA consisted of the following at September 30, 2019:

| | <u>Balance at October 1, 2018</u> | <u>Additions</u> | <u>Adjustment/ Payments</u> | <u>Balance at September 30, 2019</u> | <u>Current portion</u> |
|----------------------|---------------------------------------|------------------|---------------------------------|--|----------------------------|
| Compensated absences | \$ 2,306,806 | \$ 1,429,433 | \$ (1,431,371) | \$ 2,304,868 | \$ 760,607 |
| FSS escrow deposit | \$ 995,401 | \$ 552,800 | \$ (259,431) | \$ 1,288,770 | \$ - |

NOTE 10 - RISK MANAGEMENT

MDHA is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. MDHA maintains commercial insurance covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to MDHA. During the year ended September 30, 2019, settled claims have not exceeded this commercial insurance coverage.

NOTE 11 - EMPLOYEE BENEFIT PLANS

The MDHA retirement plan is a 401A Plan administered by the Vanguard Group. The Plan, which is principally a defined contribution plan for employees who were participants in the MDHA Retirement Plan as of September 30, 2000. Based on an actuarial study performed as of July 1, 2013, the Agency had no required contribution due related to the defined benefit portion of the Plan. Employees are eligible to participate beginning the first day of the month following the date of hire. There are no required contributions by the participants; however, participants may make voluntary contributions from 0.5% to 10% of basic compensation and MDHA contributes 13% of participants' basic compensation. Contributions are invested in any of twenty-two funds as elected by the participant. Investment options and voluntary contributions may be changed daily.

Participants' voluntary contributions plus actual earnings are immediately vested. Participants are also immediately vested in 5.5% of the 13% of MDHA's contributions. Each year of participation in the Plan, participants vest at the rate of 20% of the remaining balance and become fully vested after 5 years.

Benefits are paid in the form of a cash distribution or various other annuity options at normal retirement date, age 65, death or disability. Participants may also elect to roll the vested portion of retirement savings into another qualifying plan or an IRA or leave the amount in the Plan. Early retirement may be elected by employees at age 55 who have at least ten years of service.

MDHA contributions to the Plan for the year ended September 30, 2019 amounted to \$2,108,169, which equaled the amount of required employer contributions. Employee voluntary contributions were \$235,051 in 2019. MDHA's payroll for employees covered by the Plan for the fiscal year ended September 30, 2019 was \$16,216,681. Total payroll for MDHA during the fiscal year ended September 30, 2019 amounted to \$17,240,412.

MDHA sponsors a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan permits all employees to defer a portion of salary until future years. Such amounts are not available to them until termination, retirement, death or unforeseeable emergency. No contributions are made to this Plan by MDHA.

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 12 - LEASES

MDHA leases certain office space and equipment under leases accounted for as operating leases. The minimum future rental commitments under these leases are not significant. Total lease expenditures made for the year ended September 30, 2019 were \$72,028.

In addition, rental income, other than rent directly related to low-income housing units, is received under various other short-term land and building leases accounted for as operating leases. These leases are either cancelable leases or the future minimum rentals under these leases are insignificant. Rental income from these sources totaled \$786,485 for the year ended September 30, 2019.

NOTE 13 - COMMITMENTS AND CONTINGENCIES

MDHA receives significant financial assistance from numerous federal, state and local governmental agencies in the form of grants and operating 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 a liability of MDHA. In the opinion of management, any such disallowed claims would not have a material effect on the financial position of MDHA at September 30, 2019.

At September 30, 2019, the Agency had outstanding construction commitments of approximately \$55.35 million. These outstanding commitments will be paid by equity generated by low-income housing tax credits, bank loans and other Agency reserve.

MDHA is a defendant in various lawsuits arising in the ordinary course of operations. Although the outcome of these lawsuits is not presently determinable, in the opinion of management and MDHA's attorney, the resolution of these matters will not have a material adverse effect on the financial condition of MDHA. Accordingly, no provision for loss, if any, related to these matters has been made in the financial statements.

NOTE 14 - AFFILIATE AGREEMENTS

MDHA has also assisted in the financing of mixed income affordable and market rate residential housing in the form of loans to Preston Taylor Homes, LLC. Preston Taylor Homes Phase I consisted of the demolition of 300 units of housing on the north side of the Preston Taylor site and the new construction of 51 rental duplex and townhouse buildings comprising 182 units of rental housing. Of the 182 units, 170 shall be public housing units eligible to receive the benefits of operating subsidies provided to MDHA by HUD. The remaining 12 units shall be market units. Phase I of the project was completed in November 2002. Preston Taylor Homes Phase II consisted of the demolition of 250 units of housing and the new construction of 116 units, of which 104 are public housing units and 12 are market rate units. Phase II of the project was completed in October 2003. (See Note 6.)

The apartment project is managed by MDHA which receives a fee of 6% of the gross revenues of the Project with respect to the nonpublic housing units. A ninety-nine year ground lease has been executed with MDHA. Upon expiration of the agreement, Preston Taylor shall have an option to purchase the land for \$100, provided the development notes have been paid in full. (See Note 5.) As of January 1, 2019, Preston Taylor Homes LLC was dissolved and the property was returned to the Agency. As part of this transaction, the debt detailed above was forgiven.

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 14 - AFFILIATE AGREEMENTS (CONTINUED)

The Levy Place partnership has entered into a regulatory agreement with MDHA, which regulates, among other things, the rents which may be charged for apartment units in the Project, prohibits the sale of the Project without HUD and MDHA consent, and otherwise regulates the relationship between the Partnership, HUD and MDHA. The Partnership has executed a ground lease agreement (the Agreement) with MDHA. The lease is subject to various use restrictions and operating requirements, as defined in the Agreement. The term of the Agreement is for 75 years.

The Project is managed by MDHA, an affiliate of the General Partner. Under this agreement, MDHA receives a monthly management fee equal to 8.4% of collected subsidies and gross rents, excluding deposits, advance rents, rebilling utilities, and tenant reimbursements. The management fees are capped at 6% of revenue, as an operating expense, and the remainder is payable from Cash Flow. Management fees of \$115,724 were charged to operations in 2019. There were no fees outstanding as of September 30, 2019.

Boscobel I, LP has entered into a Developer Agreement with MDHA to acquire, construct, and develop mixed income affordable and market rate residential housing. After completion, Boscobel I, LP will consist of new construction of 96 of rental housing. Of the 96 units, 50 shall be public housing units eligible to receive the benefits of PBRA HAP subsidies provided to the partnership by HUD. The remaining 46 units shall be workforce and market units. Estimated completion date is November 2019.

CP II I, LP has entered into a Developer Agreement with MDHA to acquire, construct, and develop mixed income affordable and market rate residential housing. After completion, CP II, LP will consist of new construction of 101 of rental housing. Of the 101 units, 45 shall be public housing units eligible to receive the benefits of PBRA HAP subsidies provided to the partnership by HUD. The remaining 56 units shall be workforce and market units. Estimated completion date is June 2020.

Boscobel III, LP has entered into a Developer Agreement with MDHA to acquire, construct, and develop mixed income affordable and market rate residential housing. After completion, Boscobel III, LP will consist of new construction of 102 of rental housing. Of the 102 units, 45 shall be public housing units eligible to receive the benefits of PBRA HAP subsidies provided to the partnership by HUD. The remaining 57 units shall be workforce and market units. Estimated completion date is January 2021.

Victory Hall, LP has entered into a Developer Agreement with MDHA to acquire, construct, and develop affordable for homeless veterans. After completion, Victory Hall, LP will consist of new construction of 39 of rental housing. The units shall be public housing units eligible to receive the benefits of Rental Assistance VASH HAP subsidies provided to the partnership by HUD. Estimated completion date is November 2020.

MDHA guarantees certain financial obligations of all affiliate entities that include advances of funds, capital contributions, loans, and any and all other payments and options per the Operating Agreements. Tax credit availability and compliance guarantees are also provided by MDHA.

NOTE 15 - NET POSITION

The Agency's net position is categorized as follows:

- Net investment in capital assets - This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, capital lease obligations or other borrowings and related interest that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted net position - This component of net position consists of restricted assets, whereby constraints are placed on assets by creditors (such as debt covenants), grantors, laws and regulations.
- Unrestricted net position - This component of net position consists of net position that does not meet the definition of "restricted" or "net investment in capital assets".

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 15 - NET POSITION (CONTINUED)

The changes in the Agency's net position for the year ended September 30, 2019 are as follows:

| | <u>Net investment in capital assets</u> | <u>Restricted</u> | <u>Unrestricted</u> | <u>Totals</u> |
|--------------------------------------|---|----------------------|----------------------|-----------------------|
| Net position - September 30, 2018 | \$ 228,894,225 | \$ 44,980,162 | \$ 94,836,373 | \$ 368,710,760 |
| Changes in net position - 2019 | 206,290 | 6,416,166 | (3,616,396) | 3,006,060 |
| Net position - September 30, 2019 | <u>\$ 229,100,515</u> | <u>\$ 51,396,328</u> | <u>\$ 91,219,977</u> | <u>\$ 371,716,820</u> |

A breakdown of the Agency's restricted net position as of September 30, 2019 is as follows:

| | |
|---|----------------------|
| Replacement reserve accounts | \$ 45,325,881 |
| Post RAD Rehab escrows | 2,638,061 |
| MDHA Kirkpatrick Park LLC Escrow | 440,727 |
| MDHA J Henry Hale LLC escrow accounts | 463,778 |
| MDHA 10th & Jefferson escrow accounts | 331,827 |
| MDHA Madison Towers LLC escrow accounts | 696,801 |
| Section 8 HAP reserves | 729,044 |
| Other reserves & property mgmt deposits | 770,209 |
| | <u>\$ 51,396,328</u> |

The changes in net position for the Discretely Presented Component Units for the year ended December 30, 2018 are as follows:

| | <u>Net investment in capital assets</u> | <u>Restricted</u> | <u>Unrestricted</u> | <u>Totals</u> |
|---|---|----------------------|---------------------|----------------------|
| Net position (deficit) - January 1, 2018 | \$ 2,973,651 | \$ 6,148,353 | \$ 1,029,938 | \$ 10,151,942 |
| Changes in net position - 2018 | (2,952,863) | 14,420,314 | (1,468,987) | 9,998,464 |
| Net position (deficit) - December 31, 2018 | <u>\$ 20,788</u> | <u>\$ 20,568,667</u> | <u>\$ (439,049)</u> | <u>\$ 20,150,406</u> |

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 16 - MEMBERS CAPITAL CONTRIBUTIONS

Contingent upon various requirements as outlined in the Partnership Agreement for Levy Place, L.P., the Limited Partner has agreed to contribute \$10,760,587 for a 99.989% interest in the Partnership. During the year ended December 31, 2018, capital contributions of \$1,614,088 were received.

The Special Limited Partner of Levy Place, L.P. has agreed to contribute \$100 in return for 0.001% interest and the General Partner has agreed to contribute \$196,720 for a 0.01% interest in the partnership. Both partners fully funded their capital contributions during the year ended December 31, 2016.

NOTE 17 - INCOME TAXES

The Agency is exempt from income taxes as it is a governmental entity and therefore is not subject to taxation. The Agency's blended component units, due to their nature, are not subject to federal and state income taxes at the company level. All income, gains and losses are passed through to the members and taxed at their respective level. As such, no provision for current or deferred income taxes has been provided in the accompanying financial statements.

No provision for federal or state income taxes has been made in the Discretely Presented Component Unit's financial statements as the federal and state income tax effect on the Discretely Presented Component Unit's activities accrues to its partners.

