

**METROPOLITAN DEVELOPMENT
AND HOUSING AGENCY**

NASHVILLE, TENNESSEE

**ANNUAL FINANCIAL REPORT
AND OTHER FINANCIAL INFORMATION**

SEPTEMBER 30, 2023

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, 2023.

Responsibility and Controls

MDHA's system of internal accounting control is evaluated on an ongoing basis by internal financial staff. Cherry Bekaert 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.

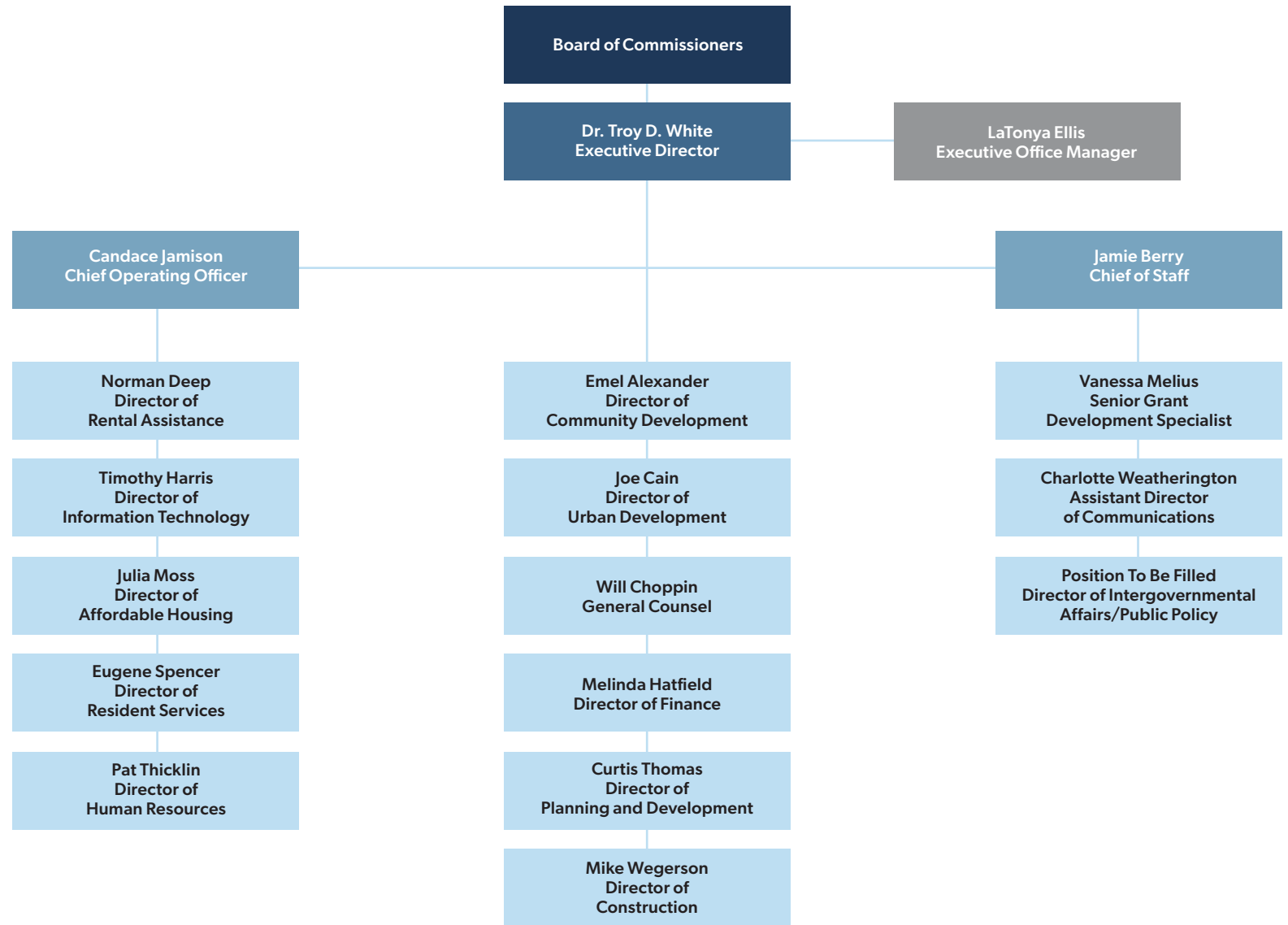
Management believes that its policies and procedures provide guidance and reasonable assurance that MDHA's operations are conducted according to management's intentions and to a high standard of business ethics. In management's opinion, the financial statements present fairly, in all material respects, the financial position of MDHA as of September 30, 2023, 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, Cherry Bekaert LLP, on the September 30, 2023, financial statements is included in this report.



Metropolitan Development and Housing Agency



METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

BOARD OF COMMISSIONERS

September 30, 2023

Bill Purcell, Chair
Emily Thaden, Vice Chair & Chair of Finance and Development
Kay Bowers, Chair of Housing and Community & Human Resources
Mr. Johnny Moore, Commissioner
Shedenia M. Fletcher, Commissioner
Lita Salinas, Commissioner
Paulette Coleman, Commissioner

Report of Independent Auditor

To the Board of Commissioners
Metropolitan Development and Housing Agency
Nashville, Tennessee

Report on the Audit of the Financial Statements

Opinion

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, 2023, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, and the aggregate discretely presented component units of the Agency as of September 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Levy Place, LP; Ryman Lofts at Rolling Mill Hill, LP; Boscobel I, LP; CP II, LP; Victory Hall, LP; Boscobel III, LP; and Randee Rogers, LP, which represent 90%, 98%, and 95%, respectively, of the assets, net position, and revenues of the total discretely presented component units. Those financial statements were audited by other auditors whose report hereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for Levy Place, LP; Ryman Lofts at Rolling Mill Hill, LP; Boscobel I, LP; CP II, LP; Victory Hall, LP; Boscobel III, LP; and Randee Rogers, LP, is based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Agency and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming 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 Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, the schedule of changes in long-term debt by individual issue, and the Financial Data Schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the financial statements. The other information comprises the introduction, organizational chart, and Board of Commissioners but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 19, 2024, 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 the Agency's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

Cherry Bekaert LLP

Lexington, Kentucky
March 19, 2024

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, 2023 and 2022. Please read this analysis in conjunction with the Agency's financial statements and accompanying notes.

OVERVIEW OF THE AGENCY

As the housing and development agency of Nashville and Davidson County, MDHA's mission is to create affordable housing opportunities, support neighborhoods, strengthen communities, and help build a greater Nashville. The Agency owns and/or manages more than 6,500 apartments at nearly 40 properties/developments and administers nearly 8,000 vouchers, providing stable housing to approximately 30,000 people. The Agency also facilitates several programs that ensure affordable apartments are created and preserved.

Established in 1938, MDHA is a government agency predominately funded by the federal government and chartered by the state to serve Davidson County. It is governed by a seven-member Board of Commissioners appointed by the Mayor and confirmed by Metro Council.

As the largest owner and operator of affordable housing in Nashville, MDHA seeks every opportunity to be a leading voice in developing solutions to Nashville's housing affordability crisis.

Cayce Transformation

MDHA is committed to transforming its aging family properties into mixed-income communities. The process ensures a one-for-one replacement of the existing federally subsidized units at each site while adding new affordable, workforce and market-rate housing. The Agency's first transformation at Cayce Place has been demonstrating promising returns through community engagement, safety outcomes, and new modern apartment buildings. As of December 31, 2023, 507 new apartments have been completed as part of the Cayce Transformation, and more than 400 units are currently under construction.

Other notable achievements in 2023 include:

- 11 homes purchased by MDHA residents and Section 8 voucher participants
- 22 Family Self-Sufficiency graduates
- \$1,903,808 in grant awards
- 8,908 individuals served through HOME, CDBG, ESG and HOPWA programs
- 1,012 individuals and families experiencing homelessness permanently housed through MDHA's Section 8 programs; 4,874 are Veterans
- 50 new vouchers from HUD

The Agency employs approximately 350 people who work in 13 departments:

- The **Executive Department** is composed of top-level executives including the executive director, chief operating officer and chief of staff, and support staff. The executive director, who serves as secretary of the Board of Commissioners, is responsible to the Board for implementation of policy and the development and operation of all programs and projects of the Agency.
- The **Affordable Housing Department** is responsible for the administration and normal routine maintenance of the Agency's portfolio of more than 6,500 apartments. The overall portfolio consists of HUD subsidized, workforce and market-rate apartments, with many of the newer developments offering mixed-income housing. Additionally, the Department oversees a third-party vendor management service for 403 units.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

OVERVIEW OF THE AGENCY (CONTINUED)

- The **Communications Department** oversees all internal and external outreach and messaging on behalf of the Agency, including branding, social media, newsletters, video and other creative deliverables. It is the Agency's hub for media relations. The Communications Department is also the keeper of the Agency's history through the MDHA archives.
- The **Community Development Department** administers four U.S. Department of Housing and Urban Development (HUD) programs to benefit low- and moderate-income persons and areas: Community Development Block Grant (CDBG), HOME Investment Partnerships Program (HOME), Emergency Solutions Grant (ESG) and Housing Opportunities for Persons with AIDS (HOPWA). These funds are awarded annually and the priorities for the use of the funds are listed in the Consolidated Plan. Activities include assisting persons experiencing homelessness, rehabilitation of owner/occupied and rental units, affordable housing construction, infrastructure improvements, summer youth programs, fair housing outreach, microenterprise assistance and healthy food initiatives. The Department also serves as the lead agency for the Nashville Promise Zone (NPZ).
- The **Construction Department** is responsible for the procurement, monitoring and compliance of the Agency's service and construction contract activities, including new construction, modernization, development and approved Metro capital improvement projects. The Department is also responsible for implementing, monitoring and enforcing the Agency's Comprehensive Plan for Modernization, Diversity Business Enterprise (DBE) and Section 3 programs.
- The **Finance Department** is responsible for sound management of the Agency's resources, including the development of adequate budget practices, treasury management, accounting and internal controls to safeguard the assets of the Agency. The Department also develops and executes an investments program for the Agency, maintains adequate accounting and payroll records, employee benefit programs and insurance coverage on the assets and operations of the Agency.
- **General Counsel** is the Agency's representative in court and monitors pending and active legislation at local and state levels. General Counsel facilitates Memorandums of Understanding (MOU) with Metro, nonprofits and other partners and responds to open records requests. General Counsel also works with board counsel on matters relating to board and committee meetings.
- The **Human Resources Department** facilitates staffing, performance management and training for the Agency. The department administers opportunities for total rewards compensation and benefits to employees.
- The **Information Technology Department** oversees network, server, wireless communications (Wi-Fi), phone and PC hardware infrastructures. It maintains licensing, access management and software applications for core business functions. The department facilitates cybersecurity awareness training and monthly phishing simulation testing and provides Help Desk, PC and mobile phone support for all staff.
- The **Planning & Development Department** facilitates financing and funding, oversees the implementation of projects and cultivates relationships with developer partners. Key to the Department's efforts are resident engagement and community planning activities.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

OVERVIEW OF THE AGENCY (CONTINUED)

- The **Rental Assistance Department** administers the Section 8 Housing Choice Voucher Program, Project-Based Vouchers, Veterans Affairs Supportive Housing (VASH) program, Single Room Occupancy Program, Shelter Plus Care Program and Emergency Housing Vouchers. Through these programs, the Department assists nearly 8,000 families in Davidson County. In addition, the Department also employs Family Self-Sufficiency (FSS) coordinators, which provides incentives and support to participants in the program to help them reach their goals.
- The **Resident Services Department** is dedicated to connecting residents with resources, information, activities and services that can help them reach their full potential. Through the Department, residents have access to education, job training, homeownership and other tools to help them achieve self-sufficiency and economic stability.
- The **Urban Development Department** oversees 11 redevelopment districts, manages Metro's Tax Increment Financing (TIF) program and serves as a developer for the city. One of its current projects is the rebuild of historic Second Avenue in downtown Nashville. The department also manages the Payment in Lieu of Taxes (PILOT) program, which provides financial incentives for Low-Income Housing Tax Credit (LIHTC) developments that encourage new construction and substantial rehabilitation of affordable multi-family housing. Since its inception in 2016, the program has assisted in the creation or preservation of nearly 9,000 affordable apartments.

In late 2023, the Agency updated its Strategic Plan, which was created in 2022.

The Plan includes the following four goals:

Goal 1 – Preserve and expand affordable housing in Metropolitan Nashville and Davidson County.

- MDHA had more than 400 apartments under construction and assisted in the creation or preservation of 1,012 apartments through the PILOT program.

Goal 2 – Provide sustainable and healthy communities.

- For the first time in its 85-year history, the Agency created a Resident Services Department dedicated to helping residents achieve their full potential.

Goal 3 – Cultivate, enhance and evaluate strategic partnerships to better serve residents.

- MDHA expanded formal partnerships with multiple nonprofits/service providers to expand services and upward mobility programming to residents.

Goal 4 – Continuously improve MDHA's operations.

- The Agency created a new more user-friendly Agency website in 2023.

MDHA's annual budget exceeds \$160 million with capital spending budgets approaching \$50 million on a recurring basis. The operating and capital budgets are self-funded through operations, development fees, grant programs and philanthropy.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

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.

FINANCIAL ANALYSIS OF THE AGENCY

Net Position

Fiscal year 2023 as compared to fiscal year 2022:

The Agency's total net position decreased \$1.5 million or -0.4%, in part as a result of the following:

	<u>2023</u>	<u>2022</u>	<u>% Increase (Decrease)</u>
Current assets	\$ 142,366,971	\$ 155,932,711	(8.7) %
Noncurrent assets			
Capital assets	342,394,060	336,791,408	1.7 %
Other assets	<u>132,920,844</u>	<u>123,817,475</u>	7.4 %
Total assets	<u>617,681,875</u>	<u>616,541,594</u>	0.2 %
Current liabilities	36,131,184	26,568,974	36.0 %
Long-term liabilities	<u>143,718,408</u>	<u>149,694,413</u>	(4.0) %
Total liabilities	<u>179,849,592</u>	<u>176,263,387</u>	2.0 %
Deferred inflows of resources	10,796,433	11,716,609	(7.9) %
Net investment in capital assets	236,443,688	236,065,680	0.2 %
Restricted net position	62,823,115	58,050,856	8.2 %
Unrestricted net position	<u>127,769,047</u>	<u>134,445,062</u>	(5.0) %
Total net position	<u>\$ 427,035,850</u>	<u>\$ 428,561,598</u>	(0.4) %

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FINANCIAL ANALYSIS OF THE AGENCY (CONTINUED)

- Total assets increased \$1.1 million during the fiscal year. Current assets decreased \$13.6 million due to capital projects for Cayce utility and site work along with Agency equity funds utilized for Cherry Oak Apartments, 5th & Summer and Park Point East construction projects. Other assets increased \$9.1 million due issuance of notes receivable for Randee Rogers, Boscobel IV, and Room in the Inn projects. Capital assets increased \$5.6 million primarily due to construction project activities offset by depreciation expense during the fiscal year.
- Total liabilities increased \$3.6 million during the fiscal year. Current liabilities increased \$9.6 million primarily due to an increase in the current portion of long-term debt used for Boscobel IV. Long-term liabilities decreased \$6.0 million primarily due to debt used for Boscobel IV.
- Deferred inflows of resources decreased \$.9 million during the fiscal year, due to the recognition of lease revenue during the fiscal year.

