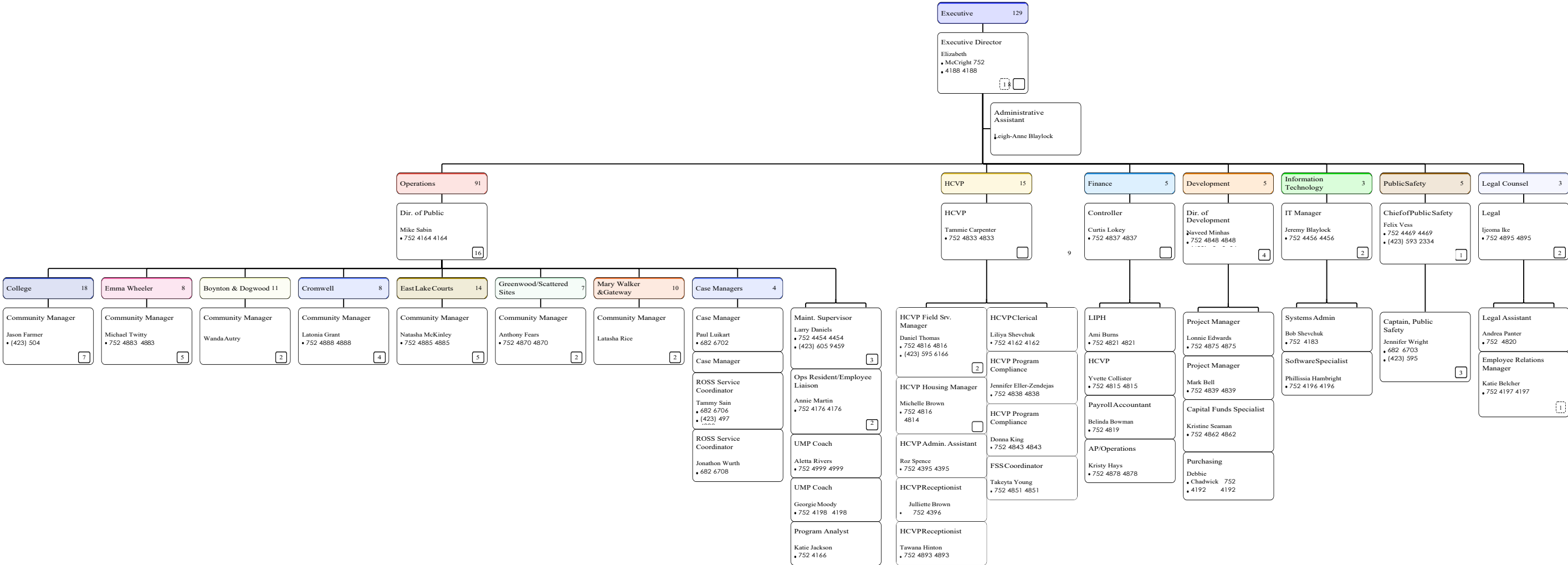


**Chattanooga Housing Authority**  
**Audit of Financial Statements**  
**Year Ended December 31, 2021**

**Chattanooga Housing Authority**  
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**Year Ended December 31, 2021**

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# Chattanooga Housing Authority Organizational Chart



## **Independent Auditor's Report on the Financial Statements**

Chattanooga Housing Authority  
To the Board of Commissioners

### **Report on the Financial Statements**

#### ***Opinions***

We have audited the financial statements of the business-type activities of the Chattanooga Housing Authority (the "Authority") as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

We did not audit the financial statements of Cromwell Development I, LLC, Chattanooga Housing Authority-Emerald Villages, LLC, and Greenwood Terrace, LLC, (collectively, "blended component units") which represent 99%, 100%, and 90%, respectively, of the assets, net position, and operating revenues of the blended component units. Those statements, which were prepared in accordance with the Accounting Standards Codification as issued by the Financial Accounting Standards Board were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the blended component units, is based solely on the reports of the other auditors.

In our opinion, based on our audit and the report of the other auditors, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities of the Authority, as of December 31, 2021, and the respective changes in financial position and, where applicable, cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller general of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. The financial statements of Cromwell Development I, LLC, Chattanooga Housing Authority-Emerald Villages, LLC, and Greenwood Terrace, LLC, were not audited in accordance with *Government Auditing Standards*. We are required to be independent of the Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Independent Auditor's Report on the Financial Statements (Continued)**

### ***Responsibilities of Management for the Financial Statements***

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

## **Independent Auditor's Report on the Financial Statements (Continued)**

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 6 through 14 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations ("CFR") Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"), the accompanying statement and certification of actual family self-sufficiency grant costs, and the financial data schedules are presented for the 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 information is 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 report. The other information includes the organizational chart but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does 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.

## Independent Auditor's Report on the Financial Statements (Continued)

### Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 24, 2022, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

*MCM CPAs & Advisors LLP*

Lexington, Kentucky  
August 24, 2022

# CHATTANOOGA HOUSING AUTHORITY

## BOARD OF COMMISSIONERS

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## Management's Discussion and Analysis ("MD&A") For the Year Ended December 31, 2021

***Our Mission: The mission of the Chattanooga Housing Authority parallels that of the Department of Housing and Urban Development: to create strong, sustainable, inclusive communities and quality affordable homes for all; to strengthen the housing market to bolster the economy and protect consumers; to meet the need for quality affordable rental homes; to utilize housing as a platform for improving quality of life and to build inclusive and sustainable communities free from discrimination.***

This section of the Authority's annual financial report presents management's analysis of the CHA's financial performance during the fiscal year ended December 31, 2021.

### Financial Highlights and Conclusions

In accordance with Governmental Accounting Standards Board Statement No. 34 ("GASB 34"), the Chattanooga Housing Authority ("CHA" or the "Authority") is pleased to provide this executive narrative. The financial statements for 2021 have been reviewed by key management staff to assess the financial health of the CHA. It is apparent in the future that the CHA must rely less on uncertain grant funding and develop alternative resources to maintain current service levels. Financial highlights of this past year are as follows:

- **Conversion Activities:** During 2021, CHA completed the conversion of two of its Public Housing senior high rises using HUD's Rental Assistance Demonstration (RAD) program. The 153 units at Mary Walker and 136 units at Dogwood Manor were converted from Public Housing to project-based rental assistance (PBRA) that will allow for more flexibility in ongoing operations. Also, during the year, conversion activities began on 248 units at Boynton Terrace and 18 units at Fairmount Apartments.
- **Public Housing Program:** had a \$15 million decrease in net position for the year ended December 31, 2021. LIPH went from \$74M to \$59M. To place this number in proper context, it is important to note that this loss includes \$3M of depreciation expense and \$17 million equity transfer to move RAD assets to Business activities. Exclusive of these items, the program had a net operating surplus of approximately \$5 million for Fiscal Year 2021.
- **Housing Choice Voucher Program:** had a \$350,850 excess of revenue over expenses during the fiscal year. This was primarily the result of the receipt of \$342,278 of HCV CARES funding received to assist with higher operating costs due to the COVID-19 Pandemic. The balance of HAP equity increased from \$0 to \$401,753, while the administrative portion of operations finished the year with a balance of \$1,027,042.



## Management's Discussion and Analysis ("MD&A") (Continued)

### Financial Highlights and Conclusions (Continued)

- **Central Office Cost Center:** The net position for the COCC decreased from \$5.8M in FY 2020 to \$3.0M in FY 2021. This decrease was a function of an operating loss of \$415,327 and \$2.2M of transfers to help cover the construction costs of Cromwell Hills and Emerald Villages.
- **Grant Funding:** Grant funding received in 2021 was \$46.0M, which represents a decrease of \$0.5M (a 1.1% decrease) from the \$46.5M recognized in 2020. Funding for LIPH decreased from 19,847,651 in 2020 to 15,703,466 in 2021. This is attributed to a \$4.5 million reduction in Capital Fund. To offset this, HCVP increased by \$2.5 million.
- **HAP Utilization:** Payments to landlords for the Housing Assistance Payments increased from \$23,570,813 in 2020 to \$24,813,809 which represents a \$1,242,996 (5.27%) increase from the prior year.
- **Business Activities:** experienced an increase in net position from \$23.4M in 2020 to \$48.6M during 2021. This \$25.2M increase was due to three different factors. 1) \$17M in transfers from LIPH to PBRA for Mary Walker, Dogwood, Boynton Terrace, and Fairmount Apartments. 2) Additional investor equity of \$6M added to Emerald Villages and Cromwell Dev. 3) Regular operating losses of \$631,517 (which includes \$1M in depreciation expenses).
- **CARES Funding:** In response to the ongoing Pandemic, HUD has awarded \$3,157,337 of CARES funding to CHA to date. For the year ended December 31, 2021, the Authority recognized \$1,467,944 of this funding which has further bolstered the cash position of the agency and helped to offset the impact of lower occupancy and cash collections experienced in 2021.
- **Cash & Investments:** position increased from \$47 million at the end of 2020 to \$51.1 million as of December 31, 2021. This \$1.4 million was primarily due to increases in the Authority's core programs with increases of \$2.3 million in Public Housing program, an \$800k increase in Housing Choice Voucher, a \$400k in Business Activities and a \$600k increase in the Central Office Cost Center. The change in cash position represents an 8.75% increase in the agency's cash position in relation to 2020 levels.

### Required Financial Statements

The basic financial statements of the CHA are designed to be corporate-like in that all business-type activities are consolidated for the entire CHA. The CHA consists exclusively of programs that are accounted for in an enterprise fund. Enterprise funds utilize the full accrual basis of accounting, making them more similar to the accounting methods utilized by the private sector. Many of the programs maintained by the CHA are required by the U.S. Department of Housing and Urban Development ("HUD").

The basic financial statements include a Statement of Net Position, which is similar to a balance sheet. The Statement of Net Position reports all financial and capital resources for the CHA. The Statement is presented in the format where assets and deferred outflows of resources minus liabilities and deferred inflows of resources equal "Net Position," formerly known as equity. Assets and liabilities are presented in order of liquidity and are classified as "current" (convertible into cash within one year), and "non-current". Net Position is reported in three broad categories:

- **Net Investment in Capital Assets:** This component of Net Position consists of all capital assets, reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- **Restricted Net Position:** This component of Net Position consists of restricted assets, whereby constraints are placed on the assets by creditors (such as debt covenants), grantors, laws, and regulations.

## Management's Discussion and Analysis ("MD&A") (Continued)

### Required Financial Statements (Continued)

- **Unrestricted Net Position**: This component of Net Position consists of Net Position that does not meet the definition of the other two categories. Unrestricted Net Position represents the net available liquid (non-capital) assets, net of liabilities for the entire CHA.

The basic financial statements also include a Statement of Revenues, Expenses and Changes in Net Position, similar to an income statement. This statement includes operating revenues such as rental income, HUD operating grants, operating expenses such as administrative, utilities, maintenance and depreciation, and non-operating revenues/expenses such as capital grant revenue, investment income and interest expense.

Finally, a Statement of Cash Flows is included, which discloses net cash provided or used by, operating activities, non-capital financing activities, capital and related financing activities, and investing activities.

### Major Programs

The focus of the CHA's financial statements should be on the major programs of the CHA. The following are considered major programs of the CHA:

- **Conventional Public Housing**: Under the Conventional Public Housing Program, the CHA rents units that it owns to eligible low-income families, the elderly, and persons with disabilities. The CHA uses income limits developed by HUD which set the limits at up to 80 percent of median income for the area. This program is operated under an Annual Contributions Contract ("ACC") with HUD, whereby HUD provides the CHA operating subsidy funding to assist in funding the operating and maintenance expenses and offer rent based upon 30 percent of adjusted gross household income. The Conventional Public Housing Program also includes the Capital Fund Program which remains the primary funding sources for modernization of, and physical and management improvements to, the CHA's properties. As of December 31, 2021, CHA had 1,754 units in its low-income public housing portfolio (exclusive of the 268 units at Boynton Terrace and Fairmount which still received operating subsidy through Calendar year 2021).
- **Housing Choice Voucher Program**: Under the Housing Choice Voucher Program ("HCVP"), the CHA administers contracts with independent landlords to allow very low and extremely low-income families to reside in privately-owned rental housing. The CHA subsidizes the family's rent through a HAP paid to the landlord. This program is administered under an ACC with HUD, whereby HUD provides funding to enable the CHA to oversee a lease that sets the participant's rent at 30 percent of adjusted gross household income. As of December 31, 2021, CHA had 3,603 Housing Choice Vouchers.

### Non-major Programs

In addition to the major programs above, the CHA also administers a number of non-major programs. These funds include:

- **Resident Opportunity and Supportive Services Program**: This program provides public housing residents with supportive services, resident empowerment activities, and assistance in becoming economically self-sufficient.
- **Moderate Rehabilitation/Single Room Occupancy Program**: This program assists very low-income, single, homeless individuals in obtaining decent, safe, and sanitary housing in privately owned, rehabilitated buildings.

## Management's Discussion and Analysis ("MD&A") (Continued)

### Non-major Programs (Continued)

- Business Activities:** These represent programs supported by non-HUD resources developed from a variety of CHA - initiated activities including the existing entities of Greenwood Terrace LLC and Holtzclaw LLC, as well as the Cromwell Development I, LLC and Emerald Villages, LLC which converted from LIPH in December 2019 to totally rehabilitate these sites using Low Income Housing Tax Credits and conventional debt. Upon completion of these activities in early 2022, Emerald Villages will be funded with Project-based Rental Assistance ("PBRA") and Cromwell with and Project-based Vouchers ("PBV"). During 2020 and 2021, the Authority converted Dogwood Manor, Mary Walker Towers, Boynton Terrace, and Fairmount to Business Activities. All four will be funded using PBRA vouchers.

### Financial Analysis of CHA

One question frequently asked about CHA's finances is "Did CHA's operations and financial position improve or deteriorate over the previous fiscal year?" The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position report information about CHA's activities and are summarized in the following sections. To begin the analysis, a summary of CHA's Statement of Net Position is presented in Table I:

As illustrated in the Statement of Net Position, total assets were up 8% increasing \$13,122,368 from \$158,970,624 in 2020 to \$172,092,992. Overall CHA's Net position increased 8% from \$102,720,518 to \$110,652,131 as detailed in Table II below.

**CHATTANOOGA HOUSING AUTHORITY**  
**Statement of Net Position**  
**TABLE I**

<u>Account descriptions</u>	<u>2021</u>	<u>2020</u>	<u>Total change</u>	<u>% change</u>
Current assets	\$ 53,176,551	\$ 48,955,329	\$ 4,221,222	9%
Capital assets	88,830,522	80,817,515	8,013,007	10%
Other noncurrent assets	30,085,919	29,197,780	888,139	3%
<b>Total assets</b>	<b>172,092,992</b>	<b>158,970,624</b>	<b>13,122,368</b>	<b>8%</b>
<b>Deferred outflows of resources</b>	-	-	-	0%
Current liabilities	47,714,887	9,417,657	38,297,230	407%
Noncurrent liabilities	13,725,974	46,832,449	(33,106,475)	-71%
<b>Total liabilities</b>	<b>61,440,861</b>	<b>56,250,106</b>	<b>5,190,755</b>	<b>9%</b>
<b>Deferred inflows of resources</b>	-	-	-	0%
Net investment in capital assets	38,733,788	33,690,475	5,043,313	15%
Restricted net position	7,862,340	2,931,503	4,930,837	168%
Unrestricted net position	64,056,003	66,098,540	(2,042,537)	-3%
<b>Total net position</b>	<b>\$ 110,652,131</b>	<b>\$ 102,720,518</b>	<b>\$ 7,931,613</b>	<b>8%</b>

## Management's Discussion and Analysis ("MD&A") (Continued)

### Financial Analysis of CHA (Continued)

Current assets increased 9% from \$49.0 million to \$53.2 million, which was primarily a function of CHA's increased cash position (\$4.1 million) as discussed previously, while prepaid expenses reduced by \$520K. Total liabilities increased by \$5,190,755 from 2020 to 2021. We saw a major shift of \$33M from Non-current to Current due to the change in Emerald and Cromwell debt. Overall increases to Current liabilities were due to Unearned revenue and Other current liabilities. Both were also a result of the Emerald and Cromwell renovation deals.

While the Statement of Net Position shows the change in financial position, the Statement of Revenues, Expenses, and Changes in Net Position breaks down the CHA's revenues and expenses further. Table II, below provides a statement of these changes:

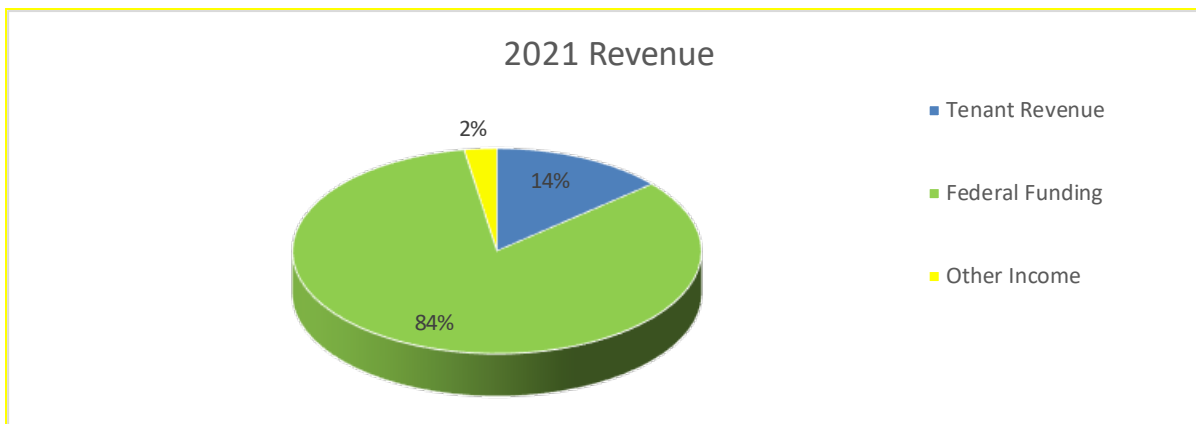
**CHATTANOOGA HOUSING AUTHORITY**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**TABLE II**

<u>Account descriptions</u>	<u>2021</u>	<u>2020</u>	<u>Total change</u>	<u>% change</u>
Tenant revenue	\$ 7,373,800	\$ 5,459,226	\$ 1,914,574	35%
Federal funding	45,081,276	46,470,989	(1,389,713)	-3%
Other income	1,382,112	534,224	847,888	159%
<b>Total revenue</b>	<b>53,837,188</b>	<b>52,464,439</b>	<b>1,372,749</b>	<b>3%</b>
Administrative	7,863,290	6,390,575	1,472,715	23%
Asset management fee	7,564	7,343	221	3%
Tenant services	895,043	493,251	401,792	81%
Utilities	4,523,570	4,138,593	384,977	9%
Protective services	527,961	548,185	(20,224)	-4%
Insurance expense	704,538	678,974	25,564	4%
Maintenance	4,232,296	4,114,379	117,917	3%
General expense	772,836	504,969	267,867	53%
Housing assistance payments	24,813,809	23,570,813	1,242,996	5.27%
Depreciation and amortization	6,929,973	5,166,961	1,763,012	34%
<b>Total operating expenses</b>	<b>51,270,880</b>	<b>45,614,043</b>	<b>5,656,837</b>	<b>12%</b>
<b>Non-operating items</b>				
Interest income	412,951	28,312	384,639	1359%
Interest expense	(922,078)	(356,749)	(565,329)	158%
Casualty gain	(153,678)	35,010	(188,688)	-539%
Gain on disposal of capital assets	8,302	166,328	(158,026)	-95%
<b>Total non-operating items</b>	<b>(654,503)</b>	<b>(127,099)</b>	<b>(527,404)</b>	<b>415%</b>
Partner contributions	6,019,808	3,017,379	3,002,429	100%
Changes in net position	7,931,613	9,740,676	(1,809,063)	-19%
Beginning net position	102,720,518	92,979,842	9,740,676	10%
<b>Ending net position</b>	<b>\$ 110,652,131</b>	<b>\$ 102,720,518</b>	<b>\$ 7,931,613</b>	<b>8%</b>

## Management's Discussion and Analysis ("MD&A") (Continued)

### Financial Analysis of CHA (Continued)

**Revenues:** Exclusive of nonoperating amounts, a review of the Statement of Revenues, Expenses, and Changes in Net Position shows that 84% of the CHA's revenues are derived from grants from the Department of Housing and Urban Development and other grant programs. The CHA receives revenue from tenants for dwelling rental charges, excess utilities, and miscellaneous charges of 14% of total revenue. Other Revenue comprises the remaining 2%. Compared to the fiscal year ended December 31, 2020, operating revenues had an overall increase of \$1,372,749 or 3% as discussed below:



**Tenant Revenue:** Total Tenant Revenue, net of bad debts, increased \$1,914,574 from \$5,549,226 to \$7,373,800 due to higher vacancy rates at its public housing sites and higher RAD rents associated with the PBRA properties.

**Program Grants/Subsidies:** The CHA's Federal Funding experienced a 3% decrease (\$1,389,713) in Federal Financial Assistance from \$46.5 million in 2020 to \$45.1 million in 2021 (as detailed in the table below). This decrease was primarily attributable to lower funding recognized from HUD for the Capital Fund Grant Program. FY2020 was unusually high due to Mary Walker and Dogwood RAD conversion activities compared to 2021 levels. Higher revenue in the HCV program offset this loss (\$28,869,860 in 2021 vs \$26,511,004 in 2020).

**Other Income:** Other Income increased \$847,888 (or 159%) primarily due to developer's fees and leasing fees in the Central Office Cost Center.

**Management's Discussion and Analysis ("MD&A") (Continued)**

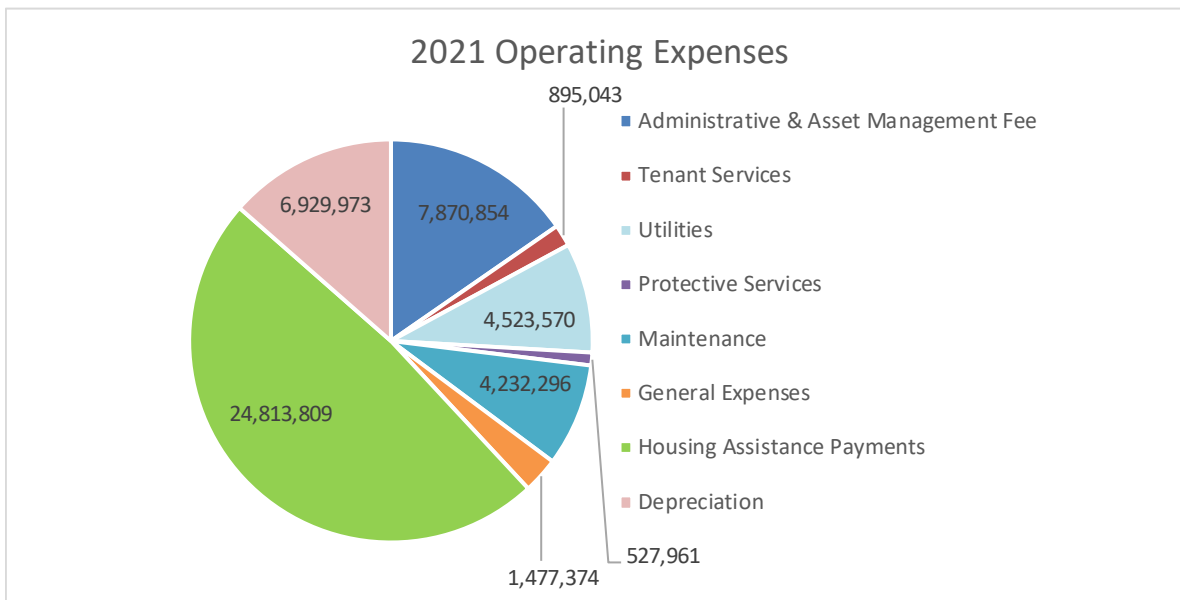
**Financial Analysis of CHA (Continued)**

**CHATTANOOGA HOUSING AUTHORITY  
Federal Financial Awards Comparison  
For the Fiscal Years 2021 and 2020**

	<u>2021</u>	<u>2020</u>	<u>Increase/ decrease</u>
<b>PUBLIC HOUSING</b>			
Public and Indian Housing Program	\$ 11,239,351	\$ 10,930,829	\$ 308,522
Capital Fund Program	4,266,730	8,745,922	(4,479,192)
Resident Opportunity and Supportive Services	125,640	119,095	6,545
PIH Family Self-Sufficiency Program	71,745	51,805	19,940
<b>HOUSING ASSISTANCE PAYMENTS</b>			
Section 8 Housing Choice/Mainstream/FUP Programs	27,636,589	26,476,484	1,160,105
Mod Rehab/ SRO	1,233,271	34,520	1,198,751
<b>Community Development Block Grant</b>	<u>87,666</u>	<u>112,334</u>	<u>(24,668)</u>
<b>TOTALS</b>	<u><u>\$ 44,660,992</u></u>	<u><u>\$ 46,470,989</u></u>	<u><u>\$ (1,809,997)</u></u>

**Expenses**

The CHA experienced an increase of \$5,649,807 in total operating expenses for the current year from \$45,614,043 to \$51,263,850 or 12%. Notable changes in expense levels by category for the current year are as follows:



**Administration:** Administration costs were \$1,472,715 higher than in 2020 as these costs increased from \$6,390,575 to \$7,863,290 or 23%. This increase consists primarily of higher management fees, office, legal, travel, and other expenses.

## Management's Discussion and Analysis ("MD&A") (Continued)

### Expenses (Continued)

**Tenant Services:** Tenant Services costs include all costs incurred by the CHA to provide social services to the residents. In addition to the HUD ROSS grants, the recognized Resident Councils receive funding for board meetings, training costs, and other items. In addition, the individual recognized Resident Councils receive assistance on costs of meetings and other training activities provided. Tenant Services increased by \$401,792 from \$493,251 in 2020 to \$895,043 in 2021 primarily due to higher relocation costs (in relation to 2020 levels of \$64k vs \$398K).

**Utilities:** The total utilities expense for the CHA increased by \$384,977 from \$4,138,593 to \$4,523,570 due to higher utility usage at CHA properties.

**Maintenance Costs:** Maintenance costs were \$117,917 higher than in 2020 as these costs increased from \$4,114,379 to \$4,232,296 or 3%. This increase was primarily due to the rising costs of maintenance materials and maintenance contract costs. Much of this can be blamed on supply chain issues along with material costs inflation.

**Housing Assistance Payments Program:** HAP payments consist of rental payments to owners of private property for which the housing CHA has a HAP agreement with the tenant and the owner for the difference between the tenant's rent and the applicable payment standard. CHA utilization levels were improved during 2021 and as a result, HAP expense increased \$1,242,996 in 2021 over the prior year from \$23,570,813 to \$24,813,809 (5.27%).

**Depreciation:** Because the costs of all capitalized additions are spread over the estimated useful life of an asset, the estimated current year costs of capitalized items are recorded as depreciation. Due to higher levels of assets placed into service during 2021, depreciation expense was \$1,755,982 higher in relation to prior year levels as the expense level increased from \$5,166,961 to \$6,104,625 (34%).

### Capital Assets

At the end of fiscal year 2020, the CHA had invested in Capital Assets of \$80,817,515, net of depreciation. For the year ended December 31, 2021, net capital assets increased by \$8 million (primarily from \$9.2 million of improvements at Emerald and Cromwell and \$2.1 million of Capital Fund program additions) that was offset by \$6 million of depreciation expense. Major changes during the year total \$8,013,007 as detailed below:

**CHATTANOOGA HOUSING AUTHORITY**  
**Statement of Capital Assets**  
**TABLE III**

<u>Account descriptions</u>	<u>2021</u>	<u>2020</u>	<u>Total change</u>	<u>% change</u>
Land	\$ 9,486,116	\$ 9,486,435	\$ (319)	0.00%
Buildings	200,531,504	187,443,094	13,088,410	6.98%
Furniture & Equipment	4,449,339	2,390,019	2,059,320	86.16%
Construction in Process	10,620,130	11,653,437	(1,033,307)	-8.87%
Accumulated Depreciation	<u>(136,256,567)</u>	<u>(130,155,470)</u>	<u>(6,101,097)</u>	<u>4.69%</u>
<b>Total capital assets</b>	<b><u>\$ 88,830,522</u></b>	<b><u>\$ 80,817,515</u></b>	<b><u>\$ 8,013,007</u></b>	<b><u>9.91%</u></b>

## Management's Discussion and Analysis ("MD&A") (Continued)

### Capital Assets (Continued)

A summary of the changes in capital assets were as follows:

<b>Balance at January 1, 2021</b>	\$ 80,817,515
Current period additions - Capital grants	2,157,501
Current period additions - operations	2,674,098
Current period additions - debt proceeds and partner contributions	9,292,153
Current period dispositions - operations	(6,120)
Current period depreciation expense	<u>(6,104,625)</u>
 <b>Balance at December 31, 2021</b>	 <u><u>\$ 88,830,522</u></u>

### Debt Administration

As of December 31, 2021, the CHA had \$50,096,734 of debt outstanding (including accrued interest) related to the operation of various federal and local programs. The following is a summary in the changes of total debt obligations for the year ended December 31, 2021:

<b>Balance as of January 1, 2021</b>	\$ 47,127,040
Debt issued	4,964,775
Debt payments	(1,759,240)
Amortization of bond premium	<u>(235,841)</u>
 <b>Balance as of December 31, 2021</b>	 <u><u>\$ 50,096,734</u></u>

### Economic Factors and Events Affecting Operations

Several factors may affect the financial position of the CHA in the subsequent fiscal year. These factors include:

- (1) Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore the amount of rental revenue paid.
- (2) Fuel prices are expected to be volatile and continued inflationary pressures are expected to increase supplies and other costs.

### Financial Contact

This financial report is designed to provide our residents and participants, the citizens of Chattanooga, Tennessee, all federal and state regulatory bodies and any creditors with a general overview of the CHA's finances. If you have any questions regarding these financial statements or supplemental information, you may contact Curtis Lokey at 423.752.4837, at [clokey@chahousing.org](mailto:clokey@chahousing.org) or via mail at 801 North Holtzclaw Ave, Chattanooga, TN 37404.



**Chattanooga Housing Authority**  
**Statement of Net Position**  
**December 31, 2021**

**Assets**

Current assets

Cash and cash equivalents, unrestricted	\$ 19,323,398
Cash and cash equivalents, restricted	31,758,650
Accounts receivable - HUD	1,181,214
Accounts receivable - miscellaneous	484,409
Accounts receivable - tenants, net	171,547
Accounts receivable - fraud recovery, net	4,031
Prepaid expenses	<u>253,302</u>

Total current assets 53,176,551

Capital assets

Land	9,486,116
Buildings	200,531,504
Furniture and equipment	4,449,339
Construction in progress	<u>10,620,130</u>

225,087,089

Less: accumulated depreciation (136,256,567)

Capital assets, net 88,830,522

Non-current assets

Notes receivable, net	29,172,936
Other assets	<u>912,983</u>

Total noncurrent assets 30,085,919

Total assets 172,092,992

**Deferred outflows of resources**

-

Total assets and deferred outflows of resources \$172,092,992

See accompanying notes.

**Chattanooga Housing Authority**  
**Statement of Net Position (Continued)**  
**December 31, 2021**

**Liabilities**

Current liabilities

Current portion of long-term debt	\$ 37,025,552
Accounts payable	3,161,007
Accounts payable - other government	185,172
Accounts payable - HUD	103,283
Accrued wages/payroll taxes payable	359,650
Current portion of accrued compensated absences	144,303
Accrued interest payable	52,365
Tenant security deposits	293,082
Unearned revenue	2,197,675
Other current liabilities	<u>4,192,798</u>

Total current liabilities 47,714,887

Long-term liabilities

Long-term debt, net of current portion	13,071,182
Accrued compensated absences, net of current portion	432,909
Other noncurrent liabilities	<u>221,883</u>

Total noncurrent liabilities 13,725,974

Total liabilities 61,440,861

**Deferred inflows of resources**

-

Total liabilities and deferred inflows of resources 61,440,861

**Net position**

Net investment in capital assets	38,733,788
Restricted by program requirements	7,862,340
Unrestricted net position	<u>64,056,003</u>

Total net position \$110,652,131

See accompanying notes.

**Chattanooga Housing Authority**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Year Ended December 31, 2021**

Operating revenues	
Tenant revenue, net of bad debts of \$140,266	\$ 7,373,800
HUD operating grants	41,378,369
Other government grants	958,942
Other revenue	354,465
Fraud recovery	68,705
	<hr/>
Total operating revenues	50,134,281
Operating expenses	
Administrative	7,863,290
Asset management fee	7,564
Tenant services	895,043
Utilities	4,523,570
Protective services	527,961
Insurance expense	704,538
Maintenance	4,232,296
General expenses	772,836
Housing assistance payments	24,813,809
Depreciation and amortization	6,929,973
	<hr/>
Total operating expenses	51,270,880
Net operating loss	(1,136,599)
Non-operating revenues (expenses)	
Interest income	412,951
Interest expense	(922,078)
Casualty loss	(153,678)
Gain on disposal of capital assets	8,302
	<hr/>
Total nonoperating expense, net	(654,503)
Net loss before capital contributions	(1,791,102)
Capital contributions	
Partner contributions	6,019,808
Capital fund grant	3,702,907
	<hr/>
Changes in net position	7,931,613
Net position, beginning of year	102,720,518
	<hr/>
Net position, end of year	<u>\$ 110,652,131</u>

See accompanying notes.

**Chattanooga Housing Authority**  
**Statement of Cash Flows**  
**Year Ended December 31, 2021**

Operating activities	
Cash received from tenants	\$ 8,967,578
Cash received from HUD grants	41,351,083
Cash received from other governmental grants	958,942
Cash received from other sources	(1,967)
Cash payments to employees for services	(5,925,300)
Cash payments for the Housing Choice Voucher Program	(24,813,809)
Cash payments to other suppliers for goods and services	<u>(12,654,036)</u>
Net cash provided by operating activities	7,882,491
Investing activities	
Interest received	327,170
Partner capital contributions	6,019,808
Proceeds from redemption of investments	<u>-</u>
Net cash provided by investing activities	6,346,978
Capital and related financing activities	
Capital grant receipts	3,702,907
Purchase of capital assets	(14,302,177)
Proceeds from disposal of capital assets	8,666
Proceeds from new debt	4,964,775
Principal paid on debt	(1,759,240)
Debt issuance costs paid	(1,713,487)
Interest paid on debt	<u>(920,448)</u>
Net cash used by capital and related financing activities	(10,019,004)
Non-capital financing activities	
Casualty loss	<u>(153,678)</u>
Cash used by non-capital financing activities	<u>(153,678)</u>
Net increase in cash	4,056,787
Cash - beginning of year	<u>47,025,261</u>
Cash - end of year	<u><u>\$51,082,048</u></u>
Cash and cash equivalents, unrestricted	\$ 19,323,398
Cash and cash equivalents, restricted	<u>31,758,650</u>
	<u><u>\$51,082,048</u></u>

**Noncash investing and financing activities**

Capital assets includes (\$51,660) change in accounts payable for construction/development, and a reduction for amortization of bond premium of \$235,842.

See accompanying notes.

**Chattanooga Housing Authority**  
**Statement of Cash Flows (Continued)**  
**Year Ended December 31, 2021**

Operating activities	
Net operating loss	\$ (1,136,599)
Adjustments to reconcile net operating loss to net cash provided by operating activities	
Depreciation expense	6,104,625
Amortization expense	825,348
Bad debt expense	140,266
Decrease (increase) in	
Accounts receivable - HUD	(465,407)
Accounts receivable - miscellaneous	(392,806)
Accounts receivable - tenants	7,753
Accounts receivable - fraud recovery	25,947
Prepaid expenses	519,812
Increase (decrease) in	
Accounts payable	(3,363,471)
Accounts payable - other government	15,920
Accounts payable - HUD	47,097
Accrued wages and payroll taxes payable	59,238
Tenant security deposits	42,834
Unearned revenue	1,735,671
Other current liabilities	3,802,514
Accrued compensates absences	(72,762)
Other noncurrent liabilities	<u>(13,489)</u>
Net cash provided by operating activities	<u><u>\$ 7,882,491</u></u>

See accompanying notes.

**Chattanooga Housing Authority**  
**Notes to Financial Statements**  
**Year Ended December 31, 2021**

**Note A - Nature of the Organization and Operations**

The Chattanooga Housing Authority (the "Authority") provides subsidized housing and related housing services primarily to low-income individuals in Chattanooga, Tennessee. The Authority is a public body corporate and politic with a seven-member Board of Commissioners (the "Board"). The Mayor of Chattanooga proposes the members of the Board, for ultimate approval by the Chattanooga City Council. However, the Authority has complete administrative authority and it recruits and employs personnel. The Authority adopts a budget that is approved by the Board. Subsidies for operations are received primarily from the U.S. Department of Housing and Urban Development ("HUD"). The Authority is responsible for its debts and is entitled to surpluses. No separate agency receives a financial benefit nor imposes a financial burden on the Authority. The Authority has substantial legal authority to control its affairs without local government approval; therefore, all operations of the Authority are a separate reporting entity as reflected in this report.

The Authority has four component units that are reported as blended component units within these financial statements - Holtzclaw Development, LLC, Greenwood Terrace, LLC, Chattanooga Housing Authority-Emerald Villages, LLC and Cromwell Development I, LLC. Holtzclaw Development, LLC is a wholly owned component unit that serves as the holding company for the Authority's administration building and is financially responsible for the interest rate swap that is detailed in Note H. Greenwood Terrace, LLC was established as the holding company for the Greenwood Terrace Apartments (the "Apartment"). Greenwood Terrace consists of 98 public housing units and is controlled by the Authority. The Authority is the managing member investor with 0.009% interest. The assets, liabilities and equity along with the operations are included in Greenwood Terrace. Chattanooga Housing Authority - Emerald Villages, LLC was established as the holding company for the tax credit development - Emerald Villages Apartments ("Emerald Villages"). Emerald Villages consists of 111 project based rental assistance ("PBRA") units and is controlled by the Authority. The Authority is the managing member investor with 0.009% interest. The assets, liabilities and equity along with the operations are included in Emerald Villages. Cromwell Development I, LLC was established as the holding company for the tax credit development Cromwell Hills Apartments ("Cromwell Hills"). Cromwell Hills consists of 200 project-based vouchers ("PBV") units and is controlled by the Authority. The Authority is the managing member investor with 0.009% interest. The assets, liabilities and equity along with the operations are included in Cromwell Hills. All inter-program transactions have been eliminated.

In addition, the Authority has .01% ownership interests in four tax credit developments which are not considered component units because the Authority does not have either control or financial responsibility for them: McCallie Homes Housing Partnership - Phase I, LLC, Alton Park Housing Partnership, LLC, The Villages Housing Partnership, LLC and Steiner Redevelopment, LLC. The Authority also has .005% ownership interest in an additional tax credit development, Johnson Terrace, LLC, which is also not considered a component unit because the Authority does not have either control or financial responsibility for it. These investments are trivial and are accounted for using the cost method.

**Note B - Summary of Significant Accounting Policies**

The accounting policies of the Authority conform to accounting principles generally accepted in the United States of America ("GAAP") as applicable to proprietary funds of governments. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

**Chattanooga Housing Authority**  
**Notes to Financial Statements (Continued)**  
**Year Ended December 31, 2021**

**Note B - Summary of Significant Accounting Policies (Continued)**

The following is a summary of the most significant policies:

1. Basis of Presentation and Accounting: The accounting records of the Authority are maintained and reported in accordance with methods prescribed by HUD. The Authority must report using GAAP. The Authority is a special purpose government engaged only in business-type activities and therefore, presents only the financial statements required for the enterprise fund. In accordance with the GASB Statement No. 34 requirements for enterprise funds, activity is recorded using the accrual basis of accounting and the measurement focus is on the flow of economic resources. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Capital asset purchases are capitalized, and long-term liabilities are accounted for in the enterprise fund. This requires the Authority to account for operations in a manner similar to private business or where the Board has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

The proprietary fund is composed of a number of programs. These programs (Public and Indian Housing, Public Housing Capital Fund, Section 8 Housing Choice Voucher, Resident Opportunity and Supportive Services ("ROSS"), PIH Family Self-Sufficiency Program and Section 8 Moderate Rehab) are designed to provide quality affordable housing opportunities and increase the self-sufficiency of those housed. The major programs are described as follows:

- *Public and Indian Housing* - During 2021, the Authority received operating subsidy funding for 12 projects consisting of 2,222 units of public housing under an Annual Contributions Contract ("ACC") with HUD. The program offers income based rental assistance (subsidy) for elderly, disabled and single families who qualify under the low-income guidelines. Revenues for the projects consist of rents and other fees collected from tenants and an operating subsidy received from HUD. Typically, residents pay 30% of their adjusted gross income in rents. The Authority's subsidy is received under an Annual Contributions Contract to offset the cost of operating the units. HUD also provides funds to maintain and improve the public housing projects under the Public Housing Capital Fund Program. Substantially all additions and improvements to land, structures and equipment of public housing are accomplished through these capital grant funds.
  - *Section 8 Housing Choice Vouchers* - The Authority provides rental assistance payments to approximately 3,756 households who live in private rental housing. Funded by HUD pursuant to Section 8 of the U.S. Housing Act, this program allows participating families and individuals to choose their own housing with the use of a housing voucher. Generally, the participant pays between 30% and 40% of their monthly income towards rent and utilities and the Authority pays the remainder. The Authority targets this program to the elderly, disabled households and families that are homeless or at the risk of homelessness.
2. Use of Estimates: The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
  3. Cash Equivalents: The Authority considers all short-term investments with an original maturity of 90 days or less to be cash equivalents.

**Chattanooga Housing Authority**  
**Notes to Financial Statements (Continued)**  
**Year Ended December 31, 2021**

**Note B - Summary of Significant Accounting Policies (Continued)**

3. Cash Equivalents (Continued): Cash and cash equivalents (unrestricted and restricted) were comprised of the following at December 31, 2021:

Checking accounts	\$ 20,886,518
Saving accounts/money market	30,191,580
Petty cash	<u>3,950</u>
	<u>\$ 51,082,048</u>

4. Accounts Receivable and Allowance for Doubtful Accounts: Tenant accounts receivable are carried at the amount considered by management to be collectible. Other accounts receivable consists primarily of amounts due from HUD and State and Local governments for grant income.

The Authority uses the allowance for bad debts method of valuing doubtful accounts receivable, which is based on historical experience, coupled with a review of the current status of existing receivables. The allowance for doubtful accounts was \$47,636 for accounts receivable - tenants and \$1,739,613 for accounts receivable fraud recovery at December 31, 2021. Management believes all other accounts receivable as of December 31, 2021, were collectible and no additional allowance was considered necessary.

5. Prepaid Expenses: Payments made to vendors for goods or services that will benefit periods beyond December 31, 2021, are recorded as prepaid expenses.
6. Inter-program Receivables and Payables: Inter-program receivables and payables are all current and are the result of the use of the Public and Indian Housing Program as the common paymaster for shared costs of the Authority. Cash settlements are made periodically and all inter-program balances net to zero. These inter-program receivables and payables have been eliminated in the preparation of the financial statements.
7. Investments: Investments are recorded at fair value. Investment instruments consist only of items specifically approved for public housing agencies by HUD and State of Tennessee statutes. Investments are either insured or collateralized using the dedicated method. Under the dedicated method of collateralization, all deposits and investments over the federal depository insurance coverage are collateralized with securities held by the Authority or by the Authority's agent in the Authority's name. It is the Authority's policy that all funds on deposit are collateralized in accordance with both HUD requirements and requirements of the State of Tennessee. Additionally, the Authority considers its investment and deposit policies to be in accordance with the State of Tennessee's legal provisions related to the deposits as required by the *Codification of Governmental Accounting and Financial Reporting Standards*, Section C20.103. As of December 31, 2021, the Authority no longer holds any investments.
8. Inventories: The Authority maintains no inventory of expendable items. All supplies are expensed when purchased. Supplies on hand are minimal. The Authority's administration believes that the benefits of maintaining an inventory would be less in value than the cost of maintaining such a system.
9. Capital Assets: All purchased capital assets are recorded at cost when historical records are available. When no historical records are available, capital assets are recorded at estimated historical cost. Donated capital assets are recorded at their fair value at the time they are received. Donor imposed restrictions are deemed to expire as the asset depreciates. Land values were derived from development closeout documentation.



**Chattanooga Housing Authority**  
**Notes to Financial Statements (Continued)**  
**Year Ended December 31, 2021**

**Note B - Summary of Significant Accounting Policies (Continued)**

9. Capital Assets (Continued): All normal expenditures of preparing an asset for use are capitalized when they meet or exceed the capitalization threshold. The cost of buildings and equipment is depreciated over the estimated useful lives of the related assets on a composite basis using the straight-line method. Depreciation commences on modernization and development additions in the year following completion. Small dollar value minor equipment items are expensed. Depreciation on assets has been expensed in the Statement of Revenues, Expenses, and Changes in Net Position. The useful lives of buildings, furniture and equipment for purposes of computing depreciation are as follows:

Buildings	15 - 30 years
Furniture, equipment, and machinery	3 - 7 years

The Capitalization Policy for the Authority is: items purchased or betterments, not repairs, in excess of \$5,000 and a useful life of one (1) year will be capitalized. The cost of maintenance and repairs are charged to operations as incurred.

Under the provisions of GASB No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, long-lived assets are to be reviewed for impairment. If the sum of the expected future cash flows is less than the carrying value amount of the asset, an impairment loss should be recognized. No such impairment loss was incurred during the year ended December 31, 2021.

10. Derivatives and Hedging Activities: The Authority recognizes all derivatives on the Statement of Net Position at fair value and includes such items in other noncurrent liabilities. Derivatives that are not hedges must be adjusted to fair value through income. The Authority holds derivative financial instruments for the purpose of limiting its exposure to interest rate fluctuations through the use of interest rate swaps. Net amounts paid or received under interest rate swap arrangements are reflected as adjustments to interest income/expense. Derivatives are held only for the purpose of hedging or limiting such risks, not of speculation. See Note H for additional information.
11. Compensated Absences: The Authority's employees earn sick and vacation leave. Full-time, permanent employees are granted vacation and sick leave benefits in varying amounts to specified maximums depending on tenure with the Authority. Upon termination of employment, the Authority's employees do not receive any payment for their accrued but unused bank of sick leave; therefore, no amount has been accrued in the financial statements for sick leave. However, vacation leave is recorded as an expense and related liability in the period earned by employees. Vacation leave accrued but not yet paid as of December 31, 2021 is shown as a liability allocated between current and noncurrent as indicated in the Statement of Net Position.
12. Litigation Losses: The Authority recognizes estimated losses related to litigation in the period in which the occasion giving rise to the loss occurs but not before the loss is probable and reasonably estimable.
13. Restricted Assets: Certain assets may be classified as restricted assets on the Statement of Net Position because their use is restricted by contracts or agreements with outside third parties and lending institutions. Net position is reported as restricted when constraints placed on net position use are either: externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments, imposed by law through constitutional provisions or enabling legislation.
14. Operating Revenues and Expenses: Operating revenues and expenses consist of revenues earned and expenses incurred as a result of the principal operations of the Authority. Operating revenue results from exchange transactions associated with providing housing and related services, and federal operating subsidies and housing assistance payments that are directly related to the Authority's mission. Nonoperating revenue includes capital and noncapital federal grants, interest revenue, and other revenues not meeting the definition of operating. Operating expenses consist of all expenses incurred to provide housing services.

**Chattanooga Housing Authority**  
**Notes to Financial Statements (Continued)**  
**Year Ended December 31, 2021**

**Note B - Summary of Significant Accounting Policies (Continued)**

15. Annual Contribution Contracts: Annual Contribution Contracts provide that HUD shall have the authority to audit and examine the records of public housing authorities. Accordingly, final determination of the Authority's financing and contribution status for the Annual Contribution Contracts is the responsibility of HUD based upon financial reports submitted by the Authority.
16. Application of Restricted Resources: The Authority will first apply restricted resources when an expense incurred for purposes for which both restricted and unrestricted net position is available.
17. Subsequent Events: Subsequent events for the Authority have been considered through the date of the Independent Auditor's Report, which represents the date that the financial statements were available to be issued.
18. Tenant Accounts Receivable Net of Bad Debt Expenses: The State of Tennessee Comptroller's Office requires that in accordance with the Governmental Accounting Standards Boards Statement No. 34, revenues in proprietary funds should be reported as net of all related allowances, which include amounts pertaining to uncollectible accounts. Therefore, the increase and decrease in the estimate of uncollectible accounts should be reported net of revenue instead of bad debt expense. The Authority's bad debt expense charged against revenue was \$140,266 for the year ended December 31, 2021.
19. Capital Contributions: Capital contributions represent amounts that investor members are required to make in certain entities (See Note U). The partner capital contributions totaled \$6,019,808 for the year ended December 31, 2021. Partner capital accounts (excluding the Authority's) represent approximately 99.99% (as required by the operating agreement) of the equity of Greenwood Terrace, Emerald Villages and Cromwell Hills.

**Note C - Deposits, Investments and Fair Value**

HUD requires public housing authorities to invest excess HUD program funds in obligations of the United States, certificates of deposit or any other federally insured instruments.

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

- *Interest Rate Risk*: The Authority's policy does not address interest rate risk.
- *Credit Risk*: The Authority's policy does not address credit rate risk.
- *Custodial Credit Risk*: The custodial credit risk for deposits is the risk that in the event of a bank failure, the Authority's deposits may not be recovered. At December 31, 2021, all of the Authority's deposits were either covered by FDIC insurance up to \$250,000 or adequately collateralized adequately collateralized through a joint custody account with the Federal Reserve.

Blended component unit cash balances may exceed federal insurance limits. These entities have not experienced any losses with respect to bank balances in excess of government provided insurance.

**Note D - Prepaid Expenses**

Prepaid expenses at December 31, 2021, consisted of \$42,953 in prepaid insurance premiums, \$150,000 in prepaid asset management fees and \$60,349 in tax credit fees.

**Chattanooga Housing Authority**  
**Notes to Financial Statements (Continued)**  
**Year Ended December 31, 2021**

**Note E - Notes Receivable**

Notes receivables consist of the following as of December 31, 2021:

McCallie Homes Housing Partnership, LLC (net of allowance of \$146,641)	\$ 4,933,447
Alton Park Housing Partnership, LLC (net of allowance of \$189,034)	8,185,382
The Villages at Alton Park, Inc. (net of allowance of \$3,067,885)	-
The Villages Housing Partnership, LLC (net of allowance of \$23,000)	6,336,100
Johnson Terrace, LLC (The Oaks at Camden) (no allowance)	3,376,578
Steiner Redevelopment, LLC (Maple Hills) (no allowance)	<u>6,341,429</u>
	<u>\$29,172,936</u>

On August 26, 2003, the Authority entered into various loan agreements with McCallie Homes Housing Partnership, LLC totaling \$5,540,088, as evidenced by notes receivable, for the construction of low-income dwellings in association with the HOPE VI Program and secured by deeds of trust. The terms of the notes are generally between thirty-five (35) and forty-five (45) years from the date of the note. An allowance of \$146,641 has been provided for the uncollectible principal portion of the notes receivable. Certain notes bear 0% interest; however, one loan for \$3,433,447 bears interest at the long-term Applicable Federal Rate in effect at the date of the note (4.95%). Interest earned during the year ended December 31, 2021 was \$323,791. However, an allowance totaling \$3,892,400 has been provided for the cumulative interest earned on this interest-bearing note. No payments of principal or interest are due until the payment date. The total outstanding balance on the notes, net of allowance, as of December 31, 2021, was \$4,933,447.

On December 16, 2003, the Authority entered into various loan agreements with Alton Park Housing Partnership, LLC totaling \$8,918,685 as evidenced by notes receivable, for the construction of low-income dwelling in association with the HOPE VI Program and secured by deeds of trust. The terms of the notes are generally between forty-nine (49) and fifty (50) years from the date of the note. An allowance of \$189,034 has been provided for the uncollectible principal portion of the notes receivable. Certain notes bear 0% interest; however, one loan for \$3,954,363 bears interest at the long-term Applicable Federal Rate in effect at the date of the note (4.43%). Interest earned during the year ended December 31, 2021 was \$296,503. However, an allowance totaling \$3,574,312 has been provided for the cumulative interest earned on this interest-bearing note. No payments of principal or interest are due until the payment date. The total outstanding balance on the notes, net of allowance, as of December 31, 2021, was \$8,185,382.

On October 26, 2004, the Authority entered into a loan agreement with The Villages at Alton Park, Inc., totaling \$3,067,885, as evidenced by a note receivable, for the construction of low-income homeownership dwellings in association with the HOPE VI Program and secured by a deed of trust. The term of the note is variable, tied to the termination/expiration date of the ground lease. The note bears 0% interest. No payment of principal is due until the payment date which is forty-nine (49) years from the date of the note. Management determined in a prior year to establish an allowance for the full loan amount and therefore, the total outstanding balance on the notes, net of allowance, as of December 31, 2021, was \$0.

**Chattanooga Housing Authority**  
**Notes to Financial Statements (Continued)**  
**Year Ended December 31, 2021**

**Note E - Notes Receivable (Continued)**

On May 12, 2005, the Authority entered into various loan agreements with The Villages Housing Partnership, LLC totaling \$6,384,100, as evidenced by notes receivable, for the construction of low-income dwellings in association with the HOPE VI Program and secured by deeds of trust. The terms of the notes are generally between forty-five (45) and fifty (50) years from the date of the note. An allowance of \$23,000 has been provided for the uncollectible principal portion of the notes receivable. The notes bear 0% interest; however, one loan for \$3,111,100 bears interest at the long-term Applicable Federal Rate, compounded annually, in effect at the date of the note (4.56%). Interest earned during the year ended December 31, 2021 was \$277,938. However, an allowance totaling \$3,260,039 has been provided for the cumulative interest earned on this interest-bearing note. No payments of principal or interest are due until the payment date. The total outstanding balance on the notes as of December 31, 2021, was \$6,336,100.

On June 6, 2007, the Authority entered into two loan agreements with Johnson Terrace LLC (The Oaks at Camden) totaling \$3,376,578, as evidenced by notes receivable, for the construction of low-income dwellings and secured by deeds of trust. The terms of the notes are between forty (40) and forty-three (43) years from the date of the note. One note bears 0% interest; however, the other loan for \$943,144 bears interest at the long-term Applicable Federal Rate in effect at the date of the note (4.94%). Interest earned during the year ended December 31, 2021 was \$87,822. However, an allowance totaling \$912,339 has been provided for the cumulative interest earned on this interest-bearing note. No payments of principal or interest are due until the maturity date. The total outstanding balance on the notes as of December 31, 2021, was \$3,376,578.

On August 30, 2011, the Authority entered into four loan agreements with Steiner Redevelopment LLC (Maple Hills) totaling up to \$6,346,668, as evidenced by notes receivable, for the construction of low-income dwellings and secured by deeds of trust. The terms of the notes are for thirty-five (35) years from the date of the note. These notes bear 0% interest. No payments were received on these loans during the year ended December 31, 2021. The total outstanding balance on the notes as of December 31, 2021, was \$6,341,429.

Management has provided an allowance for the uncollectible principal value of all notes receivable totaling \$3,426,560, a breakdown of which is shown on the previous page. Additionally, management has provided an allowance for the accrued interest on the various interest-bearing notes totaling \$11,639,090. Management evaluates annually the collectability of all note balances, including reviewing the value of the properties versus the face value of the notes receivable.

The Authority, as lessor, entered into land lease agreements with the Promisors of the Notes Receivable. The term of the leases shall be for forty (40) to fifty (50) years and rent is \$1 per year. The cost of the leased land is \$7,946,997, which is included in Land in the Statement of Net Position.

**Chattanooga Housing Authority**  
**Notes to Financial Statements (Continued)**  
**Year Ended December 31, 2021**

**Note F - Capital Assets**

A summary of the changes in capital assets for the year ended December 31, 2021 is as follows:

	Balance 1/1/2021	Additions	Disposals	Transfers	Balance 12/31/21
Land	\$ 9,486,435	\$ -	\$ (319)	\$ -	\$ 9,486,116
Buildings	187,443,094	10,095,609	(3,573)	2,996,374	200,531,504
Furniture, equipment and machinery	2,390,019	1,864,886	-	194,434	4,449,339
Construction in progress	11,653,437	2,157,501	-	(3,190,808)	10,620,130
<b>Total capital assets</b>	<b>210,972,985</b>	<b>14,117,996</b>	<b>(3,892)</b>	<b>-</b>	<b>225,087,089</b>
Accumulated depreciation	(130,155,470)	(6,104,625)	3,528	-	(136,256,567)
<b>Net capital assets</b>	<b>\$ 80,817,515</b>	<b>\$ 8,013,371</b>	<b>\$ (364)</b>	<b>\$ -</b>	<b>\$ 88,830,522</b>
Balance at January 1, 2020			\$ 80,817,515		
Current period additions - capital grants			2,157,501		
Current period additions - operations			2,674,098		
Current period additions - debt proceeds and partner contributions			9,292,153		
Current period dispositions - operations			(6,120)		
Current period depreciation expense			(6,104,625)		
<b>Balance at December 31, 2020</b>			<b>\$ 88,830,522</b>		

**Note G - Other Long-term Liabilities Other than Debt**

The activities of compensated absences and other noncurrent liabilities consisted of the following at December 31, 2021:

	Balance at 1/1/2021	Additions	Adjustments/ payments	Balance at 12/31/2021	Current portion
Compensated absences	\$ 649,974	\$ -	\$ (72,762)	\$ 577,212	\$ 144,303
FSS escrow deposit	\$ 184,778	\$ 65,162	\$ (108,166)	\$ 141,774	\$ 39,948
Liability of deficit swap position (Holtzclaw Development, LLC)	205,838	-	(85,781)	120,057	-
<b>Total</b>	<b>\$ 390,616</b>	<b>\$ 65,162</b>	<b>\$ (193,947)</b>	<b>\$ 261,831</b>	<b>\$ 39,948</b>

**Chattanooga Housing Authority**  
**Notes to Financial Statements (Continued)**  
**Year Ended December 31, 2021**

**Note H - Notes Payable**

As of December 31, 2021, the Authority had \$50,096,734 of debt outstanding related to various projects and programs. These debts are the obligations associated with the following:

BciCapital Leasing - Public Housing	\$ 4,645,929
First Horizon - Holtzclaw Development, LLC	1,113,400
Truist Bank - Cromwell Development I, LLC	13,756,508
U.S. Bank National Association - Cromwell Development I, LLC	14,928,000
Bank OZK - Emerald Villages, LLC	8,005,897
U.S. Bank National Association - Emerald Villages, LLC	7,272,000
Tennessee Housing Development Agency	<u>375,000</u>
 Total debt outstanding at December 31, 2021	 <u><u>\$ 50,096,734</u></u>
 Current portion	 \$ 37,025,552
Long-term portion	<u>13,071,182</u>
	<u><u>\$ 50,096,734</u></u>

**BciCapital Leasing (Public Housing)**

On August 21, 2019, the Authority entered into a capitalized lease with BciCapital to refinance the outstanding Energy Performance Contracting loan. The loan was for \$7,648,298 with an interest rate of 3.72%. At December 31, 2021, combined monthly payments including interest totaled \$93,178. Combined monthly payments vary each calendar year and range from \$76,039 to \$85,582 through December 2026 (maturity date) and are secured by pledged revenues. Retirements during the year totaled \$1,682,124, which includes \$1,549,240 made on the retired debt, and interest expense during the year was \$132,884. The outstanding balance at December 31, 2021, is \$4,645,929.

Future payments consist of:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 843,444	\$ 69,020	\$ 912,464
2023	884,788	55,050	939,838
2024	927,634	40,399	968,033
2025	972,031	25,043	997,074
2026	<u>1,018,032</u>	<u>8,955</u>	<u>1,026,987</u>
	<u><u>\$ 4,645,929</u></u>	<u><u>\$ 198,467</u></u>	<u><u>\$ 4,844,396</u></u>

**Chattanooga Housing Authority**  
**Notes to Financial Statements (Continued)**  
**Year Ended December 31, 2021**

**Note H - Notes Payable (Continued)**

**First Horizon Bank (Holtzclaw Development, LLC)**

On April 28, 2006, Holtzclaw Development, LLC, a blended component unit, entered into a promissory note with First Horizon Bank for \$3,100,000. The note bears interest at a variable rate of the 30-day LIBOR rate plus 1.25% (interest rate was 1.3% at December 31, 2021) with monthly principal payments of \$6,600 commencing in January 2007 and increasing to \$27,000 upon maturity in April 2026 (monthly principal payments were \$18,500 at December 31, 2021). The note is secured by a construction mortgage deed of trust and the assignment of rents and leases. Interest expense during the year was \$16,949. The outstanding balance at December 31, 2021, is \$1,113,400.

Holtzclaw Development, LLC, has entered into an interest rate swap agreement with an original notional amount of \$3,027,400 that limits the variable interest cash flow exposure on the loan for a period of around twenty years from the date issued, April 28, 2006. Under the interest rate swap agreement, Holtzclaw Development, LLC pays or receives on a monthly basis an amount based on the notional amount, \$1,097,900 at December 31, 2021, multiplied by the positive or negative difference, respectively, of .34%. As of December 31, 2021, the fair value of the interest rate swap obligation was a liability of \$120,057, a decrease of \$85,781 during the year. The fair value was determined based on comparable yields for like instruments. Since the swap used LIBOR as the basis to calculate the receive-variable rate, Holtzclaw Development, LLC is exposed to interest rate risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the interest rate swap. The fair value of the swap will generally decline with a decrease in interest rates and increase when interest rates increase. These changes in valuation do not affect Holtzclaw Development, LLC's cash flow.

Future principal payments consist of:

	<u>Principal</u>
2022	\$ 225,600
2023	241,200
2024	259,200
2025	277,200
2026	<u>110,200</u>
	<u>\$ 1,113,400</u>

**Tennessee Housing Development Agency**

On December 5, 2019, the Authority entered into a grant note agreement with Tennessee Housing Development Agency for \$500,000. The note bears interest at 0% interest. The grant funds are to be provided to Cromwell Development I, LLC to be used for the development of 200 units of rental housing for low-income households. The property shall be maintained as rental housing for low-income households for five years from the date the property is first available for occupancy. Principal on the note shall be forgiven at a rate of 20% annually. The first reduction of 20% of the principal sum shall occur on the date that is one year from the date the property is first available for occupancy as determined by the date the first certificate of occupancy is issued for the property by the City of Chattanooga, Tennessee. At December 31, 2021, \$375,000 had been drawn on the grant note.

**Chattanooga Housing Authority**  
**Notes to Financial Statements (Continued)**  
**Year Ended December 31, 2021**

**Note H - Notes Payable (Continued)**

**Truist Bank (Cromwell Development I, LLC)**

On December 5, 2019, Cromwell Development I, LLC ("Cromwell"), a blended component unit, entered into a construction mortgage with Truist Bank in the maximum amount of \$14,928,000 to finance improvements for a 200-unit low-income housing complex. The loan bears interest at a rate of LIBOR plus 2.5% and is secured by the property. Interest only payments are due monthly and all outstanding principal is due and payable at maturity, December 1, 2021, subject to two additional six-month extension option. As of the report date the option to extend the loan for both six month periods through December 1, 2022 has been executed. Cromwell has a permanent loan commitment from Truist that would enable Cromwell to convert the construction loan to a permanent mortgage that will require monthly principal and interest payments with a fixed rate of 3.71% and a maturity date of December 1, 2037. During the year ended December 31, 2021, \$190,178 of interest was incurred and is included in construction in progress. As of December 31, 2021, the outstanding principal and accrued interest of the construction loan was \$13,756,508 and \$26,924, respectively.

**U.S. National Bank Association (Cromwell Development I, LLC)**

On December 5, 2019, the Authority issued Series 2019A tax exempt bonds totaling \$14,928,000 to provide funding to Cromwell to enable Cromwell to pay a portion of the cost of acquiring, constructing, and rehabilitating low and moderate income multifamily rental housing. The bond proceeds were provided to Cromwell through a bond loan note agreement between the Authority and Cromwell on December 5, 2019 in the maximum amount of \$14,928,000. The bond loan note was assigned to the bond trustee, U.S. Bank National Association, at the closing date of the bonds. The bonds and interest are limited obligations of the Authority. The bond loan note is collateralized by bond reserves. The note shall bear interest at a rate of 2.41%. Payments of interest are due monthly. No payments of principal are due until the termination date of December 1, 2021. The termination date may be extended for up to two additional 6-month periods. All outstanding principal and interest shall be due on the termination date. As of December 31, 2021, the outstanding principal is \$14,928,000. The bonds were issued at a premium, which is being amortized over the life of the loan. The unamortized premium as of December 31, 2021 is \$0. During the year ended December 31, 2021, interest of \$359,765 was incurred and capitalized into the cost of the rental property.

**STI Institutional and Government, Inc (Cromwell Development I, LLC)**

On December 5, 2019, Cromwell entered into a construction mortgage with the Authority in the maximum amount of \$1,522,000, financed with Series 2019B tax-exempt bonds. Effective December 5, 2019, the Authority sold the loan receivable to STI Institutional & Government, Inc. The mortgage is secured by the property and an assignment of lease and rents. The loan bears interest at a rate of LIBOR + 2.5%. Interest-only payments are due monthly and all outstanding principals shall be due at maturity, which is June 1, 2022, subject to two additional six-month extension option. As of December 31, 2021, no amounts have been drawn on the loan.



**Chattanooga Housing Authority**  
**Notes to Financial Statements (Continued)**  
**Year Ended December 31, 2021**

**Note H - Notes Payable (Continued)**

**U.S. Bank National Association (Emerald Villages, LLC)**

On December 1, 2019, the Authority issued Series 2019A tax exempt bonds totaling \$7,272,000 to provide funding to Emerald Villages to enable Emerald Villages to pay a portion of the cost of acquiring, constructing, and rehabilitating low and moderate income multifamily rental housing. The bond proceeds were provided to Emerald Villages through a bond loan note agreement between the Authority and Emerald Villages on December 1, 2019 in the maximum amount of \$7,272,000. The bond loan note was assigned to the bond trustee, U.S. Bank National Association, at the closing date of the bonds. The bonds and interest are limited obligations of the Authority. The bond loan note is collateralized by bond reserves. The note shall bear interest at a rate of 2.63%. Payments of interest are due monthly. No payments of principal are due until the termination date of January 1, 2022. The termination date may be extended for up to two additional 6-month periods. All outstanding principal and interest shall be due on the termination date. As of December 31, 2021, the outstanding principal is \$7,272,000. The bonds were issued at a premium, which is being amortized over the life of the loan. The unamortized premium as of December 31, 2021 is \$0. During the year ended December 31, 2021, interest of \$191,254 was incurred and capitalized into the cost of the rental property.

**Bank OZK (Emerald Villages, LLC)**

On December 27, 2019, Emerald Villages entered into a promissory note with the Authority in the maximum amount of \$2,222,000, financed with Series 2019B tax-exempt bonds. Effective December 27, 2019, the Authority assigned the loan receivable to Bank OZK. The mortgage is secured by the property and an assignment of lease and rents. The loan bears interest at a rate of LIBOR + 2.3% (4.05% at December 31, 2021). Interest-only payments are due monthly and all outstanding principals shall be due at maturity, which is January 1, 2023, subject to an additional six-month extension option. As of December 31, 2021, the outstanding principal and accrued interest of the construction loan is \$2,210,334 and \$6,984, respectively.

**Bank OZK (Emerald Villages, LLC)**

On December 27, 2019, Emerald Villages, LLC ("Emerald Villages"), a blended component unit, entered into a construction loan agreement with Bank OZK in the maximum amount of \$7,272,000. The loan bears interest at a rate of LIBOR plus 3.0% (4.7% at December 31, 2021). Interest only payments are due monthly and all outstanding principal is due and payable at maturity, January 1, 2022, subject to two additional six-month extension options and is secured by the property. Emerald Villages has a permanent loan commitment from Truist Bank that would enable Emerald Villages to convert the construction loan to a permanent mortgage that will require monthly principal and interest payments with a fixed rate of 3.93% and a maturity date of January 1, 2028. As of December 31, 2021, the outstanding principal and accrued interest of the construction loan was \$5,795,563 and \$22,472, respectively.

Below is a summary of the changes in Notes Payable of the primary government for the year ended December 31, 2021:

	<u>BeiCapital</u>	<u>First Horizon</u>	<u>Truist - Cromwell LLC</u>	<u>U.S. Bank National Association - Cromwell LLC</u>	<u>Bank OZK - Emerald Villages, LLC</u>	<u>U.S. Bank National Association - Emerald Villages, LLC</u>	<u>Tennessee Housing Develop-ment Agency</u>	<u>Total</u>
Beginning balances	\$ 6,195,169	\$ 1,323,400	\$11,016,959	\$15,067,765	\$ 5,905,671	\$ 7,368,076	\$ 250,000	\$47,127,040
Debt issued	-	-	2,739,549	-	2,100,226	-	125,000	4,964,775
Principal payments	(1,549,240)	(210,000)	-	-	-	-	-	(1,759,240)
Bond premium amortization	-	-	-	(139,765)	-	(96,076)	-	(235,841)
Ending balance	<u>\$ 4,645,929</u>	<u>\$ 1,113,400</u>	<u>\$13,756,508</u>	<u>\$14,928,000</u>	<u>\$ 8,005,897</u>	<u>\$ 7,272,000</u>	<u>\$ 375,000</u>	<u>\$50,096,734</u>

**Chattanooga Housing Authority**  
**Notes to Financial Statements (Continued)**  
**Year Ended December 31, 2021**

**Note I - Inter-program Eliminations**

The following amounts have been eliminated in the preparation of the financial statements:

Capitalized developer fees, net	\$ 2,037,426
Inter-program notes	20,160,822
Right-of-use assets/deferred ground lease liability, net	<u>16,227,770</u>
Statement of net position totals	<u><u>\$38,426,018</u></u>
Operating subsidy	\$ 416,079
Management fees	1,714,406
Asset management fees	187,440
Bookkeeping fee	435,099
Front-line fees	870,746
Investment income/expense	274,383
Lease revenue/amortization of right of use assets	-
Depreciation and amortization	497,258
Other income	<u>445,014</u>
Statement of revenue, expense and changes in net position totals	<u><u>\$ 4,840,425</u></u>

**Note J - Retirement Plan Obligations**

The Authority sponsors a defined contribution plan for all employees having at least six months of service. Participants do not contribute to the Plan and become fully vested in employer contributions and investments earnings after five years of participation in the Plan. Total employer contributions to the Plan during the year were \$298,824. Total payroll during the year was \$5,925,300. Forfeited amounts can be used for administrative fees or disbursed by percentage to remaining employees.

Additionally, the Authority sponsors a deferred compensation plan created in accordance with Internal Revenue Code ("IRC") Section 457. The deferred compensation plan permits all employees to defer a portion of their salary, subject to IRC limitations, until future years. Such amounts are not available to employees until termination, retirement, death, or unforeseeable emergency.

Assets in the Plan are recorded at market value but are administered by a private corporation under contract with the Authority. The Authority has no liability for losses under the Plan but does have the duty of due care that would be required of an ordinary prudent investor. Additional details on the plan can be obtained from USI Consulting Group, Karlo Rodriguez, 900 South Gay Street, Suite 1796, Knoxville, TN 37902, 865.523.8353.

**Chattanooga Housing Authority**  
**Notes to Financial Statements (Continued)**  
**Year Ended December 31, 2021**

**Note K - Restricted Cash**

Restricted cash was comprised of the following as of December 31, 2021:

Unexpended sales proceeds and developer fees reserved for future development	\$ 3,027,504
Replacement and operating deficit reserves - Greenwood Terrace	991,485
Replacement reserves - Mary Walker Towers	1,239,093
Replacement reserves - Dogwood Apartments	1,184,464
Replacement reserves - Boynton Terrace	631,667
Replacement reserves - Fairmount Apartments	162,552
Restricted for HUD payable	103,283
Cromwell and Emerald Villages bond reserve	23,299,654
Tenant security deposits	293,082
FSS participant escrow balances	141,774
Housing Choice Voucher HAP net position	508,213
Emergency housing vouchers net position	117,362
Unearned emergency housing vouchers service revenue	58,517
	<u>\$ 31,758,650</u>

**Note L - Contingencies**

The Authority is subject to possible examinations made by federal regulators who determine compliance with terms, conditions, laws and regulations governing grants given to the entity in the current and prior years. These examinations may result in required refunds by the Authority to federal grantors and/or program beneficiaries. There were no examinations for the year ended December 31, 2021, that resulted in repayments required by the Authority.

There are currently lawsuits ongoing that have arisen in the normal course of the Authority's operations; however, there are no amounts which are deemed as contingent liabilities which should be disclosed or accrued in the financial statements. The Authority believes that an unfavorable outcome of these matters would not have a material adverse effect to the financial statements.

In March 2020, the World Health Organization declared the global novel coronavirus disease 2019 ("COVID-19") outbreak a pandemic. Further, the United States Centers for Disease Control and Prevention confirmed the spread of the disease throughout the United States. As of the date the financial statements are available to be issued, the Authority's operations have not been significantly impacted by the COVID-19 outbreak. However, the Authority's operations could be adversely affected as a result of COVID-19, but the impact is not known at this point as the scale and severity of the outbreak, and resulting economic impact, is still largely unknown.

**Note M - Leasing Activities (as Lessor)**

The Authority is the lessor of dwelling units mainly to low-income residents. 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. The Authority may cancel the lease only for cause.

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

**Chattanooga Housing Authority**  
**Notes to Financial Statements (Continued)**  
**Year Ended December 31, 2021**

**Note M - Leasing Activities (as Lessor) (Continued)**

During June 2013, the Authority entered into a contract with Mental Health Cooperative, Inc. to lease approximately 7,554 sq. ft. in the main building at 801 N. Holtzclaw Ave. The initial lease term expired in 2018 but has been extended for 2 additional 3-year terms through May 31, 2024. The terms of the 2nd extension require a base monthly rent of \$7,655 in year one. Rent increases to \$7,806 per month in the second year and \$7,963 in the third year of the lease. Total rental income for the 3-year term June 1, 2021 through May 31, 2024 is \$281,084.

**Note N - Annual Contributions by Federal Agencies**

Pursuant to the Annual Contributions Contract, HUD contributes an operating subsidy approved in the operating budget under the Annual Contributions Contract. HUD operating subsidy contributions for the year ended December 31, 2021, were \$11,302,177.

The Section 8 Housing Choice Voucher program provides for housing assistance payments to private owners of residential units on behalf of eligible low or very low-income families. The program provides for such payments with respect to existing and moderately rehabilitated housing covering the difference between the maximum rental on a dwelling unit, the amount of rent contribution by a participating family and related administrative expense. The Authority is also eligible to receive reimbursement of preliminary expenses prior to lease up. HUD Section 8 Housing Choice Voucher program contributions for the year ended December 31, 2021, were \$27,636,589.

**Note O - Economic Dependency**

Both the PHA Owned Housing Program and the Section 8 Housing Choice Voucher Program are economically dependent on annual contributions and grants from HUD. Both programs operate at a loss prior to receiving the contribution and grants.

The Authority received approximately 84% of its operating and capital fund grant revenues from HUD. If the amount of revenues received from HUD falls below critical levels, the Authority's operating reserves could be adversely affected.

**Note P - Risk Management**

The Authority is exposed to all common perils associated with the ownership and rental of real estate properties. A risk management program has been established to minimize loss occurrence and to transfer risk through various levels of insurance. Property, casualty, employee dishonesty and public official's liability forms are used to cover the respective perils.

The Authority is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority carries commercial insurance, including workers' compensation and employee health and accident insurance, general liability, fire and extended coverage, fidelity bond, automobile, and Director and Officers liability. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. Additionally, there have been no significant reductions in insurance coverage from the prior year.

**Note Q - Supplementary Information**

The supplementary information has been included in order to show the financial statements of the Authority on the GAAP basis of accounting but in the format of the HUD Handbook 7476.3, *Audit Guide*. This is due to the fact that some supplementary information is reviewed by the HUD field office and provides greater detail concerning the operations of the Authority.

**Chattanooga Housing Authority**  
**Notes to Financial Statements (Continued)**  
**Year Ended December 31, 2021**

**Note R - Income Taxes**

The Authority is exempt from income taxes as it is a governmental entity and therefore is not subject to taxation. The Authority's blended component units have qualified with the Internal Revenue Service and the Tennessee Department of Revenue as a tax-exempt organization for income tax purposes and, accordingly, there is no provision in the financial statements for federal or state income taxes.

The Authority's component units recognize uncertain income tax positions using the "more-likely-than-not" approach as defined in the ASC. No liability for uncertain tax positions has been recorded in the accompanying financial statements.

**Note S - Subsequent Events**

The Authority authorized the capital contribution to Greenwood Terrace, LLC, a blended component unit, to pay off the existing BciCapital Public Housing Energy Performance Contract ("EPC") plus accrued interest in order to release the Authority's mortgage on Greenwood Terrace, LLC. The Authority further authorized the approval to finalize the purchase of the interest of the tax investors in Greenwood Terrace, LLC.

**Note T - Recent Accounting Pronouncements**

In March 2020, the GASB issued *Statement No. 93, Replacement of Interbank Offered Rates*. As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of LIBOR. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2020. Earlier application is encouraged.

In June 2017, the GASB issued *Statement No. 87, Leases*. The provisions of this Statement are effective for fiscal years beginning after June 15, 2021. This Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right-to-use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

In May 2020, the GASB issued *Statement No. 96, Subscription-Based Information Technology Arrangements*. The provisions of the statement are effective for fiscal years beginning after June 15, 2022. This Statement requires recognition of certain subscription-based technology arrangements to establish a single model to prevent inconsistencies in financial reporting similar to how GASB 87 addresses leases. Under this Statement, government entities are required to recognize the right-of-use subscription assets and a corresponding subscription liability as a specified contract.

In June 2022, the GASB issued *Statement No. 101, Compensated Absences*. The provisions of the statement are effective for fiscal years beginning after December 15, 2023. The objectives 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 Authority is currently evaluating these statements and at this time cannot quantify any impact implementation may have on net position.

**Chattanooga Housing Authority**  
**Notes to Financial Statements (Continued)**  
**Year Ended December 31, 2021**

**Note U - Condensed Financial Statements**

	Chattanooga Housing Authority	Greenwood Terrace, LLC	Holtzclaw Development, LLC	Emerald Villages	Cromwell Hills	Eliminations	Total
<b>Assets</b>							
Current assets	\$ 22,703,020	\$ 1,727,310	\$ 48,939	\$ 10,044,429	\$ 18,652,853	\$ -	\$ 53,176,551
Capital assets, net	48,621,897	3,801,654	744,424	18,768,364	33,121,953	(16,227,770)	88,830,522
Noncurrent assets	50,226,718	20,023	-	-	-	(20,160,822)	30,085,919
Total assets	121,551,635	5,548,987	793,363	28,812,793	51,774,806	(36,388,592)	172,092,992
<b>Deferred outflows of resources</b>							
Total assets and deferred outflows of resources	121,551,635	5,548,987	793,363	28,812,793	51,774,806	(36,388,592)	172,092,992
<b>Liabilities</b>							
Current liabilities	14,424,470	224,854	590,093	10,339,928	29,924,568	(7,789,026)	47,714,887
Noncurrent liabilities	4,797,972	4,767,232	1,007,857	14,411,630	15,303,423	(26,562,140)	13,725,974
Total liabilities	19,222,442	4,992,086	1,597,950	24,751,558	45,227,991	(34,351,166)	61,440,861
<b>Deferred inflows of resources</b>							
Total liabilities and deferred inflows of resources	19,222,442	4,992,086	1,597,950	24,751,558	45,227,991	(34,351,166)	61,440,861
<b>Net position</b>							
Net investment in capital assets	45,902,905	(921,275)	(368,976)	2,419,191	(6,260,631)	(2,037,426)	38,733,788
Restricted by program requirements	7,862,340	-	-	-	-	-	7,862,340
Unrestricted net position (deficit)	48,563,948	1,478,176	(435,611)	1,642,044	12,807,446	-	64,056,003
Total net position	<u>\$ 102,329,193</u>	<u>\$ 556,901</u>	<u>\$ (804,587)</u>	<u>\$ 4,061,235</u>	<u>\$ 6,546,815</u>	<u>\$ (2,037,426)</u>	<u>\$ 110,652,131</u>

**Chattanooga Housing Authority**  
**Notes to Financial Statements (Continued)**  
**Year Ended December 31, 2021**

**Note U - Condensed Financial Statements (Continued)**

	Chattanooga Housing Authority	Greenwood Terrace, LLC	Holtzclaw Development, LLC	Emerald Villages	Cromwell Hills	Eliminations	Total
<b>Operating revenues</b>							
Tenant revenue, net of bad debts of \$140,266	\$ 4,935,703	\$ 383,648	\$ 348,384	\$ 188,458	\$ 1,517,607	\$ -	\$ 7,373,800
HUD PHA operating grants	40,679,275	416,079	-	507,950	191,144	(416,079)	41,378,369
Other government grants	958,942	-	-	-	-	-	958,942
Management fees	1,714,406	-	-	-	-	(1,714,406)	-
Asset management fees	187,440	-	-	-	-	(187,440)	-
Bookkeeping fee	435,099	-	-	-	-	(435,099)	-
Other fees	870,746	-	-	-	-	(870,746)	-
Other revenue	773,520	23,380	-	1,814	765	(445,014)	354,465
Fraud recovery	67,381	1,190	-	-	134	-	68,705
<b>Total operating revenues</b>	<b>50,622,512</b>	<b>824,297</b>	<b>348,384</b>	<b>698,222</b>	<b>1,709,650</b>	<b>(4,068,784)</b>	<b>50,134,281</b>
<b>Operating expenses</b>							
Administrative	9,751,760	137,546	15,304	164,185	511,589	(2,717,094)	7,863,290
Asset management fee	187,440	7,564	-	-	-	(187,440)	7,564
Tenant service	616,052	2,425	-	159,599	226,962	(109,995)	895,043
Utilities	3,849,689	247,981	-	166,409	259,491	-	4,523,570
Protective services	1,131,924	-	-	2,669	2,607	(609,239)	527,961
Insurance expense	515,802	49,594	-	40,643	98,499	-	704,538
Maintenance	3,454,283	204,716	-	284,391	288,906	-	4,232,296
General expense	318,011	27,263	-	273,210	154,352	-	772,836
Housing assistance payments	24,813,809	-	-	-	-	-	24,813,809
Depreciation and amortization	4,842,471	156,523	225,823	826,791	1,375,623	(497,258)	6,929,973
<b>Total operating expenses</b>	<b>49,481,241</b>	<b>833,612</b>	<b>241,127</b>	<b>1,917,897</b>	<b>2,918,029</b>	<b>(4,121,026)</b>	<b>51,270,880</b>
<b>Net operating (loss) income</b>	<b>1,141,271</b>	<b>(9,315)</b>	<b>107,257</b>	<b>(1,219,675)</b>	<b>(1,208,379)</b>	<b>52,242</b>	<b>(1,136,599)</b>
<b>Nonoperating revenues (expenses)</b>							
Interest income	600,553	1,000	85,781	-	-	(274,383)	412,951
Interest expense	(141,246)	(274,383)	(84,996)	(345,874)	(349,962)	274,383	(922,078)
Casualty loss	(153,678)	-	-	-	-	-	(153,678)
Operating transfers	(69,809)	-	-	1,686	68,123	-	-
Gain on disposal of capital assets	8,302	-	-	-	-	-	8,302
<b>Total nonoperating expense, net</b>	<b>244,122</b>	<b>(273,383)</b>	<b>785</b>	<b>(344,188)</b>	<b>(281,839)</b>	<b>-</b>	<b>(654,503)</b>
<b>Net (loss) income before capital contributions</b>	<b>1,385,393</b>	<b>(282,698)</b>	<b>108,042</b>	<b>(1,563,863)</b>	<b>(1,490,218)</b>	<b>52,242</b>	<b>(1,791,102)</b>
<b>Capital contributions</b>							
Partner contributions	-	-	-	3,302,672	2,717,136	-	6,019,808
Capital fund grant	3,702,907	-	-	-	-	-	3,702,907
<b>Changes in net position</b>	<b>5,088,300</b>	<b>(282,698)</b>	<b>108,042</b>	<b>1,738,809</b>	<b>1,226,918</b>	<b>52,242</b>	<b>7,931,613</b>
<b>Net position, beginning of year</b>	<b>97,240,893</b>	<b>839,599</b>	<b>(912,629)</b>	<b>2,322,426</b>	<b>5,319,897</b>	<b>(2,089,668)</b>	<b>102,720,518</b>
<b>Net position, end of year</b>	<b>\$ 102,329,193</b>	<b>\$ 556,901</b>	<b>\$ (804,587)</b>	<b>\$ 4,061,235</b>	<b>\$ 6,546,815</b>	<b>\$ (2,037,426)</b>	<b>\$ 110,652,131</b>

**Chattanooga Housing Authority**  
**Notes to Financial Statements (Continued)**  
**Year Ended December 31, 2021**

**Note U - Condensed Financial Statements (Continued)**

**Chattanooga Housing Authority**  
**Statement of Cash Flows**  
**Year Ended December 31, 2021**

	Chattanooga Housing Authority	Greenwood Terrace, LLC	Holtzclaw Development, LLC	Emerald Villages	Cromwell Hills	Total
Net cash provided (used) by operating activities	\$ 7,421,223	\$ 421,590	\$ 357,970	\$ (726,737)	\$ 408,445	\$ 7,882,491
Net cash provided (used) by investing activities:	15,835,818	-	-	(3,867,832)	(5,621,008)	6,346,978
Net cash (used) provided by capital and related financing activities	(17,898,179)	-	(713,768)	5,078,981	3,513,962	(10,019,004)
Net cash used by non-capital financing activities	<u>(153,678)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(153,678)</u>
Net increase (decrease) in cash	5,205,184	421,590	(355,798)	484,412	(1,698,601)	4,056,787
Operating cash and cash equivalents						
Cash - beginning of year	<u>32,032,947</u>	<u>1,241,910</u>	<u>404,737</u>	<u>8,832,487</u>	<u>4,513,180</u>	<u>47,025,261</u>
Cash - end of year	<u><u>\$37,238,131</u></u>	<u><u>\$ 1,663,500</u></u>	<u><u>\$ 48,939</u></u>	<u><u>\$ 9,316,899</u></u>	<u><u>\$ 2,814,579</u></u>	<u><u>\$51,082,048</u></u>



## **Supplementary Information**

**Chattanooga Housing Authority**  
**Statement and Certification of Actual Family Self-Sufficiency Program Grant Costs**  
**Year Ended December 31, 2021**

	<u>FSS20TN3293</u>
1.) Funds approved	\$ 72,000
Funds expended	<u>50,172</u>
Excess/deficiency of funds approved	<u>\$ 21,828</u>
2.) The distribution of costs as shown on the Financial Status Report is in agreement with the Authority's records.	
3.) All costs related to the grant have been paid and all related liabilities have been discharged through payment.	
4.) This statement is included in the FY2021 report to facilitate grant closeout by HUD.	

**Chattanooga Housing Authority**  
**Schedule of Expenditures of Federal Awards - State of Tennessee Format**  
**Year Ended December 31, 2021**

FEDERAL GRANTOR	CFDA number	Contract number	Beginning (accrued) deferred	Cash receipts	Expenditures	Ending (accrued) deferred
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>						
<b>Direct Programs</b>						
<b>Public housing</b>						
Public & Indian Housing Program	14.850	N/A	\$ (62,826)	\$ 10,180,148	\$ 10,117,322	\$ -
Public & Indian Housing Program CARES Act	14.PHC	N/A	-	1,122,029	1,122,029	-
Program Total				11,302,177	11,239,351	
Resident Opportunity and Supportive Services - Service Coordinators	14.870	N/A	-	125,640	125,640	(7,554)
Public Housing Capital Fund Program	14.872	N/A	(4,500)	4,271,230	4,266,730	-
Family Self-Sufficiency Program	14.896	N/A	1,017	68,851	71,745	(1,877)
<b>Housing Voucher Cluster</b>						
Section 8 Housing Choice Voucher Program	14.871	N/A	(608,514)	27,496,562	26,961,143	73,095
Section 8 Housing Choice Voucher Program CARES Act	14.HCC	N/A	-	342,278	342,278	-
Section 8 Housing Choice Voucher Program - Family Unification Program	14.871	N/A	-	18,263	18,263	-
Section 8 Mainstream Vouchers	14.879	N/A	-	149,444	149,444	-
Section 8 Mainstream Vouchers CARES Act	14.879	N/A	-	3,637	3,637	-
Emergency Housing Vouchers	14.EHV	N/A	-	161,824	161,824	(250)
Cluster Total				28,172,008	27,636,589	
<b>Section 8 Project-Based Cluster</b>						
Section 8 Moderate Rehabilitation Single Room Occupancy	14.249	N/A	15,202	30,110	43,659	1,653
Section 8 Housing Assistance Payments Program	14.195	NA	-	1,189,612	1,189,612	(885,265)
Cluster Total				1,219,722	1,233,271	
<b>Passed through City of Chattanooga</b>						
Community Development Block Grant	14.218	N/A	-	87,666	87,666	-
<b>TOTAL FEDERAL FINANCIAL AWARDS</b>			<b>\$ (659,621)</b>	<b>\$ 45,247,294</b>	<b>\$ 44,660,992</b>	<b>\$ (820,198)</b>

Threshold for Type A/B

\$ 1,339,830

**Reconciliation of ending (accrued) deferred balance to the statement of net position**

Accounts receivable - HUD	\$ (1,181,214)
Less: Emerald Village Accounts Receivable HUD	257,733
Accounts payable - HUD	<u>103,283</u>
Ending (accrued) deferred balance on the Schedule of Expenditures of Federal Awards	<u>\$ (820,198)</u>

**Chattanooga Housing Authority**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**Year Ended December 31, 2021**

**Note A - Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Authority and is presented on the accrual basis of accounting. The SEFA reporting entity does not include the Authority's component units. 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, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**Note B - Indirect Cost Rate**

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

**Note C - Reconciliation of Schedule of Federal Expenditures to the Statement of Revenues, Expenses and Changes in Net Position**

HUD operating grants	\$ 41,378,369
Capital fund grant	3,702,907
Community Development Block Grant funds included in other governmental grants	<u>87,666</u>
Less: Emerald Village - Project Based Rental Assistance not included in SEFA reporting entity	<u>(507,950)</u>
Total federal expenditures	<u><u>\$ 44,660,992</u></u>

## **Other Reports**

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

Chattanooga Housing Authority  
To the Board of Commissioners

We have audited, 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, the financial statements of the business-type activities of the Chattanooga Housing Authority (the "Authority") as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated August 24, 2022. Our report includes a reference to other auditors who audited the financial statements of Cromwell Development I, LLC, Chattanooga Housing Authority - Emerald Villages, LLC, and Greenwood Terrace, LLC, as described in our report on the Authority's financial statements. The financial statements of the entities audited by other auditors were not audited in accordance with *Government Auditing Standards*.

**Report on Internal Control over Financial Reporting**

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

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

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

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

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance 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 Authority'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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Lexington, Kentucky  
August 24, 2022

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

Chattanooga Housing Authority  
To the Board of Commissioners

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

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

We have audited Chattanooga Housing Authority's (the "Authority") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended December 31, 2021. The Authority's major programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

***Basis for Opinion on Each Major Federal Programs***

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

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



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

### ***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 law, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Authority's federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

### **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.

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

**Report on Internal Control over Compliance (Continued)**

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.

*MCM CPAs & Advisors LLP*

Lexington, Kentucky  
August 24, 2022

**Chattanooga Housing Authority  
 Schedule of Findings and Questioned Costs  
 Year Ended December 31, 2021**

**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:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>	
14.879, 14.871	Housing Voucher Cluster	\$ 27,636,589
	Dollar threshold used to distinguish between Type A and Type B programs:	\$ 1,339,830
	Auditee qualified as low-risk auditee? <u>  X  </u> yes <u>   </u> no	

**Section II - Financial Statement Findings**

None

**Chattanooga Housing Authority  
Summary Schedule of Prior Audit Findings  
Year Ended December 31, 2021**

**Finding No: 2020-001 - Wait list - Significant Deficiency/Noncompliance**

**Public & Indian Housing Program (CFDA No. 14.850)**

**Condition:** The Chattanooga Housing Authority did not maintain its waiting list in a manner that demonstrates individuals were offered housing in accordance with their positions on the waiting list. We tested the waiting lists at three properties and at two properties we noted numerous instances where individuals were housed ahead of individuals who were ranked higher on the waiting list. The Authority's documentation did not include sufficient evidence to determine if those individuals were appropriately offered housing and additionally did not include explanations that detailed why they were not moved into a unit.

**Recommendation:** The Authority should maintain detailed waiting list notes that consistently document efforts made to extend available housing opportunities to individuals on the waiting list. Additionally, this documentation should detail the date individuals were contacted, the individuals' response or lack thereof, and an explanation as to why they were not ultimately housed.

**Status:** This finding has been cleared for the year ended December 31, 2021.

Chattanooga Housing Authority (TN004)  
CHATTANOOGA, TN  
Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit      Fiscal Year End: 12/31/2021

	Project Total	14.PHC Public Housing CARES Act Funding	14.218 Community Development Block Grants/Entitlement Grants	14.MSC Mainstream CARES Act Funding	14.896 PIH Family Self-Sufficiency Program	1 Business Activities	2 State/Local	14.879 Mainstream Vouchers	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and Supportive Services	14.HCC HCV CARES Act Funding	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	14.EHV Emergency Housing Voucher	14.880 Family Unification Program (FUP)	14.190 Section 8 Housing Assistance Payments Program_Special Allowances	COCC	Subtotal	ELIM	Total	
111 Cash - Unrestricted	\$8,954,402					\$4,356,153	\$90,000	\$22,368	\$1,161,862			\$31,481	\$18,704			\$4,688,428	\$19,323,398		\$19,323,398	
112 Cash - Restricted - Modernization and Development	\$3,027,149					\$22,449,653											\$25,476,802		\$25,476,802	
113 Cash - Other Restricted	\$12,700					\$5,059,617		\$106,460	\$503,579				\$175,879				\$5,858,235		\$5,858,235	
114 Cash - Tenant Security Deposits	\$160,884					\$125,398										\$6,800	\$293,082		\$293,082	
115 Cash - Restricted for Payment of Current Liabilities					\$1,017	\$27,248			\$100,613			\$1,653					\$130,531		\$130,531	
100 Total Cash	\$12,155,135	\$0	\$0	\$0	\$1,017	\$32,018,069	\$90,000	\$128,828	\$1,766,054	\$0	\$0	\$33,134	\$194,583	\$0	\$0	\$4,695,228	\$51,082,048	\$0	\$51,082,048	
121 Accounts Receivable - PHA Projects	\$400																\$400		\$400	
122 Accounts Receivable - HUD Other Projects					\$2,894	\$1,142,998			\$27,518	\$7,554		\$0	\$250				\$1,181,214		\$1,181,214	
124 Accounts Receivable - Other Government																\$4,719	\$4,719	(\$2,279,489)	(\$2,274,770)	
125 Accounts Receivable - Miscellaneous	\$22,499					\$2,751,923			\$6,216								\$2,780,638		\$2,780,638	
126 Accounts Receivable - Tenants	\$108,694					\$113,543											\$223,237		\$223,237	
126.1 Allowance for Doubtful Accounts - Tenants	(\$50,624)					(\$1,066)											(\$51,690)		(\$51,690)	
126.2 Allowance for Doubtful Accounts - Other	(\$21,858)				\$0	\$0			\$0	\$0		\$0	\$0				(\$358,663)	(\$380,521)	(\$380,521)	
127 Notes, Loans, & Mortgages Receivable - Current																	\$358,663	\$358,663	\$358,663	
128 Fraud Recovery	\$4,030								\$1,739,613								\$1,743,643		\$1,743,643	
128.1 Allowance for Doubtful Accounts - Fraud	\$0								(\$1,739,613)								(\$1,739,613)		(\$1,739,613)	
129 Accrued Interest Receivable																				
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$64,141	\$0	\$0	\$0	\$2,894	\$4,007,398	\$0	\$0	\$33,734	\$7,554	\$0	\$0	\$250	\$0	\$0	\$4,719	\$4,120,690	(\$2,279,489)	\$1,841,201	
131 Investments - Unrestricted																				
132 Investments - Restricted																				
135 Investments - Restricted for Payment of Current Liability																				
142 Prepaid Expenses and Other Assets	\$5,777					\$205,964			\$4,258								\$37,303	\$253,302	\$253,302	
143 Inventories																				
143.1 Allowance for Obsolete Inventories																				
144 Inter Program Due From																\$178	\$178	(\$178)	\$0	
145 Assets Held for Sale																				
150 Total Current Assets	\$12,225,053	\$0	\$0	\$0	\$3,911	\$36,231,431	\$90,000	\$128,828	\$1,804,046	\$7,554	\$0	\$33,134	\$194,833	\$0	\$0	\$4,737,428	\$55,456,218	(\$2,279,667)	\$53,176,551	
161 Land	\$8,807,107					\$679,009											\$9,486,116		\$9,486,116	
162 Buildings	\$92,924,421					\$124,310,111			\$5,000								\$301,655	\$217,441,187	(\$16,909,683)	\$200,531,504
163 Furniture, Equipment & Machinery - Dwellings	\$1,220,827					\$630,785											\$1,851,612		\$1,851,612	
164 Furniture, Equipment & Machinery - Administration	\$54,683					\$2,065,065			\$19,905								\$458,074	\$2,597,727	\$2,597,727	
165 Leasehold Improvements																				
166 Accumulated Depreciation	(\$83,864,988)					(\$52,438,104)			(\$15,544)								(\$672,071)	(\$136,990,707)	\$734,140	(\$136,256,567)
167 Construction in Progress	\$1,706,659					\$8,913,471											\$10,620,130		\$10,620,130	
168 Infrastructure																				
160 Total Capital Assets, Net of Accumulated Depreciation	\$20,748,709	\$0	\$0	\$0	\$0	\$84,160,337	\$0	\$0	\$9,361	\$0	\$0	\$0	\$0	\$0	\$0	\$87,658	\$105,006,065	(\$16,175,543)	\$88,830,522	
171 Notes, Loans and Mortgages Receivable - Non-Current	\$32,535,865					\$18,467,842												\$51,003,707	(\$21,830,771)	\$29,172,936
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due																				
173 Grants Receivable - Non Current																				
174 Other Assets						\$912,983											\$912,983		\$912,983	
176 Investments in Joint Ventures																				
180 Total Non-Current Assets	\$53,284,574	\$0	\$0	\$0	\$0	\$103,541,162	\$0	\$0	\$9,361	\$0	\$0	\$0	\$0	\$0	\$0	\$87,658	\$156,922,755	(\$38,006,314)	\$118,916,441	
200 Deferred Outflow of Resources																				
290 Total Assets and Deferred Outflow of Resources	\$65,509,627	\$0	\$0	\$0	\$3,911	\$139,772,593	\$90,000	\$128,828	\$1,813,407	\$7,554	\$0	\$33,134	\$194,833	\$0	\$0	\$4,825,086	\$212,378,973	(\$40,285,981)	\$172,092,992	
311 Bank Overdraft																				
312 Accounts Payable <= 90 Days	\$381,464					\$3,304,106			\$33,788	\$47		\$1,698	\$1,061			\$138,147	\$3,860,311	(\$698,243)	\$3,162,068	
313 Accounts Payable >90 Days Past Due																				
321 Accrued Wage/Payroll Taxes Payable	\$78,943				\$2,894	\$73,870			\$39,482	\$7,329						\$156,071	\$358,589		\$358,589	
322 Accrued Compensated Absences - Current Portion	\$28,733					\$24,707			\$22,473							\$67,390	\$144,303		\$144,303	
324 Accrued Contingency Liability																				
325 Accrued Interest Payable						\$3,480,607											\$3,480,607	(\$3,428,242)	\$52,365	
331 Accounts Payable - HUD PHA Programs					\$1,017							\$1,653					\$2,670		\$2,670	
332 Account Payable - PHA Projects									\$100,613								\$100,613		\$100,613	
333 Accounts Payable - Other Government	\$91,319					\$93,853											\$185,172		\$185,172	
341 Tenant Security Deposits	\$160,884					\$125,398										\$6,800	\$293,082		\$293,082	

Chattanooga Housing Authority (TN004)  
CHATTANOOGA, TN  
Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2021

	Project Total	14.PHC Public Housing CARES Act Funding	14.218 Community Development Block Grants/Entitlement Grants	14.MSC Mainstream CARES Act Funding	14.896 PIH Family Self-Sufficiency Program	1 Business Activities	2 State/Local	14.879 Mainstream Vouchers	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and Supportive Services	14.HCC HCV CARES Act Funding	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	14.EHV Emergency Housing Voucher	14.880 Family Unification Program (FUP)	14.199 Section 8 Housing Assistance Payments Program_Special	COCC	Subtotal	ELIM	Total
342 Unearned Revenue	\$485,624					\$14,592,347							\$58,517			\$1,199,289	\$16,335,777		\$16,335,777
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	\$873,444					\$36,152,108											\$37,025,552	(\$14,138,102)	\$22,887,450
344 Current Portion of Long-term Debt - Operating Borrowings																			
345 Other Current Liabilities	\$12,701					\$27,248											\$39,949		\$39,949
346 Accrued Liabilities - Other	\$283,770					\$5,420,286			\$19,011							\$11,028	\$5,734,095	(\$1,581,246)	\$4,152,849
347 Inter Program - Due To										\$178							\$178	(\$178)	\$0
348 Loan Liability - Current																			
310 Total Current Liabilities	\$2,397,882	\$0	\$0	\$0	\$3,911	\$63,294,530	\$0	\$0	\$215,367	\$7,554	\$0	\$3,351	\$59,578	\$0	\$0	\$1,578,725	\$67,560,898	(\$19,846,011)	\$47,714,887
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$3,772,484					\$27,701,227											\$31,473,711	(\$18,402,529)	\$13,071,182
352 Long-term Debt, Net of Current - Operating Borrowings																			
353 Non-current Liabilities - Other	\$44,955					\$120,057			\$101,826								\$266,838		\$266,838
354 Accrued Compensated Absences - Non Current	\$44,245					\$74,121			\$67,419							\$202,169	\$387,954		\$387,954
355 Loan Liability - Non Current																			
356 FASB 5 Liabilities																			
357 Accrued Pension and OPEB Liabilities																			
350 Total Non-Current Liabilities	\$3,861,684	\$0	\$0	\$0	\$0	\$27,895,405	\$0	\$0	\$169,245	\$0	\$0	\$0	\$0	\$0	\$0	\$202,169	\$32,128,503	(\$18,402,529)	\$13,725,974
300 Total Liabilities	\$6,259,566	\$0	\$0	\$0	\$3,911	\$91,189,935	\$0	\$0	\$384,612	\$7,554	\$0	\$3,351	\$59,578	\$0	\$0	\$1,780,894	\$99,689,401	(\$38,248,540)	\$61,440,861
400 Deferred Inflow of Resources																			
508.3 Nonspendable Fund Balance																			
508.4 Net Investment in Capital Assets	\$16,102,781					\$20,307,002			\$9,361							\$87,658	\$36,506,802	\$2,226,986	\$38,733,788
509.3 Restricted Fund Balance																			
510.3 Committed Fund Balance																			
511.3 Assigned Fund Balance																			
511.4 Restricted Net Position	\$3,027,149					\$4,209,616		\$106,460	\$401,753				\$117,362				\$7,862,340		\$7,862,340
512.3 Unassigned Fund Balance																			
512.4 Unrestricted Net Position	\$40,120,131	\$0	\$0	\$0	\$0	\$24,066,040	\$90,000	\$22,368	\$1,017,681	\$0	\$0	\$29,783	\$17,893	\$0	\$0	\$2,956,534	\$68,320,430	(\$4,264,427)	\$64,056,003
513 Total Equity - Net Assets / Position	\$59,250,061	\$0	\$0	\$0	\$0	\$48,582,658	\$90,000	\$128,828	\$1,428,795	\$0	\$0	\$29,783	\$135,255	\$0	\$0	\$3,044,192	\$112,689,572	(\$2,037,441)	\$110,652,131
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$65,509,627	\$0	\$0	\$0	\$3,911	\$139,772,593	\$90,000	\$128,828	\$1,813,407	\$7,554	\$0	\$33,134	\$194,833	\$0	\$0	\$4,825,086	\$212,378,973	(\$40,285,981)	\$172,092,992







Chattanooga Housing Authority (TN004)  
 CHATTANOOGA, TN  
 Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2021

	Project Total	14.PHC Public Housing CARES Act Funding	14.218 Community Development Block Grants/Entitlement Grants	14.MSC Mainstream CARES Act Funding	14.896 PIH Family Self-Sufficiency Program	1 Business Activities	2 State/Local	14.879 Mainstream Vouchers	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and Supportive Services	14.HCC HCV CARES Act Funding	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	14.EHV Emergency Housing Voucher	14.880 Family Unification Program (FUP)	14.195 Section 8 Housing Assistance Payments Program_Special Allocations	COCC	Subtotal	ELIM	Total
11660 Infrastructure Purchases	\$0															\$0	\$0		\$0
13510 CFFP Debt Service Payments	\$0															\$0	\$0		\$0
13901 Replacement Housing Factor Funds	\$0															\$0	\$0		\$0



Chattanooga Housing Authority (TN004)  
 CHATTANOOGA, TN  
 Project Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2021

	TN004000001	TN004000002	TN004000003	TN004000005	TN004000007	TN004000008	TN004000010	TN004000012	TN004000021	TN004000022	TN004000029	TN004000032	TN004000033	TN004000034	TN004000035	TN004000036	OTHER PROJ	Total
513 Total Equity - Net Assets / Position	\$2,381,125	\$748,602	\$2,873,560	\$1,715,666	\$0	\$6,982,629	\$783,888	\$0	\$0	\$1,124,498	\$26,741,129	\$3,425,551	\$5,838,665	\$166,937	\$6,451,970	\$0	\$15,841	\$59,250,061
600 Total Liabilities, Deferred Inflows of Resources and Equity -	\$2,995,112	\$2,696,529	\$2,873,560	\$1,715,666	\$0	\$10,254,516	\$827,749	\$0	\$0	\$1,334,109	\$26,823,006	\$3,439,361	\$5,863,599	\$211,076	\$6,459,503	\$0	\$15,841	\$65,509,627



Chattanooga Housing Authority (TN004)  
CHATTANOOGA, TN  
Project Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2021

	TN004000001	TN004000002	TN004000003	TN004000005	TN004000007	TN004000008	TN004000010	TN004000012	TN004000021	TN004000022	TN004000029	TN004000032	TN004000033	TN004000034	TN004000035	TN004000036	OTHER PROJ	Total
97200 Casualty Losses - Non-capitalized		\$71,795				\$68,393												140188
97300 Housing Assistance Payments																		
97350 HAP Portability-In																		
97400 Depreciation Expense	\$111,903	\$515,402				\$1,227,273	440187			470968	7029	3302	16049	128931	3352			2924396
97500 Fraud Losses																		
97600 Capital Outlays - Governmental Funds																		
97700 Debt Principal Payment - Governmental Funds																		
97800 Dwelling Units Rent Expense																		
90000 Total Expenses	\$2,917,931	\$3,102,725	(\$2,154)	\$0	\$78,751	\$3,315,137	\$1,603,265	\$0	\$0	\$1,214,022	\$708,016	\$146,993	\$432,128	\$222,827	\$117,041	\$0	(\$693)	\$13,855,989
10010 Operating Transfer In	\$1,111	\$2,754				\$1,110	313280			20017			67049	43260				448581
10020 Operating transfer Out	(\$1,111)	(\$2,754)				(\$1,110)	-313280			-20017			-67049	-43260				-448581
10030 Operating Transfers from/to Primary Government							0							0				0
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																		
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	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total	\$531,985	\$251,237	\$4,573	\$0	\$241,289	(\$272,609)	\$2,538,814	\$0	\$516,250	(\$168,200)	\$88,350	\$5,097	\$703,234	\$128,624	\$3,679	\$285,218	\$15,193	\$4,872,734
11020 Required Annual Debt Principal Payments	\$17,736	\$269,767	\$0	\$0	\$0	\$514,382	\$81,224	\$0	\$0	\$10,116	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$893,225
11030 Beginning Equity	\$1,912,614	\$512,151	\$2,543,881	\$2,562,128	\$78,751	\$7,287,042	\$13,107,480	\$0	\$0	\$1,310,065	\$26,605,326	\$3,418,794	\$5,202,480	\$3,269,996	\$6,447,401	\$74,972	\$648	\$74,333,729
11040 Prior Period Adjustments, Equity Transfers and	(\$63,474)	(\$14,786)	\$325,106	(\$846,462)	(\$320,040)	(\$31,804)	(\$14,862,406)		(\$516,250)	(\$17,367)	\$47,453	\$1,660	(\$67,049)	(\$3,231,683)	\$890	(\$360,190)	\$0	(\$19,956,402)
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	5960	4992	12	0	0	4080	3000	0	0	1584	2400	444	1176	216	396	0		24260
11210 Number of Unit Months Leased	5376	4395	12	0	0	3756	1524	0	0	1312	2333	407	1143	196	378	0		20832
11270 Excess Cash	\$1,447,699	\$664,621	\$0	\$1,391,543	(\$6,562)	\$719,249	\$691,416	\$0	\$0	\$190,230	\$664,264	\$34,105	\$3,601	\$162,971	\$41,537	\$0	\$1,398	\$6,006,072
11610 Land Purchases	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
11620 Building Purchases	\$16,000	\$14,888	\$0	\$0	\$0	\$6,000	\$2,302,978	\$0	\$0	\$192,715	\$0	\$0	\$377,857	\$172,711	\$0	\$285,218	\$0	\$3,368,367
11630 Furniture & Equipment - Dwelling Purchases	\$0	\$0	\$0	\$0	\$320,040	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$14,500
11640 Furniture & Equipment - Administrative Purchases	\$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
11660 Infrastructure Purchases	\$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
13901 Replacement Housing Factor Funds	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0