NOTE 18 - CONCENTRATIONS

MDHA has entered into a Memorandum of Understanding with the Service Employees International Union, Local 205 for the term July 21, 2015 through September 30, 2018. Approximately 40% of MDHA's non-exempt, non-supervisory employees are members of the union. As of March 5, 2020 the renewal of the Memorandum of Understanding with SEIU has not been finalized.

NOTE 19 - SPECIAL ITEMS

Special items reported as of September 30, 2019 consisted of:

| | |
|---|------------------------|
| Dissolution of Preston Taylor LLC, transfer of assets and forgiveness of debt on the Property to MDHA | (\$ 4,996,227) |
| MDHA Equity and Land transferred to CP II, LP at December 11, 2018 closing date | <u>(7,111,969)</u> |
| | <u>(\$ 12,108,196)</u> |

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 20 - FUTURE ACCOUNTING PRONOUNCEMENTS

In January 2017, the GASB issued statement No. 84, *Fiduciary Activities*. The provisions of this statement are effective for fiscal years beginning after December 15, 2018.

This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position.

This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources.

In June 2017, the GASB issued statement No. 87, *Leases*. The provisions of this statement are effective for fiscal years beginning after December 15, 2019.

This Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset.

Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

In April 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. The provisions of this statement are effective for fiscal years beginning after June 15, 2018.

This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established.

This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses.

For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt.

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 20 - FUTURE ACCOUNTING PRONOUNCEMENTS (CONTINUED)

In June 2018, the GASB issued statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The provisions of this statement are effective for fiscal years beginning after December 15, 2019.

This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

In August 2018, the GASB issued Statement No. 90, *Majority Equity Interests - A Amendment of GASB Statements No. 14 and 61*. The provisions of this statement are effective for fiscal years beginning after December 15, 2018.

This Statement defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should generally be measured using the equity method, unless certain specifications are met. For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method.

MDHA is currently evaluating the impact that will result from adopting these Standards and is therefore unable to disclose the impact that these Standards will have on the MDHA'S financial position and the results of its operations when the Statements are adopted.

NOTE 21 - SUBSEQUENT EVENTS

The Agency assisted in the financing of the new construction of 100 mixed income affordable and market rate housing in the form of Metro Capital Spending Plan funds, HUD Public Housing Capital Funds, bond funds and equity contributions to Randee Rogers, L.P. The project received an allocation of tax-exempt multi-family bond authority and the accompanying 4% Low-Income Housing Tax Credits from the Tennessee Housing and Development Agency. On December 11, 2019, the bond issuance of approximately \$16 million closed for the project. The Partnership intends to enter into an Amended and Restated Agreement of Limited Partnership with Boston Capital Corporate Tax Credit Fund XLIX, the Investor Limited Partner, and with BCCC, Inc., the Special Limited Partner to facilitate an equity investment for the project. The Agency will enter into a Ground Lease and Loan Agreement with the Partnership for the HUD and Metro funding.

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 22 - CONDENSED FINANCIAL STATEMENTS

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

STATEMENT OF NET POSITION AT DECEMBER 31, 2018

| | Discretely Presented Component Units | | | | | | | Total |
|--|--------------------------------------|---------------------|-------------------|-------------------|---------------------------|---------------------|--|----------------------|
| | Boscobel I LP | CP II I LP | Boscobel III LP | Victory Hall LP | Preston Taylor Homes, LLC | Levy Place LP | Ryman Lofts at Rolling Mill Hill, L.P. | |
| ASSETS | | | | | | | | |
| Current Assets | \$ 1,684,554 | \$ 8,482,541 | \$ 14,546,910 | \$ - | \$ 4,003,067 | \$ 3,107,845 | \$ 465,696 | \$ 32,290,613 |
| Capital Assets, Net | 20,891,471 | 18,682,486 | 3,432,901 | 1,530,438 | 14,407,848 | 21,492,707 | 5,878,095 | 86,315,946 |
| Noncurrent Assets | - | - | - | - | - | 166,633 | 31,562 | 198,195 |
| TOTAL ASSETS | 22,576,025 | 27,165,027 | 17,979,811 | 1,530,438 | 18,410,915 | 24,767,185 | 6,375,353 | 118,804,754 |
| DEFERRED OUTFLOWS OF RESOURCES | - | - | - | - | - | - | - | - |
| TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | 22,576,025 | 27,165,027 | 17,979,811 | 1,530,438 | 18,410,915 | 24,767,185 | 6,375,353 | 118,804,754 |
| LIABILITIES | | | | | | | | |
| Current Liabilities | 3,145,521 | 2,693,456 | 1,546,436 | 290,930 | 2,316,561 | 443,217 | 227,043 | 10,663,164 |
| Noncurrent Liabilities | 16,605,762 | 17,359,589 | 16,094,909 | 1,000,200 | 21,059,002 | 14,548,301 | 1,323,421 | 87,991,184 |
| TOTAL LIABILITIES | 19,751,283 | 20,053,045 | 17,641,345 | 1,291,130 | 23,375,563 | 14,991,518 | 1,550,464 | 98,654,348 |
| DEFERRED INFLOWS OF RESOURCES | - | - | - | - | - | - | - | - |
| TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES | 19,751,283 | 20,053,045 | 17,641,345 | 1,291,130 | 23,375,563 | 14,991,518 | 1,550,464 | 98,654,348 |
| NET POSITION | | | | | | | | |
| Net investment (deficit) in capital assets | 4,285,709 | 1,322,897 | (12,662,008) | 530,238 | (6,136,664) | 8,002,398 | 4,678,218 | 20,788 |
| Unrestricted net position (deficit) | - | - | - | - | (750,830) | 430,155 | (118,374) | (439,049) |
| Restricted net position | (1,460,967) | 5,789,085 | 13,000,474 | (290,930) | 1,922,846 | 1,343,114 | 265,045 | 20,568,667 |
| TOTAL NET POSITION (DEFICIT) | \$ 2,824,742 | \$ 7,111,982 | \$ 338,466 | \$ 239,308 | \$ (4,964,648) | \$ 9,775,667 | \$ 4,824,889 | \$ 20,150,406 |

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 22 - CONDENSED FINANCIAL STATEMENTS (CONTINUED)

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION FOR THE YEAR ENDED DECEMBER 31, 2018

| | Discretely Presented Component Units | | | | | | | Total |
|---|--------------------------------------|---------------------|-------------------|-------------------|---------------------------|---------------------|--|----------------------|
| | Boscobel I LP | CP II LP | Boscobel III LP | Victory Hall LP | Preston Taylor Homes, LLC | Levy Place LP | Ryman Lofts at Rolling Mill Hill, L.P. | |
| OPERATING REVENUES | | | | | | | | |
| Rentals | \$ - | \$ - | \$ - | \$ - | \$ 1,392,739 | \$ 1,164,562 | \$ 504,448 | \$ 3,061,749 |
| Other tenant revenue | - | - | - | - | 38,824 | 44,993 | 4,297 | 88,114 |
| Governmental operating revenue | - | - | - | - | 358,428 | 632,620 | - | 991,048 |
| Other income | 1,697,635 | - | - | - | 22,031 | 24,965 | 1,860 | 1,746,491 |
| TOTAL OPERATING REVENUES | 1,697,635 | - | - | - | 1,812,022 | 1,867,140 | 510,605 | 5,887,402 |
| OPERATING EXPENSES | | | | | | | | |
| Cost of Services: | | | | | | | | |
| Tenant services | - | - | - | - | 53,087 | 23,779 | 1,802 | 78,668 |
| Utilities | 140 | - | - | - | 98,269 | 75,583 | 28,618 | 202,610 |
| Ordinary maintenance and operations | - | - | - | - | 867,340 | 306,595 | 134,060 | 1,307,995 |
| Protective services | - | - | - | - | - | 56,773 | 12,650 | 69,423 |
| Other direct program costs | - | - | - | - | 127,860 | 122,863 | 39,859 | 290,582 |
| Administration | - | (15) | - | - | 484,983 | 641,089 | 122,995 | 1,249,052 |
| Depreciation | - | - | - | - | 653,424 | 889,811 | 213,993 | 1,757,228 |
| TOTAL OPERATING EXPENSES | 140 | (15) | - | - | 2,284,963 | 2,116,493 | 553,977 | 4,955,558 |
| OPERATING LOSS | 1,697,495 | 15 | - | - | (472,941) | (249,353) | (43,372) | 931,844 |
| NONOPERATING REVENUES (EXPENSES) | | | | | | | | |
| Interest income | - | - | - | - | 43,275 | 22,211 | 1,935 | 67,421 |
| Interest expense | - | - | - | - | (21,919) | (236,663) | (46,048) | (304,630) |
| TOTAL NONOPERATING EXPENSES - NET | - | - | - | - | 21,356 | (214,452) | (44,113) | (237,209) |
| Members capital contributions | - | 7,111,967 | 338,466 | 239,308 | - | 1,614,088 | - | 9,303,829 |
| CHANGES IN NET POSITION | 1,697,495 | 7,111,982 | 338,466 | 239,308 | (451,585) | 1,150,283 | (87,485) | 9,998,464 |
| NET POSITION (DEFICIT) - BEGINNING OF YEAR | 1,127,247 | - | - | - | (4,513,063) | 8,625,384 | 4,912,374 | 10,151,942 |
| NET POSITION (DEFICIT) - END OF YEAR | \$ 2,824,742 | \$ 7,111,982 | \$ 338,466 | \$ 239,308 | \$ (4,964,648) | \$ 9,775,667 | \$ 4,824,889 | \$ 20,150,406 |

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 22 - CONDENSED FINANCIAL STATEMENTS (CONTINUED)

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

STATEMENT OF NET POSITION AT SEPTEMBER 30, 2019

| | <u>MDHA</u> | <u>MDHA Housing Trust Corp</u> | <u>J Henry Hale LLC</u> | <u>10th & Jefferson LLC</u> | <u>Madison Towers LLC</u> | <u>Kirkpatrick Park LLC</u> | <u>CP II, LP</u> | <u>Total</u> |
|--|------------------------------|------------------------------------|-----------------------------|-------------------------------------|-------------------------------|---------------------------------|--------------------|------------------------------|
| ASSETS | | | | | | | | |
| Current Assets | \$ 102,512,795 | \$ 5,817 | \$ 1,303,835 | \$ 468,384 | \$ 1,177,742 | \$ 1,129,244 | \$ - | \$ 106,597,817 |
| Capital Assets, Net | 256,823,652 | - | 29,275,929 | 9,399,074 | 11,991,760 | 23,038,489 | - | 330,528,904 |
| Noncurrent Assets | <u>109,742,123</u> | <u>-</u> | <u>379,486</u> | <u>-</u> | <u>-</u> | <u>222,104</u> | <u>-</u> | <u>110,343,713</u> |
| TOTAL ASSETS | 469,078,570 | 5,817 | 30,959,250 | 9,867,458 | 13,169,502 | 24,389,837 | - | 547,470,434 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | | | | |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | <u>469,078,570</u> | <u>5,817</u> | <u>30,959,250</u> | <u>9,867,458</u> | <u>13,169,502</u> | <u>24,389,837</u> | <u>-</u> | <u>547,470,434</u> |
| LIABILITIES | | | | | | | | |
| Current Liabilities | 16,881,300 | - | 647,602 | 364,411 | 242,366 | 1,710,163 | - | 19,845,842 |
| Noncurrent Liabilities | <u>109,519,769</u> | <u>-</u> | <u>19,542,156</u> | <u>7,482,947</u> | <u>6,872,723</u> | <u>12,490,177</u> | <u>-</u> | <u>155,907,772</u> |
| TOTAL LIABILITIES | 126,401,069 | - | 20,189,758 | 7,847,358 | 7,115,089 | 14,200,340 | - | 175,753,614 |
| DEFERRED INFLOWS OF RESOURCES | | | | | | | | |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES | <u>126,401,069</u> | <u>-</u> | <u>20,189,758</u> | <u>7,847,358</u> | <u>7,115,089</u> | <u>14,200,340</u> | <u>-</u> | <u>175,753,614</u> |
| NET POSITION | | | | | | | | |
| Net investment (deficit) in capital assets | 202,449,265 | - | 9,454,194 | 1,831,291 | 5,005,360 | 10,360,405 | - | 229,100,515 |
| Unrestricted net position (deficit) | 90,115,532 | 5,817 | 482,492 | (143,018) | 352,252 | (611,635) | - | 90,201,440 |
| Restricted net position | <u>50,112,704</u> | <u>-</u> | <u>832,806</u> | <u>331,827</u> | <u>696,801</u> | <u>440,727</u> | <u>-</u> | <u>52,414,865</u> |
| TOTAL NET POSITION (DEFICIT) | <u>\$ 342,677,501</u> | <u>\$ 5,817</u> | <u>\$ 10,769,492</u> | <u>\$ 2,020,100</u> | <u>\$ 6,054,413</u> | <u>\$ 10,189,497</u> | <u>\$ -</u> | <u>\$ 371,716,820</u> |