Revenues, Expenses and Changes in Net Position

Fiscal year 2023 as compared to fiscal year 2022:

	<u>2023</u>	<u>2022</u>	<u>% Increase (Decrease)</u>
Operating revenues			
Rentals	\$ 19,952,141	\$ 20,937,352	(4.7) %
Other tenant revenue	810,513	709,142	14.3 %
Governmental operating revenue	130,764,819	121,411,542	7.7 %
Local government development activities	11,722,066	5,756,874	>100 %
Other	<u>15,426,268</u>	<u>30,625,125</u>	(49.6) %
Total operating revenues	<u>178,675,807</u>	<u>179,440,035</u>	(0.4) %
Operating expenses			
Administrative expenses	28,999,259	25,171,734	15.2 %
Other	<u>149,908,722</u>	<u>128,230,501</u>	16.9 %
Total operating expenses	<u>178,907,981</u>	<u>153,402,235</u>	16.6 %
Operating (loss) income	<u>(232,174)</u>	<u>26,037,800</u>	(<100) %
Nonoperating revenues (expenses)	<u>(496,844)</u>	<u>9,049,801</u>	(<100) %
Other special items	<u>(796,730)</u>	<u>-</u>	
Change in net position	<u>\$ (1,525,748)</u>	<u>\$ 35,087,601</u>	(<100) %

The Agency's operating revenue decreased \$.8 million and operating expenses increased \$25.5 million, in part as a result of the following:

Rental revenue decreased \$1.0 million during the fiscal year. This decrease is due to vacancies and tenant bad debts across the portfolio.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FINANCIAL ANALYSIS OF THE AGENCY (CONTINUED)

Governmental operating revenue increased \$9.3 million during the fiscal year. This is due to an increase in Rental Assistance HAP and administrative and new CAREs funds allocated to Community Development passed through to subrecipients.

Local government development activities revenue increased \$6.0 million due to utilized funding from the Metropolitan Government of Nashville and Davidson County for the mixed income housing development Randee Rogers and the 2nd Avenue Recovery project.

Other revenue decreased \$15.2 million during the fiscal year. The decrease is primarily due to the sale of the Trolley Barns Parking Garage and transfer fees earned for River and Terra House in fiscal year 2022.

Administrative expense increased \$3.8 million during the fiscal year. \$2.4 million is due to increased administrative salary and benefits cost, \$1.0 million due to IT infrastructure upgrades to improve the performance of the Agency's networks, and \$.4 million is due to increased legal and staffing training cost.

Other operating expense increased \$21.7 million during the fiscal year. \$6.0 million is due to increased spending for grant programs and 2nd Avenue Recovery project, \$5.3 million is due to an increase in housing assistance payments to landlords due to increased unit payment standards, a full year administering the emergency voucher program and 89 additional vouchers received during 2023, \$5.1 million is due to increased maintenance contracts and materials cost, \$2.4 million is due to increased maintenance salary and benefit cost, \$2.2 million is due to insurance claim cost, and \$.6 million is due to increased on-site security and new/replacement camera cost.

Nonoperating revenues (expenses) decreased \$9.5 during the fiscal year. The decrease is primarily due to the gain from the sale of Land on Rolling Mill Hill in 2022.

CAPITAL ASSETS

Fiscal year 2023 as compared to fiscal year 2022:

	<u>2023</u>	<u>2022</u>
Land	\$ 103,698,001	\$ 103,052,006
Infrastructure	26,768,925	26,768,925
Buildings	439,151,329	442,119,726
Equipment	7,352,143	7,685,503
Construction in progress	<u>30,192,056</u>	<u>13,693,929</u>
Total	607,162,454	593,320,089
Less accumulated depreciation	<u>(264,768,394)</u>	<u>(256,528,681)</u>
Net capital assets	<u>\$ 342,394,060</u>	<u>\$ 336,791,408</u>

Net capital assets increased \$5.6 million, or 1.7% during fiscal year 2023. During fiscal year 2023, the Agency expended \$16.6 million on construction in progress activities for Cayce Linear Park, Park Point East, 5th & Summer, Boscobel Site Utility work, and Boscobel IV. The Agency expended an additional \$2.2 million on roofs, HVACs, security upgrades, fire pump, and settlement remediation during the fiscal year. Current year depreciation expense on capital assets totaled \$13.2 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

DEBT ADMINISTRATION

Fiscal year 2023 as compared to fiscal year 2022:

	<u>2023</u>	<u>2022</u>	<u>% Increase (Decrease)</u>
Total notes payable - other	<u>\$ 156,866,033</u>	<u>\$ 154,776,013</u>	1.35%

As of September 30, 2023, the Agency's note principal and interest outstanding totaled \$156.8 million - a increase of 1.4% from the prior year. The Agency incurred \$7.2 million in new debt for the construction of Boscobel IV Market units plus \$1.3 million of accrued interest on notes, which was offset by \$6.5 million in principal payments for existing debt.

AFFILIATE AGREEMENTS

The Agency has included, as discretely presented component units, the activity for Levy Place, LP; Ryman Lofts at Rolling Mill Hill, L.P.; Boscobel I, L.P.; CP II, L.P.; Boscobel III, L.P.; Victory Hall, L.P.; Randee Rogers, L.P.; and Boscobel IV, L.P. Boscobel IV, L.P. entered into an Amended and Restated Agreement of Limited Partnership with Red Stone Equity – Fund 95 L.P., the Investor Limited Partner and Red Stone Equity Manager, LLC, the Special Limited Partner to facilitate their equity investment for the project in December 2022. 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 0.01% general partner interest in each of these entities.

Requests for the full financial information of the Levy Place, L.P.; the Ryman Lofts at Rolling Mill Hill, L.P.; the Boscobel I, L.P.; the CP II, L.P.; Boscobel III, L.P.; Victory Hall, L.P.; and Randee Rogers, L.P. (the Discretely Presented Component Units) should be addressed to The Metropolitan Development and Housing Agency, 701 South Sixth Street, Nashville, Tennessee, 37206.

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, 2023

ASSETS

	Primary Government	Discretely Presented Component Units
	<u> </u>	<u> </u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 54,540,228	\$ 3,525,494
Restricted cash and cash equivalents	67,110,165	5,157,929
Investments, at fair value	4,590,491	-
Receivables:		
Tenant, net of allowances	653,713	141,282
Amounts due from other governmental agencies	7,985,487	14,864
Current portion of notes receivable, net of allowances	108,835	-
Notes receivable between the primary government and its discretely presented component units, net of allowances	233,000	-
Lease receivable	669,454	-
Lease interest receivable	37,076	-
Other	2,601,793	-
Inventory	1,525,310	-
Prepaid expenses	2,311,419	885,165
	<u> </u>	<u> </u>
TOTAL CURRENT ASSETS	142,366,971	9,724,734
	<u> </u>	<u> </u>
CAPITAL ASSETS, NET	342,394,060	152,032,057
	<u> </u>	<u> </u>
NONCURRENT ASSETS		
Other assets	32,066,851	742,954
Notes receivable, net of allowances	26,660,272	-
Lease receivable	10,635,205	-
Notes receivable between the primary government and its discretely presented component units, net of allowances	63,558,516	-
	<u> </u>	<u> </u>
TOTAL NONCURRENT ASSETS	132,920,844	742,954
	<u> </u>	<u> </u>
DEFERRED OUTFLOWS OF RESOURCES	-	-
	<u> </u>	<u> </u>
TOTAL ASSETS	\$ 617,681,875	\$ 162,499,745
	<u> </u>	<u> </u>

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

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

STATEMENT OF NET POSITION (CONTINUED)

SEPTEMBER 30, 2023

LIABILITIES

	<u>Primary Government</u>	<u>Discretely Presented Component Units</u>
CURRENT LIABILITIES		
Funds held for others	\$ 1,637,653	\$ -
Accounts payable	11,780,343	388,719
Contract retention payable	310,985	-
Compensated absences payable	961,325	8,367
Accrued liabilities	2,728,109	1,049,891
Due to tenants	1,903,021	315,610
Unearned revenue	998,365	105,392
Current portion of long-term debt	15,811,383	21,477,215
Current debt between the primary government and its discretely presented component units	<u>-</u>	<u>239,626</u>
TOTAL CURRENT LIABILITIES	<u>36,131,184</u>	<u>23,584,820</u>
NONCURRENT LIABILITIES		
Deposits	690,642	87,570
Long-term debt, less current maturities	141,054,650	18,772,462
Long-term debt between the primary government and its discretely presented component units	-	61,979,112
Long-term compensated absences payable	<u>1,973,116</u>	<u>16,697</u>
TOTAL NONCURRENT LIABILITIES	<u>143,718,408</u>	<u>80,855,841</u>
TOTAL LIABILITIES	<u>179,849,592</u>	<u>104,440,661</u>
DEFERRED INFLOWS OF RESOURCES	<u>10,796,433</u>	<u>-</u>
NET POSITION		
Net investment in capital assets	236,443,688	49,563,642
Restricted for:		
Replacement reserves	57,507,331	2,565,234
HAP reserves	440,434	-
Other escrows	4,875,350	13,954
Partnership operating reserves	-	1,953,833
Construction	-	226,811
Unrestricted net position	<u>127,769,047</u>	<u>3,735,610</u>
TOTAL NET POSITION	<u>427,035,850</u>	<u>58,059,084</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 617,681,875</u>	<u>\$ 162,499,745</u>

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

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED SEPTEMBER 30, 2023

	Primary Government	Discretely Presented Component Units
OPERATING REVENUES		
Rentals	\$ 19,952,141	\$ 4,741,499
Other tenant revenue	810,513	306,700
Governmental operating revenue	130,764,819	2,104,880
Program income	393,124	-
Local government development activities	11,722,066	-
Other income	15,033,144	213,798
TOTAL OPERATING REVENUES	178,675,807	7,366,877
OPERATING EXPENSES		
Cost of Services:		
Tenant services	1,076,728	170,386
Utilities	11,132,134	600,512
Ordinary maintenance and operations	28,030,389	1,120,522
Protective services	2,652,162	173,076
Other direct program costs	25,926,613	1,138,697
Housing assistance payments	67,834,123	-
Administration	28,999,259	1,877,161
Depreciation and amortization	13,256,573	4,472,210
TOTAL OPERATING EXPENSES	178,907,981	9,552,564
OPERATING LOSS	(232,174)	(2,185,687)
NONOPERATING REVENUES (EXPENSES)		
Interest income	3,561,821	14,690
Gain on disposition of assets	790,007	-
Interest expense	(4,848,672)	(1,514,326)
TOTAL NONOPERATING EXPENSES - NET	(496,844)	(1,499,636)
DECREASE IN NET POSITION BEFORE CONTRIBUTIONS AND OTHER LOSSES	(729,018)	(3,685,323)
Members capital contributions	-	15,189,157
Other special items	(796,730)	106,252
CHANGE IN NET POSITION	(1,525,748)	11,610,086
NET POSITION - BEGINNING OF YEAR	428,561,598	46,448,998
NET POSITION - END OF YEAR	\$ 427,035,850	\$ 58,059,084

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

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from rental operations	\$ 20,541,027
Receipts from program income	205,043
Receipts from government subsidy for operations	132,492,627
Receipts from local governmental development activities	9,671,062
Receipts from other sources	12,287,774
Receipts from inventory sales	-
Payments for inventory purchases	-
Payments to and on behalf of employees	(31,566,935)
Payments for other administrative expenses	(6,713,817)
Payments for other direct program costs, including housing assistance payments	(124,887,455)
Program loan activities:	
Cash expended for program loans	(7,303,187)
Principal collections on notes receivable	793,509
Interest income collections	114,097
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>5,633,745</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Receipts from governmental capital grants	-
Purchases of capital assets	(18,828,612)
Proceeds from capital debt	2,931,697
Principal paid on capital debt	(4,577,147)
Proceeds from sales of capital assets	800,000
Payments for special items	(796,730)
Interest paid on capital debt	(4,725,102)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(25,195,894)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of investments, including reinvested interest	(76,184)
Proceeds from the sales and maturities of investments	-
Interest received	3,561,819
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>3,485,635</u>
CASH FLOW FROM SPECIAL ITEMS	
Payments for special items	-
NET CASH USED BY SPECIAL ITEMS	<u>-</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(16,076,514)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>137,726,907</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 121,650,393</u>
Supplemental disclosure of noncash investing and financing activities:	
Additions to debt composed of accrued interest	\$ 5,642,922
Retirements of debt composed of accrued interest	\$ (1,907,452)

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

STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE YEAR ENDED SEPTEMBER 30, 2023

RECONCILIATION OF OPERATING INCOME TO NET CASH

PROVIDED BY OPERATING ACTIVITIES	
Operating income	\$ (232,174)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization expense	13,256,573
Bad debt expense	2,014,785
Changes in assets and liabilities	
Accounts receivable	(3,583,898)
Prepaid expenses and other assets	112,127
Due to tenants	20,903
Accounts payable, funds held for others, contract retention and amounts due to other governments	1,669,555
Deferred revenue and other deposits	(1,815,967)
Accrued liabilities and compensated absences	701,519
Program loan activities:	
Cash expended for program loans	(7,303,187)
Principal collections on notes receivable	793,509
TOTAL ADJUSTMENTS	<u>5,865,919</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 5,633,745</u>

RECONCILIATION OF CASH TO THE STATEMENT OF NET POSITION

Cash and cash equivalents	\$ 54,540,228
Restricted cash and cash equivalents	<u>67,110,165</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 121,650,393</u>

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

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 resource 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 GAAP 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 programs, 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 Levy Place, L.P.; Ryman Lofts at Rolling Mill Hill, L.P.; Boscobel I, L.P.; CP II, L.P.; Victory Hall, L.P.; Boscobel III, L.P.; and Randee Rogers, L.P. as of and for the year ended December 31, 2022. 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 Agency has included the activity for Boscobel IV, L.P. as of September 30, 2023. This entity also meets the criteria to be included as a discretely presented component unit; however, construction on the property was not complete and the property was not yet subject to a separate audit requirement for the year ending December 31, 2022. The MDHA Housing Trust Corporation, which is included in the Primary Government as a blended component unit, has a 0.01% general partner interest in Ryman Lofts, Levy Place, Boscobel I, CP II, and Victory Hall, and is considered a blended component unit. Total assets and net position of MDHA Housing Trust Corporation were \$177,260 and \$152,480, respectively, as of September 30, 2023. Net operating income for the year ended September 30, 2023 totaled \$12,835. 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 Levy Place, L.P.; Ryman Lofts at Rolling Mill Hill, L.P.; Boscobel I, L.P.; CP II, L.P.; Victory Hall, L.P.; Boscobel III, L.P.; and Randee Rogers, L.P. (the Discretely Presented Component Units) as of December 31, 2022 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; MDHA Madison Towers, 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 GAAP. 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.

Proprietary Program Types - The Programs are Consolidated into a Single column for Reporting Purposes

PROJECT BASED RENTAL ASSISTANCE PROGRAM

This program 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 programs 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 program 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 program 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 Program Types - The Funds are Consolidated into a Single column for Reporting Purposes (Continued)

LOCAL PROGRAMS

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

BUSINESS ACTIVITIES

This program 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, 2023, an allowance for doubtful tenant receivables in the amount of \$8,796,504 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.

Lease Receivable and Deferred Inflow of Leases

The Agency recognizes a lease receivable and a deferred inflow of resources at commencement of the lease term, with certain exceptions for regulated leases and short-term leases. The lease receivable is measured at the present value of the lease payments expected to be received during the lease period. The deferred inflow of resources is measured as the value of the lease receivable in addition to any payments received at or before the commencement of the lease term that relate to future periods. Revenue from the included leases is recognized by amortizing the deferred inflow on a straight-line basis.

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2023, 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.

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 \$19,326,497 at September 30, 2023.

Compensated Absences

Most 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.