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 22 - CONDENSED FINANCIAL STATEMENTS (CONTINUED)

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION FOR THE YEAR ENDED SEPTEMBER 30, 2019

| | <u>MDHA</u> | <u>MDHA Housing Trust Corp</u> | <u>J Henry Hale LLC</u> | <u>10th & Jefferson LLC</u> | <u>Madison Towers LLC</u> | <u>Kirkpatrick Park LLC</u> | <u>CP II, LP</u> | <u>Total</u> |
|---|-----------------------|------------------------------------|-----------------------------|-------------------------------------|-------------------------------|---------------------------------|---------------------|-----------------------|
| OPERATING REVENUES | | | | | | | | |
| Rentals | \$ 17,146,663 | \$ - | \$ 1,160,124 | \$ 675,826 | \$ 103,857 | \$ 131,029 | \$ - | \$ 19,217,499 |
| Other tenant revenue | 879,128 | - | 54,281 | - | 3,061 | 8,987 | - | 945,457 |
| Governmental operating revenue | 101,187,401 | - | 1,040,693 | - | 158,688 | - | - | 102,386,782 |
| Other income | <u>17,770,635</u> | <u>500,500</u> | <u>157,605</u> | <u>170,740</u> | <u>2,600</u> | <u>-</u> | <u>316,768</u> | <u>18,918,848</u> |
| TOTAL OPERATING REVENUES | 136,983,827 | 500,500 | 2,412,703 | 846,566 | 268,206 | 140,016 | 316,768 | 141,468,586 |
| OPERATING EXPENSES | | | | | | | | |
| Cost of Services: | | | | | | | | |
| Tenant services | 904,362 | - | 5,295 | 1,585 | 6,018 | 25,906 | - | 943,166 |
| Utilities | 8,562,390 | - | 57,519 | 41,033 | 40,053 | 25,018 | - | 8,726,013 |
| Ordinary maintenance and operations | 18,040,394 | - | 833,698 | 73,645 | 87,152 | 18,776 | - | 19,053,665 |
| Protective services | 1,632,352 | - | 46,986 | 11,693 | 16,095 | 5,434 | - | 1,712,560 |
| Other direct program costs and special item | 16,321,644 | 80 | 127,786 | 81,481 | 249,250 | 101,980 | 7,111,969 | 23,994,190 |
| Housing assistance payments | 48,915,770 | - | - | - | - | - | - | 48,915,770 |
| Administration | 19,481,347 | - | 441,534 | 134,718 | 66,381 | 50,000 | 15 | 20,173,995 |
| Depreciation | <u>10,845,678</u> | <u>-</u> | <u>1,255,270</u> | <u>298,413</u> | <u>136,336</u> | <u>149,233</u> | <u>-</u> | <u>12,684,930</u> |
| TOTAL OPERATING EXPENSES | <u>124,703,937</u> | <u>80</u> | <u>2,768,088</u> | <u>642,568</u> | <u>601,285</u> | <u>376,347</u> | <u>7,111,984</u> | <u>136,204,289</u> |
| OPERATING LOSS | <u>12,279,890</u> | <u>500,420</u> | <u>(355,385)</u> | <u>203,998</u> | <u>(333,079)</u> | <u>(236,331)</u> | <u>(6,795,216)</u> | <u>5,264,297</u> |
| NONOPERATING REVENUES (EXPENSES) | | | | | | | | |
| Interest income | 2,036,071 | 2,200 | 28,117 | 19 | 10,858 | 7,488 | - | 2,084,753 |
| Loss on disposition of assets | (44,022) | - | - | - | - | - | - | (44,022) |
| Interest expense | <u>(3,256,864)</u> | <u>-</u> | <u>(708,126)</u> | <u>(322,629)</u> | <u>(11,349)</u> | <u>-</u> | <u>-</u> | <u>(4,298,968)</u> |
| TOTAL NONOPERATING EXPENSES - NET | (1,264,815) | 2,200 | (680,009) | (322,610) | (491) | 7,488 | - | (2,258,237) |
| Operating/Equity Transfers | <u>4,647,937</u> | <u>(501,000)</u> | <u>(526,664)</u> | <u>-</u> | <u>6,387,983</u> | <u>368,699</u> | <u>(10,376,955)</u> | <u>-</u> |
| CHANGES IN NET POSITION | 15,663,012 | 1,620 | (1,562,058) | (118,612) | 6,054,413 | 139,856 | (17,172,171) | 3,006,060 |
| NET POSITION (DEFICIT) - BEGINNING OF YEAR | <u>327,014,489</u> | <u>4,197</u> | <u>12,331,550</u> | <u>2,138,712</u> | <u>-</u> | <u>10,049,641</u> | <u>17,172,171</u> | <u>368,710,760</u> |
| NET POSITION (DEFICIT) - END OF YEAR | <u>\$ 342,677,501</u> | <u>\$ 5,817</u> | <u>\$ 10,769,492</u> | <u>\$ 2,020,100</u> | <u>\$ 6,054,413</u> | <u>\$ 10,189,497</u> | <u>\$ -</u> | <u>\$ 371,716,820</u> |

SUPPLEMENTARY INFORMATION

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2019

| <u>GRANT</u> | <u>FEDERAL CFDA NUMBER</u> | <u>GRANTOR'S NUMBER</u> | <u>GRANT PERIOD</u> | <u>EXPENDITURES</u> | <u>SUB-RECIPIENTS</u> |
|---|------------------------------------|-----------------------------|-------------------------|---------------------|-----------------------|
| <u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u> | | | | | |
| Passed through State Department of Human Services: | | | | | |
| Low Income Home Energy Assistance Program | 93.568 | LWx18-09 | 06-30-18 to 09-30-20 | \$ 354,453 | |
| <u>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u> | | | | <u>\$ 354,453</u> | |
| <u>U.S. DEPARTMENT OF ENERGY</u> | | | | | |
| Weatherization Assistance for Low-Income Persons | 81.042 | WAP 18-09 | 06-30-18 to 06-30-19 | 525,050 | |
| Weatherization Assistance for Low-Income Persons | 81.042 | WAP 19-09 | 06-30-19 to 06-30-20 | <u>46,684</u> | |
| <u>TOTAL U.S. DEPARTMENT OF ENERGY</u> | | | | <u>571,734</u> | |
| <u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u> | | | | | |
| Direct Programs: | | | | | |
| Public and Indian Housing | 14.850 | A-3777 | 10-01-18 to 09-30-19 | | 3,006,984 |
| Housing Voucher Cluster: | | | | | |
| Section 8 Housing Choice Vouchers | 14.871 | A-3152V | 10-01-18 to 09-30-19 | 50,924,165 | |
| Section 8 5yr Mainstream Vouchers | 14.879 | TN005DV0001 | 10-01-18 to 09-30-19 | <u>578,820</u> | |
| | | | | | 51,502,985 |
| Section 8 Project Based Cluster: | | | | | |
| Lower-Income Housing Assistance Program: | | | | | |
| Section 8 Moderate Rehabilitation - Single Room Occupancy | 14.249 | TN005SR0007 | 10-01-18 to 09-30-19 | 500,702 | |
| Section 8 Moderate Rehabilitation - Single Room Occupancy | 14.249 | TN005SC0001 | 10-01-18 to 09-30-19 | <u>110,513</u> | |
| | | | | | 611,215 |
| Housing Assistance Payments Program: | | | | | |
| CWA Apartments I | 14.195 | TN43L000015 | 10-1-18 to 9-30-19 | 1,570,173 | |
| CWA Apartments II | 14.195 | TN43L000016 | 10-1-18 to 9-30-19 | 598,722 | |
| MDHA J Henry Hale LLC | 14.195 | TN43RD000004 | 10-1-18 to 9-30-19 | 1,040,693 | |
| Cumberland View | 14.195 | TN43RD000003 | 10-1-18 to 9-30-19 | 1,947,320 | |
| Andrew Jackson | 14.195 | TN43RD000002 | 10-1-18 to 9-30-19 | 2,014,726 | |
| Madison Towers | 14.195 | TN43RD000007 | 10-1-18 to 9-30-19 | 931,189 | |
| Edgefield Manor | 14.195 | TN43RD000006 | 10-1-18 to 9-30-19 | 1,044,186 | |
| Parkway Terrace | 14.195 | TN43RD000008 | 10-1-18 to 9-30-19 | 620,073 | |
| Napier Place | 14.195 | TN43RD000011 | 10-1-18 to 9-30-19 | 2,557,840 | |
| Sudekum Apartments | 14.195 | TN43RD000012 | 10-1-18 to 9-30-19 | 3,572,271 | |
| Edgehill Apartments | 14.195 | TN43RD000013 | 10-1-18 to 9-30-19 | 2,746,844 | |
| Gernert Studio Apartments | 14.195 | TN43RD000010 | 10-1-18 to 9-30-19 | 599,548 | |
| Hadley Towers | 14.195 | TN43RD000015 | 10-1-18 to 9-30-19 | 606,767 | |
| Parthenon Towers | 14.195 | TN43RD000014 | 10-1-18 to 9-30-19 | 1,110,572 | |
| Carleen Batson Waller Manor | 14.195 | TN43RD000016 | 10-1-18 to 9-30-19 | 205,872 | |
| Vine Hill Towers | 14.195 | TN43RD000005 | 10-1-18 to 9-30-19 | 658,064 | |
| Vine Hill Apartments | 14.195 | TN43RD000017 | 10-1-18 to 9-30-19 | 290,779 | |
| Preston Taylor Neighborhood Housing | 14.195 | TN43RD000019 | 10-1-18 to 9-30-19 | 126,416 | |
| Boscobel Heights | 14.195 | TN43RD000021 | 10-1-18 to 9-30-19 | 3,034,196 | |
| Cheatham Place | 14.195 | TN43RD000018 | 10-1-18 to 9-30-19 | 1,403,662 | |
| Neighborhood Housing | 14.195 | TN43RD000024 | 04-1-19 to 9-30-19 | 6,606 | |
| Historic Preston Taylor | 14.195 | TN43RD000020 | 11-1-18 to 9-30-19 | <u>739,817</u> | |
| | | | | | 27,426,336 |
| Section 8 Project Based Cluster Total | | | | | <u>28,037,551</u> |

See accompanying independent auditor's report.

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

FOR THE YEAR ENDED SEPTEMBER 30, 2019

| <u>GRANT</u> | <u>FEDERAL CFDA NUMBER</u> | <u>GRANTOR'S NUMBER</u> | <u>GRANT PERIOD</u> | <u>EXPENDITURES</u> | <u>SUB-RECIPIENTS</u> |
|---|------------------------------------|-----------------------------|-------------------------|---------------------|--------------------------------|
| <u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (CONTINUED)</u> | | | | | |
| Direct Programs (Continued): | | | | | |
| Public Housing - Capital Fund Program: | | | | | |
| Public Replacement Housing Capital Fund | 14.872 | A-3777 (TN43P00550215) | 04-12-2015 to 04-12-19 | \$ 292,125 | |
| Public Replacement Housing Capital Fund | 14.872 | A-3777 (TN43P00550216) | 04-12-2016 to 04-12-19 | 500,353 | |
| Public Housing Capital Fund | 14.872 | A-3777 (TN43P00550117) | 04-12-17 TO 04-12-21 | 1,673,861 | |
| Public Housing Capital Fund | 14.872 | A-3777 (TN43P00550218) | 04-12-18 TO 04-12-22 | <u>4,110,632</u> | |
| | | | | \$ | 6,576,971 |
| Shelter Plus Care Program: | | | | | |
| Shelter Plus Care | 14.238 | TN0068L4J041710 | 07-01-18 TO 06-30-19 | 1,227,685 | |
| Shelter Plus Care | 14.238 | TN0068L4J041811 | 07-01-19 TO 06-30-20 | 459,682 | |
| Shelter Plus Care | 14.238 | TN0213L4J041702 | 07-01-18 TO 06-30-19 | <u>114,878</u> | |
| | | | | | 1,802,245 |
| Supportive Housing Program: | | | | | |
| Resident Opportunity and Supportive Services Program: | | | | | |
| Resident Opportunity and Supportive Services | 14.870 | TN005RPS070A015 | 03-24-16 to 03-25-19 | 161,569 | |
| Family Self-Sufficiency Program | 14.896 | FSS17TN0485 | 12/15/17 to 12/31/18 | 201,339 | |
| Jobs Plus | 14.895 | TN005FJP000515 | 01/01/16 to 09/30/2020 | 455,336 | |
| Passed Through Metropolitan Government of Nashville and Davidson County, Tennessee: | | | | | |
| Cluster: | | | | | |
| Community Development Block Grants Program: | | | | | |
| Community Development Block Grants/Entitlement Grants | 14.218 | B-XX-MC-47-0007 | N/A | 3,801,864 | |
| Community Development Block Grants/Entitlement Grants-Disaster | 14.218 | B-10-MF-47-0002 | 04-30-2010 to | <u>2,687,400</u> | |
| | | | | | 6,489,264 |
| HOME Investment Partnerships Program | 14.239 | M-XX-MC-47-0203 | N/A | | 1,723,340 |
| Emergency Shelter Grants Program | 14.231 | E-XX-MC-47-0004 | 04-01-13 to 03-31-14 | | 392,622 |
| Housing Opportunities for Persons with AIDS (HOPWA) | 14.241 | TN-HXX-F002 | 04-01-13 to 03-31-14 | | 951,295 |
| Continuum of Care Homeless Assistance | 14.267 | TN0289L4J041700 | 07-01-18 to 06-30-19 | 103,050 | |
| Continuum of Care Homeless Assistance | 14.267 | TN0304L4J041800 | 07-01-19 to 06-30-20 | <u>56,044</u> | |
| | | | | | <u>159,094</u> |
| TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT | | | | | <u>101,460,595</u> |
| TOTAL FEDERAL FINANCIAL ASSISTANCE | | | | \$ | <u>102,386,782</u> \$ <u>-</u> |

See accompanying independent auditor's report.

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2019

| <u>CFDA NUMBER</u> | <u>DESCRIPTION</u> | <u>EXPENDITURES</u> |
|------------------------|--|-----------------------|
| 14.871 | Section 8 Housing Choice Vouchers (HCV cluster) | \$ 50,924,165 |
| 14.879 | Section 8 Five Year Mainstream Vouchers (HCV cluster) | 578,820 |
| 14.195 | * Housing Assistance Payments Program | 27,426,336 |
| 14.850 | * Public and Indian Housing | 3,006,984 |
| 14.267 | Continuum of Care Homeless Assistance | 159,094 |
| 14.872 | Public Housing Capital Fund | 6,576,971 |
| 14.218 | * Community Development Block Grants/Entitlement Grants (CDBG cluster) | 6,489,264 |
| 14.238 | Shelter Plus Care | 1,802,245 |
| 14.239 | HOME Investment Partnerships Program | 1,723,340 |
| 14.241 | Housing Opportunities for Persons With AIDS | 951,295 |
| 81.042 | Weatherization Assistance for Low-Income Persons | 571,734 |
| 14.249 | * Section 8 Moderate Rehabilitation - Single Room Occupancy | 611,215 |
| 14.870 | Resident Opportunity and Supportive Services | 161,569 |
| 14.896 | Family Self-Sufficiency Program | 201,339 |
| 14.895 | Jobs Plus | 455,336 |
| 14.231 | Emergency Shelter Grants Program | 392,622 |
| 93.568 | Low Income Home Energy Assistance Program | 354,453 |
| | TOTAL FEDERAL FINANCIAL ASSISTANCE | <u>\$ 102,386,782</u> |

*Tested as major programs in the current year.

See accompanying independent auditor's report.

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

FOR THE YEAR ENDED SEPTEMBER 30, 2019

NOTE A - BASIS OF PRESENTATION

This schedule of expenditures of federal awards includes the federal grant activity of the Metropolitan Development and Housing Agency and is presented in accordance with accounting principles generally accepted in the United States of America, which is the same basis of accounting as the basic financial statements. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, Audit Requirements, for Federal Awards (Uniform Guidance).

NOTE B - INDIRECT COSTS

Pursuant to a cost allocation plan, the indirect expenses are allocated based on salary and fringe benefits. The Agency has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY
SCHEDULE OF ACTUAL COSTS FOR THE SPECIFIED PROJECT
FROM INCEPTION OF THE PROJECT THROUGH COMPLETION

| | <u>TN43P005501-15</u> |
|---------------------------------------|-----------------------|
| Funds approved | \$ 1,212,168 |
| Funds expended | <u>1,212,168</u> |
| Excess (deficiency) of funds approved | <u>\$ -</u> |

| | <u>TN43P005501-16</u> |
|---------------------------------------|-----------------------|
| Funds approved | \$ 500,353 |
| Funds expended | <u>500,353</u> |
| Excess (deficiency) of funds approved | <u>\$ -</u> |

| | <u>TN43P005501-17</u> |
|---------------------------------------|-----------------------|
| Funds approved | \$ 6,786,460 |
| Funds expended | <u>6,786,460</u> |
| Excess (deficiency) of funds approved | <u>\$ -</u> |

| | <u>TN43P005502-18</u> |
|---------------------------------------|-----------------------|
| Funds approved | \$ 4,110,632 |
| Funds expended | <u>4,110,632</u> |
| Excess (deficiency) of funds approved | <u>\$ -</u> |

The distribution of costs by project as shown on the Performance and Evaluation Report submitted to the Department of HUD for approval is in agreement with the Agency's records.

All costs and related liabilities have been disbursed.

See accompanying independent auditor's report.

OTHER REPORTS

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Commissioners
Metropolitan Development and Housing Agency

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and aggregate discretely presented component units of Metropolitan Development and Housing Agency (the "Agency") as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated March 5, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency'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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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**Independent Auditor's Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards* (Continued)**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency'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 Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Lexington, Kentucky
March 5, 2020



Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance in Accordance with the Uniform Guidance

To the Board of Commissioners
Metropolitan Development and Housing Agency

We have audited the Metropolitan Development and Housing Agency's (the "Agency'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 Agency's major federal programs for the year ended September 30, 2019. The Agency's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Agency'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, Costs 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 Agency'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 Agency's compliance.

Opinion on Each Major Federal Program

In our opinion, the Agency 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 September 30, 2019.

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**Independent Auditor's Report on Compliance for Each Major Federal Program and
Report on Internal Control over Compliance in Accordance with the Uniform Guidance (Continued)**

Report on Internal Control over Compliance

Management of the Agency 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 Agency'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 Agency's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis. *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 deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2019-001, that we consider to be a significant deficiency.

The Agency'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 Agency'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.



Lexington, Kentucky
March 5, 2020

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED SEPTEMBER 30, 2019

SECTION I - SUMMARY OF INDEPENDENT AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:
Material weakness(es) identified? _yes x no
Significant deficiency(ies) identified not considered to
be material weaknesses? _yes x none reported

Noncompliance material to financial statements noted? _yes x no

Federal Awards

Internal Control over major programs:
Material weakness(es) identified? _yes x no
Significant deficiency(ies) identified not considered to
be material weaknesses? X yes ___none reported

Type of auditors' report issued on compliance for
major programs Unmodified

Any audit findings disclosed that are required to be reported
in accordance with 2 CFR 200.516(a)? _yes x no

Identification of major programs:

| <u>CFDA Number</u> | <u>Name of Federal Program or Cluster</u> | |
|----------------------------------|---|--------------|
| 14.850 | Public and Indian Housing | \$ 3,006,984 |
| 14.218 | Community Development Block Grant Cluster | \$ 6,489,264 |
| Section 8 Project Based Cluster: | | |
| 14.195 | Housing Assistance Payment Program | \$27,426,336 |
| 14.249 | Section 8 Moderate Rehabilitation - Single Room Occupancy | \$ 611,215 |

Dollar threshold used to distinguish between Type A and Type B programs: \$ 3,000,000

Auditee qualified as low-risk auditee? Xyes _ no

SECTION II - FINANCIAL STATEMENT FINDINGS

None

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED SEPTEMBER 30, 2019

SECTION III - FEDERAL AWARDS

2019-001: Public and Indian Housing (CFDA No. 14.850)

Condition: During testing of tenant files we noted that the Agency's internal control procedures and practices allowed certain deficiencies in the tenant files to occur. We noted the following:

- 2 instances where 30-days notice was not given prior to a rent increase.
- 5 instances where income was not correctly calculated.
- 1 instance where the incorrect ceiling rent was utilized.
- 1 instance where the value of assets had not been updated for several years.
- 2 instances where the dependent allowance was incorrectly provided or was not supported by documentation.
- 1 instance where there was not a current Form 9886 Authorization for Release of Information in the file.
- 1 instance where the childcare allowance was not calculated correctly.

The Agency has been provided with a listing of individual tenants to whom these conditions applied.

Recommendation: The tenants associated with the files referred to above have since been converted from Public and Indian Housing units to the Section 8 Project Based Housing Assistance Payment Program (CFDA No. 14.195). We recommend that tenant files be reviewed to ensure that, upon conversion to the Housing Assistance Payment Program, files contain all appropriate documentation and income and rent are correctly calculated.

Management's Response: *All Public Housing Units were converted to RAD prior to the audit. We accept the recommendation of the auditors. Those files in question have been reviewed and necessary corrections have been made to ensure accuracy.*

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED SEPTEMBER 30, 2019

No findings report in fiscal year ended September 30, 2018.