Restricted Assets

Restricted assets consist of cash which is legally restricted. The restricted assets primarily are to be used for purposes specified under the Housing Choice Voucher, Family Self Sufficiency or Project Based Rental Assistance programs. 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.

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Tenant Accounts Receivable Net of Bad Debt Expense

In accordance with GAAP, 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 \$2,014,785 for the year ended September 30, 2023.

NOTE 3 - CASH, CASH EQUIVALENTS, AND INVESTMENTS

In accordance with GAAP, 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 24.)

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 the laws of the State of Tennessee and HUD guidelines.

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.

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

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 denominated in United States currency.

Schedule of restricted cash as of September 30, 2023:

Funds held for others	\$ 1,637,653
Deposits	1,271,306
MDHA 10th & Jefferson LLC Escrow	614,269
MDHA Kirkpatrick Park LLC Escrow	141,009
MDHA J Henry Hale LLC Escrow	606,736
MDHA Madison Towers LLC Escrow	861,645
Custodial Account for TIF financing	245,383
Due to resident councils	631,715
HAP reserves	496,168
FSS Escrow accounts	690,642
Post RAD Rehab escrows	1,286,048
Replacement reserve accounts	57,507,331
Property management company accounts	<u>1,120,260</u>
	<u>\$ 67,110,165</u>

Funds held for others in the amount of \$1,637,653 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 \$1,271,306 for rental properties managed by MDHA.

Deposits of \$614,269 held by HUD for the MDHA 10th & Jefferson LLC replacement reserve and construction hold out escrow.

MDHA deposits of \$141,009 required by HUD for MDHA Kirkpatrick Park replacement reserve.

Deposits of \$606,736 required by HUD for the MDHA J Henry Hale LLC replacement reserve.

Deposits of \$861,645 required by HUD for the MDHA Madison Towers LLC replacement reserve.

MDHA funds of \$245,383 are held for Tax Increment Financing note for the debt service covenant.

Amounts due to resident councils of \$631,715 are tenant participation funds from HUD which are held for use by the duly elected resident councils.

Housing Assistance Payment ("HAP") restricted equity totaling \$496,168 are excess Section 8 housing assistance funds under the Housing Choice Voucher program.

Deposits of \$690,642 are held for participants in the HUD Family Self-Sufficiency program.

Escrow deposits of \$1,286,048 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 \$57,507,331 required by HUD for the RAD converted project based rental assistance properties.

Property management company accounts, tenant deposits and replacement reserves of \$1,120,260 for market rate units managed by a separate management company.

Discretely Presented Component Unit Deposits

The carrying amount of cash and cash equivalents was \$3,525,494. 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 - HUD regulations 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, 2022, amounts held for tenant security deposits totaled \$329,564. 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:

Replacement reserves	\$ 2,565,234
Operating reserves	1,953,833
Construction escrow reserves	226,811
Tenant security deposits	329,564
FSS escrow accounts	<u>82,487</u>
	<u>\$ 5,157,929</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 GAAP.

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, 2023 consisting solely of certificates of deposit.

At September 30, 2023, the future maturities of MDHA's investments are as follows:

<u>Type of investment</u>	<u>Carrying amount</u>	<u>Maturity fiscal 2024</u>	<u>Maturity fiscal 2025</u>
Certificates of deposit	<u>\$ 4,590,491</u>	<u>\$ 3,564,829</u>	<u>\$ 1,025,662</u>
Total	<u>\$ 4,590,491</u>	<u>\$ 3,564,829</u>	<u>\$ 1,025,662</u>

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 4 - CAPITAL ASSETS

	<u>September 30, 2022</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers & Adjustments</u>	<u>September 30, 2023</u>
Capital assets, not being depreciated:					
Land	\$ 103,052,006	\$ 260,890	\$ -	\$ 385,105	\$ 103,698,001
Construction in progress	<u>13,693,929</u>	<u>17,754,587</u>	<u>-</u>	<u>(1,256,460)</u>	<u>30,192,056</u>
Total capital assets, not being depreciated	<u>116,745,935</u>	<u>18,015,477</u>	<u>-</u>	<u>(871,355)</u>	<u>133,890,057</u>
Capital assets, being depreciated:					
Buildings	442,119,726	794,496	(4,634,248)	871,355	439,151,329
Infrastructure	26,768,925	-	-	-	26,768,925
Furniture, equipment, & machinery - dwellings	6,767,333	18,642	(299,908)	-	6,486,067
Furniture, equipment, & machinery - administrative	<u>918,170</u>	<u>-</u>	<u>(52,094)</u>	<u>-</u>	<u>866,076</u>
Total capital assets, being depreciated	<u>476,574,154</u>	<u>813,138</u>	<u>(4,986,250)</u>	<u>871,355</u>	<u>473,272,397</u>
Less accumulated depreciation for:					
Buildings	(228,868,253)	(12,112,375)	4,624,255	-	(236,356,373)
Infrastructure	(20,858,604)	(719,943)	-	-	(21,578,547)
Furniture, equipment, & machinery - dwellings	(5,900,140)	(356,181)	299,908	-	(5,956,413)
Furniture, equipment, & machinery - administrative	<u>(901,684)</u>	<u>(27,471)</u>	<u>52,094</u>	<u>-</u>	<u>(877,061)</u>
Total accumulated depreciation	<u>(256,528,681)</u>	<u>(13,215,970)</u>	<u>4,976,257</u>	<u>-</u>	<u>(264,768,394)</u>
Total capital assets, being depreciated, net	<u>220,045,473</u>	<u>(12,402,832)</u>	<u>(9,993)</u>	<u>871,355</u>	<u>208,504,003</u>
Total capital assets, net	<u>\$ 336,791,408</u>	<u>\$ 5,612,645</u>	<u>\$ (9,993)</u>	<u>\$ -</u>	<u>\$ 342,394,060</u>

Total depreciation expense for the year ended September 30, 2023 was \$13,215,970.

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 & Adjustments</u>	<u>Current Year Balance</u>
Capital assets, not being depreciated:					
Land	\$ 19,328,403	\$ -	\$ -	\$ 1,902,383	\$ 21,230,786
Construction in progress	<u>27,254,755</u>	<u>15,488,557</u>	<u>-</u>	<u>(27,254,755)</u>	<u>15,488,557</u>
Total capital assets, not being depreciated	<u>46,583,158</u>	<u>15,488,557</u>	<u>-</u>	<u>(25,352,372)</u>	<u>36,719,343</u>
Capital assets, being depreciated:					
Buildings	101,457,017	249,587	(524,827)	24,856,633	126,038,410
Infrastructure	-	-	-	-	-
Furniture, equipment, & machinery	<u>4,122,800</u>	<u>24,625</u>	<u>-</u>	<u>488,081</u>	<u>4,635,506</u>
Total capital assets, being depreciated	<u>105,579,817</u>	<u>274,212</u>	<u>(524,827)</u>	<u>25,344,714</u>	<u>130,673,916</u>
Less accumulated depreciation for:					
Buildings	(5,743,196)	(2,928,722)	12,026	-	(8,659,892)
Infrastructure	(2,159,010)	(996,773)	-	-	(3,155,783)
Furniture, equipment, & machinery	<u>(3,099,654)</u>	<u>(445,873)</u>	<u>-</u>	<u>-</u>	<u>(3,545,527)</u>
Total accumulated depreciation	<u>(11,001,860)</u>	<u>(4,371,368)</u>	<u>12,026</u>	<u>-</u>	<u>(15,361,202)</u>
Total capital assets, being depreciated, net	<u>94,577,957</u>	<u>(4,097,156)</u>	<u>(512,801)</u>	<u>25,344,714</u>	<u>115,312,714</u>
Total capital assets, net	<u>\$ 141,161,115</u>	<u>\$ 11,391,401</u>	<u>\$ -</u>	<u>\$ (7,658)</u>	<u>\$ 152,032,057</u>

Total depreciation expense for the discretely presented component units was \$4,371,368.

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, 2023:

Notes receivable from discretely presented component units

Boscobel I LP	\$ 13,872,136
Levy Place LP	6,388,768
Victory Hall LP	1,104,166
CP II LP	8,792,439
Boscobel III LP	11,026,549
Boscobel IV LP	5,679,370
Randee Rogers LP	<u>16,928,088</u>

Total notes receivable from discretely presented component units	<u>\$ 63,791,516</u>
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Notes receivable from third parties

Boscobel Heights Development Co	\$ 19,725,800
Martha O'Bryan Explore School	1,635,037
Rehabilitation loans	10,106,712
Business district loans	53,704
Façade loans	116,704
Neighborhood Stabilization promissory notes	14,457,647
Allowance for doubtful accounts	<u>(19,326,497)</u>

Total notes receivable from third parties	<u>26,769,107</u>
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Total notes receivable	90,560,623
Less current portion	<u>(341,835)</u>

Net notes receivable and accrued interest receivable, less current portion	<u>\$ 90,218,788</u>
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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.

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 5 - NOTES RECEIVABLE (CONTINUED)

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 \$4,698,441 related to these loans.

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.

Façade 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 \$146,705 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 totaled \$14,457,647 as of September 30, 2023.

Explore School Loans were made to the Martha O'Bryan Center, Inc., September 24, 2018, for the construction and operations of the K-8 charter school facility. The Martha O'Bryan Center, Inc. entered into an Accrued Rent Note with MDHA, not to exceed \$3.5 million with interest accruing at an annual rate of 3%. Sublease payments calculated using the number of pupils at the beginning of the school year by Martha O'Bryan, Rental Gross Revenues, are paid monthly to MDHA to be applied to the Base Rent payments owed by MDHA. MDHA monthly note proceeds are equal to the excess of the Base Rent over the Rental Gross Revenues. The outstanding principal and accrued interest shall be due and payable on the maturity date of March 22, 2026. The balance with accrued interest as of September 30, 2023, was \$1,635,037.

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 5 - NOTES RECEIVABLE (CONTINUED)

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.; Victory Hall, L.P.; Randee Rogers, L.P.; and Boscobel IV, 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.

NOTE 6 - OTHER ASSETS

The following is a summary of other assets of the Primary Government for the year ended September 30, 2023:

Tax increment revenues due for The Sports Authority Debt repayment (See Note 7)	\$ 26,825,537
Downtown Parking Garage prepaid consulting and capitalized interest	5,208,000
Nance Place Apartments unamortized costs	<u>33,314</u>
	<u>\$ 32,066,851</u>

NOTE 7 - LONG-TERM DEBT

A summary of changes in MDHA's long-term debt for the year ended September 30, 2023 is presented below:

	<u>Balance 9/30/2022</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 9/30/2023</u>	<u>Due within one year</u>
Notes Payable	<u>\$ 154,776,013</u>	<u>\$ 8,574,619</u>	<u>\$ (6,484,599)</u>	<u>\$ 156,866,033</u>	<u>\$ 15,811,383</u>

Primary Government

\$7,872,100 HUD 221(d)4 Refinance note with First American Capital Group Corporation, dated November 1, 2021, for the 54-unit apartment building. Beginning December 1, 2021, monthly principal and interest payments totaling \$26,397 are due. The loan bears an interest rate of 2.6%. The loan is collateralized by the 10th & Jefferson apartment complex and assignment of rents and will mature December 1, 2061.

\$ 7,562,444

\$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, 2023 interest accrued on the loan totaled \$659,228. (Included in other noncurrent assets is a corresponding amount totaling \$26,825,537 - see Note 6).

26,825,537

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 7 - LONG-TERM DEBT (CONTINUED)

<p>\$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, 2023 was 8.5%). The note is collateralized by the Nance Place apartment complex and assignment of rents and will mature in December of 2026.</p>	1,392,628
<p>\$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.</p>	3,251,661
<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>	2,451,580
<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, 2014. 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>	1,168,901
<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%. The financing contract is collateralized by the 5th Avenue of the Arts Garage and assignment of revenues.</p>	37,806,717
<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>	18,141,757

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 7 - LONG-TERM DEBT (CONTINUED)

<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 to 5.51%. The note is collateralized by the Uptown Flats apartment complex and assignment of rents and will mature in January of 2024.</p>	987,179
<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>	12,851,026
<p>\$5,400,000 loan with United Community Bank dated May 30, 2018, advances under this loan shall be used for the construction of 40 townhomes in Bordeaux. Monthly interest payments were due until May 30, 2020, thereafter monthly principal and interest payments total \$25,327 and interest accrues at a fixed rate equal to the US Treasury note rate, plus 2.5%, not to exceed 3.75%. The loan is collateralized by the Harper Cove Flats complex and assignment of rents and will mature May 2030.</p>	4,932,538
<p>\$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.</p>	4,686,104
<p>\$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.</p>	4,601,948
<p>\$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.</p>	4,690,206
<p>\$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.</p>	6,366,799

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 7 - LONG-TERM DEBT (CONTINUED)

\$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, 2023 was 8.5%). 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.

6,420,750

\$6,000,000 construction note with First Bank dated July 31, 2020 which converted to permanent financing October 31, 2022. Beginning October 31, 2022, monthly principal payments of \$16,667 plus accrued interest payments are payable. Interest accrues at a variable rate equal to the Prime Rate less 4% (September 30, 2023 was 8.5%). Unpaid principal and accrued interest is due and payable in full at maturity, October 31, 2040. The note is collateralized by Red Oak Townhomes, a 44-unit mixed income property and assignment of rents.

5,217,598

\$500,000 note with Tennessee Housing Development dated August 2, 2019. The note bears a 0% interest rate and shall be forgiven annually over five years beginning in November 2021. The note is collateralized by Victory Hall and assignment of rents.

300,000

\$10,000,000 construction note with Bank of Tennessee dated May 23, 2022. During the construction term, monthly interest payments are payable at a rate equal to Prime Rate (September 30, 2023 was 8.5%) on outstanding principal shall be due and payable monthly. The note is collateralized by Cherry Oak Apartments market rate condo, 45.45% of a 96-unit mixed income property and assignment of rents. Unpaid principal and accrued interest is due and payable in full at maturity, May 23, 2024. The amount drawn as of September 30, 2023 was \$7,210,660.

7,210,660

\$ 156,866,033

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 7 - LONG-TERM DEBT (CONTINUED)

A schedule of principal maturities of the Agency's long-term debt at September 30, 2023 is as follows:

<u>Year ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 15,811,383	\$ 6,456,738	\$ 22,268,121
2025	18,118,217	5,794,581	23,912,798
2026	4,704,127	4,841,162	9,545,289
2027	5,829,677	4,692,322	10,521,999
2028	4,000,005	4,537,627	8,537,632
2029 - 2033	28,419,681	19,763,829	48,183,510
2034 - 2038	23,327,073	14,071,740	37,398,813
2039 - 2043	30,143,121	8,424,392	38,567,513
2044 - 2048	11,482,780	3,749,780	15,232,560
2049 - 2053	8,860,691	1,610,628	10,471,319
2054 - 2058	4,680,811	745,740	5,426,551
2059 - 2062	1,488,467	492,609	1,981,076
Total	\$ 156,866,033	\$ 75,181,148	\$ 232,047,181

A summary of changes in long-term debt, after loan cost adjustment of (\$1,176,174) of the Discretely Presented Component Units for the year ended December 31, 2022 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	\$ 101,429,712	\$ 19,301,508	\$ (17,086,631)	\$ 103,644,589	\$ 21,716,841

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, 2022 was 7.27%. 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.

\$ 700,986

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, 2022, interest of \$138, remained payable. During 2022, interest expense of \$138 was incurred.

2,899

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 7 - LONG-TERM DEBT (CONTINUED)

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 (7.5% as of December 31, 2022) 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, 2022. The entire principal balance, as well as all accrued and unpaid interest, is due and payable on July 28, 2035.