Independent Accountant's Report on Applying Agreed-Upon Procedure

Board of Commissioners
Metropolitan Development and Housing Agency

We have performed the procedure described in the second paragraph, which was agreed to by the Metropolitan Development and Housing Agency (the "Agency") and the U.S. Department of Housing and Urban Development, Real Estate Assessment Center ("REAC"), solely to assist them in determining whether the electronic submission of certain information agrees with related hard copy documents included within the Uniform Guidance reporting package. The Agency is responsible for the accuracy and completeness of the electronic submission. This agreed-upon procedure engagement was conducted in accordance with the attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagement contained in *Government Auditing Standards* issued by the Comptroller General of the United States. The sufficiency of the procedure is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedure described below either for the purpose for which this report has been requested or for any other purpose.

We compared the electronic submission of the items listed in the "UFRS Rule Information" column with the corresponding printed documents listed in the "Hard Copy Document(s)" column. The results of the performance of our agreed-upon procedure indicate agreement or non-agreement of electronically submitted information and hard copy documents as shown in the attached chart.

We were engaged to perform an audit in accordance with the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), for the Agency as of and for the year ended September 30, 2019, and have issued our reports thereon dated March 5, 2020. The information in the "Hard Copy Document(s)" column was included within the scope, or was a by-product of that audit. Further, our opinion on the fair presentation of the Agency's Financial Data Schedule (FDS) dated March 5, 2020, was expressed in relation to the basic financial statements of the Agency taken as a whole.

A copy of the financial statement package required by the Uniform Guidance, which includes the auditor's reports, is available in its entirety from the Agency. We have not performed any additional auditing procedures since the date of the aforementioned audit reports. Further, we take no responsibility for the security of the information transmitted electronically to the U.S. Department of Housing and Urban Development, REAC.

This report is intended solely for the information and use of the Agency and the U.S. Department of Housing and Urban Development, REAC, and is not intended to be and should not be used by anyone other than these specified parties.

Lexington, Kentucky
March 5, 2020

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Attachment to Independent Accountant's Report on Applying Agreed-Upon Procedure

| | UFRS RULE | HARD COPY | | DOES |
|------------------|--|---|---------------|--------------|
| PROCEDURE | INFORMATION | DOCUMENT(S) | AGREES | NOT |
| | | | | AGREE |
| 1 | Balance Sheet and Revenue and Expense (data line items 111 to 13901) | Financial Data Schedule, all CFDA's | X | |
| 2 | Footnotes (data element G5000-010) | Footnotes to audited basic financial statements | X | |
| 3 | Type of opinion on FDS (data element G3100-040) | Auditor's supplemental report on FDS | X | |
| 4 | Audit Findings Narrative (data element G5200-010) | Schedule of Findings and Questioned Costs | X | |
| 5 | General information (data element series G2000, G2100, G2200, G9000, G9100) | Uniform Guidance Data Collection Form | X | |
| 6 | Financial statement report information (data element G3000-010 to G3000-050) | Schedule of Findings and Questioned Costs, Part 1 and Uniform Guidance Data Collection Form | X | |
| 7 | Federal program report information (data element G4000-020 to G4000-040) | Schedule of Findings and Questioned Costs, Part 1 and Uniform Guidance Data Collection Form | X | |
| 8 | Type of Compliance Requirement (G4200-020 & G4000-030) | Uniform Guidance Data Collection Form | X | |
| 9 | Basic financial statements and auditor reports required to be submitted electronically | Basic financial statements (inclusive of auditor reports) | X | |

Metropolitan Development & Housing Agency (TN005)
NASHVILLE, TN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2019

| | Project Total | 14.895 Jobs-Plus Pilot Initiative | 14.896 PIH Family Self-Sufficiency Program | 14.195 Section 8 Housing Assistance Payments Program_Special Allocations | 14.267 Continuum of Care Program | 14.256 Neighborhood Stabilization Program (Recovery Act Funded) | 14.218 Community Development Block Grants/Entitlement Grants | 81.042 Weatherization Assistance for Low-Income Persons | 14.870 Resident Opportunity and Supportive Services | 14.871 Housing Choice Vouchers | 14.249 Section 8 Moderate Rehabilitation Single Room Occupancy | 14.879 Mainstream Vouchers | 6.1 Component Unit - Discretely Presented | 6.2 Component Unit - Blended | 14.241 Housing Opportunities for Persons with AIDS | 14.231 Emergency Shelter Grants Program | 14.238 Shelter Plus Care | 03.568 Low-Income Home Energy Assistance | 14.239 HOME Investment Partnerships Program | 2 State/Local | 1 Business Activities | COCC | Subtotal | ELIM | Total | |
|---|---------------|-----------------------------------|--|--|----------------------------------|---|--|---|---|--------------------------------|--|----------------------------|---|------------------------------|--|---|--------------------------|--|---|---------------|-----------------------|-------------|---------------|---------------|---------------|---------------|
| 70300 Net Tenant Rental Revenue | \$640,861 | | | \$13,462,168 | | | | | | | | | \$3,100,526 | \$2,119,407 | | | | | | | | | \$3,499,087 | \$22,822,049 | | \$22,822,049 |
| 70400 Tenant Revenue - Other | \$42,452 | | | \$750,691 | | | | | | | | | \$88,114 | \$66,329 | | | | | | | | | \$85,985 | \$1,033,571 | | \$1,033,571 |
| 70500 Total Tenant Revenue | \$683,313 | \$0 | \$0 | \$14,212,859 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$3,188,640 | \$2,185,736 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$3,585,072 | \$0 | \$23,855,620 | \$0 | \$23,855,620 |
| 70600 HUD PHA Operating Grants | \$9,583,955 | \$455,336 | \$201,339 | \$29,226,955 | \$159,094 | | \$6,489,264 | | \$161,569 | \$50,924,165 | \$611,215 | \$578,820 | \$991,048 | \$1,199,381 | \$951,295 | \$392,622 | \$1,802,245 | | | | | | \$1,723,340 | \$102,451,643 | | \$102,451,643 |
| 70610 Capital Grants | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 70710 Management Fee | | | | | | | | | | | | | | | | | | | | | | | \$5,094,331 | \$5,094,331 | (\$5,094,331) | \$0 |
| 70720 Asset Management Fee | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 70730 Book Keeping Fee | | | | | | | | | | | | | | | | | | | | | | | \$785,855 | \$785,855 | (\$785,855) | \$0 |
| 70740 Front Line Service Fee | | | | | | | | | | | | | | | | | | | | | | | \$1,020,238 | \$1,020,238 | (\$980,235) | \$40,003 |
| 70750 Other Fees | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 70700 Total Fee Revenue | | | | | | | | | | | | | | | | | | | | | | | \$6,900,424 | \$6,900,424 | (\$6,860,421) | \$40,003 |
| 70800 Other Government Grants | | | | | | | | \$571,734 | | | | | | | | | | \$354,453 | | | | | | \$926,187 | | \$926,187 |
| 71100 Investment Income - Unrestricted | \$95,847 | | | \$562,902 | | \$5,926 | | | | \$9,258 | | | \$87,421 | \$40,246 | | | | | | | \$199,991 | \$128,995 | \$100,887 | \$1,211,473 | | \$1,211,473 |
| 71200 Mortgage Interest Income | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 71300 Proceeds from Disposition of Assets Held for Sale | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 71310 Cost of Sale of Assets | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 71400 Fraud Recovery | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 71500 Other Revenue | \$11,639 | | \$20 | \$2,275,237 | | | \$370,383 | | \$50 | \$41,670 | \$3,643 | | \$1,746,491 | \$1,148,213 | | | | | | \$51,418 | \$11,433,138 | \$1,501,707 | \$1,831,483 | \$20,415,092 | | \$20,415,092 |
| 71600 Gain or Loss on Sale of Capital Assets | (\$4,015) | | | (\$38,129) | | | | | | | | | | | | | | | | | | | | | | |
| 72000 Investment Income - Restricted | | | | \$932,129 | | | | | | | | | | \$8,436 | | | | | | | | | \$136 | \$940,701 | | \$940,701 |
| 70000 Total Revenue | \$10,370,739 | \$455,336 | \$201,359 | \$44,171,953 | \$159,094 | \$5,926 | \$6,859,647 | \$571,734 | \$161,619 | \$51,185,337 | \$614,858 | \$578,820 | \$5,993,600 | \$4,582,012 | \$951,295 | \$392,622 | \$1,802,245 | \$354,453 | \$1,774,758 | \$11,633,129 | \$5,215,774 | \$8,831,052 | \$156,867,362 | (\$6,860,421) | \$150,006,941 | |
| 91100 Administrative Salaries | \$87,020 | \$83,349 | | \$2,454,575 | \$70,814 | \$4,643 | \$745,745 | \$42,135 | | \$2,077,944 | | | \$593,849 | \$194,283 | \$15,934 | \$25,244 | | \$37,323 | \$101,167 | \$410,449 | \$231,331 | \$5,512,409 | \$12,688,214 | | \$12,688,214 | |
| 91200 Auditing Fees | | | | \$598 | | | | | | \$22,800 | | | | \$20,370 | | | | | \$1,200 | \$21,665 | \$472 | \$69,153 | \$136,258 | | \$136,258 | |
| 91300 Management Fee | \$519,359 | \$6,622 | | \$3,210,311 | \$19,225 | | \$205,288 | \$11,439 | \$8,948 | \$746,533 | | | \$440,185 | \$187,504 | \$4,326 | \$6,854 | | \$10,133 | \$27,465 | \$111,432 | \$18,892 | \$5,534,516 | (\$5,094,331) | \$440,185 | | |
| 91310 Book-keeping Fee | \$16,426 | | | \$284,794 | | | | | | \$466,582 | | | | \$15,865 | | | | | | \$2,188 | | \$785,855 | (\$785,855) | \$0 | | |
| 91400 Advertising and Marketing | | | | | | | | | | \$5,871 | | | \$3,895 | \$30,359 | | | | | | \$3,777 | \$33,687 | \$77,589 | | \$77,589 | | |
| 91500 Employee Benefit Contributions - Administrative | \$27,995 | \$26,885 | \$1,854 | \$908,344 | \$24,767 | \$1,665 | \$249,220 | \$14,751 | | \$778,092 | | | | \$59,812 | \$3,194 | \$8,768 | | \$12,912 | \$31,258 | \$135,588 | \$58,556 | \$1,654,162 | \$3,997,823 | | \$3,997,823 | |
| 91600 Office Expenses | \$19,467 | | | \$811,457 | | | | | \$0 | \$328,919 | | | \$138,511 | \$65,236 | | | | | | \$581 | \$58,329 | \$581 | \$1,422,500 | | \$1,422,500 | |
| 91700 Legal Expense | \$20,206 | | | \$445,707 | | | | | | \$59,133 | | | \$86,341 | \$33,217 | | | | | | | \$10,962 | \$9,612 | \$123,082 | \$788,260 | (\$128,316) | \$659,944 |
| 91800 Travel | \$9 | | | \$1,291 | \$1,686 | | \$9 | | | \$17,896 | | | | | | | | | | | \$1,188 | \$209 | \$22,288 | | \$22,288 | |
| 91810 Allocated Overhead | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 91900 Other | \$1,842 | \$24,694 | | \$2,803 | \$671 | | \$155,632 | \$5,357 | \$194 | \$74,699 | \$911 | | | \$44,950 | \$2,960 | | | \$42 | \$9,243 | \$254,789 | \$133,522 | \$1,139,224 | \$1,859,197 | | \$1,859,197 | |
| 91000 Total Operating - Administrative | \$692,324 | \$141,550 | \$1,854 | \$8,119,880 | \$117,163 | \$6,308 | \$1,355,894 | \$73,682 | \$9,142 | \$4,578,469 | \$911 | \$0 | \$1,262,781 | \$651,596 | \$26,414 | \$48,530 | \$0 | \$60,410 | \$170,333 | \$950,431 | \$546,798 | \$8,498,030 | \$27,312,500 | (\$6,008,502) | \$21,303,998 | |
| 92000 Asset Management Fee | | | | | | | | | | | | | | \$36,601 | | | | | | | \$179,226 | | \$215,827 | | \$215,827 | |
| 92100 Tenant Services - Salaries | | \$49,806 | \$158,184 | \$147,815 | | | | | \$106,525 | \$15,753 | | | | \$4,296 | | | | | | | | \$66,395 | \$548,774 | | \$548,774 | |
| 92200 Relocation Costs | | | | \$9,000 | | | | | | | | | | \$22,000 | | | | | | | | | \$31,000 | | \$31,000 | |
| 92300 Employee Benefit Contributions - Tenant Services | | \$16,791 | \$51,406 | \$50,449 | | | | | \$38,448 | \$3,306 | | | | \$1,547 | | | | | | | | \$20,828 | \$182,775 | | \$182,775 | |
| 92400 Tenant Services - Other | | \$725 | | \$143,764 | | | \$37 | | \$7,405 | \$186 | | | \$78,668 | \$10,961 | | | | | | | \$89 | \$17,450 | \$259,285 | | \$259,285 | |
| 92500 Total Tenant Services | \$0 | \$67,322 | \$209,590 | \$351,028 | \$0 | \$0 | \$37 | \$0 | \$152,378 | \$19,245 | \$0 | \$0 | \$78,668 | \$38,804 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$89 | \$104,673 | \$1,021,834 | \$0 | \$1,021,834 | |
| 93100 Water | \$4,960 | | | \$2,405,468 | | | \$6,227 | | | | | | | \$52,892 | | | | | | | \$8,666 | \$159,528 | \$5,102 | \$2,642,843 | | \$2,642,843 |
| 93200 Electricity | \$10,683 | | | \$5,103,143 | | | | | | \$13,367 | | | \$202,610 | \$105,334 | | | | | | | \$39,480 | \$84,626 | \$14,320 | \$5,573,563 | | \$5,573,563 |
| 93300 Gas | \$185 | | | \$696,956 | | | | | | \$2,115 | | | | \$5,397 | | | | | | | \$1,096 | \$6,468 | \$712,217 | | \$712,217 | |
| 93400 Fuel | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 93500 Labor | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 93600 Sewer | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 93700 Employee Benefit Contributions - Utilities | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 93800 Other Utilities Expense | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 93000 Total Utilities | \$15,828 | \$0 | \$0 | \$8,205,567 | \$0 | \$0 | \$6,227 | \$0 | \$0 | \$15,482 | \$0 | \$0 | \$202,610 | \$163,623 | \$0 | \$0 | \$0 | \$0 | \$0 | \$48,146 | \$245,250 | \$25,890 | \$8,928,623 | \$0 | \$8,928,623 | |
| 94100 Ordinary Maintenance and Operations - Labor | \$196,266 | | | \$3,568,989 | | | \$16,433 | | | | | | | \$149,137 | | | | | | | \$148,041 | \$643,415 | \$4,722,281 | | \$4,722,281 | |
| 94200 Ordinary Maintenance and Operations - Materials and Other | \$86,222 | | | \$2,321,919 | | | \$792 | | | \$792 | | | | \$169,572 | | | | | | \$116 | \$85,204 | \$293,418 | \$2,957,985 | | \$2,957,985 | |
| 94300 Ordinary Maintenance and Operations Contracts | \$78,411 | | | \$8,203,366 | | | \$619,185 | | | \$24,055 | | | \$1,307,995 | \$633,703 | | | | | | \$162,283 | \$470,206 | \$207,571 | \$11,706,775 | (\$851,919) | \$10,854,856 | |
| 94500 Employee Benefit Contributions - Ordinary Maintenance | \$67,967 | | | \$1,423,190 | | | \$5,128 | | | \$60,859 | | | | \$60,859 | | | | | | | \$8,255 | \$281,169 | \$1,826,538 | | \$1,826,538 | |
| 94000 Total Maintenance | \$428,866 | \$0 | \$0 | \$15,517,434 | \$0 | \$0 | \$641,538 | \$0 | \$0 | \$24,797 | \$0 | \$0 | \$1,307,995 | \$1,013,271 | \$0 | \$0 | \$0 | \$0 | \$0 | \$162,399 | \$711,706 | \$1,405,573 | \$21,213,579 | (\$851,919) | \$20,361,660 | |
| 95100 Protective Services - Labor | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 95200 Protective Services - Other Contract Costs | \$12,314 | | | \$1,348,932 | | | | | | | | | \$69,423 | \$68,515 | | | | | | | \$1,700 | \$32,089 | \$1,532,973 | | \$1,532,973 | |
| 95300 Protective Services - Other | | | | | | | | | | \$5,625 | | | | \$11,693 | | | | | | | | \$154,822 | \$76,870 | \$249,010 | | \$249,010 |
| 95500 Employee Benefit Contributions - Protective | | | | | | | | | | | | | | | | | | | | | | | | | | |

Metropolitan Development & Housing Agency (TN005)
 NASHVILLE, TN
 Entity Wide Revenue and Expense Summary (Continued)

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2019

| | Project Total | 14.895 Jobs-Plus Pilot Initiative | 14.896 PIH Family Self-Sufficiency Program | 14.195 Section 8 Housing Assistance Payments Program_Special Allocations | 14.267 Continuum of Care Program | 14.256 Neighborhood Stabilization Program (Recovery Act Funded) | 14.218 Community Development Block Grants/Entitlement Grants | 81.042 Weatherization Assistance for Low-Income Persons | 14.870 Resident Opportunity and Supportive Services | 14.871 Housing Choice Vouchers | 14.249 Section 8 Moderate Rehabilitation Single Room Occupancy | 14.879 Mainstream Vouchers | 6.1 Component Unit - Discretely Presented | 6.2 Component Unit - Blended | 14.241 Housing Opportunities for Persons with AIDS | 14.231 Emergency Shelter Grants Program | 14.238 Shelter Plus Care | 03.568 Low-Income Home Energy Assistance | 14.239 HOME Investment Partnerships Program | 2 State/Local | 1 Business Activities | COCC | Subtotal | ELIM | Total | |
|---|----------------|-----------------------------------|--|--|----------------------------------|---|--|---|---|--------------------------------|--|----------------------------|---|------------------------------|--|---|--------------------------|--|---|---------------|-----------------------|--------------|----------------|---------------|----------------|-----------|
| | | | | | | | | | | | | | | | | | | | | | | | | | \$215,827 | |
| 97100 Extraordinary Maintenance | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 97200 Casualty Losses - Non-capitalized | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 97300 Housing Assistance Payments | | | | | | | | | | \$46,200,304 | \$508,100 | \$509,813 | | | | | \$1,697,553 | | | | | | | \$48,915,770 | \$48,915,770 | |
| 97350 HAP Portability-In | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 97400 Depreciation Expense | \$524,875 | | | \$8,628,484 | | \$187,997 | \$52,246 | | | \$29,031 | | | \$1,757,228 | \$1,839,253 | | | | | \$15,641 | \$991,138 | \$319,165 | \$99,100 | \$14,442,158 | | \$14,442,158 | |
| 97500 Fraud Losses | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 97600 Capital Outlays - Governmental Funds | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 97700 Debt Principal Payment - Governmental Funds | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 97800 Dwelling Units Rent Expense | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 90000 Total Expenses | \$1,913,846 | \$455,336 | \$201,359 | \$43,352,944 | \$159,094 | \$308,387 | \$4,350,163 | \$571,734 | \$181,819 | \$50,935,181 | \$509,011 | \$509,813 | \$5,298,965 | \$5,479,057 | \$951,295 | \$392,622 | \$1,697,553 | \$354,453 | \$2,004,109 | \$7,752,590 | \$3,292,414 | \$10,406,926 | \$141,058,471 | (\$6,860,421) | \$134,198,050 | |
| 10010 Operating Transfer In | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 10020 Operating Transfer Out | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 10030 Operating Transfers from/to Primary Government | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 10040 Operating Transfers from/to Component Unit | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 10050 Proceeds from Notes, Loans and Bonds | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 10060 Proceeds from Property Sales | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 10070 Extraordinary Items, Net Gain/Loss | (\$20,901,374) | | | \$14,615,385 | | | | | | | | | \$7,689,741 | (\$7,111,969) | | | | | | | \$1,289,782 | | (\$4,418,455) | | (\$4,418,455) | |
| 10080 Special Items (Net Gain/Loss) | | | | \$0 | | | | | | | | | \$1,614,088 | | | | | | | | | | \$1,614,088 | | \$1,614,088 | |
| 10091 Inter Project Excess Cash Transfer In | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 10092 Inter Project Excess Cash Transfer Out | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 10093 Transfers between Program and Project - In | \$6,272,836 | | | \$8,507,231 | | \$369,996 | \$6,223 | | | \$257,450 | | | | \$224,817 | | | | | | \$1,271,544 | \$2,640,300 | \$800,000 | \$20,350,397 | | \$20,350,397 | |
| 10094 Transfers between Project and Program - Out | (\$14,780,070) | | | | | (\$7,200) | (\$2,620,000) | | | | (\$95,498) | (\$66,260) | | (\$501,000) | | | | | | | (\$1,836,461) | (\$378,216) | (\$20,350,397) | | (\$20,350,397) | |
| 10100 Total Other Financing Sources (Uses) | (\$29,408,006) | \$0 | \$0 | \$23,122,616 | \$0 | \$362,796 | (\$2,613,777) | \$0 | \$0 | \$257,450 | (\$86,498) | (\$66,260) | \$9,303,829 | (\$7,388,152) | \$0 | \$0 | (\$104,692) | \$0 | \$0 | (\$536,917) | \$3,553,846 | \$800,000 | (\$2,804,367) | \$0 | (\$2,804,367) | |
| 10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses | (\$20,951,715) | \$0 | \$0 | \$23,941,625 | \$0 | \$60,335 | (\$104,293) | \$0 | \$0 | \$507,606 | \$19,349 | \$2,747 | \$9,998,464 | (\$8,285,197) | \$0 | \$0 | \$0 | \$0 | (\$229,351) | \$3,343,622 | \$5,477,206 | (\$775,674) | \$13,004,524 | \$0 | \$13,004,524 | |
| 11020 Required Annual Debt Principal Payments | \$0 | \$0 | \$0 | \$287,044 | \$0 | \$195,114 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$172,215 | \$508,723 | \$0 | \$0 | \$0 | \$0 | \$0 | \$792,364 | \$698,751 | \$0 | \$2,654,211 | | \$2,654,211 | |
| 11030 Beginning Equity | \$45,887,643 | \$0 | \$0 | \$171,086,728 | \$0 | \$5,610,951 | \$2,995,885 | \$0 | \$0 | \$941,090 | \$213,303 | \$181,427 | \$10,151,942 | \$41,696,270 | \$0 | \$0 | \$0 | \$0 | \$2,559,024 | \$61,166,297 | \$30,722,409 | \$5,645,733 | \$378,862,702 | | \$378,862,702 | |
| 11040 Prior Period Adjustments, Equity Transfers and Correction of Errors | (\$24,935,928) | | | \$4,879,456 | | | | | | | | | | | | | | | | | | | | | | |
| 11050 Changes in Compensated Absence Balance | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 11060 Changes in Contingent Liability Balance | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 11070 Changes in Unrecognized Pension Transition Liability | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 11080 Changes in Special Term/Severance Benefits Liability | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 11100 Changes in Allowance for Doubtful Accounts - Other | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 11170 Administrative Fee Equity | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 11180 Housing Assistance Payments Equity | | | | | | | | | | | | | \$719,652 | \$729,044 | | | | | | | | | | | \$719,652 | \$719,652 |
| 11190 Unit Months Available | 2482 | | | 61260 | | | | | | | | | | | | | | | | | | | | | | |
| 11210 Number of Unit Months Leased | 2463 | | | 58052 | | | | | | | | | | | | | | | | | | | | | | |
| 11270 Excess Cash | (\$68,379) | | | | | | | | | | | | | | | | | | | | | | | | | |
| 11610 Land Purchases | \$0 | | | | | | | | | | | | | | | | | | | | | | | | | |
| 11620 Building Purchases | \$0 | | | | | | | | | | | | | | | | | | | | | | | | | |
| 11630 Furniture & Equipment - Dwelling Purchases | \$0 | | | | | | | | | | | | | | | | | | | | | | | | | |
| 11640 Furniture & Equipment - Administrative Purchases | \$0 | | | | | | | | | | | | | | | | | | | | | | | | | |
| 11650 Leasehold Improvements Purchases | \$0 | | | | | | | | | | | | | | | | | | | | | | | | | |
| 11660 Infrastructure Purchases | \$0 | | | | | | | | | | | | | | | | | | | | | | | | | |
| 13510 CFFP Debt Service Payments | \$0 | | | | | | | | | | | | | | | | | | | | | | | | | |
| 13901 Replacement Housing Factor Funds | \$0 | | | | | | | | | | | | | | | | | | | | | | | | | |