\$ 4,987,304

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 2022, interest expense of \$147,786 was incurred and remains payable as of December 31, 2022. The entire principal balance, as well as accrued and unpaid interest, is due and payable in July 2056.

6,745,393

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 2022, interest expense of \$200,748 was incurred and \$715,925 remains payable as of December 31, 2022. The entire principal balance, as well as accrued and unpaid interest, is due and payable in August 2048.

7,300,825

\$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 December 31, 2022 was 7.27%). 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.

6,583,776

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 December 31, 2022 was 7.50%). 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.

7,068,979

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 7 - LONG-TERM DEBT (CONTINUED)

CP II, L.P (Continued)

\$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. During 2022, interest expense of \$89,506 was incurred and \$82,520 remains payable as of December 31, 2022. The note is collateralized by CP II, a 102-unit mixed income property and assignment of rents and will mature December 11, 2048. 8,238,452

\$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. The entire principal balance is due and payable at maturity in December 2040. 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. During 2022, interest expense of \$97,577 was incurred and \$39,097 remains payable as of December 31, 2022. The note is collateralized by Boscobel III, a 102-unit mixed income property and assignment of rents and will mature August 9, 2048. 10,465,089

\$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 December 31, 2022 was 7.50%). Beginning, March 15, 2022, monthly principal payments will be due with the monthly interest payments. During 2022, interest expense of \$77,974 was incurred with \$11,216 payable as of December 31, 2023. The note is collateralized by Boscobel III, a 102-unit mixed income property and assignment of rents and will mature August 8, 2034. 7,221,216

\$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. During 2022, interest expense of \$12,750 was incurred and remains payable as of December 31, 2022. The note is collateralized by Boscobel III, a 102-unit mixed income property and assignment of rents. 512,750

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 7 - LONG-TERM DEBT (CONTINUED)

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. During 2022, interest expense of \$12,500 was incurred and \$42,708 remains payable as of December 31, 2022. The note is collateralized by Curb Victory Hall, 39 units set aside for homeless veterans and assignment of rents and will mature August 2, 2049.

542,708

Victory Hall L.P. (Continued)

\$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. During 2022, interest expense of \$12,500 was incurred and \$42,708 remains payable as of December 31, 2022. The note is collateralized by Curb Victory Hall, 39 units set aside for homeless veterans and assignment of rents and will mature August 2, 2049.

542,708

\$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 December 31, 2022 was 7.50%). 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.

509,699

Randee Rogers L.P.

\$16,000,000 bond with JP Morgan Chase Bank dated December 1, 2019. The loan bears interest at a floating rate equal to the Daily LIBOR Rate, plus 1.65% (5.62% at December 31, 2022). Monthly interest-only payments are due until conversion. As of December 31, 2022, the principal balance of the construction loan totaled \$12,283,288. The bond note is collateralized by Randee Rogers, a 100-unit mixed income property and assignments of rents.

12,283,288

\$840,275 note with MDHA dated December 19, 2019. The nonrecourse loan is secured by an agency leasehold deed of trust and an assignment of rents and leases. The interest rate is 0% with annual principal due and payable to the extent of Available Cash Flow, as defined in the Limited Partnership Agreement. The entire principal balance is due and payable December 2049. The amount drawn as of December 31, 2022 was \$840,275.

840,275

\$16,087,813 note with MDHA dated March 19, 2020. The nonrecourse loan is secured by an agency leasehold deed of trust and an assignment of rents and leases. The interest rate is 0% with annual principal due and payable to the extent of Available Cash Flow, as defined in the Limited Partnership Agreement. The entire principal balance is due and payable December 2049 or when declared due and payable. The amount drawn as of December 31, 2022 was \$14,190,111 with accrued interest of \$74,381.

14,264,492

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 7 - LONG-TERM DEBT (CONTINUED)

Boscobel IV L.P.

\$7,250,036 note with MDHA dated May 23, 2022, then amended to \$8,398,668 on December 12, 2022. The nonrecourse loan is secured by an agency leasehold deed of trust and an assignment of rents and leases. The interest rate is 0% with annual principal due and payable to the extent of Available Cash Flow, as defined in the Limited Partnership Agreement. The entire principal balance is due and payable December 2049 or when declared due and payable. The amount drawn as of September 30, 2023 was \$5,392,370 with accrued interest of \$49,501. 5,441,871

Boscobel IV L.P. (Continued)

\$500,000 note with MDHA dated December 1, 2022. Proceeds from the note shall be used in accordance with the rules and regulations of the HOME Investment Partnership Programs. The effective rate of interest is fixed at .75%. The outstanding principal plus any accrued and unpaid interest is due thirty years from the Project Completion date. The note is collateralized by Boscobel IV L.P. Cherry Oak Apartments affordable condo, 54.55% of a 96-unit mixed income property and assignment of rents. The amount drawn as of September 30, 2023 was \$237,500. 237,500

\$12,000,000 construction note with Bank of Tennessee dated May 23, 2022. During the construction term, monthly interest payments are payable at a rate equal to Prime Rate minus 4%; however, the interest rate will not fall below 0% (September 30, 2023 was 8.5%) on outstanding principal shall be due and payable monthly. The note is collateralized by Boscobel IV L.P. Cherry Oak Apartments affordable condo, 54.55% of a 96-unit mixed income property and assignment of rents. Unpaid principal and accrued interest is due and payable in full at maturity, May 23, 2024. The amount drawn as of September 30, 2023 was \$8,654,379. 8,654,379

\$ 103,644,589

A schedule of principal maturities of the Discretely Presented Component Unit's long-term debt after the loan cost adjustment of (\$1,176,174) is as follows:

<u>Year ending December 31,</u>	<u>Principal</u>
2022	\$ 21,716,841
2023	950,770
2024	963,814
2025	976,165
2026	992,253
Thereafter	<u>76,868,572</u>
Total	<u>\$ 102,468,415</u>

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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 have 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 \$115.1 million at September 30, 2023.

A summary of changes in MDHA's conduit debt for the year ended September 30, 2023 is presented below:

Project Description	Balance 9/30/2022	Additions	Retirements	Balance 9/30/2023	Accrued Interest
Castner Knott	\$ 1,850,000	\$ -	\$ -	\$ 1,850,000	\$ 840,691
Cohen Bldg	300,000	-	-	300,000	288,134
ACME Feed Building	-	-	-	-	-
Regions Capital Mall Refinance	38,343,442	-	(4,476,146)	33,867,296	270,790
21C Hotel Project	4,416,485	-	(282,506)	4,133,979	348,909
4Pant Dream Hotel	5,468,553	-	(246,613)	5,221,940	97,414
5th & Broad	7,662,694	-	-	7,662,694	139,818
5th & Broad	13,421,251	-	(3,139,839)	10,281,412	213,656
Regions Rutledge Hill Refinance	1,259,599	-	(147,043)	1,112,556	8,895
Eakin The Peabody Plaza	7,146,652	-	(491,857)	6,654,795	141,665
PRII/Peabody Union	13,802,466	3,697,534	-	17,500,000	719,181
Regions Phillips Jackson Refinance	4,147,683	-	(484,193)	3,663,490	29,292
1821 Jefferson Street	542,800	-	(18,590)	524,210	10,628
1101 Dickerson Pike	73,159	-	(22,525)	50,634	1,129
5th & MAIN	5,807,570	-	-	5,807,570	452,091
Regions Arts District Refinance	18,606,288	-	(2,172,066)	16,434,222	131,402
Total	\$ 122,848,642	\$ 3,697,534	\$ (11,481,378)	\$ 115,064,798	\$ 3,693,695

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, 2023:

	Balance at October 1, 2022	Additions	Adjustment/ Payments	Balance at September 30, 2023	Current portion
Compensated absences	\$ 2,539,055	\$ 2,170,325	\$ (1,774,939)	\$ 2,934,441	\$ 961,325
FSS escrow deposit	\$ 1,028,352	\$ 417,637	\$ (755,347)	\$ 690,642	\$ -

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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, 2023, 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, is a defined contribution plan for employees who were participants in the MDHA Retirement Plan as of September 30, 2000. 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, 2023, amounted to \$3,025,930, which equaled the amount of required employer contributions. Employee voluntary contributions were \$316,681 in 2023. MDHA's payroll for employees covered by the Plan for the fiscal year ended September 30, 2023, was \$23,276,385. Total payroll for MDHA during the fiscal year ended September 30, 2023, amounted to \$24,040,261.

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.

NOTE 12 - LEASES

MDHA is the lessor of dwelling units mainly to low-income residents. These leases are generally considered to be short-term and do not derive from exchange or exchange-like transactions and are not within the scope of GASB Statement No. 87: Leases. The rents under the leases are determined generally by the resident's income as adjusted for eligible deductions regulated by HUD, although the resident may opt for a flat rent. Leases may be cancelled by the lessee at any time. MDHA may cancel the lease only for cause.

Revenues associated with these leases are recorded in the financial statements and schedules as "Rental Revenue". Rental Revenue per dwelling unit generally remains consistent from year to year but is affected by general economic conditions which impact personal income and local job availability.

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 12 - LEASES (CONTINUED)

In 2011, MDHA began leasing certain property to a third party, TB Partners, LLC. The initial lease term is for forty-five (45) years with payments due monthly to MDHA is in the amount of \$3,563; the assumed interest rate is 5%. TB Partners is entitled to extend the term of this lease for one (1) period of forty (40) years. This additional period has been included in the measurement of the lease. During the year ended September 30, 2023, MDHA recognized \$11,442 in lease revenue and \$42,093 in interest revenue related to this lease. As of September 30, 2023, MDHA's lease receivable and related deferred inflow balance were \$836,226 and \$826,841, respectfully.

In 2012, MDHA began leasing certain property to a third party, Corporate Investors Partnership X, LLC. The initial lease term is for twenty (20) years with payments due monthly to MDHA is in the amount of \$7,216; the assumed interest rate is 5%. Corporate Investors Partnership X, LLC is entitled to extend the term of this lease for four (4) periods of five (5) years each. These additional periods have been included in the measurement of the lease. During the year ended September 30, 2023, MDHA recognized \$44,640 in lease revenue and \$66,089 in interest revenue related to this lease. As of September 30, 2023, MDHA's lease receivable and related deferred inflow balance were \$1,319,553 and \$1,268,531, respectfully.

In 2013, MDHA began leasing certain property to a third party, SWHR Hermitage, LLC. The initial lease term is for thirty (30) years with payments due monthly to MDHA is in the amount of \$22,881; the assumed interest rate is 5%. There is no option to extend the lease. During the year ended September 30, 2023, MDHA recognized \$167,026 in lease revenue and \$175,631 in interest revenue related to this lease. As of September 30, 2023, MDHA's lease receivable and related deferred inflow balance were \$3,489,932 and \$3,340,512, respectfully.

In 2013, MDHA began leasing certain property to a third party, SWHR Middleton, LLC. The initial lease term is for thirty (30) years with payments due monthly to MDHA is in the amount of \$24,857; the assumed interest rate is 5%. There is no option to extend the lease. During the year ended September 30, 2023, MDHA recognized \$181,141 in lease revenue and \$191,244 in interest revenue related to this lease. As of September 30, 2023, MDHA's lease receivable and related deferred inflow balance were \$3,800,447 and \$3,637,910, respectfully.

In 2017, MDHA began leasing certain property to a third party, Rise Biscuit. The initial lease term is for ten (10) years with payments due monthly to MDHA is in the amount of \$6,835; the assumed interest rate is 5%. Rise Biscuit is entitled to extend the term of this lease for two (2) periods of five (5) years each. These additional periods have not been included in the measurement of the lease as management is not reasonably certain that the extensions will be executed. During the year ended September 30, 2023, MDHA recognized \$75,730 in lease revenue and \$21,523 in interest revenue related to this lease. As of September 30, 2023, MDHA's lease receivable and related deferred inflow balance were \$402,942 and \$372,342, respectfully.

In 2017, MDHA began leasing certain property to a third party, Corner Pub. The initial lease term is for ten (10) years with payments due monthly to MDHA is in the amount of \$21,780; the assumed interest rate is 5%. Corner Pub is entitled to extend the term of this lease for two (2) periods of five (5) years each. These additional periods have not been included in the measurement of the lease as management is not reasonably certain that the extensions will be executed. During the year ended September 30, 2023, MDHA recognized \$249,604 in lease revenue and \$59,933 in interest revenue related to this lease. As of September 30, 2023, MDHA's lease receivable and related deferred inflow balance were \$1,103,014 and \$1,019,215, respectfully.

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 12 - LEASES (CONTINUED)

In 2022, MDHA began leasing certain property to a third party, Dollar General. The initial lease term is for one (1) year with payments due monthly to MDHA in the amount of \$9,333; the assumed interest rate is 5%. Dollar General is entitled to extend the term of this lease for four (4) periods of one (1) year each. These additional periods have been included in the measurement of the lease. During the year ended September 30, 2023, MDHA recognized \$99,325 in lease revenue and \$19,295 in interest revenue related to this lease. As of September 30, 2023, MDHA's lease receivable and related deferred inflow balance were \$352,545 and \$331,082, respectfully.

During the year ended September 30, 2023, MDHA recognized \$828,908 of lease revenue and \$575,808 of lease interest revenue which are recorded in Other Revenue on the Statement of Revenues, Expenses, and Changes in Net Position.

Future minimum lease payments are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 669,454	\$ 544,363	\$ 1,213,817
2025	686,579	511,198	1,197,777
2026	733,528	475,757	1,209,285
2027	707,157	439,316	1,146,473
2028	406,040	411,980	818,020
2029-2033	1,700,383	1,810,668	3,511,051
2034-2038	2,182,202	1,328,847	3,511,049
2039-2043	2,800,548	710,502	3,511,050
2044-2048	366,006	305,621	671,627
2049-2053	294,856	214,812	509,668
2054-2058	28,592	185,220	213,812
2059-2063	36,694	177,118	213,812
2064-2068	47,092	166,720	213,812
2069-2073	60,435	153,377	213,812
2074-2078	77,560	136,252	213,812
2079-2083	99,538	114,274	213,812
2084-2088	127,742	86,069	213,811
2089-2093	163,939	49,873	213,812
2094-2096	116,314	8,409	124,723
	<u>\$ 11,304,659</u>	<u>\$ 7,830,376</u>	<u>\$ 19,135,035</u>

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, 2023.

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 13 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

As of September 30, 2023, the Agency had outstanding construction commitments of approximately \$36.4 million. These outstanding commitments will be paid by equity generated by low-income housing tax credits, bank loans and other Agency reserves.

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

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.

Boscobel I, LP 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 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.

CP II I, LP 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 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.

Boscobel III, LP 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 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.

Victory Hall, LP 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 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.

Randee Rogers, L.P. has entered into a Developer Agreement with MDHA to acquire, construct, and develop mixed income affordable and market rate residential housing. This agreement entitled MDHA as the developer to a total development fee of \$1,100,000. As of December 31, 2022, \$133,126 of the development fee has been earned and paid. Randee Rogers, LP consists of new construction of 100 units of rental housing. Of the 100 units, 50 are units eligible to receive the benefits of HUD Operating subsidies provided to the partnership by HUD. The remaining 50 units are workforce and market units.

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 14 - AFFILIATE AGREEMENTS (CONTINUED)

Boscobel IV, LP has entered into a Developer Agreement with MDHA to acquire, construct, and develop mixed income affordable and market rate residential housing. Boscobel IV, LP consists of new construction of 96 units of rental housing. Of the 96 units, 62.3% are public housing units eligible to receive the benefits of PBRA HAP subsidies provided to the partnership by HUD for the "Affordable Condo". The remaining 37.7% units are workforce and market units owned by MDHA.

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, cash reserves held for future building repairs and improvements reduced by the outstanding balances of any bonds, mortgages, notes, 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".

The changes in the Agency's net position for the year ended September 30, 2023 are as follows:

	<u>Net investment in capital assets</u>	<u>Restricted</u>	<u>Unrestricted</u>	<u>Totals</u>
Net position - September 30, 2022				
September 30, 2022	\$ 236,065,680	\$ 58,050,856	\$ 134,445,062	\$ 428,561,598
Changes in net position - 2023	<u>378,008</u>	<u>4,772,259</u>	<u>(6,676,015)</u>	<u>(1,525,748)</u>
Net position - September 30, 2023	<u>\$ 236,443,688</u>	<u>\$ 62,823,115</u>	<u>\$ 127,769,047</u>	<u>\$ 427,035,850</u>

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 15 - NET POSITION (CONTINUED)

A breakdown of the Agency's restricted net position as of September 30, 2023 is as follows:

Replacement reserve accounts	\$ 57,507,331
Section 8 HAP reserves	440,434
Post RAD Rehab escrows	1,286,048
MDHA Kirkpatrick Park LLC Escrow	141,009
MDHA J Henry Hale LLC escrow accounts	606,736
MDHA 10th & Jefferson escrow accounts	614,269
MDHA Madison Towers LLC escrow accounts	861,645
Other reserves & property mgmt deposits	<u>1,365,643</u>
	<u>\$ 62,823,115</u>

The changes in net position for the Discretely Presented Component Units for the year ended December 31, 2022 are as follows:

	<u>Net investment in capital assets</u>	<u>Restricted</u>	<u>Unrestricted</u>	<u>Totals</u>
Net position (deficit) - January 1, 2022	\$ 40,462,520	\$ 4,451,377	\$ 1,535,101	\$ 46,448,998
Changes in net position - 2022	<u>9,101,122</u>	<u>308,455</u>	<u>2,200,509</u>	<u>11,610,086</u>
Net position (deficit) - December 31, 2022	<u>\$ 49,563,642</u>	<u>\$ 4,759,832</u>	<u>\$ 3,735,610</u>	<u>\$ 58,059,084</u>

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 16 - MEMBERS CAPITAL CONTRIBUTIONS

Contingent upon various requirements as outlined in the Amended and Restated Partnership Agreement for Victory Hall, L.P., the Limited Partner has agreed to contribute \$6,510,037 for a 99.99% interest in the Partnership. As of September 30, 2023, all capital contributions were received less a credit adjuster of \$174,141.

Contingent upon various requirements as outlined in the Amended and Restated Partnership Agreement for Boscobel III, L.P., the Limited Partner has agreed to contribute \$11,278,872 for a 99.99% interest in the Partnership. As of September 30, 2023, all capital contributions were received less a credit adjuster of \$20,771.

Contingent upon various requirements as outlined in the First Amended and Restated Partnership Agreement for Randee Rogers, L.P., the Limited Partner has agreed to contribute \$4,799,688 for a 99.99% interest in the Partnership. As of September 30, 2023, \$719,953 capital contributions were received.

The General Partner of Randee Rogers L.P., has agreed to contribute \$100 in return for 0.01% interest in the partnership. As of September 30, 2023 this capital contribution had not been funded.

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 based 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 September 30, 2023 through September 30, 2027. Approximately 30% of MDHA's non-exempt, non-supervisory employees are members of the union.

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 19 - FUTURE ACCOUNTING PRONOUNCEMENTS

GASB Statement No. 101 - *Compensated Absences*, was issued in June 2022. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. This Statement requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means. The requirements of this Statement are effective for fiscal years beginning after December 31, 2023.

GASB Statement No. 102 – *Certain Risk Disclosures*, was issued in December 2023. The objective of this Statement is to provide the users of government financial statements with information about risks related to a government’s vulnerabilities due to certain concentrations or constraints that is essential to their analyses for making decisions and assessing accountability. The Statement establishes financial reporting requirements for such risks and applies to financial statements of all state and local governments. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024.

Management of MDHA is currently evaluating these standards and at this time cannot quantify the impact on net position at implementation.

NOTE 20 – SUBSEQUENT EVENTS

In December 2023, the Agency approved the issuance of General Obligation Bonds, Series 2023, in the amount of \$43,000,000, for the purpose of providing funds necessary to finance the construction of Park Point East Apartments. The bonds mature February 2048 and carry an effective interest rate of 3.50%. The bonds are expected to convert to permanent financing upon completion of the construction phase.

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 21 - CONDENSED FINANCIAL STATEMENTS

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

STATEMENT OF NET POSITION

Discretely Presented Component Units

	Boscobel I L.P.	CP II I L.P.	Boscobel III L.P.	Victory Hall L.P.	Randee Rogers L.P.	Levy Place L.P.	Ryman Lofts at Rolling Mill Hill L.P.	Boscobel IV L.P.	Total
ASSETS									
Current Assets	\$ 1,484,755	\$ 1,451,338	\$ 1,792,026	\$ 1,390,824	\$ 732,346	\$ 2,138,253	\$ 735,192	\$ -	\$ 9,724,734
Capital Assets, Net	23,607,369	30,314,146	26,191,267	6,241,546	26,701,478	18,465,572	5,022,122	15,488,557	152,032,057
Noncurrent Assets	82,435	76,500	93,217	56,454	318,987	115,361	-	-	742,954
TOTAL ASSETS	25,174,559	31,841,984	28,076,510	7,688,824	27,752,811	20,719,186	5,757,314	15,488,557	162,499,745
DEFERRED OUTFLOWS OF RESOURCES									
	-	-	-	-	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	25,174,559	31,841,984	28,076,510	7,688,824	27,752,811	20,719,186	5,757,314	15,488,557	162,499,745
LIABILITIES									
Current Liabilities	321,668	329,702	338,201	165,685	13,517,906	191,402	65,877	8,654,379	23,584,820
Noncurrent Liabilities	13,475,537	15,404,721	17,764,447	1,500,702	14,595,353	11,776,170	659,540	5,679,371	80,855,841
TOTAL LIABILITIES	13,797,205	15,734,423	18,102,648	1,666,387	28,113,259	11,967,572	725,417	14,333,750	104,440,661
DEFERRED INFLOWS OF RESOURCES									
	-	-	-	-	-	-	-	-	-
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	13,797,205	15,734,423	18,102,648	1,666,387	28,113,259	11,967,572	725,417	14,333,750	104,440,661
NET POSITION									
Net investment (deficit) in capital assets	9,892,739	14,680,535	8,179,235	4,718,744	(177,163)	6,764,447	4,350,298	1,154,807	49,563,642
Unrestricted net position (deficit)	616,469	590,728	967,869	1,006,247	(411,839)	609,582	356,554	-	3,735,610
Restricted net position	868,146	836,298	826,758	297,446	228,554	1,377,585	325,045	-	4,759,832
TOTAL NET POSITION (DEFICIT)	\$ 11,377,354	\$ 16,107,561	\$ 9,973,862	\$ 6,022,437	\$ (360,448)	\$ 8,751,614	\$ 5,031,897	\$ 1,154,807	\$ 58,059,084

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 21 - CONDENSED FINANCIAL STATEMENTS (CONTINUED)

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	Discretely Presented Component Units								Total
	Boscobel I L.P.	CP II I L.P.	Boscobel III L.P.	Victory Hall L.P.	Randee Rogers L.P.	Levy Place L.P.	Ryman Lofts at Rolling Mill Hill L.P.	Boscobel IV L.P.	
OPERATING REVENUES									
Rentals	\$ 620,991	\$ 773,154	\$ 975,009	\$ 124,254	\$ 376,467	\$ 1,218,153	\$ 653,471	\$ -	\$ 4,741,499
Other tenant revenue	75,390	101,983	59,285	6,463	14,527	39,102	9,950	-	306,700
Governmental operating revenue	387,364	359,175	281,980	277,768	76,659	721,934	-	-	2,104,880
Other income	53,763	-	60,552	17,574	16,610	52,509	12,790	-	213,798
TOTAL OPERATING REVENUES	1,137,508	1,234,312	1,376,826	426,059	484,263	2,031,698	676,211	-	7,366,877
OPERATING EXPENSES									
Cost of Services:									
Tenant services	32,046	32,226	24,837	-	1,339	75,573	4,365	-	170,386
Utilities	104,362	118,769	94,847	59,059	104,052	83,066	36,357	-	600,512
Ordinary maintenance and operations	265,333	193,574	123,124	9,205	70,077	365,069	94,140	-	1,120,522
Protective services	3,628	3,816	7,819	70,209	18,687	58,347	10,570	-	173,076
Other direct program costs	163,136	194,622	221,270	57,685	197,241	251,249	53,494	-	1,138,697
Administration	280,763	392,686	473,680	43,515	138,233	430,729	112,055	5,500	1,877,161
Depreciation and Amortization	918,894	1,123,109	927,762	205,229	561,682	515,977	219,557	-	4,472,210
TOTAL OPERATING EXPENSES	1,768,162	2,058,802	1,873,339	444,902	1,091,311	1,780,010	530,538	5,500	9,552,564
OPERATING INCOME (LOSS)	(630,654)	(824,490)	(496,513)	(18,843)	(607,048)	251,688	145,673	(5,500)	(2,185,687)
NONOPERATING REVENUES (EXPENSES)									
Interest income	2,512	2,892	3,270	760	967	4,289	-	-	14,690
Interest expense	(288,559)	(186,248)	(281,150)	(36,657)	(449,320)	(201,999)	(20,892)	(49,501)	(1,514,326)
TOTAL NONOPERATING EXPENSES - NET	(286,047)	(183,356)	(277,880)	(35,897)	(448,353)	(197,710)	(20,892)	(49,501)	(1,499,636)
Other special items	-	-	-	-	(690,444)	-	-	796,696	106,252
Members capital contributions	959,904	970,644	10,919,735	1,205,809	719,953	-	-	413,112	15,189,157
CHANGES IN NET POSITION	43,203	(37,202)	10,145,342	1,151,069	(1,025,892)	53,978	124,781	1,154,807	11,610,086
NET POSITION (DEFICIT) - BEGINNING OF YEAR	11,334,151	16,144,763	(171,480)	4,871,368	665,444	8,697,636	4,907,116	-	46,448,998
NET POSITION (DEFICIT) - END OF YEAR	\$ 11,377,354	\$ 16,107,561	\$ 9,973,862	\$ 6,022,437	\$ (360,448)	\$ 8,751,614	\$ 5,031,897	\$ 1,154,807	\$ 58,059,084

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 21 - CONDENSED FINANCIAL STATEMENTS (CONTINUED)

	<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>Total</u>
ASSETS							
Current Assets	138,139,402	\$ 177,260	\$ 1,519,298	\$ 1,242,118	\$ 980,734	\$ 308,159	\$ 142,366,971
Capital Assets, Net	279,880,132	-	24,386,956	8,335,855	8,810,312	20,980,805	342,394,060
Noncurrent Assets	<u>132,920,844</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>132,920,844</u>
TOTAL ASSETS	550,940,378	177,260	25,906,254	9,577,973	9,791,046	21,288,964	617,681,875
DEFERRED OUTFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>550,940,378</u>	<u>177,260</u>	<u>25,906,254</u>	<u>9,577,973</u>	<u>9,791,046</u>	<u>21,288,964</u>	<u>617,681,875</u>
LIABILITIES							
Current Liabilities	33,984,483	16,210	690,397	742,260	350,923	346,911	36,131,184
Noncurrent Liabilities	<u>99,650,713</u>	<u>8,570</u>	<u>17,747,515</u>	<u>7,424,499</u>	<u>6,249,371</u>	<u>12,637,740</u>	<u>143,718,408</u>
TOTAL LIABILITIES	133,635,196	24,780	18,437,912	8,166,759	6,600,294	12,984,651	179,849,592
DEFERRED INFLOWS OF RESOURCES	<u>10,796,433</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,796,433</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>144,431,629</u>	<u>24,780</u>	<u>18,437,912</u>	<u>8,166,759</u>	<u>6,600,294</u>	<u>12,984,651</u>	<u>190,646,025</u>
NET POSITION							
Net investment (deficit) in capital assets	218,851,786	-	6,245,199	773,411	2,443,513	8,129,779	236,443,688
Unrestricted net position (deficit)	127,443,087	152,480	230,542	23,819	(114,406)	33,525	127,769,047
Restricted net position	<u>60,213,876</u>	<u>-</u>	<u>992,601</u>	<u>613,984</u>	<u>861,645</u>	<u>141,009</u>	<u>62,823,115</u>
TOTAL NET POSITION (DEFICIT)	<u>\$ 406,508,749</u>	<u>\$ 152,480</u>	<u>\$ 7,468,342</u>	<u>\$ 1,411,214</u>	<u>\$ 3,190,752</u>	<u>\$ 8,304,313</u>	<u>\$ 427,035,850</u>

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 21 - CONDENSED FINANCIAL STATEMENTS (CONTINUED)

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION FOR THE YEAR ENDED SEPTEMBER 30, 2023

	MDHA	MDHA Housing Trust Corp	J Henry Hale LLC	10th & Jefferson LLC	Madison Towers LLC	Kirkpatrick Park LLC	Total
OPERATING REVENUES							
Rentals	\$ 16,671,489	\$ -	\$ 1,189,645	\$ 547,457	\$ 626,033	\$ 917,517	\$ 19,952,141
Other tenant revenue	642,326	-	50,501	17,113	7,294	93,279	810,513
Governmental operating revenue	128,355,931	-	1,141,480	-	1,048,213	219,195	130,764,819
Program income	-	-	-	-	-	-	-
Local government development activities	-	-	-	-	-	-	-
Other income	25,544,023	219,115	2,831	1,365,456	15,452	1,457	27,148,334
TOTAL OPERATING REVENUES	171,213,769	219,115	2,384,457	1,930,026	1,696,992	1,231,448	178,675,807
OPERATING EXPENSES							
Cost of Services:							
Tenant services	1,009,547	9,409	5,318	3,552	42,673	6,229	1,076,728
Utilities	10,522,063	-	62,709	51,466	412,508	83,388	11,132,134
Ordinary maintenance and operations	25,034,070	-	605,514	1,449,225	687,207	254,373	28,030,389
Protective services	2,319,302	-	84,951	14,869	190,589	42,451	2,652,162
Other direct program costs and special item	25,522,411	56,959	142,741	33,667	83,457	87,378	25,926,613
Housing assistance payments	67,834,123	-	-	-	-	-	67,834,123
Administration	27,607,847	116,398	513,147	139,976	411,079	210,812	28,999,259
Depreciation	10,287,934	-	1,153,086	282,893	810,350	722,310	13,256,573
TOTAL OPERATING EXPENSES	170,137,297	182,766	2,567,466	1,975,648	2,637,863	1,406,941	178,907,981
OPERATING INCOME (LOSS)	1,076,472	36,349	(183,009)	(45,622)	(940,871)	(175,493)	(232,174)
NONOPERATING REVENUES (EXPENSES)							
Interest income	3,486,999	4,017	57,014	1,689	7,405	4,697	3,561,821
Impairment allowance on notes receivable	-	-	-	-	-	-	-
Loss on disposition of assets	-	-	-	-	-	-	-
Gain (loss) on disposition of assets	790,007	-	-	-	-	-	790,007
Interest expense	(3,272,394)	-	(634,001)	(200,848)	(226,969)	(514,460)	(4,848,672)
TOTAL NONOPERATING EXPENSES - NET	1,004,612	4,017	(576,987)	(199,159)	(219,564)	(509,763)	(496,844)
DECREASE IN NET POSITION BEFORE CONTRIBUTIONS AND CASUALTY LOSS	2,081,084	40,366	(759,996)	(244,781)	(1,160,435)	(685,256)	(729,018)
Other Special Items	(796,730)	-	-	-	-	-	(796,730)
Capital Fund Grant	-	-	-	-	-	-	-
Operating/Equity Transfers	(901,026)	(27,531)	(56,490)	-	450,000	535,047	-
Transfer of equity from Discreetly Presented Components Unit to the Primary Government	-	-	-	-	-	-	-
Capital contributions	-	-	-	-	-	-	-
CHANGES IN NET POSITION	383,328	12,835	(816,486)	(244,781)	(710,435)	(150,209)	(1,525,748)
NET POSITION (DEFICIT) - BEGINNING OF YEAR	406,125,421	139,645	8,284,828	1,655,995	3,901,187	8,454,522	428,561,598
PRIOR PERIOD ADJUSTMENT	-	-	-	-	-	-	-
NET POSITION - BEGINNING OF YEAR AS RESTATED	406,125,421	139,645	8,284,828	1,655,995	3,901,187	8,454,522	428,561,598
NET POSITION (DEFICIT) - END OF YEAR	\$ 406,508,749	\$ 152,480	\$ 7,468,342	\$ 1,411,214	\$ 3,190,752	\$ 8,304,313	\$ 427,035,850

SUPPLEMENTARY INFORMATION

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

GRANT	FEDERAL ALN NUMBER	GRANTOR'S NUMBER	GRANT PERIOD	EXPENDITURES	SUB-RECIPIENTS
<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	LWx-20	09-01-23 to 8-31-24	\$ 205,664	
Passed through State Department Center of Disease Control:					
Community Health Worker Program	93.268	34349-30723	07-01-22 to 6-30-24	\$ 294,907	
<u>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				<u>\$ 500,571</u>	
<u>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</u>					
Passed through Volunteer Tennessee					
Americorps Program Services	94.006	31701-112222	09-01-21 to 12-31-22	\$ 1,495	
<u>TOTAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</u>				<u>1,495</u>	
<u>U.S. DEPARTMENT OF ENERGY</u>					
Weatherization Assistance for Low-Income Persons	81.042	WAP-23-07	07-01-23 to 6-30-24	368,327	
<u>TOTAL U.S. DEPARTMENT OF ENERGY</u>				<u>368,327</u>	
<u>U.S. DEPARTMENT OF JUSTICE</u>					
BAJ Innovations in Community-Based Crime Reduction Program	16.817	2020-BJ-BX	10/01/20 to 09/30/24	62,033	
<u>TOTAL U.S. DEPARTMENT OF JUSTICE</u>				<u>62,033</u>	
<u>FEDERAL COMMUNICATIONS COMMISSION</u>					
YHYI Pilot Grant	32.011	ACOGP2340121-00	06-01-23 to 05-31-24	315	
ACP Outreach	32.011	ACOGP2340177-00	06-15-23 to 06-14-25	54	
<u>TOTAL FEDERAL COMMUNICATIONS COMMISSION</u>				<u>369</u>	
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>					
Direct Programs:					
Low-Income Housing Assistance Program - Rental Housing	14.850	A-3777	1/1/2023-12/31/2023	117,277	
				<u>117,277</u>	
Housing Voucher Cluster:					
Section 8 Housing Choice Vouchers	14.871	A-3152V	10-1-22 to 9-30-23	68,028,754	
Section 8 Emergency Housing Vouchers	14.871	TN005EH0001	10-1-22 to 9-30-23	1,271,828	
Section 8 Community Choice Demonstration Grant	14.871	M21-097	10-1-22 to 9-30-23	512,324	
Section 8 5yr Mainstream Vouchers	14.879	TN005DV0001	10-1-22 to 9-30-23	<u>2,223,956</u>	
				72,036,862	
Section 8 Project Based Cluster:					
Lower-Income Housing Assistance Program:					
Section 8 Moderate Rehabilitation - Single Room Occupancy	14.249	TN005SR0007	10-1-22 to 9-30-23	267,236	
Section 8 Moderate Rehabilitation - Single Room Occupancy	14.249	TN005SC0001	10-1-22 to 9-30-23	<u>139,803</u>	
				407,039	

See accompanying independent auditor's report.

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

FOR THE YEAR ENDED SEPTEMBER 30, 2023

<u>GRANT</u>	<u>FEDERAL ALN NUMBER</u>	<u>GRANTOR'S NUMBER</u>	<u>GRANT PERIOD</u>	<u>EXPENDITURES</u>	<u>SUB-RECIPIENTS</u>	
Housing Assistance Payments Program:						
CWA Apartments I	14.195	TN43L000015	10-1-22 to 9-30-23	2,089,284		
CWA Apartments II	14.195	TN43L000016	10-1-22 to 9-30-23	838,152		
MDHA J Henry Hale LLC	14.195	TN43RD00004	10-1-22 to 9-30-23	1,141,480		
Cumberland View	14.195	TN43RD00003	10-1-22 to 9-30-23	2,299,996		
Andrew Jackson	14.195	TN43RD00002	10-1-22 to 9-30-23	2,277,128		
MDHA Madison Towers LLC	14.195	TN43RD00007	10-1-22 to 9-30-23	1,048,213		
Edgefield Manor	14.195	TN43RD00006	10-1-22 to 9-30-23	1,193,259		
Parkway Terrace	14.195	TN43RD00008	10-1-22 to 9-30-23	694,779		
Napier Place	14.195	TN43RD00011	10-1-22 to 9-30-23	2,607,383		
Sudekum Apartments	14.195	TN43RD00012	10-1-22 to 9-30-23	3,405,161		
Edgehill Apartments	14.195	TN43RD00013	10-1-22 to 9-30-23	3,027,200		
Gernert Studio Apartments	14.195	TN43RD00010	10-1-22 to 9-30-23	654,683		
Hadley Towers	14.195	TN43RD00015	10-1-22 to 9-30-23	621,787		
Parthenon Towers	14.195	TN43RD00014	10-1-22 to 9-30-23	1,177,715		
Carleen Batson Waller Manor	14.195	TN43RD00016	10-1-22 to 9-30-23	191,055		
Vine Hill Towers	14.195	TN43RD00005	10-1-22 to 9-30-23	843,366		
Vine Hill Apartments	14.195	TN43RD00017	10-1-22 to 9-30-23	565,973		
Preston Taylor Neighborhood Housing	14.195	TN43RD00019	10-1-22 to 9-30-23	179,563		
Boscobel Heights	14.195	TN43RD00021	10-1-22 to 9-30-23	2,717,663		
Cheatham Place	14.195	TN43RD00018	10-1-22 to 9-30-23	1,698,946		
Neighborhood Housing	14.195	TN43RD00024	10-1-22 to 9-30-23	1,885,944		
Historic Preston Taylor	14.195	TN43RD00020	10-1-22 to 9-30-23	835,369		
MDHA Kirkpatrick Park LLC	14.195	TN43RD00025	10-1-22 to 9-30-23	219,195		
				<u>32,213,294</u>		
Section 8 Project Based Cluster Total					<u>32,620,333</u>	
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (CONTINUED)</u>						
Direct Programs (Continued):						
Continuum of Care Program						
Continuum of Care - CoC Rental Assistance	14.267	TN0068L4J042114	07-01-22 TO 06-30-23	1,724,396		
Continuum of Care - CoC Rental Assistance	14.267	TN0068L4J042115	07-01-23 TO 06-30-24	397,670		
Continuum of Care - CoC Planning Grant	14.267	TN0373L4J042100	07-01-22 TO 06-30-23	158,216		
Continuum of Care - CoC Planning Grant	14.267	TN0373L4J042200	07-01-23 TO 06-30-24	37,257		
				<u>2,317,539</u>		
Resident Opportunity and Supportive Services Program:						
Family Self-Sufficiency Program	14.896	FSS22TN4740	01-01-22 to 12-31-22	75,845		
Family Self-Sufficiency Program	14.896	FSS23TN5418-01	01-01-23 to 12-31-23	265,973		
					341,818	
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	9,303,150	932,501	
Community Development Block Grants/Entitlement Grants CAREs	14.218	B-20-MW-47-0007	07-21-20 to 07-21-2026	4,981,575	1,456,750	
Community Development Block Grants/Entitlement Grants DDRF	14.218	B-20-MC-47-2007	9/22/20 to 9/30/25	148,068		
Community Development Block Grants/Entitlement Grants DRGR	14.218	B-XX-MC-47-0007	N/A	151,557		
Community Development Block Grants/Entitlement Grants-Disaster	14.218	B-10-MF-47-0002	04-30-2010 to	92,520	92,520	
					14,676,870	
HOME Investment Partnerships Program	14.239	M-XX-MC-47-0203	N/A	3,181,597		
HOME Investment Partnerships Program American Recovery Plan	14.239	M21-MP470203	2021-2030	55,894		
					3,237,491	
Housing Opportunities for Persons with AIDS (HOPWA)	14.241	TN-HXX-F002	N/A	1,048,291	984,445	
Housing Opportunities for Persons with AIDS (HOPWA) CAREs	14.241	TN-HXX-F002	07-24-20 to 07-24-23	2,720	2,720	
					1,051,011	
Coronavirus State & Local Fiscal Recovery Funds	21.027	RS2022-1310	1-5-2022 to 12-31-2024	822,480		
					822,480	
Emergency Shelter Grants Program	14.231	E-XX-MC-47-0004	N/A	449,042	437,393	
Emergency Shelter Grants Program CAREs	14.231	E-20-MW-47-0007	07-24-20 to 12-31-23	1,145,965	948,848	
					1,595,007	
Passed Through Tennessee Housing & Development Agency:						
Emergency Shelter Grants Program CAREs	14.231	ESG-CV2-52	01-01-21 to 09-30-23	1,015,336		
					1,015,336	
					2,610,343	
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					<u>129,832,024</u>	
TOTAL FEDERAL FINANCIAL ASSISTANCE					<u>\$ 130,764,819</u>	<u>\$ 5,870,513</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, 2023

ALN NUMBER	DESCRIPTION	EXPENDITURES
14.871	* Section 8 Housing Choice Vouchers (HCV cluster)	\$ 69,812,906
14.879	* Section 8 Five Year Mainstream Vouchers (HCV cluster)	2,223,956
14.195	Housing Assistance Payments Program	32,213,294
14.267	Continuum of Care	2,317,539
14.218	Community Development Block Grants/Entitlement Grants (CDBG cluster)	14,676,870
14.239	* HOME Investment Partnerships Program	3,237,491
14.241	Housing Opportunities for Persons With AIDS	1,051,011
81.042	Weatherization Assistance for Low-Income Persons	368,327
14.249	Section 8 Moderate Rehabilitation - Single Room Occupancy	407,039
14.896	Family Self-Sufficiency Program	341,818
16.817	Community-Based Crime Reduction	62,033
14.850	Low Income Housing Assistance Program	117,277
14.231	Emergency Shelter Grants Program	2,610,343
32.011	Federal Communications Commission Programs	369
21.027	Coronavirus State & Local Fiscal Recovery Program	822,480
94.006	Americorps Program	1,495
93.268	Community Health Worker Program	294,907
93.568	Low Income Home Energy Assistance Program	205,664
	TOTAL FEDERAL FINANCIAL ASSISTANCE	<u>\$ 130,764,819</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, 2023

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 CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE
SEPTEMBER 30, 2023

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Final Maturity Date	Outstanding 10/1/2022	Issued During Period	Paid and/or Matured During Period	Outstanding 9/30/2023
<u>Affordable Housing Activities</u>								
Lenore Garden Apartments	\$ 1,400,000	Variable	5/24/2012	6/25/2024	\$ 174,738	\$ -	\$ (174,738)	\$ -
Uptown Flats	2,945,072	5.51 %	4/19/2014	1/1/2024	1,215,538	-	(228,359)	987,179
Nance Place Apartments	2,300,000	Variable	12/1/2011	12/1/2026	1,469,308	-	(76,680)	1,392,628
Nance Place Apartments	9,076,327	0.0 %	12/1/2009	11/1/2024	4,064,576	-	(812,915)	3,251,661
CWA Apartments	3,508,629	1.0 %	12/19/2014	9/30/2034	2,654,144	-	(202,564)	2,451,580
CWA II Apartments	1,659,585	1.0 %	12/19/2014	9/30/2034	1,265,079	-	(96,178)	1,168,901
10th & Jefferson Apartments	7,872,100	2.6 %	11/1/2021	12/1/2061	7,675,376	16,622	(129,554)	7,562,444
J Henry Hale Apartments	20,478,300	3.41 %	7/1/2017	8/1/2052	18,499,075	52,351	(409,669)	18,141,757
Kirkpatrick Park Apartments	13,776,500	3.9 %	11/1/2017	6/1/2059	13,008,829	42,623	(200,426)	12,851,026
Madison Towers	6,986,400	3.44 %	8/1/2019	9/1/2054	6,477,100	18,760	(129,061)	6,366,799
Harper Cove Townhomes	5,400,000	Variable	5/30/2018	5/30/2030	5,069,122	-	(136,584)	4,932,538
Red Oak Townhomes	6,000,000	Variable	10/31/2022	10/31/2040	5,430,709	-	(213,111)	5,217,598
Victory Hall Apartments	500,000	0.0 %	8/2/2019	8/2/2025	400,000	-	(100,000)	300,000
Mosley on 6th	7,000,000	Variable	8/15/2018	8/15/2033	6,629,800	-	(209,050)	6,420,750
Cherry Oak Apartments Market Units	10,000,000	Variable	5/23/2022	5/23/2024	-	7,210,660	-	7,210,660
MDHA -Boscobel IV					5,795,847	(4,278,963)		1,516,884
MDHA -Boscobel IV Eliminated					(5,795,847)	4,278,963		(1,516,884)
Total Affordable Housing Activity Loans					\$ 74,033,394	\$7,341,016	\$ (3,118,889)	\$ 78,255,521
<u>Development Activities</u>								
Metro Government of Nashville Sports Authority	\$ 28,000,000	4.55 %	7/1/2014	7/1/2043	\$ 27,521,841	\$1,233,603	\$ (1,929,907)	\$ 26,825,537
5th Ave of the Arts Garage	42,900,000	4.839 %	11/14/2014	11/14/2044	38,778,135	-	(971,418)	37,806,717
K-8 Charter School	4,960,000	6.0 %	9/24/2018	9/24/2025	4,827,129	-	(141,025)	4,686,104
K-8 Charter School	4,960,000	6.0 %	9/24/2018	9/24/2025	4,786,303	-	(184,355)	4,601,948
K-8 Charter School	4,960,000	6.0 %	9/24/2018	9/24/2025	4,829,211	-	(139,005)	4,690,206
Total Development Activity Loans					80,742,619	1,233,603	\$ (3,365,710)	78,610,512
Total Primary Government Debt					\$ 154,776,013	\$8,574,619	\$ (6,484,599)	\$ 156,866,033

See accompanying independent auditor's report.

OTHER REPORTS

**Report of Independent Auditor 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
Nashville, Tennessee

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 the aggregate discretely presented component units of Metropolitan Development and Housing Agency (the "Agency"), as of and for the year ended September 30, 2023, 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 19, 2024. Our report includes a reference to other auditors who audited the financial statements of certain discretely presented component units as described in our report on the Agency's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on 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") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Cherry Bekaert LLP

Lexington, Kentucky
March 19, 2024

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
Nashville, Tennessee

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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, 2023. 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.

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, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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.

Cherry Bekaert LLP

Lexington, Kentucky
March 19, 2024

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

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? _yes x 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:

Housing Voucher Cluster:	
14.871	Housing Choice Vouchers
14.879	Mainstream Vouchers
14.EHV	Emergency Housing Vouchers
14.239	Home Investment Partnerships Program

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

Auditee qualified as low-risk auditee? X yes _ no

SECTION II - FINANCIAL STATEMENT FINDINGS

None.

SECTION III - FEDERAL AWARDS

None.

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED SEPTEMBER 30, 2023

None.

Metropolitan Development & Housing Agency (TN005)
 NASHVILLE, TN
 Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2023

	Project Total	16.817 Byrne Criminal Justice Innovation Program	93.268 Immunization Grants	14.EFA FSS Escrow Forfeiture Account	14.218 Community Development Block Grants/Entitlement Grants	81.042 Weatherization Assistance for Low-Income Persons	14.256 Neighborhood Stabilization Program (Recovery Act Funded)	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	14.896 PIH Family Self-Sufficiency Program	14.895 Jobs-Plus Pilot Initiative	1 Business Activities	2 State/Local	14.267 Continuum of Care Program	8 Other Federal Program 1	21.027 Coronavirus State and Local Fiscal Recovery Funds	14.195 Section 8 Housing Assistance Payments Program_Special Allocations	93.568 Low-Income Home Energy Assistance	14.879 Mainstream Vouchers	14.239 HOME Investment Partnerships Program	14.871 Housing Choice Vouchers	14.231 Emergency Shelter Grants Program
111 Cash - Unrestricted	\$200,132				\$397,688		\$826,306	\$3,525,494	\$1,108,038			\$33,127,178	\$7,013,590				\$5,469,003		\$1,807	\$168,482	\$3,331,350	
112 Cash - Restricted - Modernization and Development									\$2,609,245			\$1,403,941					\$58,159,207					
113 Cash - Other Restricted				\$225,048				\$4,828,365					\$245,383						\$153,384		\$717,549	
114 Cash - Tenant Security Deposits	\$2,800							\$329,564	\$249,356			\$282,754					\$1,368,111					
115 Cash - Restricted for Payment of Current Liabilities																						
100 Total Cash	\$202,932	\$0	\$0	\$225,048	\$397,688	\$0	\$826,306	\$8,683,423	\$3,966,639	\$0	\$0	\$34,813,873	\$7,258,973	\$0	\$0	\$0	\$64,996,321	\$0	\$155,191	\$168,482	\$4,048,899	\$0
121 Accounts Receivable - PHA Projects																						
122 Accounts Receivable - HUD Other Projects					\$3,035,819			\$14,864		\$24,754						\$51,750	\$369			\$742,111	\$96,367	\$178,516
124 Accounts Receivable - Other Government		\$131,113	\$109,479			\$96,070						\$18,486	\$2,796,506			\$79,774	\$86,180	\$45,306				
125 Accounts Receivable - Miscellaneous												\$147,408	\$3,110,469	\$4,485			\$102		\$753		\$16,606	
126 Accounts Receivable - Tenants	\$11,168							\$666,086	\$418,715			\$264,249					\$2,276,071					
126.1 Allowance for Doubtful Accounts - Tenants	-\$10,338							-\$524,804	-\$325,045			-\$180,788					-\$1,800,319					
126.2 Allowance for Doubtful Accounts - Other		\$0	\$0		-\$1,350	\$0		\$0				\$0	-\$12,275	\$0	\$0	\$0	\$0	\$0	\$0	-\$9,191	\$0	\$0
127 Notes, Loans, & Mortgages Receivable - Current					\$1,597							\$233,000	\$12,275							\$117,779		
128 Fraud Recovery														\$129,743					\$10,682		\$6,295,728	
128.1 Allowance for Doubtful Accounts - Fraud														-\$129,743					-\$10,682		-\$6,295,728	
129 Accrued Interest Receivable																						
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$830	\$131,113	\$109,479	\$0	\$3,036,066	\$96,070	\$0	\$156,146	\$93,670	\$24,754	\$0	\$482,355	\$5,906,975	\$56,235	\$369	\$79,774	\$562,034	\$45,306	\$753	\$850,699	\$112,973	\$178,516
131 Investments - Unrestricted																						
132 Investments - Restricted																						
135 Investments - Restricted for Payment of Current Liability																						
142 Prepaid Expenses and Other Assets	\$709	\$560	\$2,051		\$7,726	\$926		\$885,165	\$167,260	\$1,741		\$1,303,832	\$5,956	\$561		\$305	\$208,887			\$1,459	\$24,438	\$798
143 Inventories																						
143.1 Allowance for Obsolete Inventories																						
144 Inter Program Due From													\$0									
145 Assets Held for Sale					\$1,144,993									\$53,123							\$147,194	
150 Total Current Assets	\$204,471	\$131,673	\$111,530	\$225,048	\$4,586,473	\$96,996	\$826,306	\$9,724,734	\$4,227,569	\$26,495	\$0	\$36,600,060	\$13,225,027	\$56,796	\$369	\$80,079	\$65,767,242	\$45,306	\$155,944	\$1,167,834	\$4,186,310	\$179,314
161 Land	\$1,579,756				\$845,711		\$1,256,636	\$21,230,786	\$9,692,611			\$6,752,810	\$58,980,116				\$23,502,174			\$90,000		
162 Buildings	\$7,532,185				\$1,402,415		\$6,969,637	\$126,038,410	\$74,034,819			\$25,114,005	\$42,789,845				\$273,053,066			\$625,649	\$525,433	
163 Furniture, Equipment & Machinery - Dwellings	\$55,301				\$90,223		\$4,635,506	\$1,490,090	\$123,356								\$3,828,225					
164 Furniture, Equipment & Machinery - Administration					\$20,789	\$6,338			\$124,684								\$5,916				\$15,446	
165 Leasehold Improvements																						
166 Accumulated Depreciation	-\$461,602				-\$984,116	-\$6,338	-\$1,887,803	-\$15,361,202	-\$32,079,126			-\$6,627,018	-\$8,964,652				-\$208,065,706			-\$210,507	-\$42,813	
167 Construction in Progress								\$15,488,557				\$29,990,939				\$201,117						
168 Infrastructure									\$9,250,850			\$907,572					\$16,346,125					
160 Total Capital Assets, Net of Accumulated Depreciation	\$8,705,640	\$0	\$0	\$0	\$1,375,022	\$0	\$6,338,470	\$152,032,057	\$62,513,928	\$0	\$0	\$56,261,664	\$92,805,309	\$0	\$0	\$201,117	\$108,669,800	\$0	\$0	\$505,142	\$498,066	\$0
171 Notes, Loans and Mortgages Receivable - Non-Current					\$64,752																\$5,234,683	
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due																						
173 Grants Receivable - Non Current																						
174 Other Assets								\$742,954				\$280,513	\$42,421,543									
176 Investments in Joint Ventures																						
180 Total Non-Current Assets	\$8,705,640	\$0	\$0	\$0	\$1,439,774	\$0	\$6,338,470	\$152,775,011	\$62,513,928	\$0	\$0	\$125,786,435	\$152,418,831	\$0	\$0	\$201,117	\$108,669,800	\$0	\$0	\$5,739,825	\$498,066	\$0
200 Deferred Outflow of Resources																						
290 Total Assets and Deferred Outflow of Resources	\$8,910,111	\$131,673	\$111,530	\$225,048	\$6,026,247	\$96,996	\$7,164,776	\$162,499,745	\$66,741,497	\$26,495	\$0	\$162,386,495	\$165,643,858	\$56,796	\$369	\$281,196	\$174,437,042	\$45,306	\$155,944	\$6,907,659	\$4,684,376	\$179,314
311 Bank Overdraft																						
312 Accounts Payable <= 90 Days	\$1,794		\$4,360		\$1,656,479	\$55		\$388,719	\$712,115			\$5,078,014	\$921,828	\$212		\$13,073	\$1,420,461			\$723,295	\$19,103	\$115,495
313 Accounts Payable >90 Days Past Due																						
321 Accrued Wage/Payroll Taxes Payable		\$741	\$13,305		\$54,621	\$5,982		\$22,330	\$49,329	\$15,545		\$7,960	\$34,025	\$3,697		\$1,974	\$447,868			\$9,455	\$151,410	\$5,060
322 Accrued Compensated Absences - Current Portion	\$706	\$778	\$967		\$40,844	\$5,881		\$8,367	\$33,068	\$3,017		\$5,265	\$23,059	\$6,153	\$71	\$721	\$311,280			\$5,521	\$152,771	\$2,413
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	\$2,800																\$1,368,111					
342 Unearned Revenue	\$630																\$476,341			\$158,665		
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	\$122,000						\$987,179	\$21,716,841	\$922,210			\$9,006,788	\$4,471,562				\$301,644					
344 Current Portion of Long-term Debt - Operating Borrowings																						
345 Other Current Liabilities								\$866,874														
346 Accrued Liabilities - Other	\$9,525							\$160,687	\$63,644			\$4,781					\$1,388,673				\$29,366	
347 Inter Program - Due To		\$128,557	\$90,914		\$1,138,294	\$73,006				\$1,741		\$3,982	\$395	\$34,106	\$153	\$62,832		\$45,306		\$1,832		\$51,393
348 Loan Liability - Current																						
310 Total Current Liabilities	\$137,655	\$130,076	\$109,546	\$0	\$2,890,238	\$84,924	\$987,179	\$23,584,820	\$2,146,701	\$20,303	\$0	\$14,459,196	\$5,486,823	\$44,168	\$224	\$78,600	\$5,714,378	\$45,306	\$0	\$898,768	\$352,650	\$174,361
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$3,067,259						\$0	\$80,751,574	\$43,999,816					\$31,724,930								
352 Long-term Debt, Net of Current - Operating Borrowings																						
353 Non-current Liabilities - Other								\$87,570	\$6								\$35,089				\$655,547	
354 Accrued Compensated Absences - Non Current	\$1,448	\$1,597	\$1,984		\$83,830	\$12,072		\$16,697	\$67,873	\$6,192		\$10,805	\$47,328									

Metropolitan Development & Housing Agency (TN005)
NASHVILLE, TN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2023

	Project Total	16.817 Byrne Criminal Justice Innovation Program	93.268 Immunization Grants	14.EFA FSS Escrow Forfeiture Account	14.218 Community Development Block Grants/Entitlement Grants	81.042 Weatherization Assistance for Low-Income Persons	14.256 Neighborhood Stabilization Program (Recovery Act Funded)	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	14.896 PIH Family Self-Sufficiency Program	14.895 Jobs-Plus Pilot Initiative	1 Business Activities	2 State/Local	14.267 Continuum of Care Program	8 Other Federal Program 1	21.027 Coronavirus State and Local Fiscal Recovery Funds	14.195 Section 8 Housing Assistance Payments Program, Special Allocations	93.568 Low-Income Home Energy Assistance	14.879 Mainstream Vouchers	14.239 HOME Investment Partnerships Program	14.871 Housing Choice Vouchers	14.231 Emergency Shelter Grants Program	
70300 Net Tenant Rental Revenue	\$73,427							\$4,741,499	\$3,578,604			\$4,869,795					\$13,445,100						
70400 Tenant Revenue - Other	\$1,443							\$306,700	\$168,186			\$124,918					\$515,966						
70500 Total Tenant Revenue	\$74,870	\$0	\$0	\$0	\$0	\$0	\$0	\$5,048,199	\$3,746,790	\$0	\$0	\$4,994,713	\$0	\$0	\$0	\$0	\$13,961,066	\$0	\$0	\$0	\$0	\$0	\$0
70600 HUD PHA Operating Grants	\$117,277				\$14,676,870			\$2,104,880	\$2,408,888	\$341,816				\$2,317,539			\$29,804,406		\$2,223,956	\$3,237,491	\$68,541,078	\$1,595,007	
70610 Capital Grants																\$201,117							
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		\$62,033	\$294,907			\$368,327																	
71100 Investment Income - Unrestricted	\$913				\$5,770		\$11,856	\$14,690	\$62,580			\$683,089	\$1,015,336		\$369	\$621,363	\$363,028	\$205,664			\$141,156		
71200 Mortgage Interest Income																							
71300 Proceeds from Disposition of Assets Held for Sale																							
71310 Cost of Sale of Assets																							
71400 Fraud Recovery																						\$51,501	
71500 Other Revenue			\$250	\$153,680	\$173,559		\$57,217	\$15,402,955	\$1,604,309	\$426		\$3,601,056	\$19,412,045	\$250			\$1,005,012		\$4,175	\$219,565	\$68,007		
71600 Gain or Loss on Sale of Capital Assets																	\$790,007						
72000 Investment Income - Restricted									\$12,239			\$15,040	\$44				\$1,703,224						
70000 Total Revenue	\$193,060	\$62,033	\$295,157	\$153,680	\$14,856,199	\$368,327	\$69,073	\$22,570,724	\$7,834,806	\$342,244	\$0	\$9,293,898	\$20,557,046	\$2,317,789	\$369	\$822,480	\$47,626,743	\$205,664	\$2,228,131	\$3,457,056	\$68,821,742	\$1,595,007	
91100 Administrative Salaries	\$11,375	\$40,948	\$188,287		\$977,442	\$107,105		\$1,008,084	\$389,810	\$80,541		\$269,884	\$576,423	\$120,121		\$16,533	\$2,894,182	\$10,998		\$204,650	\$2,834,151	\$117,711	
91200 Auditing Fees									\$45,850			\$1,200	\$7,150										
91300 Management Fee	\$4,745				\$430,849				\$410,507			\$73,354	\$217,883	\$32,576						\$74,193	\$951,160	\$53,395	
91310 Book-keeping Fee	\$1,500								\$30,935			\$5,665					\$267,565				\$564,142		
91400 Advertising and Marketing					\$30,006			\$4,397	\$13,966			\$25,480	\$37,000		\$153	\$4,342	\$339					\$1,756	
91500 Employee Benefit Contributions - Administrative	\$3,986	\$12,142	\$66,186		\$332,310	\$35,377			\$158,178	\$20,173		\$95,379	\$180,733	\$24,297		\$5,096	\$987,179	\$1,901		\$63,049	\$1,084,767	\$33,850	
91600 Office Expenses	\$2,401		\$1,595			\$34,717		\$400,360	\$265,755			\$83,414	\$1,195	\$40,464			\$1,355,551	\$10,000			\$682,113	\$617	
91700 Legal Expense	\$367								\$16,875			\$69,526	\$67,586				\$60,676				\$44,763		
91800 Travel	\$0		\$1,417		\$360	\$1,523			\$1,397			\$1,771	\$772	\$7,762			\$6,331				\$34,042	\$344	
91810 Allocated Overhead	\$0																						
91900 Other	\$0		\$21,439		\$231,234							\$139,503	\$63,848							\$25,129	\$84,274		
91000 Total Operating - Administrative	\$24,374	\$53,090	\$278,814	\$0	\$2,002,201	\$178,722	\$0	\$1,410,841	\$1,334,273	\$80,714	\$0	\$765,176	\$1,152,590	\$225,220	\$153	\$25,971	\$8,864,382	\$22,899	\$0	\$367,021	\$6,279,412	\$207,673	
92000 Asset Management Fee									\$412,499			\$31,938											
92100 Tenant Services - Salaries									\$166,386		\$180,324											\$2,477	
92200 Relocation Costs																							
92300 Employee Benefit Contributions - Tenant Services									\$9,324	\$74,389													
92400 Tenant Services - Other			\$1,800					\$4,000	\$29,516			\$13,637	\$2,500				\$120,361				\$70,605		
92500 Total Tenant Services	\$0	\$0	\$1,800	\$0	\$0	\$0	\$0	\$170,386	\$67,182	\$254,713	\$0	\$13,637	\$2,500	\$0	\$0	\$0	\$353,951	\$0	\$0	\$0	\$73,082	\$0	
93100 Water	\$33,197				\$1,502			\$316,242	\$214,496			\$304,569	\$7,289				\$4,188,968				\$150		
93200 Electricity	\$64,825							\$273,307	\$388,937			\$112,145	\$49,867				\$4,990,437				\$8,500		
93300 Gas								\$10,963	\$6,637			\$424					\$676,126				\$266		
93400 Fuel																							
93500 Labor																							
93600 Sewer																							
93700 Employee Benefit Contributions - Utilities																							
93800 Other Utilities Expense																							
93000 Total Utilities	\$98,022	\$0	\$0	\$0	\$1,502	\$0	\$0	\$600,512	\$610,070	\$0	\$0	\$417,138	\$57,156	\$0	\$0	\$0	\$9,855,531	\$0	\$0	\$0	\$8,916	\$0	
94100 Ordinary Maintenance and Operations - Labor									\$458,381			\$232,987					\$5,716,310						
94200 Ordinary Maintenance and Operations - Materials and Other	\$2,595				\$5,859				\$243,678			\$179,439	\$90				\$3,763,870				\$4,176		
94300 Ordinary Maintenance and Operations Contracts	\$21,955				\$697,047	\$184,469		\$1,080,272	\$2,128,349			\$1,800,169	\$29,388	\$12,500			\$9,332,661	\$182,765			\$23,923		
94500 Employee Benefit Contributions - Ordinary Maintenance									\$165,913			\$15,449					\$2,065,081						
94000 Total Maintenance	\$24,550	\$0	\$0	\$0	\$702,906	\$184,469	\$0	\$1,080,272	\$2,996,321	\$0	\$0	\$2,228,044	\$29,478	\$12,500	\$0	\$0	\$20,877,922	\$182,765	\$0	\$0	\$28,099	\$0	
95100 Protective Services - Labor									\$458,381			\$232,987					\$5,716,310						
95200 Protective Services - Other Contract Costs	\$7,265								\$173,076			\$63,875	\$20,905				\$2,070,913						
95300 Protective Services - Other												\$16,464									\$2,410		
95500 Employee Benefit Contributions - Protective Services																							
95000 Total Protective Services	\$7,265	\$0	\$0	\$0	\$0	\$0	\$0	\$173,076	\$332,860	\$0	\$0	\$80,339	\$20,905	\$0	\$0	\$0	\$2,070,913	\$0	\$0	\$0	\$2,410	\$0	
96110 Property Insurance	\$9,239				\$460		\$18,947	\$579,511	\$120,479			\$56,543	\$102,048				\$795,322				\$236		
96120 Liability Insurance	\$1,490				\$74		\$3,784		\$40,008			\$22,747	\$21,641				\$220,859				\$19,290		
96130 Workmen's Compensation	\$81	\$764	\$684		\$751	\$1,223			\$10,024	\$2,551		\$6,096	\$7,402	\$732		\$102	\$96,495			\$2,141	\$28,716	\$1,411	
96140 All Other Insurance					\$11,680			\$146,687	\$1,479								\$30,575						
96100 Total Insurance Premiums	\$10,810	\$764	\$684	\$0	\$12,965	\$1,223	\$22,731	\$726,198	\$171,990	\$2,551	\$0	\$85,386	\$131,091	\$732	\$0	\$102	\$1,143,251	\$0	\$0	\$2,141	\$48,242	\$1,411	
96200 Other General Expenses		\$8,000	\$10,908		\$8,500,332		\$34		\$198,017			\$1,489,902	\$7,461,170	\$6,000		\$345,359	\$38			\$3,101,538	\$64,380	\$1,386,241	
96210 Compensated Absences	\$2,154	\$179	\$2,951		\$14,356	\$3,913		-\$21,251	\$25,201	\$4,266		\$8,251	\$16,119	-\$369	\$216	\$2,200	\$117,627			-\$4,828	\$101,970	-\$318	
96300 Payments in Lieu of Taxes	\$1,728							\$40,250	\$34,194			\$22,238	\$108			</							

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

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2023

	Project Total	16.817 Byrne Criminal Justice Innovation Program	93.268 Immunization Grants	14.EFA FSS Escrow Forfeiture Account	14.218 Community Development Block Grants/Entitlement Grants	81.042 Weatherization Assistance for Low-Income Persons	14.256 Neighborhood Stabilization Program (Recovery Act Funded)	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	14.896 PIH Family Self-Sufficiency Program	14.895 Jobs-Plus Pilot Initiative	1 Business Activities	2 State/Local	14.267 Continuum of Care Program	8 Other Federal Program 1	21.027 Coronavirus State and Local Fiscal Recovery Funds	14.195 Section 8 Housing Assistance Payments Program_Special Allocations	93.568 Low-Income Home Energy Assistance	14.879 Mainstream Vouchers	14.239 HOME Investment Partnerships Program	14.871 Housing Choice Vouchers	14.231 Emergency Shelter Grants Program	
97100 Extraordinary Maintenance												\$796,730											
97200 Casualty Losses - Non-capitalized																							
97300 Housing Assistance Payments														\$1,976,941					\$1,887,420			\$62,281,745	
97350 HAP Portability-In																							
97400 Depreciation Expense	\$257,638				\$71,079		\$187,998	\$4,472,210	\$2,968,632			\$741,649	\$1,317,510					\$7,354,788			\$15,641	\$26,272	
97500 Fraud Losses																							
97600 Capital Outlays - Governmental Funds																							
97700 Debt Principal Payment - Governmental Funds																							
97800 Dwelling Units Rent Expense																							
90000 Total Expenses	\$548,665	\$62,033	\$295,157	\$0	\$11,305,341	\$368,327	\$272,833	\$11,066,890	\$10,644,906	\$342,244	\$0	\$8,193,035	\$12,132,682	\$2,221,024	\$369	\$373,632	\$52,419,681	\$205,664	\$1,887,420	\$3,481,513	\$68,914,528	\$1,595,007	
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)								\$106,252															
10091 Inter Project Excess Cash Transfer In																							
10092 Inter Project Excess Cash Transfer Out																							
10093 Transfers between Program and Project - In	\$368,000				\$48,000		\$369,996		\$901,026			\$3,882,890						\$247,845				\$356,110	
10094 Transfers between Project and Program - Out					-\$3,625,603							-\$8,245,424	-\$285,702	-\$97,984		-\$300,127	-\$245,037		-\$211,315				
10100 Total Other financing Sources (Uses)	\$368,000	\$0	\$0	\$0	-\$3,577,603	\$0	\$369,996	\$106,252	\$901,026	\$0	\$0	-\$4,362,534	-\$285,702	-\$97,984	\$0	-\$300,127	\$2,808	\$0	-\$211,315	\$0	\$356,110	\$0	
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$12,395	\$0	\$0	\$153,680	-\$26,745	\$0	\$166,236	\$11,610,086	-\$1,909,074	\$0	\$0	-\$3,261,671	\$8,138,662	-\$1,219	\$0	\$148,721	-\$4,790,130	\$0	\$129,396	-\$24,457	\$263,324	\$0	
11020 Required Annual Debt Principal Payments	\$119,333	\$0	\$0	\$0	\$0	\$0	\$228,359	\$827,850	\$897,950	\$0	\$0	\$1,961,344	\$1,071,418	\$0	\$0	\$0	\$298,743	\$0	\$0	\$0	\$0	\$0	
11030 Beginning Equity	\$5,691,354	\$0	\$0	\$71,368	\$3,078,924	\$0	\$6,011,361	\$46,448,998	\$22,436,175	\$0	\$0	\$119,122,153	\$81,045,002	\$1,219	\$0	\$52,396	\$169,519,962	\$0	\$26,548	\$6,022,015	\$3,099,290	\$0	
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors									\$0			\$0	\$0				\$0						
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																						\$3,300,612	
11180 Housing Assistance Payments Equity																						\$62,002	
11190 Unit Months Available	300							8476	7044			4656	2544				61692		2964		86218		
11210 Number of Unit Months Leased	300							7918	6661			4258	2392				53513		2374		75219		
11270 Excess Cash	\$41,855																						
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: 09/30/2023

	TN005000001	TN005000002	TN005000003	TN005000004	TN005000005	TN005000006	TN005000007	TN005000008	TN005000009	TN005000010	TN005000011	TN005000012	TN005000013	TN005000014	TN005000016	TN005000017	TN005000018	OTHER PROJ	Total		
111 Cash - Unrestricted																		\$200,132		\$200,132	
112 Cash - Restricted - Modernization and Development																					
113 Cash - Other Restricted																					
114 Cash - Tenant Security Deposits																		\$2,800		\$2,800	
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	\$202,932	\$0	\$202,932	
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																		\$11,168		\$11,168	
126.2 Allowance for Doubtful Accounts - Other																		-\$10,338		-\$10,338	
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	\$830	\$0	\$830	
131 Investments - Unrestricted																					
132 Investments - Restricted																					
135 Investments - Restricted for Payment of Current Liability																					
142 Prepaid Expenses and Other Assets																		\$709		\$709	
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	\$204,471	\$0	\$204,471	
161 Land																		\$1,579,756		\$1,579,756	
162 Buildings																		\$7,532,185		\$7,532,185	
163 Furniture, Equipment & Machinery - Dwellings																		\$55,301		\$55,301	
164 Furniture, Equipment & Machinery - Administration																					
165 Leasehold Improvements																					
166 Accumulated Depreciation																		-\$461,602		-\$461,602	
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	\$8,705,640	\$0	\$8,705,640	
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	\$8,705,640	\$0	\$8,705,640	
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	\$8,910,111	\$0	\$8,910,111	
311 Bank Overdraft																					
312 Accounts Payable <= 90 Days																		\$1,794		\$1,794	
313 Accounts Payable >90 Days Past Due																					
321 Accrued Wage/Payroll Taxes Payable																					
322 Accrued Compensated Absences - Current Portion																		\$706		\$706	
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																		\$2,800		\$2,800	
342 Unearned Revenue																		\$830		\$830	
343 Current Portion of Long-term Debt - Capital																		\$122,000		\$122,000	
344 Current Portion of Long-term Debt - Operating Borrowings																					
345 Other Current Liabilities																					
346 Accrued Liabilities - Other																		\$9,525		\$9,525	
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	\$137,655	\$0	\$137,655	
351 Long-term Debt, Net of Current - Capital Projects/Mortgage																				\$3,067,259	\$3,067,259
352 Long-term Debt, Net of Current - Operating Borrowings																					
353 Non-current Liabilities - Other																					
354 Accrued Compensated Absences - Non-Current																		\$1,448		\$1,448	
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	\$3,068,707	\$0	\$3,068,707	
300 Total Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,206,362	\$0	\$3,206,362	
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	\$5,516,381		\$5,516,381	
511.4 Restricted Net Position	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0	
512.4 Unrestricted Net Position	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$187,368	\$0	\$187,368	
513 Total Equity - Net Assets / Position	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,703,749	\$0	\$5,703,749	
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	\$8,910,111	\$0	\$8,910,111	

Metropolitan Development & Housing Agency (TN005)
NASHVILLE, TN
Project Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2023

	TN005000001	TN005000002	TN005000003	TN005000004	TN005000005	TN005000006	TN005000007	TN005000008	TN005000009	TN005000010	TN005000011	TN005000012	TN005000013	TN005000014	TN005000016	TN005000017	TN005000018	OTHER PROJ	Total		
70300 Net Tenant Rental Revenue																			\$73,427	\$73,427	
70400 Tenant Revenue - Other																				\$1,443	\$1,443
70500 Total Tenant Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$74,870	\$74,870	
70600 HUD PHA Operating Grants																				\$117,277	\$117,277
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																				\$913	\$913
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																					
71600 Gain or Loss on Sale of Capital Assets																					
72000 Investment Income - Restricted																					
70000 Total Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$193,060	\$193,060	
91100 Administrative Salaries																				\$11,375	\$11,375
91200 Auditing Fees																					
91300 Management Fee																				\$4,745	\$4,745
91310 Book-keeping Fee																				\$1,500	\$1,500
91400 Advertising and Marketing																					
91500 Employee Benefit contributions - Administrative																				\$3,986	\$3,986
91600 Office Expenses																				\$2,401	\$2,401
91700 Legal Expense																				\$367	\$367
91800 Travel																				\$0	\$0
91810 Allocated Overhead																				\$0	\$0
91900 Other																				\$0	\$0
91000 Total Operating - Administrative	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$24,374	\$24,374	
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	\$0	\$0	\$0	
93100 Water																				\$33,197	\$33,197
93200 Electricity																				\$64,825	\$64,825
93300 Gas																					
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	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$98,022	\$98,022	

Metropolitan Development & Housing Agency (TN005)
NASHVILLE, TN
Project Revenue and Expense Summary (continued)

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2023

	TN005000001	TN005000002	TN005000003	TN005000004	TN005000005	TN005000006	TN005000007	TN005000008	TN005000009	TN005000010	TN005000011	TN005000012	TN005000013	TN005000014	TN005000016	TN005000017	TN005000018	OTHER PROJ	Total	
94100 Ordinary Maintenance and Operations - Labor																				
94200 Ordinary Maintenance and Operations - Materials and																	\$2,595		\$2,595	
94300 Ordinary Maintenance and Operations Contracts																	\$21,955		\$21,955	
94500 Employee Benefit Contributions - Ordinary Maintenance																				
94000 Total Maintenance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$24,550	\$0	\$24,550	
95100 Protective Services - Labor																				
95200 Protective Services - Other Contract Costs																				\$7,265
95300 Protective Services - Other																				
95500 Employee Benefit Contributions - Protective Services																				
95000 Total Protective Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$7,265	\$0	\$7,265	
96110 Property Insurance																				\$9,239
96120 Liability Insurance																				\$1,490
96130 Workmen's Compensation																				\$81
96140 All Other Insurance																				
96100 Total insurance Premiums	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$10,810	\$0	\$10,810	
96200 Other General Expenses																				
96210 Compensated Absences																				\$2,154
96300 Payments in Lieu of Taxes																				\$1,728
96400 Bad debt - Tenant Rents																				\$4,374
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	\$0	\$0	\$0	\$0	\$8,256	\$0	\$8,256	
96710 Interest of Mortgage (or Bonds) Payable																				
96720 Interest on Notes Payable (Short and Long Term)																				\$117,750
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	\$117,750	\$0	\$117,750	
96900 Total Operating Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$291,027	\$0	\$291,027	
97000 Excess of Operating Revenue over Operating Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	-\$97,967	\$0	-\$97,967	
97100 Extraordinary Maintenance																				
97200 Casualty Losses - Non-capitalized																				
97300 Housing Assistance Payments																				
97350 HAP Portability-In																				
97400 Depreciation Expense																				
97500 Fraud Losses																	\$257,638		\$257,638	
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	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$548,665	\$0	\$548,665	
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																				\$368,000
10094 Transfers between Project and Program - Out																				
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$368,000	\$0	\$368,000	
10000 Excess (Deficiency) of Total Revenue Over (Under) Total	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$12,395	\$0	\$12,395	
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$119,333	\$0	\$119,333	
11030 Beginning Equity	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,691,354	\$0	\$5,691,354	
11040 Prior Period Adjustments, Equity Transfers and																				
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	0	0	0	0	0	0	0	0	0	0	300
11210 Number of Unit Months Leased	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	300
11270 Excess Cash	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$41,855	\$0	\$41,855	
11610 Land Purchases	\$0	\$0	\$0	\$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	\$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	\$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	\$0	\$0	\$0
11650 Leasehold Improvements Purchases	\$0	\$0	\$0	\$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	\$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	\$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	\$0	\$0	\$0