Metropolitan Development & Housing Agency (TN005)
NASHVILLE, TN

Project Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2019

| | TN005000001 | TN005000002 | TN005000003 | TN005000004 | TN005000005 | TN005000006 | TN005000007 | TN005000008 | TN005000009 | TN005000010 | TN005000011 | TN005000012 | TN005000013 | TN005000014 | TN005000016 | OTHER PROJ | Total |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|------------|-------|
| 111 Cash - Unrestricted | | | | | | | | | | | | | | | | | |
| 112 Cash - Restricted - Modernization and Development | | | | | | | | | | | | | | | | | |
| 113 Cash - Other Restricted | | | | | | | | | | | | | | | | | |
| 114 Cash - Tenant Security Deposits | | | | | | | | | | | | | | | | | |
| 115 Cash - Restricted for Payment of Current Liabilities | | | | | | | | | | | | | | | | | |
| 100 Total Cash | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 121 Accounts Receivable - PHA Projects | | | | | | | | | | | | | | | | | |
| 122 Accounts Receivable - HUD Other Projects | | | | | | | | | | | | | | | | | |
| 124 Accounts Receivable - Other Government | | | | | | | | | | | | | | | | | |
| 125 Accounts Receivable - Miscellaneous | | | | | | | | | | | | | | | | | |
| 126 Accounts Receivable - Tenants | | | | | | | | | | | | | | | | | |
| 126.1 Allowance for Doubtful Accounts - Tenants | | | | | | | | | | | | | | | | | |
| 126.2 Allowance for Doubtful Accounts - Other | | | | | | | | | | | | | | | | | |
| 127 Notes, Loans, & Mortgages Receivable - Current | | | | | | | | | | | | | | | | | |
| 128 Fraud Recovery | | | | | | | | | | | | | | | | | |
| 128.1 Allowance for Doubtful Accounts - Fraud | | | | | | | | | | | | | | | | | |
| 129 Accrued Interest Receivable | | | | | | | | | | | | | | | | | |
| 120 Total Receivables, Net of Allowances for Doubtful Accounts | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 131 Investments - Unrestricted | | | | | | | | | | | | | | | | | |
| 132 Investments - Restricted | | | | | | | | | | | | | | | | | |
| 135 Investments - Restricted for Payment of Current Liability | | | | | | | | | | | | | | | | | |
| 142 Prepaid Expenses and Other Assets | | | | | | | | | | | | | | | | | |
| 143 Inventories | | | | | | | | | | | | | | | | | |
| 143.1 Allowance for Obsolete Inventories | | | | | | | | | | | | | | | | | |
| 144 Inter Program Due From | | | | | | | | | | | | | | | | | |
| 145 Assets Held for Sale | | | | | | | | | | | | | | | | | |
| 150 Total Current Assets | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 161 Land | | | | | | | | | | | | | | | | | |
| 162 Buildings | | | | | | | | | | | | | | | | | |
| 163 Furniture, Equipment & Machinery - Dwellings | | | | | | | | | | | | | | | | | |
| 164 Furniture, Equipment & Machinery - Administration | | | | | | | | | | | | | | | | | |
| 165 Leasehold Improvements | | | | | | | | | | | | | | | | | |
| 166 Accumulated Depreciation | | | | | | | | | | | | | | | | | |
| 167 Construction in Progress | | | | | | | | | | | | | | | | | |
| 168 Infrastructure | | | | | | | | | | | | | | | | | |
| 160 Total Capital Assets, Net of Accumulated Depreciation | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 171 Notes, Loans and Mortgages Receivable - Non-Current | | | | | | | | | | | | | | | | | |
| 172 Notes, Loans, & Mortgages Receivable - Non Current - Past | | | | | | | | | | | | | | | | | |
| 173 Grants Receivable - Non Current | | | | | | | | | | | | | | | | | |
| 174 Other Assets | | | | | | | | | | | | | | | | | |
| 176 Investments in Joint Ventures | | | | | | | | | | | | | | | | | |
| 180 Total Non-Current Assets | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 200 Deferred Outflow of Resources | | | | | | | | | | | | | | | | | |
| 290 Total Assets and Deferred Outflow of Resources | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |

Metropolitan Development & Housing Agency (TN005)
NASHVILLE, TN

Project Balance Sheet Summary (Continued)

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2019

| | TN005000001 | TN005000002 | TN005000003 | TN005000004 | TN005000005 | TN005000006 | TN005000007 | TN005000008 | TN005000009 | TN005000010 | TN005000011 | TN005000012 | TN005000013 | TN005000014 | TN005000016 | OTHER PROJ | Total |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|------------|-------|
| 311 Bank Overdraft | | | | | | | | | | | | | | | | | |
| 312 Accounts Payable <= 90 Days | | | | | | | | | | | | | | | | | |
| 313 Accounts Payable >90 Days Past Due | | | | | | | | | | | | | | | | | |
| 321 Accrued Wage/Payroll Taxes Payable | | | | | | | | | | | | | | | | | |
| 322 Accrued Compensated Absences - Current Portion | | | | | | | | | | | | | | | | | |
| 324 Accrued Contingency Liability | | | | | | | | | | | | | | | | | |
| 325 Accrued Interest Payable | | | | | | | | | | | | | | | | | |
| 331 Accounts Payable - HUD PHA Programs | | | | | | | | | | | | | | | | | |
| 332 Account Payable - PHA Projects | | | | | | | | | | | | | | | | | |
| 333 Accounts Payable - Other Government | | | | | | | | | | | | | | | | | |
| 341 Tenant Security Deposits | | | | | | | | | | | | | | | | | |
| 342 Unearned Revenue | | | | | | | | | | | | | | | | | |
| 343 Current Portion of Long-term Debt - Capital | | | | | | | | | | | | | | | | | |
| 344 Current Portion of Long-term Debt - Operating Borrowings | | | | | | | | | | | | | | | | | |
| 345 Other Current Liabilities | | | | | | | | | | | | | | | | | |
| 346 Accrued Liabilities - Other | | | | | | | | | | | | | | | | | |
| 347 Inter Program - Due To | | | | | | | | | | | | | | | | | |
| 348 Loan Liability - Current | | | | | | | | | | | | | | | | | |
| 310 Total Current Liabilities | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 351 Long-term Debt, Net of Current - Capital Projects/Mortgage | | | | | | | | | | | | | | | | | |
| 352 Long-term Debt, Net of Current - Operating Borrowings | | | | | | | | | | | | | | | | | |
| 353 Non-current Liabilities - Other | | | | | | | | | | | | | | | | | |
| 354 Accrued Compensated Absences - Non Current | | | | | | | | | | | | | | | | | |
| 355 Loan Liability - Non Current | | | | | | | | | | | | | | | | | |
| 356 FASB 5 Liabilities | | | | | | | | | | | | | | | | | |
| 357 Accrued Pension and OPEB Liabilities | | | | | | | | | | | | | | | | | |
| 350 Total Non-Current Liabilities | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 300 Total Liabilities | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 400 Deferred Inflow of Resources | | | | | | | | | | | | | | | | | |
| 508.4 Net Investment in Capital Assets | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 511.4 Restricted Net Position | | | | | | | | | | | | | | | | \$0 | \$0 |
| 512.4 Unrestricted Net Position | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 513 Total Equity - Net Assets / Position | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 600 Total Liabilities, Deferred Inflows of Resources and Equity - | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |

Metropolitan Development & Housing Agency (TN005)
NASHVILLE, TN

Project Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2019

| | TN005000001 | TN005000002 | TN005000003 | TN005000004 | TN005000005 | TN005000006 | TN005000007 | TN005000008 | TN005000009 | TN005000010 | TN005000011 | TN005000012 | TN005000013 | TN005000014 | TN005000016 | OTHER PROJ | Total |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|------------|--------------|
| 70300 Net Tenant Rental Revenue | | | | | | | | | | \$640,861 | | | | | | | \$640,861 |
| 70400 Tenant Revenue - Other | | | | | | | | | | \$42,452 | | | | | | | \$42,452 |
| 70500 Total Tenant Revenue | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$683,313 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$683,313 |
| 70600 HUD PHA Operating Grants | \$1,136,138 | | | | \$419,312 | | | | | \$7,495,584 | \$186,287 | \$62,968 | \$202,957 | \$30,466 | \$50,243 | | \$9,583,955 |
| 70610 Capital Grants | | | | | | | | | | | | | | | | | |
| 70710 Management Fee | | | | | | | | | | | | | | | | | |
| 70720 Asset Management Fee | | | | | | | | | | | | | | | | | |
| 70730 Book Keeping Fee | | | | | | | | | | | | | | | | | |
| 70740 Front Line Service Fee | | | | | | | | | | | | | | | | | |
| 70750 Other Fees | | | | | | | | | | | | | | | | | |
| 70700 Total Fee Revenue | | | | | | | | | | | | | | | | | |
| 70800 Other Government Grants | | | | | | | | | | | | | | | | | |
| 71100 Investment Income - Unrestricted | | | | | | | | | | \$34,724 | | | | | | \$61,123 | \$95,847 |
| 71200 Mortgage Interest Income | | | | | | | | | | | | | | | | | |
| 71300 Proceeds from Disposition of Assets Held for Sale | | | | | | | | | | | | | | | | | |
| 71310 Cost of Sale of Assets | | | | | | | | | | | | | | | | | |
| 71400 Fraud Recovery | | | | | | | | | | | | | | | | | |
| 71500 Other Revenue | | | | | | | | | | \$6,495 | | | | | | \$5,144 | \$11,639 |
| 71600 Gain or Loss on Sale of Capital Assets | | | | | | | | | | -\$4,015 | | | | | | | -\$4,015 |
| 72000 Investment Income - Restricted | | | | | | | | | | | | | | | | | |
| 70000 Total Revenue | \$1,136,138 | \$0 | \$0 | \$0 | \$419,312 | \$0 | \$0 | \$0 | \$0 | \$8,216,101 | \$186,287 | \$62,968 | \$202,957 | \$30,466 | \$50,243 | \$66,267 | \$10,370,739 |
| 91100 Administrative Salaries | | | | | | | | | | \$87,020 | | | | | | | \$87,020 |
| 91200 Auditing Fees | | | | | | | | | | | | | | | | | |
| 91300 Management Fee | | | | | | | | | | \$519,359 | | | | | | | \$519,359 |
| 91310 Book-keeping Fee | | | | | | | | | | \$16,426 | | | | | | | \$16,426 |
| 91400 Advertising and Marketing | | | | | | | | | | | | | | | | | |
| 91500 Employee Benefit contributions - Administrative | | | | | | | | | | \$27,995 | | | | | | | \$27,995 |
| 91600 Office Expenses | | | | | | | | | | \$19,467 | | | | | | | \$19,467 |
| 91700 Legal Expense | | | | | | | | | | \$20,206 | | | | | | | \$20,206 |
| 91800 Travel | | | | | | | | | | \$9 | | | | | | | \$9 |
| 91810 Allocated Overhead | | | | | | | | | | | | | | | | | |
| 91900 Other | | | | | | | | | | \$1,842 | | | | | | | \$1,842 |
| 91000 Total Operating - Administrative | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$692,324 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$692,324 |
| 92000 Asset Management Fee | | | | | | | | | | | | | | | | | |
| 92100 Tenant Services - Salaries | | | | | | | | | | | | | | | | | |
| 92200 Relocation Costs | | | | | | | | | | | | | | | | | |
| 92300 Employee Benefit Contributions - Tenant Services | | | | | | | | | | | | | | | | | |
| 92400 Tenant Services - Other | | | | | | | | | | | | | | | | | |
| 92500 Total Tenant Services | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 93100 Water | | | | | | | | | | \$4,960 | | | | | | | \$4,960 |
| 93200 Electricity | | | | | | | | | | \$10,683 | | | | | | | \$10,683 |
| 93300 Gas | | | | | | | | | | \$185 | | | | | | | \$185 |
| 93400 Fuel | | | | | | | | | | | | | | | | | |
| 93500 Labor | | | | | | | | | | | | | | | | | |
| 93600 Sewer | | | | | | | | | | | | | | | | | |
| 93700 Employee Benefit Contributions - Utilities | | | | | | | | | | | | | | | | | |
| 93800 Other Utilities Expense | | | | | | | | | | | | | | | | | |
| 93000 Total Utilities | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$15,828 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$15,828 |
| 94100 Ordinary Maintenance and Operations - Labor | | | | | | | | | | \$196,266 | | | | | | | \$196,266 |
| 94200 Ordinary Maintenance and Operations - Materials and | | | | | | | | | | \$86,222 | | | | | | | \$86,222 |
| 94300 Ordinary Maintenance and Operations Contracts | | | | | | | | | | \$78,411 | | | | | | | \$78,411 |
| 94500 Employee Benefit Contributions - Ordinary Maintenance | | | | | | | | | | \$67,967 | | | | | | | \$67,967 |
| 94000 Total Maintenance | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$428,866 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$428,866 |

Metropolitan Development & Housing Agency (TN005)
NASHVILLE, TN

Project Revenue and Expense Summary (Continued)

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2019

| | TN005000001 | TN005000002 | TN005000003 | TN005000004 | TN005000005 | TN005000006 | TN005000007 | TN005000008 | TN005000009 | TN005000010 | TN005000011 | TN005000012 | TN005000013 | TN005000014 | TN005000016 | OTHER PROJ | Total |
|---|--------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|---------------|-------------|-------------|-------------|-------------|-------------|---------------|---------------|
| 95100 Protective Services - Labor | | | | | | | | | | | | | | | | | |
| 95200 Protective Services - Other Contract Costs | | | | | | | | | | \$12,314 | | | | | | | \$12,314 |
| 95300 Protective Services - Other | | | | | | | | | | | | | | | | | |
| 95500 Employee Benefit Contributions - Protective Services | | | | | | | | | | | | | | | | | |
| 95000 Total Protective Services | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$12,314 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$12,314 |
| 96110 Property Insurance | | | | | | | | | | \$18,896 | | | | | | | \$18,896 |
| 96120 Liability Insurance | | | | | | | | | | \$8,115 | | | | | | | \$8,115 |
| 96130 Workmen's Compensation | | | | | | | | | | \$4,668 | | | | | | | \$4,668 |
| 96140 All Other Insurance | | | | | | | | | | \$5,003 | | | | | | | \$5,003 |
| 96100 Total insurance Premiums | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$36,682 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$36,682 |
| 96200 Other General Expenses | | | | | | | | | | | | | \$157,354 | | | \$45,603 | \$202,957 |
| 96210 Compensated Absences | | | | | | | | | | | | | | | | | |
| 96300 Payments in Lieu of Taxes | | | | | | | | | | | | | | | | | |
| 96400 Bad debt - Tenant Rents | | | | | | | | | | | | | | | | | |
| 96500 Bad debt - Mortgages | | | | | | | | | | | | | | | | | |
| 96600 Bad debt - Other | | | | | | | | | | | | | | | | | |
| 96800 Severance Expense | | | | | | | | | | | | | | | | | |
| 96000 Total Other General Expenses | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$157,354 | \$0 | \$0 | \$45,603 | \$202,957 |
| 96710 Interest of Mortgage (or Bonds) Payable | | | | | | | | | | | | | | | | | |
| 96720 Interest on Notes Payable (Short and Long Term) | | | | | | | | | | | | | | | | | |
| 96730 Amortization of Bond Issue Costs | | | | | | | | | | | | | | | | | |
| 96700 Total Interest Expense and Amortization Cost | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 96900 Total Operating Expenses | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$1,186,014 | \$0 | \$0 | \$157,354 | \$0 | \$0 | \$45,603 | \$1,388,971 |
| 97000 Excess of Operating Revenue over Operating Expenses | \$1,136,138 | \$0 | \$0 | \$0 | \$419,312 | \$0 | \$0 | \$0 | \$0 | \$7,030,087 | \$186,287 | \$62,968 | \$45,603 | \$30,466 | \$50,243 | \$20,664 | \$8,981,768 |
| 97100 Extraordinary Maintenance | | | | | | | | | | | | | | | | | |
| 97200 Casualty Losses - Non-capitalized | | | | | | | | | | | | | | | | | |
| 97300 Housing Assistance Payments | | | | | | | | | | | | | | | | | |
| 97350 HAP Portability-In | | | | | | | | | | | | | | | | | |
| 97400 Depreciation Expense | | | | | | | | | | \$524,875 | | | | | | | \$524,875 |
| 97500 Fraud Losses | | | | | | | | | | | | | | | | | |
| 97600 Capital Outlays - Governmental Funds | | | | | | | | | | | | | | | | | |
| 97700 Debt Principal Payment - Governmental Funds | | | | | | | | | | | | | | | | | |
| 97800 Dwelling Units Rent Expense | | | | | | | | | | | | | | | | | |
| 90000 Total Expenses | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$1,710,889 | \$0 | \$0 | \$157,354 | \$0 | \$0 | \$45,603 | \$1,913,846 |
| 10010 Operating Transfer In | | | | | | | | | | | | | | | | | |
| 10020 Operating transfer Out | | | | | | | | | | | | | | | | | |
| 10030 Operating Transfers from/to Primary Government | | | | | | | | | | | | | | | | | |
| 10040 Operating Transfers from/to Component Unit | | | | | | | | | | | | | | | | | |
| 10050 Proceeds from Notes, Loans and Bonds | | | | | | | | | | | | | | | | | |
| 10060 Proceeds from Property Sales | | | | | | | | | | | | | | | | | |
| 10070 Extraordinary Items, Net Gain/Loss | | | | | | | | | | | | | | | | | |
| 10080 Special Items (Net Gain/Loss) | | | | | | | | | | | | | | | | | |
| 10091 Inter Project Excess Cash Transfer In | | | | | | | | | | | | | | | | | |
| 10092 Inter Project Excess Cash Transfer Out | | | | | | | | | | | | | | | | | |
| 10093 Transfers between Program and Project - In | | | | | | | | | | \$6,120,305 | | | | | | \$152,531 | \$6,272,836 |
| 10094 Transfers between Project and Program - Out | -\$1,136,138 | | | | -\$419,312 | | | | | -\$12,742,125 | -\$186,287 | -\$62,968 | -\$45,603 | -\$30,466 | -\$50,243 | -\$106,928 | -\$14,780,070 |
| 10100 Total Other financing Sources (Uses) | -\$1,136,138 | \$0 | \$0 | \$0 | -\$419,312 | \$0 | \$0 | \$0 | \$0 | -\$6,621,820 | -\$186,287 | -\$62,968 | -\$45,603 | -\$30,466 | -\$50,243 | -\$20,855,771 | -\$29,408,608 |
| 10000 Excess (Deficiency) of Total Revenue Over (Under) Total | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | -\$116,608 | \$0 | \$0 | \$0 | \$0 | \$0 | -\$20,835,107 | -\$20,951,715 |

Metropolitan Development & Housing Agency (TN005)
 NASHVILLE, TN

Project Revenue and Expense Summary (Continued)

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2019

| | TN005000001 | TN005000002 | TN005000003 | TN005000004 | TN005000005 | TN005000006 | TN005000007 | TN005000008 | TN005000009 | TN005000010 | TN005000011 | TN005000012 | TN005000013 | TN005000014 | TN005000016 | OTHER PROJ | Total |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|---------------|-------------|-------------|-------------|-------------|-------------|--------------|---------------|
| 11020 Required Annual Debt Principal Payments | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 11030 Beginning Equity | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$19,333,092 | \$0 | \$0 | \$0 | \$0 | \$0 | \$26,554,551 | \$45,887,643 |
| 11040 Prior Period Adjustments, Equity Transfers and Correction | | | | | | | | | | -\$19,216,484 | | | | | | -\$5,719,444 | -\$24,935,928 |
| 11050 Changes in Compensated Absence Balance | | | | | | | | | | | | | | | | | |
| 11060 Changes in Contingent Liability Balance | | | | | | | | | | | | | | | | | |
| 11070 Changes in Unrecognized Pension Transition Liability | | | | | | | | | | | | | | | | | |
| 11080 Changes in Special Term/Severance Benefits Liability | | | | | | | | | | | | | | | | | |
| 11090 Changes in Allowance for Doubtful Accounts - Dwelling | | | | | | | | | | | | | | | | | |
| 11100 Changes in Allowance for Doubtful Accounts - Other | | | | | | | | | | | | | | | | | |
| 11170 Administrative Fee Equity | | | | | | | | | | | | | | | | | |
| 11180 Housing Assistance Payments Equity | | | | | | | | | | | | | | | | | |
| 11190 Unit Months Available | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2208 | 0 | 0 | 274 | 0 | 0 | 0 | 2482 |
| 11210 Number of Unit Months Leased | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2190 | 0 | 0 | 273 | 0 | 0 | 0 | 2463 |
| 11270 Excess Cash | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | -\$64,579 | \$0 | \$0 | \$0 | \$0 | \$0 | -\$3,800 | -\$68,379 |
| 11610 Land Purchases | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 11620 Building Purchases | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 11630 Furniture & Equipment - Dwelling Purchases | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 11640 Furniture & Equipment - Administrative Purchases | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 11650 Leasehold Improvements Purchases | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 11660 Infrastructure Purchases | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 13510 CFFP Debt Service Payments | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 13901 Replacement Housing Factor Funds | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |