

**MINNEAPOLIS PUBLIC
HOUSING AUTHORITY**

Minneapolis, Minnesota

**Basic
Financial Statements and
Supplementary Information**

December 31, 2023



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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Minneapolis Public Housing Authority
Minneapolis, Minnesota

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of the Minneapolis Public Housing Authority (the "Authority"), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Authority as of December 31, 2023, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Elliots, LP and Family Housing Resources, LP, which represent 100%, 100%, and 100%, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units as of December 31, 2023. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Authority, are based solely on the report of the other auditors.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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 audit opinions.

Change in Accounting Principle

As described in Note A-11 to the financial statements, in 2023 the Authority adopted new accounting guidance, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

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Melbourne, FL 32940
321-757-2020

ORLANDO

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Orlando, FL 32801
407-841-8841

WINTER PARK

1415 Gene Street
Winter Park, FL 32789
407-412-9299

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in the Authority's total OPEB liability and related ratios as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying financial data schedule is presented for purposes of additional analysis as required by U.S. Department of Housing and Urban Development, and is not a required part of the basic financial statements of the Authority. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and is also 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 supplemental 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 basic financial statements. The other information comprises the organizational chart but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 13, 2024 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 to solely describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

August 13, 2024
Melbourne, Florida

Berman Hopkins Wright & LaHam
CPAs and Associates, LLP

Minneapolis Public Housing Authority

ORGANIZATIONAL CHART

For the year ended December 31, 2023

Board of Commissioners

		<u>Term Expires</u>
Tom Hoch	Chair	December 31, 2024
Medaria “Rondo” Arradondo	Commissioner	December 31, 2026
Alyssa Erickson	Commissioner	December 31, 2025
Gloria Freeman	Commissioner	December 31, 2026
Abdullahi Isse	Commissioner	December 31, 2026
Tamir Mohamud	Commissioner	December 31, 2026
Thomas Nordyke	Commissioner	December 31, 2026
Elfric K. Porte, II.	Commissioner	December 31, 2025
Danielle Werder	Commissioner	December 31, 2026

Executive Director/CEO

Abdi Warsame	Indefinite
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**MINNEAPOLIS PUBLIC HOUSING AUTHORITY
MINNEAPOLIS, MINNESOTA**

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2023**

(Unaudited)

This section of the Minneapolis Public Housing Authority’s (MPHA) annual financial report presents our Management’s Discussion and Analysis (MD&A) of the MPHA’s financial performance during the fiscal year ended on December 31, 2023. The MD&A is designed to assist the reader in focusing on significant financial issues, to provide an overview of the MPHA’s financial activity and position, and to identify financial trends and concerns. Since this section is designed to focus on the audit year’s activities, resulting changes and currently known facts, please read it in conjunction with the MPHA’s financial statements.

The financial statements are presented in accordance with accounting principles generally accepted in the United States of America (GAAP). As provided under GAAP, the MPHA uses the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned, and expenses, including depreciation, are recognized in the period in which they are incurred. The financial statements include the MPHA’s blended component units—Community Housing Resources (CHR), MPHA Dev. Co., and MPHA Hold. Co. In addition, Elliots LP and Family Housing Resources, LP are presented as discretely presented component units of the MPHA.

FINANCIAL HIGHLIGHTS

- MPHA invested \$24.3 million into public housing preservation and production in 2023. This was the second largest amount spent in any one year in the last decade. The most significant expenditures were \$10.5 million spent for fire suppression system installations in several high-rise properties and \$3.2 million spent on façade restoration at the Cedars apartment campus. There was also \$3.3 million spent on CHR property rehabilitation.
- Due to decades of insufficient federal funding and increasing property needs for the Public Housing Program, the MPHA found it necessary to invoke MTW single fund flexibility and utilize funding from the MTW Housing Choice Voucher Program to adequately serve public housing families and make necessary repairs to aging public housing buildings. In 2023, the MPHA utilized \$10.9 million in MTW Housing Choice Voucher funds primarily for capital improvements, property security needs, increased labor costs in property management services, and additional contributions to improve operations at the Heritage Park mixed-financed development.

- MPHA advanced \$8.8 million to Family Housing Resources LP for the development of 84 units of newly constructed deeply affordable housing in 2023. The development will bring 26 two-bedroom and 58 three-bedroom units in fourplexes and sixplexes to 16 sites across Minneapolis. Unique to this project, the development used modular construction for the first time to deliver cost-effective, move-in ready units 33 percent faster than traditional construction.

AGENCY OVERVIEW

The MPHA's mission is to promote and deliver quality, well-managed homes to a diverse low-income population and, with partners, contribute to the well-being of the individuals, families and community we serve. The MPHA uses the enterprise fund method for financial reporting. This presentation is designed to be corporate-like, in that all business-type activities are consolidated into one agency-wide total. While detailed sub-fund information is not presented, separate accounts are maintained for each program or grant to control and manage money for particular purposes or to demonstrate that the MPHA is properly using specific appropriations and grants. The Financial Data Schedule, presented in the Supplementary Information section of the financial statements, provides a balance sheet and income statement by program as required by HUD. Although the Financial Data Schedule presents several programs, the major operations include administering a Housing Choice Voucher Program and managing and operating public housing rental property.

On January 22, 2020, the MPHA board of commissioners ratified the formation of several non-profit instrumentalities to effectuate the conversion of properties subsidized by public housing subsidies to housing voucher subsidies. MPHA Hold. Co. was formed as a non-profit holding corporation, of which MPHA is its sole member, to effectuate tax benefits contemplated by the low-income housing tax credit (LIHTC) program when public housing properties are converted to housing vouchers and receive LIHTC financing. MPHA Dev. Co. was formed as a non-profit holding corporation, of which MPHA is the sole voting member, to fulfill the role of developer for former public housing properties that converted housing assistance to vouchers. MPHA Property Mgmt. Co. was formed as a non-profit holding corporation, of which MPHA is the sole voting member, to provide property management and maintenance services for former public housing properties that converted housing assistance to vouchers. MPHA Hold. Co., MPHA Dev. Co., and MPHA Property Mgmt. Co. are presented on these financial statements as a blended component unit within the MPHA, meaning that their financial transactions are combined with the MPHA's transactions in accordance with prescribed generally accepted accounting principles.

Also on January 22, 2020, the MPHA Hold. Co. board of directors ratified the formation of Elliots Mgmt. LLC and Elliots LP. These newly created entities were formed to effectuate the development and operation of the Elliot Twins apartment complex which converted subsidies from public housing to housing vouchers and embarked on approximately \$26.0 million in comprehensive modernization and the development of 10 additional units using debt and LIHTC equity financing. Elliots Mgmt. LLC is a single purpose entity that serves as the general partner in the Elliot Twins ownership entity.

Elliot's LP is the limited partnership that acquired the interests in the Elliot Twins and is a partnership between Elliot's Mgmt. LLC (general partner), RBC-Elliot Twins, LLC (limited partner), and RBC Community Investments Manager II (Special Limited Partner). Elliot's Mgmt. LLC's financial transactions are presented under its parent organization, MPHA Hold. Co. Elliot's LP is presented on these financial statements as a discretely presented component unit of the MPHA, meaning that their financial transactions are not combined with the MPHA's transactions but rather presented separately in accordance with prescribed generally accepted accounting principles.

On February 23, 2022, the MPHA Hold. Co. board of directors ratified the formation of Family Housing Resources Mgmt. LLC and Family Housing Resources LP. These newly created entities were formed to effectuate the \$50.0 million development and operation of properties that consist of 84 units of deeply affordable project-based voucher housing on 16 sites throughout Minneapolis. Family Housing Resources Mgmt. LLC is a single purpose entity that serves as the general partner in the Family Housing Resources ownership entity. Family Housing Resources LP is the limited partnership that acquired the interests in these properties and is a partnership between Family Housing Resources Mgmt. LLC (general partner) and U.S. Bancorp Community Development Corporation (limited partner). Family Housing Resources Mgmt. LLC's financial transactions are presented under its parent organization, MPHA. Hold. Co. Family Housing Resources LP is presented on these financial statements as a discretely presented component unit of the MPHA, meaning that their financial transactions are not combined with the MPHA's transactions but rather presented separately in accordance with prescribed generally accepted accounting principles.

Moving to Work Demonstration Program

On January 29, 2008, the MPHA executed a Moving to Work (MTW) Agreement with HUD. In April 2016, the MTW Agreement was extended until December 31, 2028. MTW is a demonstration program for Public Housing Authorities (PHA) that provides them the opportunity to design and test innovative, locally-designed strategies that use federal dollars more efficiently, help residents find employment to become self-sufficient and increase housing choices for low-income families. MTW gives PHAs exemptions from many existing public housing and voucher rules and more flexibility around how they use their federal funds. Under MTW, the MPHA has a separate operating agreement with HUD, using what the MTW Agreement calls single fund flexibility, within certain restrictions. This flexibility permits MPHA to combine separate funds at the local level.

Housing Choice Voucher Program

The MPHA administers a Housing Choice Voucher (HCV) Program with federal funds received from HUD. The Housing Choice Voucher Program is the federal government's major program for assisting very low-income families, the elderly and the disabled to afford decent, safe and sanitary housing in the private market. Since housing assistance is provided on behalf of the family or individual, participants are able to find their own housing, including single-family homes, townhouses and apartments.

A family that has been issued a housing voucher is responsible for finding a suitable housing unit of the family's choice where the owner agrees to rent under the program. A housing subsidy, commonly referred to as a HAP, is paid to the landlord directly by the MPHA on behalf of the participating family. The family then pays the difference between the actual rent charged by the landlord and the amount subsidized by the program. Under certain circumstances, a family may use its voucher to purchase a modest home.

Eligibility for a housing voucher is determined based on the total annual gross income and family size. It is limited to U.S. citizens and specified categories of non-citizens who have eligible immigration status. In general, the family's income may not exceed 50 percent of the median income for the county or metropolitan area in which the family chooses to live. By law, the MPHA must provide 75 percent of its vouchers to applicants whose incomes do not exceed 30 percent of the area's median income.

In 2023, the MPHA spent \$49.7 million on MTW housing choice voucher rent subsidies and averaged 4,459 housing choice vouchers under lease per month, a 5.9 percent increase in usage from the 2022 level. In addition, the MPHA spent \$12.2 million of rent subsidy provided from other public housing authorities whose voucher holders found rental housing in Minneapolis. The average monthly housing assistance payments per MTW voucher increased from \$890 in 2022 to \$928 in 2023, a 4.4 percent increase.

MPHA also administers housing choice vouchers that are outside of the MTW program. The vouchers are generally for designated purposes and populations. In 2023, MPHA averaged 1,697 of these vouchers under lease each month and spent \$18.5 million on housing assistance payments (including amounts paid to component units). The average monthly per voucher housing assistance payments was \$909 in 2023.

Due to decades of insufficient federal funding and increasing property needs for the Public Housing Program, the MPHA found it necessary to invoke MTW single fund flexibility and utilize funding from the MTW Housing Choice Voucher Program to adequately serve public housing families and make necessary repairs to aging public housing buildings. In 2023, the MPHA utilized \$10.9 million in MTW Housing Choice Voucher funds to primarily fund capital improvements, property security needs, increased labor costs in property management services, and additional contributions to improve operations at the Heritage Park mixed-financed development.

Public Housing Program

Public housing was established to provide decent and safe rental housing for eligible low-income families, the elderly and persons with disabilities. The MPHA's public housing comes in all sizes and types, from scattered single-family houses to high-rise apartments for elderly families. There are approximately 5,000 households living in public housing units managed by the MPHA, including 10 single-family homes, 213 townhouse units and 4,822 high-rise apartment units. HUD provides federal aid to the MPHA so that the MPHA can manage the housing for low-income residents at rents they can afford. Eligibility for public housing is determined based on the total family's annual gross income and is limited to U.S. citizens and specified categories of noncitizens who have eligible immigration status.

In 1998, the Congress established a new Operating Fund Program for public housing. Among other changes was the requirement that all PHAs of 250 or more units convert to asset management, "consistent with the norms in the broader multifamily management industry." HUD required that the MPHA implement asset management by 2008. The core elements or building blocks of HUD's asset management include project-based budgeting, accounting and management.

In 2007, the MPHA was one of the first housing authorities in the country to implement HUD's asset management regulations. As the first step in the conversion to asset management, the MPHA established nine asset management projects (AMPs) or clusters of properties grouped in a manner to promote efficient and effective management. The MPHA's asset management projects are based on geographical proximity and housing type (family, high-rise or privately-owned). The Financial Data Schedule presents the financial results of each asset management project separately.

One of the other major changes under asset management is the requirement that PHAs now charge a reasonable management fee to asset management projects and programs for central office costs, rather than allocating these costs to each program. In accordance with HUD regulations, the MPHA established a Central Office Cost Center, which performs all the MPHA's general overhead tasks and, for this service, receives fees from HUD programs and projects. The Financial Data Schedule discretely presents the financial results of the central office.

In addition to federal aid for the operation of public housing, HUD also provides the MPHA with capital grant funds for public housing modernization and new public housing unit development. The MPHA's 40 high-rise apartment buildings were predominantly built in the 1960s and early 1970s and before the MTW Agreement, spent close to \$10.0 million annually in modernization work. In 2023, the MPHA spent \$24.4 million for public housing modernization and development and contributed another \$8.8 million for the construction of Section 8 project-based voucher housing.

The MPHA's public housing program continued to show high occupancy levels in 2023, with annual occupancy at 95.5 percent of all available public housing units.

OVERVIEW OF FINANCIAL STATEMENTS

The basic financial statements are designed to provide readers with a broad overview of the MPHA's, and blended component unit, finances in a manner similar to that of a private-sector business. These statements include:

- Statement of Net Position, which presents information on all of the MPHA's assets and liabilities, with the difference between the two reported as net position. Current assets in comparison to current liabilities provides a measure of the MPHA's ability to cover current obligations if the obligations became immediately due and payable. At December 31, 2023 and 2022, the MPHA's current ratio is 2.98 and 3.04, respectively. The Statement of Net Position is shown as Exhibit 1.
- Statement of Revenues, Expenses, and Changes in Net Position, which presents information showing how the MPHA's net position changed during the most recent period. Over time, increases or decreases in net position usually serve as a useful indicator of whether the financial position of the MPHA is improving or deteriorating. This statement shows the total revenues and total expenses of the MPHA, and the difference between them is the MPHA's "net income or loss." This statement is shown as Exhibit 2.
- Statement of Cash Flows, which presents changes in cash and cash equivalents resulting from operations, capital, and noncapital financing activities and investing activities. The Statement of Cash Flows is shown as Exhibit 3.

The Notes to the Financial Statements provide additional information essential to the full understanding of the data provided in the MPHA's basic financial statements. The Notes to the Financial Statements can be found on pages 28 through 66 of this report.

COMPARATIVE FINANCIAL ANALYSIS

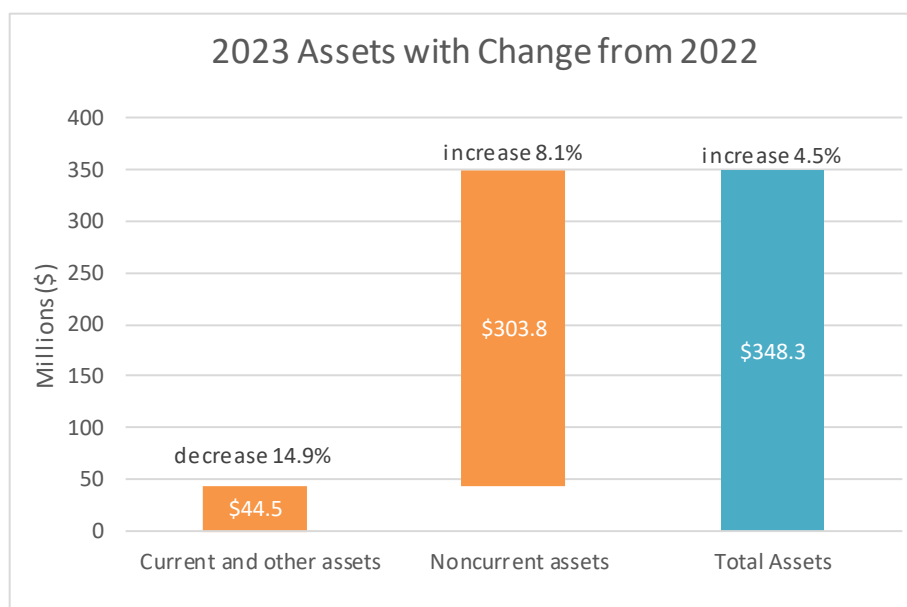
The following table provides a comparative analysis of the MPHA's financial position as of the fiscal years ending December 31, 2023 and 2022. Throughout this section, any reference to MPHA includes blended component units. This table provides a snapshot of the MPHA's economic resources (assets), the claims on these resources by outside creditors (liabilities) and the net resources available to the MPHA (equity).

Statement of Net Position (in Millions)

	2023	2022	Variance (%)
Assets			
Current and other assets	\$ 44.5	\$ 52.3	(14.9)
Noncurrent assets	303.8	281.1	8.1
Total Assets	\$ 348.3	\$ 333.4	4.5
Deferred Outflow of Resources	0.0	0.0	-
Liabilities			
Current liabilities	\$ 17.5	\$ 17.2	1.7
Long-term liabilities	17.7	17.7	-
Total Liabilities	\$ 35.2	\$ 34.9	0.9
Deferred Inflow of Resources	5.1	6.5	(21.5)
Net Position			
Net investment in capital assets	\$ 257.9	\$ 250.6	2.9
Restricted net position	0.9	2.2	(59.1)
Unrestricted net position	49.2	39.2	25.5
Total Net Position	\$ 308.0	\$ 292.0	5.5

Total assets as of December 31, 2023, are \$348.3 million, an increase of 4.5 percent from 2022. The change in total assets was the net result of a \$7.8 million decrease in current assets and a \$22.7 million increase in noncurrent assets. Current assets decreased by \$7.8 million due to a reclassification of a portion of the investments balance from noncurrent to current. An increase in notes receivable for financing an additional \$8.8 million for the construction of Section 8 housing and significant capital improvements made on public housing property are the primary reasons for the remaining noncurrent asset increase.

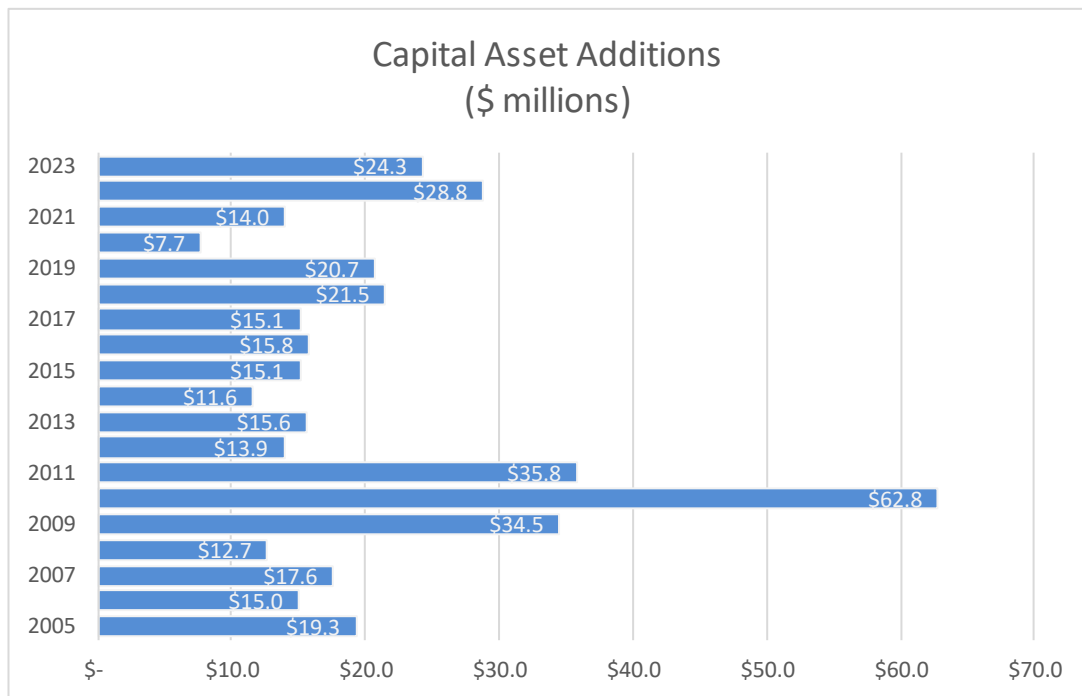
Current assets account for \$44.5 million and make-up 13 percent of total assets. MPHA's non-current assets, include capital assets, and totaled \$303.8 million. The majority of the MPHA's assets (79.5 percent) are capital assets, which consist of 40 high-rise apartment buildings, 223 single-family or townhome units and two administrative buildings.



As presented in the Change in Capital Assets schedule, the capital asset additions of \$24.3 million were offset by \$17.0 million of depreciation. The increase in capital assets is the result of significant building improvement work in public housing high-rise apartment buildings. The most significant expenditures were \$10.5 million spent on fire suppression system installations in several high-rise properties and \$3.2 million spent on façade restoration at the Cedars apartment campus. There was also \$3.3 million spent on CHR property rehabilitation. Most of the MPHA's capital assets are in the form of public housing buildings depreciated over 39 years and capital improvements to these buildings depreciated over 20 years.

**Change in Capital Assets
(in millions)**

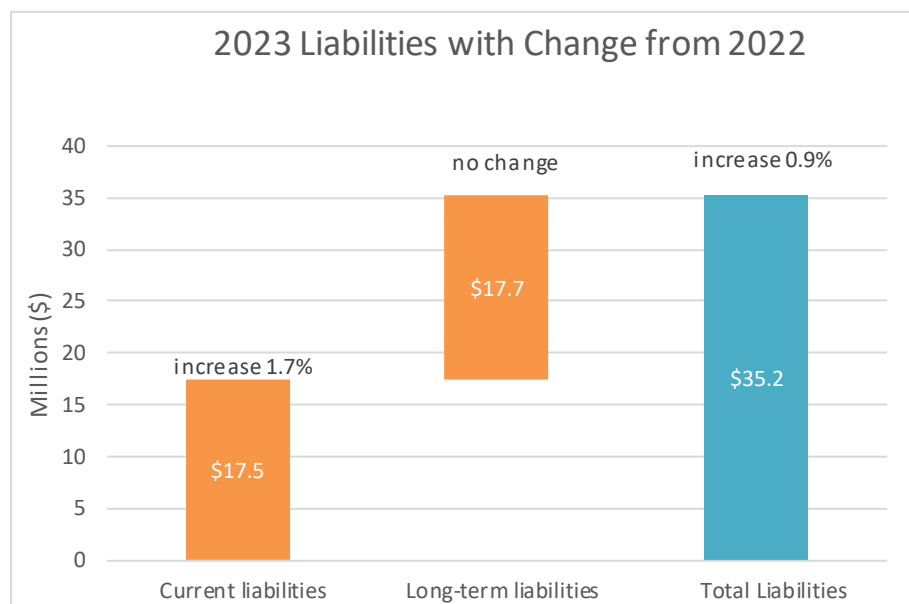
Beginning Balance as of December 31, 2022	\$ 269.7
Additions	24.3
Depreciation	(17.3)
Deletions	-
Ending Balance as of December 31, 2023	<u><u>\$ 276.7</u></u>



MPHA's non-current assets also include loans made to related entities. On June 10, 2020 Elliots LP closed on a project to acquire, renovate, and operate two multifamily public housing apartment complexes with 87 units each known as Elliots Twins. MPHA agreed to finance part of the development with a loan up to \$4,650,430 that carries a 4 percent interest rate. A payment of \$28,643 was made on the loan on November 16, 2023. Beginning April 1, 2023 annual payments are due solely from available net cash flow with any remaining unpaid amounts due on June 10, 2075. As of December 31, 2023, \$3,809,881 was outstanding on the loan.

On November 22, 2022 Family Housing Resources LP closed on a project to construct 84 units of Section 8 project-based voucher-subsidized housing units across 16 sites. MPHA agreed to finance part of the development with a loan up to \$12,800,730 that carries a 3 percent interest rate and is payable from the project's net cash flow to the extent available with any remaining unpaid amounts due on December 31, 2055. As of December 31, 2023, \$10,520,913 had been advanced to the project.

Total liabilities were \$35.2 million in 2023. Total liabilities increased by \$0.3 million from 2022. The 0.9 percent increase resides in current liabilities where vendor accounts payable balances were slightly larger than 2022.



Most of MPHA's liabilities are long-term liabilities which primarily consists of long-term debt. The schedule below presents the MPHA's outstanding debt, both short and long-term, at December 31, 2023 and 2022.

**Outstanding Debt Balance
(millions)**

	2023	2022
Finance leases	\$ 9.9	11.4
Notes payable	0	0.5
Loans payable	8.9	7.3
Total Debt Outstanding	<u>\$ 18.8</u>	<u>19.2</u>

In 2009, the MPHA entered into a \$28.4 million, 19.75-year finance lease for capital improvements that are expected to result in enough energy consumption savings to offset the amortization of the debt. The debt proceeds were made available under a line of credit and the MPHA withdrew \$2.8 million in 2009 from this line. The remaining \$25.6 million was disbursed to the MPHA in 2010. The MPHA paid \$2.1 million in principal and interest in 2012, leaving the remaining balance of \$27.7 million. In August 2013, the MPHA refinanced the finance lease to reduce the original lease interest rate from 5.61 percent to 3.42 percent and increased the lease amount to \$31,124,546.

The refinancing provided \$3,370,000 in additional proceeds for more energy-efficient assets and improvements. Of these proceeds, as of December 31, 2016, the MPHA had acquired \$3,353,909 in equipment through this finance lease, for a total to date of \$31,783,517. The remaining proceeds of \$16,090.67 were paid as principal repayment to Bank of America in April 2016 in accordance with the Equipment Lease/Purchase Agreement. MPHA repaid \$9,011,322.82 of principal payments in 2020. In 2023, the MPHA reduced its energy and water consumption compared to the baseline use before the implementation of the improvements by 97,095,000 gallons of water, 44,886 Metric Million British Thermal Units of natural gas and 3,755,038 kilowatt hours of electricity.

On October 14, 2014, the MPHA entered into a \$600,000 deferred loan repayment agreement and mortgage with the Minnesota Housing Finance Agency (MHFA) for the rehabilitation of property at 600 18th Avenue North. The 20-year loan carries no interest and is forgivable upon the MPHA continuing to operate the property pursuant to 2012 Minn. Laws Ch. 293, Section 23, Minn. Stat. § 462A.202.

On January 18, 2018, the MPHA entered into a \$1,200,000 deferred loan repayment agreement and mortgage with the Minnesota Housing Finance Agency (MHFA) for the rehabilitation of property at 620 Cedar Avenue South. The loan is a 20-year loan that carries no interest and is forgivable upon the MPHA continuing to operate the property pursuant to 2014 Minn. Laws Ch. 294, Section 23, Minn. Stat. § 462A.202, as may be amended, modified, or replaced from time to time and the MHFA rules and regulations thereunder.

On June 26, 2018, the MPHA entered into a \$600,000 deferred loan repayment agreement and mortgage with the Hennepin County Housing and Redevelopment Authority for the construction of 16 units of supportive rental housing at 5342, 5350, 5362, and 5370 Riverview Road. The \$600,000 loan is a 30-year loan that requires no repayment or interest prior to the maturity of the loan provided the MPHA continues to meet the loan requirements and houses tenants that meet the Affordable Housing Incentive Fund Program affordability requirements. The loan principal is fully due at maturity.

On June 26, 2018, the MPHA entered into a mortgage note with the Minnesota Housing Finance Agency for the construction of 16 units of supportive rental housing at 5342, 5350, 5362 and 5370 Riverview Road. The Note carries a principal amount of \$1,170,475, or if the Lender has not fully advanced that principal amount, then the lesser amount that the Lender has advanced. The first advance from this loan occurred on February 8, 2019. The full loan amount was advanced as of September 12, 2019. The \$1,170,475 loan is a 30-year loan that requires no repayment or interest prior to the maturity of the loan provided the MPHA continues to meet the loan requirements. The loan principal is fully due at maturity.

On November 1, 2018, the MPHA entered into a \$500,000 promissory note with the Otto Bremer Trust for the purpose of meeting the legal mission and framework of the MPHA. The note carries a 3 percent simple annual interest rate on the outstanding balance. The principal balance of \$500,000 was repaid on October 27, 2023.

On September 23, 2020, the MPHA entered into a \$407,550 deferred loan repayment agreement and mortgage with the Minnesota Housing Finance Agency (MHFA) for the rehabilitation of property at 1627 South 6th Street. The loan is a 20-year loan that carries no interest and is forgivable upon the MPHA continuing to operate the property pursuant to 2014 Minn. Laws Ch. 294, Section 23, Minn. Stat. § 462A.202, as may be amended, modified, or replaced from time to time and the MHFA rules and regulations thereunder.

On June 25, 2021, the MPHA entered into a \$400,000 deferred loan repayment agreement and mortgage with the Minnesota Housing Finance Agency (MHFA) for the rehabilitation of property at 600 18th Avenue North. The loan is a 20-year loan that carries no interest and is forgivable upon the MPHA continuing to operate the property pursuant to 2018 Ch. 214, Article I, Section 23 and Minn. Stat. § 462A.202, as may be amended, modified, or replaced from time to time and the MHFA rules and regulations thereunder.

On August 9, 2021, the MPHA entered into a \$1,811,509 deferred loan repayment agreement and mortgage with the Minnesota Housing Finance Agency (MHFA) for the rehabilitation of property at 1611 South 6th Street. The loan is a 20-year loan that carries no interest and is forgivable upon the MPHA continuing to operate the property pursuant to 2017 Minn. Laws 1st Spec. Sess., Article I, Section 22 and Minn. Stat. § 462A.202, as may be amended, modified, or replaced from time to time and the MHFA rules and regulations thereunder.

On May 11, 2022, the MPHA entered into a \$365,821 construction loan and deferred loan repayment agreement and mortgage with the Minnesota Housing Finance Agency (MHFA) for the rehabilitation of 2121 Minnehaha Avenue South of which \$317,750 was advanced as of December 31, 2023. The loan is a 20-year loan that carries no interest and is forgivable upon the MPHA continuing to operate the property pursuant to 2020 Minn. Laws 5th Spec. Sess., Ch.3, Article I, Section 23, and Minn. Stat. § 462A.202, as may be amended, modified, or replaced from time to time and the MHFA rules and regulations thereunder.

On May 11, 2022, the MPHA entered into a \$659,397 construction loan and deferred loan repayment agreement and mortgage with the Minnesota Housing Finance Agency (MHFA) for the rehabilitation of 630 Cedar Avenue South of which \$568,959 was advanced as of December 31, 2023. The loan is a 20-year loan that carries no interest and is forgivable upon the MPHA continuing to operate the property pursuant to 2020 Minn. Laws 5th Spec. Sess., Ch.3, Article I, Section 23, and Minn. Stat. § 462A.202, as may be amended, modified, or replaced from time to time and the MHFA rules and regulations thereunder.

On May 11, 2022, the MPHA entered into a \$359,737 construction loan and deferred loan repayment agreement and mortgage with the Minnesota Housing Finance Agency (MHFA) for the rehabilitation of 1627 South 6th Street of which \$336,556 was advanced as of December 31, 2023. The loan is a 20-year loan that carries no interest and is forgivable upon the MPHA continuing to operate the property pursuant to 2020 Minn. Laws 5th Spec. Sess., Ch.3, Article I, Section 23, and Minn. Stat. § 462A.202, as may be amended, modified, or replaced from time to time and the MHFA rules and regulations thereunder.

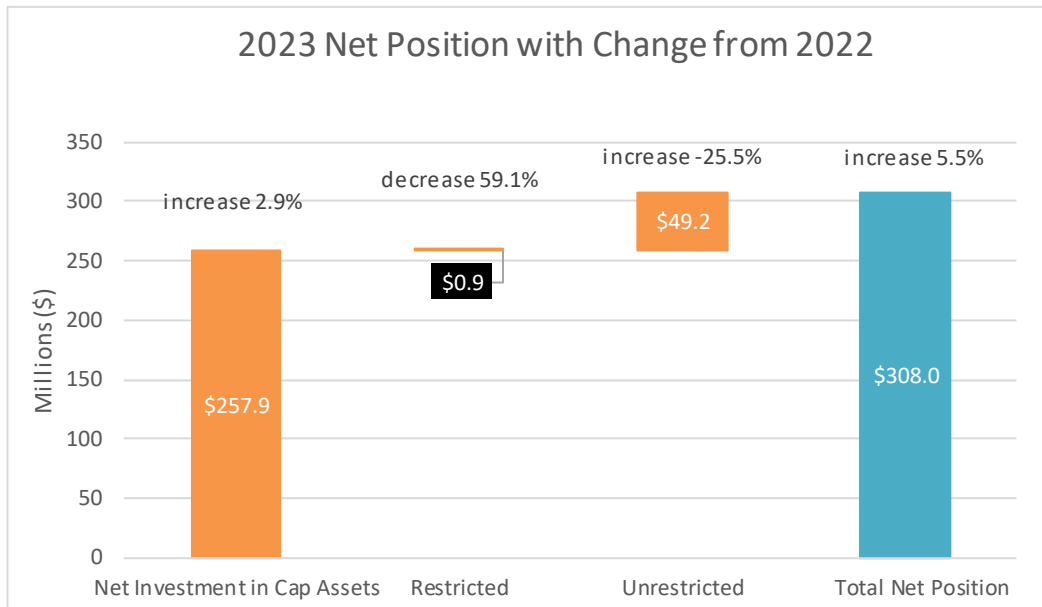
On May 11, 2022, the MPHA entered into a \$1,015,045 construction loan and deferred loan repayment agreement and mortgage with the Minnesota Housing Finance Agency (MHFA) for the rehabilitation of 600 18th Avenue North of which \$1,006,595 was advanced as of December 31, 2023. The loan is a 20-year loan that carries no interest and is forgivable upon the MPHA continuing to operate the property pursuant to 2020 Minn. Laws 5th Spec. Sess., Ch.3, Article I, Section 23, and Minn. Stat. § 462A.202, as may be amended, modified, or replaced from time to time and the MHFA rules and regulations thereunder.

On December 5, 2022, the MPHA entered into a \$445,750 deferred loan repayment agreement and mortgage with the Minnesota Housing Finance Agency (MHFA) for the rehabilitation of 1611 South Sixth Street. The loan is a 20-year loan that carries no interest and is forgivable upon the MPHA continuing to operate the property pursuant to 2018 Minn. Laws Ch.214, Article I, Section 23, and Minn. Stat. § 462A.202, as may be amended, modified, or replaced from time to time and the MHFA rules and regulations thereunder.

Deferred Inflow of Resources decreased by \$1.4 million. The decrease is the result of a change in presenting a ground lease between CHR and FHR where the ground lease payments are variable based on FHR performance. The Government Accounting Standards Board Statement No. 87 (GASB 87) which establishes a single model for lease accounting based on the principle that leases are financings of the right to use an asset does not apply when lease payments are variable based on future performance.

The MPHA's total net position as of December 2023 was \$308.0 million, an increase of \$16.0 million from 2022. The largest portion of MPHA's net position is in capital assets. Net investments in capital assets increased by \$7.4 million or 3 percent as of a result of increased construction activity. The unrestricted net position increased by \$9.9 million or 25.3 percent from 2022. The most significant increase in unrestricted net position relates to the drawdown of HUD grants that are loaned to related entities for the redevelopment of converted public housing units or development of Section 8 project-based units. MPHA made \$8.8 million of such loans in 2023. The restricted net position decreased by \$1.3 million to \$0.9 million. The decrease in restricted net position relates to the use of Section 32 homeownership sale proceeds for public housing capital improvements.

As an entity created by State enabling legislation, all of MPHA's resources are restricted for purposes authorized under the State of Minnesota and further restricted by the City of Minneapolis Ordinance. Furthermore, all federal and local grants and subsidies are restricted for the purposes authorized by the funder. MPHA presents a portion of its net position as unrestricted under the implied understanding that those resources are not further restricted for a limited use within the general program area for which those funds were provided.



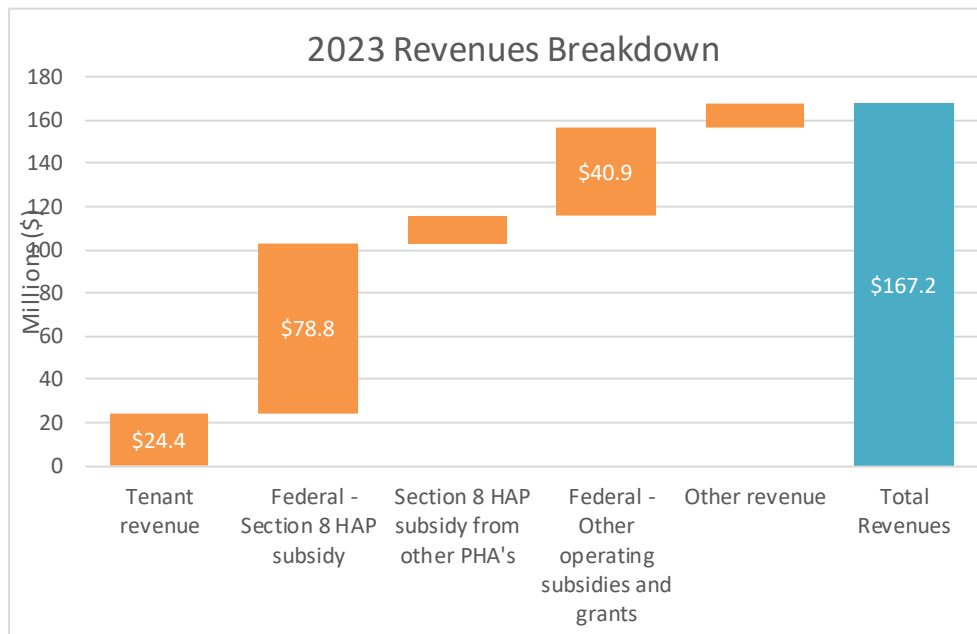
OPERATING ACTIVITIES

The MPHA receives its operating revenues to support its operating expenditures from rental charges, federal government subsidies, and grants provided through HUD and the City of Minneapolis. The MPHA also receives funding from HUD for capital improvement expenditures and the development of public housing units. The following table summarizes and compares the changes related to the MPHA's operating and capital transactions between fiscal years 2023 and 2022.

Statement of Revenues and Expenses
(Millions)

	<u>2023</u>	<u>2022</u>	<u>Variance (%)</u>
Revenues			
Tenant revenue - rents and other	\$ 24.4	\$ 22.4	8.9
Federal - Section 8 HAP subsidy	78.8	73.7	6.9
Section 8 HAP subsidy from other PHA's	12.6	15.3	(17.6)
Federal - Other operating subsidies and grants	40.9	32.2	27.1
Other government grants	4.8	4.1	17.1
Investment income and other revenue	<u>5.7</u>	<u>3.9</u>	<u>46.2</u>
Total Revenues	<u>\$ 167.2</u>	<u>\$ 151.6</u>	<u>10.3</u>
Expenses			
Administrative	\$ 28.5	\$ 25.4	12.2
Tenant services	2.0	1.3	53.8
Utilities	10.7	10.3	3.9
Maintenance	18.8	20.1	(6.5)
Protective services	4.0	3.4	17.6
General	7.5	8.5	(11.8)
HAP	72.1	68.9	4.6
Depreciation	<u>17.0</u>	<u>16.2</u>	<u>4.9</u>
Total Expenses	<u>\$ 160.6</u>	<u>\$ 154.1</u>	<u>4.2</u>
Net Income (Loss) Before Contributions & Special Items	\$ 6.6	\$ (2.5)	(365.6)
Capital Contributions	9.4	13.4	(29.9)
Special Items	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Position	<u>\$ 16.0</u>	<u>\$ 10.9</u>	<u>47.2</u>

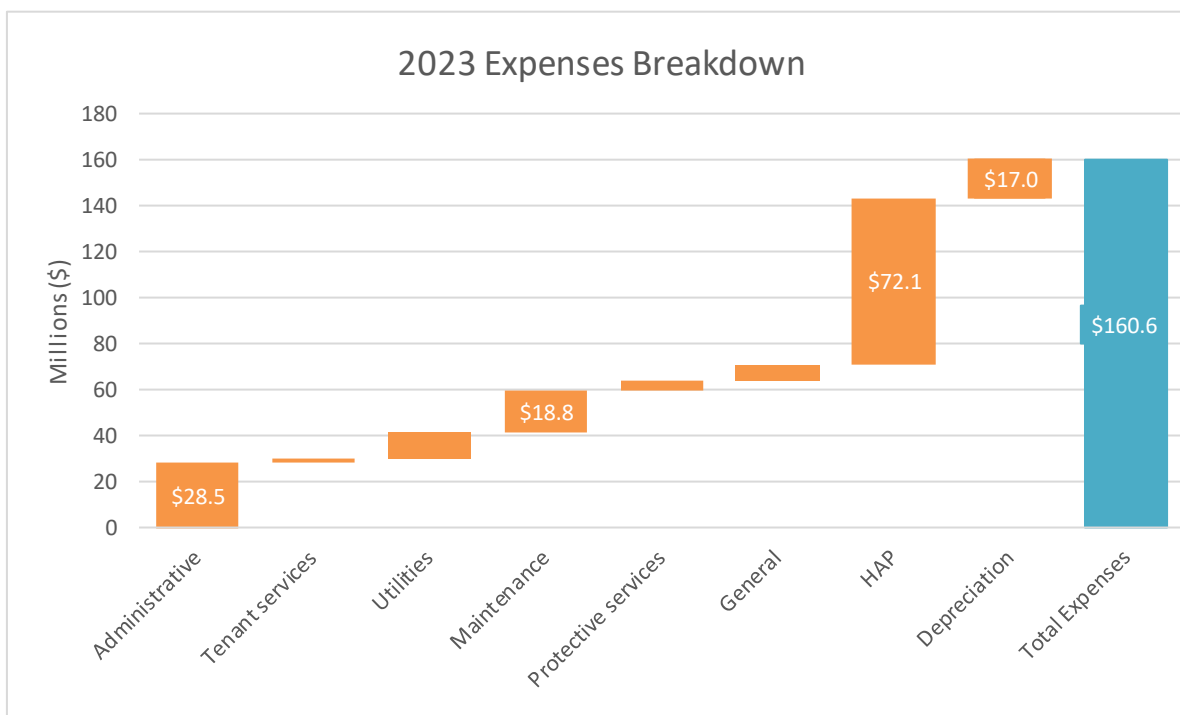
Total revenues for 2023 were \$167.2 million, an increase of 10.3 percent from 2022. As in previous years, the MPHA was heavily funded from the federal government. Revenues and capital contributions of \$141.7 million were earned from the federal government, either directly from HUD or by way of other housing authorities that reimbursed the MPHA for their housing vouchers utilized in Minneapolis. These funds were provided for general program operation, capital uses for improvements for existing structures and Section 8 housing assistance payments.



Section 8 housing assistance subsidy received from other housing authorities whose voucher holders found units in Minneapolis remained high in 2023 but decreased from \$15.3 million to \$12.6 million as MPHA absorbed some of these participants into its own program. This transfer of housing assistance subsidy from one housing authority to another occurs when a voucher holder moves to a location outside the jurisdiction of the public housing agency that first gave them the voucher when they were selected for the program. This practice is referred to as portability. In 2019, an average of 860 vouchers were used each month to rent units in Minneapolis with vouchers issued from a housing authority in another jurisdiction. In 2020, the average monthly number of vouchers increased to 1,021 and hit a peak in 2022 at 1,265 portable vouchers on average monthly. In 2023 MPHA administered 1,101 portable vouchers on average each month.

Federal operating subsidies and grants to support operations increased by \$8.7 million from 2022 levels, the result of drawing upon \$8.8 million in Capital Fund Program resources to make a loan to FHR for constructing new Section 8 project-based housing. Federal Section 8 Housing Assistance Payment subsidies received directly from the federal government increased by 6.9 percent as funding attempted to keep up with rental cost increases. Government grants and other revenues increased by \$2.5 million from 2022. The increase was primarily in investment income where previous year losses were recovered as the fair-market value of bond investments with low interest rates returned to par value at maturity.

Total expenses were \$160.2 million in 2023, an increase of 4.2 percent from 2022. The largest increases above 2022 spending levels were in housing assistance payments (HAP) and administrative expenses. The largest category of spending was HAP to Section 8 landlords, which made up 45 percent of expenses in 2023. In total, Section 8 landlord payments were \$72.1 million, an increase of \$3.2 million from 2022. The increase in administrative expenses was driven by salary and employee benefit costs. Increases in wage rates and staffing complement caused the increase. Capital contributions decreased by \$4 million. The decrease was the result of more capital improvement spending coming from non-HUD sources and a significant amount of HUD capital resources drawn for a loan to FHR for housing development in 2023.



The MPHA anticipates that 2024 funding will be near 2023 levels.

MPHA's Board of Commissioners approved a five year strategic plan on January 25, 2023. The Plan aims to elevate the importance of public and deeply affordable housing and the contribution of MPHA and its residents in creating and sustaining vibrant and healthy communities. The following six goals have been identified for the agency to maintain this work in 2023-2027:

1. Provide and preserve deeply affordable, high-quality housing for Highrise residents.
2. Build new and expand partnerships with federal, state, and local governments, in addition to philanthropic entities to support MPHA residents and those who are on our waitlist.
3. Provide and preserve deeply affordable, high-quality family housing.
4. Increase supply of deeply affordable housing by at least 150 units per year
5. Position MPHA as an employer of choice.
6. Continuously improve organizational performance to retain MTW status and highest HUD performance rating.

CONTACTING MPHA'S FINANCIAL MANAGEMENT

The financial report is designed to provide a general overview of the MPHA's finances and to demonstrate the MPHA's accountability for the appropriations and grants that it receives. If you have any questions about this report or need additional financial information, contact the Minneapolis Public Housing Authority, ATTN: Finance Department, 1001 Washington Avenue North, Minneapolis, Minnesota 55401.

Minneapolis Public Housing Authority

STATEMENT OF NET POSITION

December 31, 2023

	<u>Primary government</u>	<u>Discrete component units</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents - unrestricted	\$ 19,238,646	\$ 227,743
Cash and cash equivalents - restricted	1,339,801	1,126,731
Receivables, net	12,642,023	866,631
Investments - unrestricted	8,368,208	-
Investments - restricted	1,060,682	-
Prepaid expenses	<u>1,901,737</u>	<u>75,717</u>
Total current assets	<u>44,551,097</u>	<u>2,296,822</u>
NONCURRENT ASSETS		
Cash and cash equivalents - restricted	104,932	-
Investments - unrestricted	7,818,027	-
Notes receivable from discrete component units	14,330,794	-
Capital assets, net	276,699,528	92,719,699
Lease receivable	4,780,350	-
Other noncurrent assets	<u>63,420</u>	<u>1,431,848</u>
Total noncurrent assets	<u>303,797,051</u>	<u>94,151,547</u>
Total assets	<u>348,348,148</u>	<u>96,448,369</u>
DEFERRED OUTFLOWS OF RESOURCES		
Post employment health benefits	<u>24,201</u>	<u>-</u>
LIABILITIES		
CURRENT LIABILITIES		
Current portion of long-term debt	1,591,751	116,452
Current portion of lease payable	21,505	-
Current portion of subscription payable	27,260	-
Accounts payable	8,748,303	4,602,182
Due to other governments	915,622	121,237
Accrued salaries	1,009,974	-
Accrued compensated absences	2,475,207	-
Accrued interest payable	14,263	238,963
Accrued contingency liability	120,500	-
Tenant security deposits	982,969	38,775
Unearned revenue	670,115	2,426
Other current liabilities	<u>945,845</u>	<u>63,806</u>
Total current liabilities	<u>17,523,314</u>	<u>5,183,841</u>
NONCURRENT LIABILITIES		
Long-term debt, net of current portion	17,161,007	74,125,543
Subscription payable, net of current portion	12,066	-
Net OPEB liability	447,281	-
Accrued interest payable	-	2,945,309
Other noncurrent liabilities	<u>115,809</u>	<u>2,876,000</u>
Total noncurrent liabilities	<u>17,736,163</u>	<u>79,946,852</u>
Total liabilities	<u>35,259,477</u>	<u>85,130,693</u>
DEFERRED INFLOWS OF RESOURCES		
Post employment health benefits	270,885	-
Leases	<u>4,779,529</u>	<u>-</u>
Total deferred inflows of resources	<u>5,050,414</u>	<u>-</u>
NET POSITION		
Net investment in capital assets	257,885,939	18,477,704
Restricted	936,699	1,087,956
Unrestricted	<u>49,239,820</u>	<u>(8,247,984)</u>
Total net position	<u>\$ 308,062,458</u>	<u>\$ 11,317,676</u>

The accompanying notes are an integral part of this financial statement.

Minneapolis Public Housing Authority

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the year ended December 31, 2023

	Primary government	Discrete component units
OPERATING REVENUES		
HUD operating revenues	\$ 119,749,855	\$ -
Tenant revenue, net	24,376,201	641,299
Other government grants	4,826,274	1,505,274
Portability income	12,561,694	-
Other operating revenue	3,898,021	1,550,973
Total operating revenues	<u>165,412,045</u>	<u>3,697,546</u>
OPERATING EXPENSES		
Administrative	28,475,907	508,117
Tenant services	2,019,094	31,556
Utilities	10,675,964	380,394
Maintenance	18,870,746	375,825
Protective services	3,978,625	91,841
General	7,101,289	248,869
Depreciation and amortization	16,988,296	2,035,458
Housing assistance payments	72,076,540	-
Total operating expenses	<u>160,186,461</u>	<u>3,672,060</u>
OPERATING INCOME	<u>5,225,584</u>	<u>25,486</u>
NONOPERATING REVENUES (EXPENSES)		
Gain (loss) on sale of capital assets	39,038	(342)
Gain on disposal of assets held for sale	81,209	-
Mortgage interest income	343,322	-
Gain on investments	1,139,497	11,587
Interest income	255,745	
Interest expense	(398,794)	(1,777,576)
Total nonoperating revenues (expenses)	<u>1,460,017</u>	<u>(1,766,331)</u>
Change in net position before capital contributions	6,685,601	(1,740,845)
CAPITAL CONTRIBUTIONS		
HUD capital grants	9,396,602	-
Change in net position	16,082,203	(1,740,845)
Total net position - beginning	<u>291,980,255</u>	<u>13,058,521</u>
Total net position - ending	<u><u>\$ 308,062,458</u></u>	<u><u>\$ 11,317,676</u></u>

The accompanying notes are an integral part of this financial statement.

Minneapolis Public Housing Authority

STATEMENT OF CASH FLOWS

For the year ended December 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES

HUD operating grants received	\$ 118,216,837
Collections from tenants	24,505,453
Collections from other grants	4,648,936
Collections from other sources	19,319,071
Payments to employees	(32,905,474)
Payments to suppliers	(37,743,671)
Housing assistance payments	(72,076,540)
Net cash provided by operating activities	<u>23,964,612</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Proceeds from new long-term debt	1,579,875
Payments on long-term debt	(1,982,487)
Lease payments	(15,769)
Subscription payments	(377,671)
Issuance of notes receivable	(8,820,913)
Collection of notes receivable	28,644
Proceeds from sale of capital assets	70,818
Proceeds from assets held for sale	485,837
Interest paid	(398,794)
Capital grant revenue received	9,396,602
Purchase of property and equipment	(24,365,987)
Net cash used in capital and related financing activities	<u>(24,399,845)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of investments	(6,720,908)
Sale of investments	16,379,850
Interest received	255,745
Net cash provided by investing activities	<u>9,914,687</u>

NET INCREASE IN CASH AND CASH EQUIVALENTS

Cash and cash equivalents at beginning of the year	<u>11,203,925</u>
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CASH AND CASH EQUIVALENTS AT END OF THE YEAR

\$ 20,683,379

AS PRESENTED ON THE ACCOMPANYING STATEMENT OF NET POSITION

Cash and cash equivalents - unrestricted	\$ 19,238,646
Cash and cash equivalents - restricted - current	1,339,801
Cash and cash equivalents - restricted - noncurrent	104,932
	<u><u>\$ 20,683,379</u></u>

The accompanying notes are an integral part of this financial statement.

Minneapolis Public Housing Authority

STATEMENT OF CASH FLOWS (continued)

For the year ended December 31, 2023

**RECONCILIATION OF OPERATING INCOME TO NET
CASH PROVIDED BY OPERATING ACTIVITIES**

Operating income	\$ 5,225,584
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation and amortization	16,988,296
Change in provision for allowance for doubtful accounts	333,448
(Increase) decrease in assets and deferred outflows:	
Receivables, net	1,084,952
Prepaid expenses	(119,201)
Lease receivable	(38,359)
Other noncurrent assets	93,838
Deferred outflow of resources - OPEB	(3,968)
Increase (decrease) in liabilities and deferred inflows:	
Accounts payable	800,961
Due to other governments	122,697
Accrued salaries	107,729
Accrued compensated absences	160,041
Accrued interest payable	(4,439)
Accrued contingency liability	(57,750)
Tenant security deposits	6,485
Unearned revenue	(27,438)
Other current liabilities	(479,249)
Net OPEB liability	51,840
Other noncurrent liabilities	(4,912)
Deferred inflows of resources - OPEB	(107,754)
Deferred inflows of resources - leases	(168,189)
Net cash provided by operating activities	<u>\$ 23,964,612</u>

The accompanying notes are an integral part of this financial statement.

Minneapolis Public Housing Authority

NOTES TO BASIC FINANCIAL STATEMENTS

For the year ended December 31, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Reporting entity

The Minneapolis Public Housing Authority is an independent authority created by resolution of the City of Minneapolis under the Minnesota Housing and Redevelopment Act of 1947. On June 1, 1986, the City of Minneapolis, by way of Ordinance Chapter 420, created the MPHA. The MPHA existed from that point as a separate entity but with an administrative contract with the Minneapolis Community Development Agency ("MCDA"), which provided administrative services to operate the MPHA. This relationship continued until August 10, 1990, when the Minneapolis City Council adopted final guidelines to make possible a complete separation of the two entities. On April 7, 1991, the MPHA separated from the MCDA and has since operated as an independent agency. The MPHA's primary operations are the development, comprehensive improvement, and operation of Low-Rent Public Housing and the administration of Housing Assistance Payment (Section 8) programs for low-income persons. These programs are financed by the U.S. Department of Housing and Urban Development (HUD).

The Authority's governing board consists of a nine member Board of Commissioners (the "Board"), which is appointed by the Mayor and City Council of the City of Minneapolis (the "City"). The Authority is not a component unit of the City, as defined in Governmental Accounting Standards Board's Codification of *Governmental Accounting and Financial Reporting Standards* ("GASB Codification"), Section 2100, *Defining the Financial Reporting Entity*, as the Board independently oversees the Authority's operations.

The definition of the reporting entity as defined by GASB Codification Section 2100 is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. The Authority's reporting entity is comprised of an enterprise fund which includes the activities of several housing programs and component units.

Blended component units

Some component units, despite being legally separate from the primary government, are so integrated with the primary government that they are in substance part of the primary government and are therefore blended with the primary government.

Minneapolis Public Housing Authority
NOTES TO BASIC FINANCIAL STATEMENTS

For the year ended December 31, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1. Reporting entity (continued)

Blended component units (continued)

Community Housing Resources, Inc. ("CHR") was incorporated on June 15, 2001. CHR was organized and operated exclusively for charitable purposes, exclusively for the benefit of, to support the functions of, and to assist in carrying out the purposes of the Minneapolis Public Housing Authority. CHR is governed by a board of directors consisting of those persons serving as the members of the Board of Commissioners of the Authority and the Executive Director of the Authority. On October 1, 2020, the MPHA donated 717 units of scattered site public housing for \$1 per unit to CHR. This donation effectively converted the former public housing subsidized properties to properties subsidized by HUD project-based vouchers. The Authority continues to perform all property management functions for this family housing through a contract with CHR. The donation, which was approved by HUD, provides CHR access to additional on-going federal subsidies that makes the long-term preservation of these units more viable.

The Authority has five other blended component units that share the same governing boards as the primary government:

MPHA Hold. Co., was formed on January 22, 2020, as a non-profit holding corporation, of which the Authority is its sole member, to effectuate tax benefits contemplated by the low-income housing tax credit (LIHTC) program when public housing properties are converted to housing vouchers and receive LIHTC financing.

MPHA Dev. Co., was formed on January 22, 2020, as a non-profit holding corporation, of which MPHA is the sole voting member, to fulfill the role of developer for former public housing properties that converted housing assistance to vouchers.

MPHA Property Mgmt. Co., was formed on January 22, 2020, as a non-profit holding corporation, of which the Authority is the sole voting member, to provide property management and maintenance services for former public housing properties that converted housing assistance to vouchers.

Elliot's Mgmt. LLC, a subsidiary of MPHA Hold Co., is the General Partner in Elliot's, LP ("Elliot's"). General Partner obligations include construction completion, covering operating deficits, low-income housing tax credit shortfalls and recapture events, and environmental conditions. The General Partner is responsible for the property and business operations of Elliot's.

Family Housing Resources Mgmt. LLC, a subsidiary of MPHA Hold Co., is a single purpose entity that serves as the General Partner in Family Housing Resources, LP ("FHR"). Family Housing Resources Mgmt. LLC's financial transactions are presented under its parent organization, MPHA Hold. Co.

Minneapolis Public Housing Authority
NOTES TO BASIC FINANCIAL STATEMENTS

For the year ended December 31, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1. Reporting entity (continued)

Discretely presented component units

The following component units meet the criteria for discrete presentation and are presented in the component unit column in the government-wide financial statements in order to clearly distinguish their balances and transactions from the primary government. The discrete component units are not considered governmental entities. Therefore, they follow all applicable FASB standards and do not follow government accounting standards similar to the Authority. However, for presentation purposes in order to conform to the presentation of the Authority, certain transactions may be reflected differently in these financial statements than in separately issued information. Separately issued financial information for the discrete component units can be obtained from the Authority.

Elliot's, LP ("Elliot's") was formed on February 7, 2020. Elliot's was formed to acquire and renovate two multifamily apartment complexes with 87 units, construct 10 additional units and operate the complex known as the Elliot Twins located in Minneapolis, Minnesota. Elliot's will provide affordable housing utilizing the housing tax credit program and the Section 8 Project Based Vouchers.

Family Housing Resources, LP ("FHR") was formed on February 23, 2022. FHR was formed to effectuate the \$50 million development and operation of properties that consist of 84 units of deeply affordable project-based voucher housing on 16 sites throughout Minneapolis. FHR is the limited partnership that acquired the interests in these properties and is a partnership between Family Housing Resources Mgmt. LLC, the general partner, and U.S. Bancorp Community Development Corporation, the limited partner.

2. Government-wide and fund financial statements

The government-wide financial statements report information about the reporting government as a whole excluding fiduciary activities. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities rely to a significant extent on fees and charges for support.

Governments use fund accounting, whereby funds are organized into three major categories: governmental, proprietary and fiduciary. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues and expenditures/expenses.

Minneapolis Public Housing Authority

NOTES TO BASIC FINANCIAL STATEMENTS

For the year ended December 31, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2. Government-wide and fund financial statements (continued)

For financial reporting purposes, the Authority reports all of its operations as a single business activity in a single enterprise fund. Therefore, the government-wide and the fund financial statements are the same.

Enterprise funds are proprietary funds. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating activities generally arise from providing services in connection with a proprietary fund's principal activity. The operating revenues of the Authority consist primarily of rental charges to tenants and operating grants from the Department of Housing and Urban Development ("HUD") and include, to a lesser extent, certain operating amounts of capital grants that offset operating expenses.

Operating expenses for the Authority include the cost of administrative, maintenance, tenant services, general operations, utilities, protective services, depreciation and housing assistance payments. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses, except for capital contributions and transfers, which are presented separately.

When restricted resources meet the criteria to be available for use and unrestricted resources are also available for use, it is the Authority's policy to use restricted resources first, and then unrestricted resources, as needed.

3. Measurement focus and basis of accounting

Measurement focus is a term used to describe which transactions are recorded within the various financial statements. The proprietary fund utilizes an economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of accounting refers to when transactions are recorded regardless of the measurement focus applied. The basis of accounting used is similar to businesses in the private sector; thus, these funds are maintained on the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

For financial reporting purposes, the Authority considers its HUD grants associated with operations as operating revenue because these funds more closely represent revenues generated from operating activities rather than non-operating activities. HUD grants associated with capital acquisition and improvements are considered capital contributions and are presented after non-operating activity on the accompanying statement of revenues, expenses and changes in net position.

Minneapolis Public Housing Authority

NOTES TO BASIC FINANCIAL STATEMENTS

For the year ended December 31, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3. Measurement focus and basis of accounting (continued)

As provided by GASB Codification Section P80.115, *Proprietary Fund Accounting and Financial Reporting: Defining Operating Expenses*, and related guidance, tenant revenue is reported net of \$333,448 of collection losses.

4. Summary of programs

The accompanying financial statements include the activities of several housing programs subsidized by HUD and other federal entities at the Authority. A summary of each significant program is provided below.

a. *Moving to Work Demonstration Program*

Moving to Work ("MTW") is a demonstration program for public housing authorities (PHAs) that provides them the opportunity to design and test innovative, locally designed strategies that use federal dollars more efficiently, help residents find employment and become self-sufficient, and increase housing choices for low-income families. MTW gives Housing Authorities certain exemptions from many existing public housing and voucher rules and provides funding flexibility with how they use their Federal funds.

b. *Low Rent Housing Programs*

The Low Rent Public Housing Programs consist of asset management projects ("AMPs") which collect both operating and capital fund subsidy and various other related HUD grants both directly and indirectly. The purpose of the public housing program is to provide decent and affordable housing to low-income families at reduced rents. The developments are typically owned, maintained and managed by the Authority. The developments/units are acquired, developed and modernized under HUD's Development, Capital Fund Program ("CFP") grants and various other related HUD grants. Funding of the program's operations and development is provided by annual federal contributions or appropriations, operating subsidies and tenant rentals (determined as a percentage of family income, adjusted for family composition and other allowances).

c. *Central Office Cost Center*

The Central Office Cost Center ("COCC") is a business unit within the Authority that generates revenue through fees for service from the Authority's AMPs, programs and activities.

Minneapolis Public Housing Authority
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended December 31, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4. Summary of programs (continued)

d. Housing Assistance Payments ("HAP") Programs

HAP Programs utilize existing privately owned family rental housing units to provide decent and affordable housing to low-income families. The Section 8 Housing Choice Voucher program, Mainstream Voucher program, Section 8 New Construction, Section 8 Mod Rehab and Emergency Housing Vouchers ("EHV") are funded through federal housing assistance contributions from HUD for the difference between the approved landlord contract rent and the rent paid by the tenants.

5. Assets, deferred outflows, liabilities, deferred inflows and net position

a. Cash and cash equivalents

For financial statement purposes cash and cash equivalents are considered to be cash in banks, fund reserves in escrow, certificates of deposits and money market funds with original maturities of three months or less. Investments for the Authority are reported at fair value.

b. Investments

The Authority measures its investments based on fair value. The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment's risk.

Level 1 - Investments reflect prices quoted in active markets.

Level 2 - Investments reflect prices that are based on similar observable assets either directly or indirectly, which may include input in markets that are not considered to be active.

Level 3 - Investments reflect prices based upon unobservable sources.

The Authority may invest in the following types of investments as authorized by Minn. Stat. §§ 118A.04 and 118A.05 and by the U.S. Department of Housing and Urban Development Notice PIH 2002-13:

- i. securities which are direct obligations or are guaranteed or insured issues of the United States, its agencies, its instrumentalities, or organizations created by an act of Congress, except mortgage-backed securities defined as "high risk" by Minn. Stat. § 118A.04, subd. 6;

Minneapolis Public Housing Authority
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended December 31, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

5. Assets, deferred outflows, liabilities, deferred inflows and net position (continued)

b. Investments (continued)

- ii. mutual funds through shares of registered investment companies provided the mutual fund receives certain ratings depending on its investments;
- iii. general obligations of the State of Minnesota and its municipalities, and in certain state agency and local obligations of Minnesota and other states provided such obligations have certain specified bond ratings by a national bond rating service;
- iv. bankers' acceptances of United States banks;
- v. commercial paper issued by United States corporations or their Canadian subsidiaries that is rated in the highest quality category by two nationally recognized rating agencies and matures in 270 days or less; and
- vi. with certain restrictions, in repurchase agreements, securities lending agreements, joint powers investment trusts, and guaranteed investment contracts.

c. Receivables

Receivables consist of revenues earned during the fiscal year and not yet received. Amounts due from HUD and other governments represent reimbursable expenses or grant subsidies earned that have not been collected as of December 31, 2023, and are considered fully collectible. Allowances are determined by management based on the specific accounts and prior experience (see Note B-2).

d. Due from other governments

Due from other governments represents receivables related to grants from other federal, state, and local governments for program activities.

e. Prepaid expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses in the financial statements.

Minneapolis Public Housing Authority
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended December 31, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

5. Assets, deferred outflows, liabilities, deferred inflows and net position (continued)

f. Capital assets

The Authority's policy is to capitalize assets with a value in excess of \$2,500 and a useful life in excess of two years. The Authority capitalizes the costs of site acquisition and improvement, structures, equipment and direct development costs meeting the capitalization policy. Assets are valued at historical cost, or estimated historical cost if actual historical cost is not available, and contributed assets are valued at fair value on the date contributed. Donated capital assets are stated at their fair value on the date donated. The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend assets' lives are not capitalized.

Depreciation has been provided using the straight-line method over the estimated useful lives, which range as follows:

Buildings	39 years
Building improvements	20 years
Furniture and equipment	3 - 7 years

g. Impairment of long-lived assets

Long-lived assets are evaluated for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The carrying amount of a long-lived asset is not considered recoverable if it exceeds the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the asset. An impairment loss, if any, is measured as the amount by which the carrying amount of a long-lived asset exceeds its fair value. Management has determined that long-lived assets were not impaired at December 31, 2023.

h. Other Post-Employment Benefits ("OPEB") liability

The Authority administers an Other Postemployment Benefits (OPEB) Plan, a single-employer defined benefit health care plan, for eligible retired employees and their dependents. The OPEB liability, deferred outflows of resources and deferred inflows of resources related to the OPEB liability, and OPEB expense are determined by an actuarial valuation of the Plan (see Note B-9). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

Minneapolis Public Housing Authority
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended December 31, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

5. Assets, deferred outflows, liabilities, deferred inflows and net position (continued)

i. Deferred outflows of resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and thus, will not be recognized as an outflow of resources until then. The Authority's balance of deferred outflows of resources relates to funding of the accrued OPEB liability (see Note B-9).

j. Accrued compensated absences

Compensated absences are absences for which employees will be paid, such as sick leave, vacation, and other approved leave amounts. In accordance with the provisions of GASB Codification Section C60, *Compensated Absences*, the estimated liability for vested leave benefits is recorded when it is earned as an expense and the cumulative unpaid amount is reported as a liability. Accrued amounts are based on the current salary rates. Full-time permanent employees are granted leave benefits to specified maximums depending on tenure with the Authority. Employees also earn annual sick leave at established rates.

k. Unearned revenues

Unearned revenues include amounts collected before revenue recognition criteria are met. The unearned revenues consist of \$142,162 of prepaid funds from the City, \$225,994 of EHV grant funds and \$301,959 of prepaid tenant rents.

l. Deferred inflows of resources

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and thus, will not be recognized as an inflow of resources until then. The Authority's balance of deferred inflows of resources relates to funding of the accrued OPEB liability (see Note B-9) and future revenue associated with the leases receivable (see Note B-5) and ground lease with the discretely presented component unit (see Note B-6).

Minneapolis Public Housing Authority

NOTES TO BASIC FINANCIAL STATEMENTS

For the year ended December 31, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

5. Assets, deferred outflows, liabilities, deferred inflows and net position (continued)

m. Eliminations of interprogram activity

For financial reporting purposes, certain amounts are internal and are therefore eliminated in the accompanying financial statements. The following have been eliminated from the financial statements:

i.) Interprogram due to/from

In the normal course of operations, certain programs may pay for common costs or advance funds for organizational purposes that create interprogram receivables or payables. As of December 31, 2023, \$5,371,518 of receivables and payables are eliminated for the presentation of the Authority as a whole.

ii.) Fee for service and management fees

The Authority's COCC and Business Activities internally charge fees to the AMPs and programs of the Authority. These charges may include management fees, bookkeeping fees, and asset management fees. For financial reporting purposes \$13,013,019 of fee for service charges have been eliminated for the year ended December 31, 2023. In addition, the Authority's Business Activities charged \$24,666 for lawn maintenance and snow removal and the COCC earned \$10,375 on internal capital improvements. These amounts have been eliminated from the revenues and expenses of the Authority.

iii.) Project-Based Voucher subsidy

The Authority received HCV program subsidy for CHR which is a blended component unit. In accordance with HUD guidance, the subsidy is reported as HAP expense in the HCV program and as government grant revenue in the receiving property. For financial reporting purposes, \$8,717,437 of HAP expense and grant revenue have been eliminated for the year ended December 31, 2023.

iv.) CHR activity

The Authority has ongoing activity with its blended component unit, Community Housing Resources, Inc., including payments for property management, maintenance, and administration to operate CHR and CHR's properties. As of December 31, 2023, \$9,752,711 of property management, maintenance, and capital improvements expenses incurred by the Authority for CHR and \$1,525,464 of receivables and payables have been eliminated.

Minneapolis Public Housing Authority
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended December 31, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

5. Assets, deferred outflows, liabilities, deferred inflows and net position (continued)

n. Net position

In accordance with GASB Codification Section 1800.155, *Reporting Net Position in Government-Wide Financial Statements*, total equity as of December 31, 2023, is classified into three components of net position:

i.) Net investment in capital assets

This category consists of capital assets (including restricted capital assets), net of accumulated depreciation and reduced by any outstanding balances of bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, and improvements of those assets.

ii.) Restricted component of net position

As an entity created by State enabling legislation, all of the Authority's resources are restricted for purposes authorized under the State of Minnesota and further restricted by the City of Minneapolis Ordinance. Furthermore, all federal and local grants and subsidies are restricted for the purposes authorized by the funder. The statement of net position of the Authority reports restricted net position which consists of the following:

Sales proceeds	\$ 903,779
FSS forfeitures and escrows	13,613
Unspent grant awards	19,307
	<hr/>
	\$ 936,699
	<hr/>

iii.) Unrestricted component of net position

This category includes all of the remaining components of net position that are not presented in the other two components. The Authority presents a portion of its net position as unrestricted under the implied understanding that those resources are not further restricted for a limited use within the general program area for which those funds were provided.

Minneapolis Public Housing Authority

NOTES TO BASIC FINANCIAL STATEMENTS

For the year ended December 31, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

6. Leasing activities

The Authority is the lessor of dwelling units to low-income residents. The rents under the leases are determined generally by the residents' income as adjusted for eligible deductions regulated by HUD, although the residents may opt for a flat rent. Leases may be cancelled by the lessee at any time or renewed every year. The Authority may cancel the leases only for cause. Revenues associated with these leases are recorded in the accompanying financial statements and related schedules within tenant revenue.

Under GASB Statement No. 87, the determination of whether an arrangement is a lease is made at the lease's inception and a contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having the right to direct the use of the asset. A lessee is required to recognize a lease liability and an intangible right of use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. Management only reevaluates its determination if the terms and conditions of the contract are changed.

7. Use of estimates

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

8. Budgets

Budgets are prepared on an annual basis for each major program and are used as a management tool throughout the accounting cycle. Budgets are not, however, legally adopted nor required in the basic financial statement presentation.

9. Impact of recently issued accounting principles

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. This statement is effective for the Authority's December 31, 2024 fiscal year end.

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*. This statement is effective for the Authority's December 31, 2025 fiscal year end.

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*. This statement is effective for the Authority's December 31, 2026 fiscal year end.

Management is currently evaluating the impact of the adoption of these statements on the Authority's financial statements.

Minneapolis Public Housing Authority

NOTES TO BASIC FINANCIAL STATEMENTS

For the year ended December 31, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

10. Income taxes

The Authority is a governmental entity and is exempt from federal and state income taxes. Accordingly, no provision for federal or state income taxes has been made in the financial statements. The Authority's blended component units may be subject to the income tax provisions of Minnesota Statutes and the Internal Revenue Code.

The applicable blended component units of the Authority account for income taxes in accordance with Financial Accounting Standards Board Accounting Standards Codification ("FASB ASC") 740, *Income Taxes*, which clarifies that accounting and disclosure requirements for uncertainty in tax positions. It requires a two-step approach to evaluate tax positions and determine if they should be recognized in the financial statements. The two-step approach involves recognizing any tax positions that are "more likely than not" to occur and then measuring those positions to determine if they are recognizable in the financial statements. Management regularly reviews and analyzes all tax positions and has determined no aggressive tax positions have been taken.

The Authority's blended component units' income tax filings are subject to audit by various taxing authorities. They are no longer subject to income tax examinations by tax authorities for years before 2020.

11. Subscription-Based Information Technology Arrangements

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements* ("SBITA"), which establishes that a government should recognize a subscription liability at the commencement of the subscription term, which is when the subscription is placed into service. The subscription liability should be initially measured at the present value of the subscription payments expected to be made during the subscription term. A SBITA results in a right-of-use ("ROU") subscription asset (an intangible asset) and a corresponding subscription liability. Implementation costs are also recorded. This statement is effective for the Authority's December 31, 2023 fiscal year.

NOTE B - DETAILED NOTES

1. Deposits and investments

As of December 31, 2023, the carrying value of the Authority's cash and cash equivalents consist of demand deposits of \$20,683,379. As of December 31, 2023, the fair value of the Authority's investments was \$17,246,917.

In accordance with GASB Codification Sections C20, *Cash Deposits with Financial Institutions*, and I50, *Investments*, the Authority's exposure to deposit and investment risk is disclosed as follows:

Minneapolis Public Housing Authority

NOTES TO BASIC FINANCIAL STATEMENTS

For the year ended December 31, 2023

NOTE B - DETAILED NOTES (continued)

1. Deposits and investments (continued)

Custodial Credit Risk. Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits or investments may not be returned. The Authority is authorized by Minnesota Statute §§ 118A.02 and 118A.04 to designate a depository for public funds and to invest in certificates of deposit. The Authority is required by Minn. Stat. § 118A.03 to protect deposits with insurance, surety bond, or collateral. The market value of collateral pledged shall be at least ten percent more than the amount on deposit at the close of the financial institution's banking day, not covered by insurance or bonds. Authorized collateral includes treasury bills, notes and bonds; issues of U.S. government agencies; general obligations rated "A" or better and revenue obligations rated "AA" or better; irrevocable standby letters of credit issued by the Federal Home Loan Bank; and certificates of deposit.

Minnesota statutes require that securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral. The Authority's deposits are insured up to \$250,000 per financial institution, per depositor. As of December 31, 2023, the Authority's total deposits were fully secured by either the FDIC or had pledged collateral in accordance with HUD requirements.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Authority minimizes its exposure to interest rate risk by investing in both short-term and long-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Restricted cash and cash equivalents

As of December 31, 2023, restricted cash and cash equivalents consists of:

<i>Current</i>	
Emergency Housing Voucher	\$ 24,510
Unearned HAP	50,970
Sales proceeds	53,158
FSS forfeitures	13,613
Interest on HAP funds	23,827
Unearned program revenue	161,467
Tenant security deposits	982,968
Unclaimed property	29,288
Subtotal current	<u>1,339,801</u>
<i>Noncurrent</i>	
Unclaimed property	82,463
FSS escrow	22,469
Subtotal noncurrent	<u>104,932</u>
	<u>\$ 1,444,733</u>

Minneapolis Public Housing Authority
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended December 31, 2023

NOTE B - DETAILED NOTES (continued)

1. Deposits and investments (continued)

Investments

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. HUD and the Authority investment policies, along with state law, limit the Authority's investment choices. State law limits investments to securities that are direct obligations or are guaranteed or insured issues of the United States, its agencies, its instrumentalities, or organizations created by an act of Congress, except mortgage-backed securities defined as "high risk" by Minn. Stat. § 118A.04, subd. 6.

As of December 31, 2023, the Authority mitigated their exposure to credit risk by following HUD and state regulations; the investments in U.S. government securities were guaranteed by the United States and were not considered to be "high risk" as defined by state statutes.

The following table summarizes the investments at December 31, 2023. The investments solely consist of taxable bonds and are not rated. The investment balance includes \$1,060,682 of restricted amounts, \$201,483 of Emergency Housing Voucher reserves \$852,502 of restricted sale proceeds and \$6,697 for unclaimed property.

Investments	Investment maturities (in years)		
	Fair value	Less than 1	1 - 5
Federal Home Loan Bank	\$ 10,911,871	\$ 5,965,520	\$ 4,946,351
Federal Home Loan Mortgage Corporation	1,998,120	1,092,372	905,748
Federal Farm Credit Bank	3,335,736	1,823,647	1,512,089
Federal National Mortgage Association	1,001,190	547,351	453,839
Total investments	<u>\$ 17,246,917</u>	<u>\$ 9,428,890</u>	<u>\$ 7,818,027</u>

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the Authority's investment in a single issuer. The Authority places no limit on the amount it may invest in any one approved issuer. Investments in any one issuer that represent five percent or more of the MPHA's investments are as follows:

Investment Type	% of Portfolio
Federal Home Loan Bank	63.27
Federal Farm Credit Bank	19.34
Federal Home Loan Mortgage Corporation	11.59
Federal National Mortgage Association	5.81

Minneapolis Public Housing Authority

NOTES TO BASIC FINANCIAL STATEMENTS

For the year ended December 31, 2023

NOTE B - DETAILED NOTES (continued)

1. Deposits and investments (continued)

Fair Value Measurements

	Amount	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant observable inputs (Level 3)
Federal Home Loan Bank Federal Home Loan Mortgage Corporation	\$ 10,911,871	\$ -	\$ 10,911,871	\$ -
Federal Farm Credit Bank	1,998,120	-	1,998,120	-
Federal National Mortgage Association	3,335,736	-	3,335,736	-
	1,001,190	-	1,001,190	-
	<u>\$ 17,246,917</u>	<u>\$ -</u>	<u>\$ 17,246,917</u>	<u>\$ -</u>

2. Receivables, net

As of December 31, 2023, receivables, net, as presented in the accompanying statement of net position consist of:

Due from HUD	\$ 6,137,601
Due from PHA Projects	2,217,047
Due from other governments	1,728,499
Tenant accounts receivable	827,180
Lease receivable	328,655
Fraud recovery receivable	359,093
Accrued interest receivable - notes	508,523
Other accrued interest	181,637
Other miscellaneous receivables	831,795
	<u>13,120,030</u>
Allowance for doubtful accounts - tenants	(413,807)
Allowance for doubtful accounts - fraud	(64,200)
	<u>\$ 12,642,023</u>

Minneapolis Public Housing Authority
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended December 31, 2023

NOTE B - DETAILED NOTES (continued)

3. Notes receivable from discretely presented component units

The Authority has entered into notes receivable agreement with its discretely presented component units. A summary of changes in notes receivable is as follows:

	Receivable at January 1, 2023	Additions	Reductions	Receivable at December 31, 2023	Accrued Interest
Elliot's, LP	\$ 3,838,525	\$ -	\$ (28,644)	\$ 3,809,881	\$ 325,891
FHR, LP	1,700,000	8,820,913	-	10,520,913	182,632
Total notes receivable	<u>\$ 5,538,525</u>	<u>\$ 8,820,913</u>	<u>\$ (28,644)</u>	<u>\$ 14,330,794</u>	<u>\$ 508,523</u>

a. *Elliot's, LP*

On June 10, 2020, the Authority entered into a mortgage note agreement with Elliot's, a discrete component unit, in the amount of \$4,650,430. The loan has a maturity date of June 10, 2075 and bears interest at a rate of 4.0% per annum. Commencing April 1, 2023, payments of principal and interest shall be made annually to the extent of available cash flow as defined in the partnership agreement. The note is secured by a mortgage on the real and personal property. During the fiscal year, Elliot's, LP made early principal payments on the loan of \$28,644.

b. *Family Housing Resources, LP*

On November 22, 2022, the Authority entered into a mortgage note agreement with FHR, a discrete component unit, up to the amount of \$12,800,730. The loan has a maturity date of December 31, 2055 and bears interest at a rate of 3.0% per annum. Payments on principal and interest are due within 120 days of the fiscal year end of the borrower to the extent of available cash flow as defined in the partnership agreement. The note is secured by a mortgage on the real and personal property. As of December 31, 2023, \$10,520,913 of the total amount has been loaned.

Minneapolis Public Housing Authority
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended December 31, 2023

NOTE B - DETAILED NOTES (continued)

4. Capital assets, net

A summary of changes in capital assets is as follows:

	Balance at January 1, 2023, restated	Transfers in/ additions	Transfers out/ deletions	Balance at December 31, 2023
Non-depreciable:				
Land	\$ 33,310,964	\$ -	\$ -	\$ 33,310,964
Construction in progress	52,078,854	22,394,036	(18,173,632)	56,299,258
Total non-depreciable	85,389,818	22,394,036	(18,173,632)	89,610,222
Depreciated:				
Buildings and improvements	540,230,696	18,416,790	(579,886)	558,067,600
Furniture and equipment	13,350,701	1,728,793	(381,162)	14,698,332
Right of use asset - Leased asset	36,373	-	-	36,373
Right of use asset - Software	416,997	-	-	416,997
Total depreciated	554,034,767	20,145,583	(961,048)	573,219,302
Total capital assets	639,424,585	42,539,619	(19,134,680)	662,829,524
Accumulated depreciation and amortization:				
Buildings and improvements	(358,613,831)	(15,778,649)	163,557	(374,228,923)
Furniture and equipment	(11,053,369)	(970,918)	361,943	(11,662,344)
Right of use asset - Leased asset	-	(18,978)	-	(18,978)
Right of use asset - Software	-	(219,751)	-	(219,751)
Less accumulated depreciation and amortization	(369,667,200)	(16,988,296)	525,500	(386,129,996)
Capital assets, net	\$ 269,757,385	\$ 25,551,323	\$ (18,609,180)	\$ 276,699,528

The additions reflected above consist mainly of fire suppression system installations and building improvements for CHR capital assets and public housing high-rise apartment buildings. The beginning balances of the right of use software assets have been restated due to the implementation of GASB Statement No. 96 (see Note A-11).

Minneapolis Public Housing Authority

NOTES TO BASIC FINANCIAL STATEMENTS

For the year ended December 31, 2023

NOTE B - DETAILED NOTES (continued)

5. Lease receivable

The Authority has entered into multiple lease agreements for the usage of its property and space. In accordance with GASB Statement No. 87, the net present value of expected principal and interest payments are being reflected as a lease receivable and the future payments are being reported as deferred inflow of resources. The lease revenue represents the change in deferred inflows of resources for the fiscal year. A summary of agreements in which the Authority is the lessor for the fiscal year ended December 31, 2023 is as follows:

Description	Lease receivable balance	Deferred inflow balance	Lease revenue	Interest income	Interest rate	Lease end date
Cell Site	\$ 311,951	\$ 288,227	\$ 32,630	\$ 12,958	4.00%	11/1/2027
Cell Site	333,801	305,785	31,097	13,785	4.00%	10/7/2023
Cell Site	213,892	197,626	19,281	8,815	4.00%	4/1/2024
Cell Site	688,280	635,915	35,826	27,767	4.00%	9/1/2041
Cell Site	512,819	483,197	27,743	15,609	3.00%	5/1/2041
Cell Site	879,187	812,297	45,763	35,469	4.00%	9/1/2041
Cell Site	46,707	44,034	2,089	1,390	3.00%	2/1/2044
Cell Site	46,707	44,034	2,089	1,390	3.00%	2/1/2044
Cell Site	416,047	392,016	23,759	12,685	3.00%	6/1/2040
Cell Site	529,570	498,979	26,731	16,086	3.00%	8/1/2042
Cell Site	429,306	406,920	21,799	13,063	3.00%	7/1/2041
Cell Site	365,562	355,812	9,748	12,178	6.00%	4/30/2048
Space Use	53,014	49,084	147,254	5,473	4.00%	4/30/2024
Space Use	114,445	108,114	48,051	5,587	4.00%	4/1/2026
Space Use	95,678	89,774	17,955	4,041	4.00%	5/1/2027
Space Use	45,329	43,587	24,906	2,348	4.00%	9/30/2025
Space Use	26,710	24,128	17,031	1,380	4.00%	5/31/2025
	<u>\$ 5,109,005</u>	<u>\$ 4,779,529</u>	<u>\$ 533,752</u>	<u>\$ 190,024</u>		

As of December 31, 2023, \$4,780,350 of the \$5,109,005 total lease receivable is being presented as noncurrent on the statement of net position.

Minneapolis Public Housing Authority
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended December 31, 2023

NOTE B - DETAILED NOTES (continued)

6. Noncurrent liabilities

A summary of changes in noncurrent liabilities is as follows:

	Payable at January 1, 2023, restated	Additions	Reductions	Payable at December 31, 2023	Due within one year
Long-term debt:					
Finance Lease	\$ 11,370,100	\$ -	\$ (1,482,487)	\$ 9,887,613	\$ 1,591,751
MFHA POHP Loans	5,514,795	1,579,875	-	7,094,670	-
Hennepin County HRA	600,000	-	-	600,000	-
MHFA AHIF Loan	1,170,475	-	-	1,170,475	-
Otto Bremer Loan	500,000	-	(500,000)	-	-
Total long-term debt	19,155,370	1,579,875	(1,982,487)	18,752,758	1,591,751
Lease payable	37,274	-	(15,769)	21,505	21,505
Subscription payable	416,997	-	(377,671)	39,326	27,260
Net OPEB liability	395,441	72,073	(20,233)	447,281	-
Other noncurrent liabilities	150,009	-	(4,912)	145,097	29,288
Total noncurrent liabilities	<u>\$ 20,155,091</u>	<u>\$ 1,651,948</u>	<u>\$ (2,401,072)</u>	<u>\$ 19,405,967</u>	<u>\$ 1,669,804</u>

a. Finance lease

During the 15-month period ended December 31, 2009, the Authority entered into a 237-month (19.75-year) finance lease to acquire land and certain energy-efficient assets and make improvements to existing Authority assets designed to improve energy efficiency. Finance lease repayments are financed as a result of savings realized from lowered energy costs and special energy allowances from HUD. As of December 31, 2010, the Authority had acquired \$28,429,608 in land, structures, and equipment through this finance lease. The Authority began repaying this lease in 2010. In August 2013, the Authority refinanced the finance lease to reduce the original lease interest rate from 5.61% to 3.42%. The refinancing provided \$3,370,000 in additional proceeds for more energy-efficient assets and improvements and increased the lease amount to \$31,124,546. Of these proceeds, the Authority has acquired land, structures, and equipment through this finance lease, for a total to date of \$31,783,517.

Minneapolis Public Housing Authority
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended December 31, 2023

NOTE B - DETAILED NOTES (continued)

6. Noncurrent liabilities (continued)

a. *Finance lease (continued)*

The future minimum lease obligations as of December 31, 2023, are as follows:

December 31,	Principal	Interest	Total
2024	\$ 1,591,751	\$ 313,360	\$ 1,905,111
2025	1,616,078	258,543	1,874,621
2026	1,733,554	201,443	1,934,997
2027	1,857,478	140,225	1,997,703
2028	1,988,172	74,663	2,062,835
2029	1,100,580	15,743	1,116,323
	\$ 9,887,613	\$ 1,003,977	\$ 10,891,590

b. *MFHA Publicly Owned Housing Program ("POHP") Loans*

Beginning in 2014, the Authority has entered into multiple deferred loan repayment agreements and mortgages with the Minnesota Housing Finance Agency for rehabilitation of certain properties. Each individual loan is for a period of 20 years, carries no interest and is forgivable upon the Authority continuing to operate the property pursuant to Minnesota State Laws and Minnesota Statue § 462A.202, as amended. The loans are either construction loans and the Authority draws against the full loan amount as rehabilitation projects occur or end loans and the Authority receives the funds after project work is completed. During the fiscal year, the balance of the loans increased by \$1,579,875 bringing the total forgivable balance to \$7,094,670.

c. *Hennepin County HRA*

On June 26, 2018, the Authority entered into a deferred loan repayment agreement and mortgage with the Hennepin County Housing and Redevelopment Authority to borrow \$600,000 for the construction of 16 units of supportive rental housing. The \$600,000 loan is a 30-year loan that requires no repayment or interest prior to the maturity of the loan provided the Authority continues to meet the loan requirements and houses tenants that meet the Affordable Housing Incentive Fund Program affordability requirements. The loan principal is fully due at maturity.

d. *MHFA AHIF Loan*

On June 26, 2018, the Authority entered into a mortgage note with the Minnesota Housing Finance Agency as part of the Affordable Housing Investment Fund program for the construction of 16 units of supportive rental housing.

Minneapolis Public Housing Authority

NOTES TO BASIC FINANCIAL STATEMENTS

For the year ended December 31, 2023

NOTE B - DETAILED NOTES (continued)

6. Noncurrent liabilities (continued)

d. *MHFA AHIF Loan (continued)*

The first advance from this loan occurred on February 8, 2019. The full loan amount was advanced as of September 12, 2019. The \$1,170,475 loan is a 30-year loan that requires no repayment or interest prior to the maturity of the loan provided the Authority continues to meet the loan requirements. The loan matures on June 26, 2048. The loan principal is fully due at maturity.

e. *Otto Bremer Loan*

On November 1, 2018, the MPHA entered into a promissory note with Otto Bremer Trust for \$500,000 for the purposes of meeting the legal mission and framework of the MPHA. The note carried a 3.00% simple annual interest rate on the outstanding balance, \$15,000 annually. The loan was paid off in full on November 1, 2023.

f. *Subscription payable*

In May of 2020, the Authority entered into a subscription-based information technology agreement with Mythics, Inc. for Oracle cloud services. The term of the agreement is for 5 years for a total of \$150,000. The calculation of the present value of total payments of the agreement term was \$131,174. The agreement did not specify an explicit interest rate; therefore a 6% interest rate is used based on the prime rate as of the beginning of the fiscal year. As of December 31, 2023, there is a remaining liability of \$39,326 of which \$27,260 is presented as current portion.

The future liability payments as of December 31, 2023, are as follows:

<u>December 31,</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 27,260	\$ 1,849
2025	12,066	162
	<u>\$ 39,326</u>	<u>\$ 2,011</u>

In September of 2019, the Authority entered into a subscription-based information technology agreement with Yardi systems for the use of software. The term of the agreement was for 5 years for a total of \$1,805,580, including implementation costs. As of December 31, 2023, the contract has been paid in full.

Minneapolis Public Housing Authority

NOTES TO BASIC FINANCIAL STATEMENTS

For the year ended December 31, 2023

NOTE B - DETAILED NOTES (continued)

7. Defined Contribution Retirement Plan

The MPHA provides retirement benefits for all full-time employees through a single employer defined contribution plan administered by Wells Fargo Bank of Minnesota, N.A. The plan is a 401(a) money purchase plan. Any full-time employee is eligible to participate in the plan after working 500 hours within a six consecutive month period and after reaching age 20½. Participants are vested at a rate of 20 percent per year for the employer's share of contributions and 100 percent vested for individual contributions immediately.

Contribution rates were 7.5 percent for the MPHA and 5.0 percent for participants. Forfeitures totaling \$43,125 for the year are available to reduce future MPHA contributions or pay the administrative expenses of the Plan. MPHA made matching contributions of \$1,396,543 for the year ended December 31, 2023.

8. Accrued other post-employment benefits ("OPEB")

Plan description

The Authority administers an OPEB Plan as a single-employer defined benefit health care plan for eligible retired employees and their dependents. The Plan does not accumulate assets in a trust that meets the criteria of paragraph 4 of GASB Statement 75 and does not issue a stand-alone report.

Benefits provided

The Authority provides medical, dental, and life insurance benefits for retirees as required by Minn. Stat. § 471.61, subd. 2b. Retirees are required to pay 100 percent of the total premium cost. Since the premium is determined on the entire active and retiree population, the retirees are receiving an implicit rate subsidy. However, the implicit rate liability is not significant for dental or life insurance and has not been included in the actuarial valuation or the total OPEB liability.

Contributions

The contribution requirements of the plan members and the Authority are established and may be amended by the Authority's Board of Commissioners. The required contributions are based on projected pay-as-you-go financing requirements.

A summary of members participating in the plan as of the January 1, 2022 actuarial valuation, is as follows:

Inactive employees entitled to but not yet receiving benefits	1
Active employees	265
	<hr/>
	266
	<hr/>

The Authority's total OPEB liability of \$447,281 was determined by an actuarial valuation as of the January 1, 2022, rolled forward to a January 1, 2023 measurement date.

Minneapolis Public Housing Authority
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended December 31, 2023

NOTE B - DETAILED NOTES (continued)

8. Accrued other post-employment benefits ("OPEB") (continued)

Actuarial assumptions

The total OPEB liability was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.00%
Salary increases	Service graded table
Discount rate	2.00%
Healthcare cost trend rates	6.25% as of January 1, 2022, grading to 5.00% over six years and then to 4.00% over the next forty-eight years

The discount rate is based on the published rate information for 20-year high quality, tax-exempt, general obligation municipal bonds as of January 1, 2022.

The salary increase rates were updated to the most recent four-year experience study completed in 2019.

Retirement and withdrawal assumptions used are similar to those used to value pension liabilities for Minnesota public employees based on the most recent four-year experience study completed in 2019.

The economic assumptions are currently based on input from a variety of published sources of historical and projected future financial data.

Mortality rates are based on Pub-2010 Public Retirement Plans General Headcount-Weighed Mortality Tables with MP-2021 Generational Improvement Scale.

Changes in actuarial assumptions

There were no changes to assumptions in 2023.

Minneapolis Public Housing Authority
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended December 31, 2023

NOTE B - DETAILED NOTES (continued)

8. Accrued other post-employment benefits ("OPEB") (continued)

Changes in actuarial assumptions (continued)

Changes in the OPEB Liability

	Total OPEB liability
Balance at December 31, 2022	\$ 395,441
Changes for the year:	
Service cost	63,103
Interest	8,970
Differences between expected and actual experience	-
Changes in assumptions	-
Benefit payments, including refunds of employee contributions	(20,233)
Net changes	51,840
Balance at December 31, 2023	\$ 447,281

Sensitivity of the total OPEB liability to changes in the discount rate:

The following presents the total OPEB liability of the Authority using the discount rate of 2.00%, as well as what the Authority's total OPEB liability would be if it were calculated using a discount rate that is 1.00 percentage point lower or 1.00 percentage point higher than the current discount rate:

	1% Decrease (1.00%)	Current discount rate (2.00%)	1% Increase (3.00%)
Total OPEB Liability	\$ (480,531)	\$ (447,281)	\$ (415,691)

Minneapolis Public Housing Authority
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended December 31, 2023

NOTE B - DETAILED NOTES (continued)

8. Accrued other post-employment benefits ("OPEB") (continued)

Sensitivity of the total OPEB liability to changes in the discount rate (continued):

The following presents the total OPEB liability of the Authority using the health care cost trend rate of 6.25%, as well as what the Authority's total OPEB liability would be if it were calculated using a discount rate that is 1.00 percentage point lower or 1.00 percentage point higher than the current health care cost trend rate:

	1% Decrease	Current discount rate	1% Increase
	5.25%	6.25%	7.25%
	decreasing to	decreasing to	decreasing to
	4.00%	5.00%	6.00%
Total OPEB Liability	\$ (391,836)	\$ (447,281)	\$ (513,829)

OPEB expense

For the year ended December 31, 2023, the Authority recognized OPEB expense of (\$35,681) as a result of the changes in the total OPEB liability.

Deferred outflows of resources and deferred inflows of resources related to OPEB

For the year ended December 31, 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	\$ -	\$ 199,843
Changes in assumptions	-	71,042
Contributions subsequent to the measurement date of January 1, 2023	24,201	-
Total	<u>\$ 24,201</u>	<u>\$ 270,885</u>

The \$24,201 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended December 31, 2024.

Minneapolis Public Housing Authority
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended December 31, 2023

NOTE B - DETAILED NOTES (continued)

8. Accrued other post-employment benefits ("OPEB") (continued)

Deferred outflows of resources and deferred inflows of resources related to OPEB (continued)

Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended December 31:	
2024	\$ (107,754)
2025	(107,750)
2026	(55,381)
2027	-
2028	-
Thereafter	-

9. Risk management

The Authority is exposed to various risks of loss related to torts; theft of, damages to, and destruction of assets; errors and omissions; injuries to employees, and natural disasters. As part of the Authority's risk management program, certain commercial insurance policies are purchased. The insurance pool and risk retention group are reinsured through other reinsurance companies and are not retrospectively rated and do not pass on risk of loss to participants.

There were no significant reductions of insurance coverage from prior years and settlements did not exceed insurance coverage for each of the past three years.

The Authority discontinued being self-insured in April of 2019, but there remains an unpaid claims liability from when the Authority was self-insured. Self-insurance liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Claims liabilities are calculated considering the effects of inflation, recent claims settlement trends including frequency and amount of payouts, and other economic and social factors.

Changes in the balances of self-insurance claims liabilities during the fiscal years ended December 31, 2023 and 2022, are as follows:

	2023	2022
Balance at January 1	\$ 178,250	\$ 122,250
Incurred claims	-	56,000
Claim payments	(57,750)	-
Balance at December 31	<u>\$ 120,500</u>	<u>\$ 178,250</u>

Minneapolis Public Housing Authority
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended December 31, 2023

NOTE B - DETAILED NOTES (continued)

10. Commitments and contingencies

a. Legal

In the normal course of operations, the Authority may be party to various pending or threatened legal actions. Although the outcome of these actions is not presently determinable, it is the Authority's opinion that any resulting liability is not expected to have a material effect on the Authority's financial position.

b. Grants and contracts

The Authority participates in various federally and locally-assisted grant programs that are subject to review and audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal and other regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a review or audit may become a liability of the Authority. As of the date of this report, management is not aware of any such examinations.

c. Funds awarded

The Authority receives funding from HUD through various programs to help subsidize the cost of redevelopment of projects, project repairs, improvements, component unit developments, and certain operating costs. HUD requires that these funds are obligated within 24 months and expended within 48 months of the grants execution date. Remaining unspent awards not yet received as of December 31, 2023, are \$5,527,768 for the 2022 Capital Fund Program and \$20,137,253 for the 2023 Capital Fund Program.

11. Concentrations

For the year ended December 31, 2023, approximately 74% of revenues and 49% of receivables reflected in the basic financial statements are from HUD.

The Authority operates in a heavily regulated environment. The operations of the Authority are subject to the administrative directives, rules and regulations of federal, state and local regulatory agencies, including, but not limited to HUD. Such administrative directives, rules and regulations are subject to change by an act of Congress or an administrative change mandated by HUD. Such changes may occur with little notice or inadequate funding to pay for the related costs and the additional administrative burden to comply with the changes. In addition, any excess reserves may reduce future funding levels and possibly be subject to recapture.

Minneapolis Public Housing Authority
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended December 31, 2023

NOTE B - DETAILED NOTES (continued)

12. Financial data schedule

As required by HUD, the Authority prepares its financial data schedule in accordance with HUD requirements in a prescribed format which differs from the presentation of the basic financial statements. The schedule's format presents certain operating items as non-operating such as depreciation expense, housing assistance payments and extraordinary maintenance expense. In addition, the schedule's format includes non-operating items as operating such as investment revenue, HUD capital grants revenue, gains and losses on the disposal of fixed assets and interest expense. Furthermore, the schedule reflects tenant revenue and bad debt expense separately.

13. Subsequent events

Management has evaluated events through August 13, 2024, the date the financial statements were available to be issued, and has determined that no additional material events have occurred that would require disclosure.

Minneapolis Public Housing Authority
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended December 31, 2023

NOTE B - DETAILED NOTES (continued)

14. Condensed blended component unit information

Condensed component unit information for the Authority's blended component units as listed in Note A-1, follows:

Condensed Statement of Net Position

	CHR	Elliot's Mgmt LLC	FHR Mgmt LLC	MPHA Hold Co.	MPHA Dev Co.	Total Blended Component Units
ASSETS						
Current assets	\$ 3,625,304	\$ 23,320	\$ 200	\$ 1,676	\$ 2,605,860	\$ 6,256,360
Capital assets, net	40,598,471	-	-	-	-	40,598,471
Other noncurrent assets	-	-	-	-	63,418	63,418
Total assets	44,223,775	23,320	200	1,676	2,669,278	46,918,249
LIABILITIES						
Current liabilities	1,938,902	-	-	-	-	1,938,902
Noncurrent liabilities	2,341	-	-	-	-	2,341
Total liabilities	1,941,243	-	-	-	-	1,941,243
NET POSITION						
Net investment in capital assets	40,598,471	-	-	-	-	40,598,471
Unrestricted	1,684,061	23,320	200	1,676	2,669,278	4,378,535
Total net position	\$ 42,282,532	\$ 23,320	\$ 200	\$ 1,676	\$ 2,669,278	\$ 44,977,006

Minneapolis Public Housing Authority
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended December 31, 2023

NOTE B - DETAILED NOTES (continued)

14. Condensed blended component unit information (continued)

Condensed Statement of Revenues, Expenses and Changes in Net Position

	CHR	Elliot's Mgmt LLC	FHR Mgmt LLC	MPHA Hold Co.	MPHA Dev Co.	Total Blended Component Units
OPERATING REVENUES						
Tenant revenue, net	\$ 5,596,207	\$ -	\$ -	\$ -	\$ -	\$ 5,596,207
Other operating revenue	8,914,319	9,760	-	-	553,326	9,477,405
Total operating revenues	14,510,526	9,760	-	-	553,326	15,073,612
OPERATING EXPENSES						
Administrative	3,149,095	-	-	-	724,996	3,874,091
Tenant services	53,280	-	-	-	-	53,280
Utilities	2,620,912	-	-	-	-	2,620,912
Maintenance	4,550,103	-	-	-	-	4,550,103
Protective Services	33,939	-	-	-	-	33,939
General	948,226	-	-	-	-	948,226
Depreciation	1,506,149	-	-	-	-	1,506,149
Total operating expenses	12,861,704	-	-	-	724,996	13,586,700
OPERATING INCOME (LOSS)	1,648,822	9,760	-	-	(171,670)	1,486,912
NONOPERATING REVENUES (EXPENSES)						
Investment gain (loss)	(7,448)	29	-	-	-	(7,419)
TRANSFERS						
Transfers from/to the Authority	572,778	-	-	-	(122,000)	450,778
Change in net position	2,214,152	9,789	-	-	(293,670)	1,930,271
Total net position - beginning of the year	40,068,380	13,531	200	1,676	2,962,948	43,046,735
Total net position - ending of the year	\$ 42,282,532	\$ 23,320	\$ 200	\$ 1,676	\$ 2,669,278	\$ 44,977,006

Minneapolis Public Housing Authority
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended December 31, 2023

NOTE B - DETAILED NOTES (continued)

14 Condensed blended component unit information (continued)

Condensed Statement of Cash Flows

	CHR	Elliot's Mgmt LLC	FHR Mgmt LLC	MPHA Hold Co.	MPHA Dev Co.	Total Blended Component Units
Net cash provided by operating activities	\$ 2,665,315	\$ 9,789	\$ -	\$ -	\$ 630,814	\$ 3,305,918
Net cash used in capital and related financing activities	(3,190,380)	-	-	-	-	(3,190,380)
Net increase (decrease)	(525,065)	9,789	-	-	630,814	115,538
Cash and cash equivalents at beginning of year	3,477,906	13,531	200	1,676	1,971,224	5,464,537
Cash and cash equivalents at end of year	<u>\$ 2,952,841</u>	<u>\$ 23,320</u>	<u>\$ 200</u>	<u>\$ 1,676</u>	<u>\$ 2,602,038</u>	<u>\$ 5,580,075</u>

Minneapolis Public Housing Authority
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended December 31, 2023

NOTE C - DISCRETELY PRESENTED COMPONENT UNITS

1. Condensed discrete component unit information

Condensed component unit information for the Authority's discrete component units' December 31, 2023 year-ends, as listed in Note A-1, is presented below.

Condensed statement of net position

	Elliot, LP	Family Housing Resources, LP	Total Discrete Component Units
ASSETS			
Current assets	\$ 1,398,346	\$ 898,476	\$ 2,296,822
Capital assets, net	45,764,796	46,954,903	92,719,699
Other noncurrent assets	29,872	1,401,976	1,431,848
Total assets	<u>47,193,014</u>	<u>49,255,355</u>	<u>96,448,369</u>
 LIABILITIES			
Current liabilities	593,790	4,590,051	5,183,841
Noncurrent liabilities	36,579,928	43,366,924	79,946,852
Total liabilities	<u>37,173,718</u>	<u>47,956,975</u>	<u>85,130,693</u>
 NET POSITION			
Net investment in capital assets	11,825,259	6,652,445	18,477,704
Restricted	1,087,956	-	1,087,956
Unrestricted	<u>(2,893,919)</u>	<u>(5,354,065)</u>	<u>(8,247,984)</u>
Total net position	<u>\$ 10,019,296</u>	<u>\$ 1,298,380</u>	<u>\$ 11,317,676</u>

Minneapolis Public Housing Authority
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended December 31, 2023

NOTE C - DISCRETELY PRESENTED COMPONENT UNITS (continued)

1. Condensed discrete component unit information (continued)

Condensed statement of revenues, expenses and changes in net position

	Elliots, LP	Family Housing Resources, LP	Total Discrete Component Units
OPERATING REVENUES			
Tenant revenue, net	\$ 631,912	\$ 9,387	\$ 641,299
Government grants	1,464,746	40,528	1,505,274
Other operating revenue	959,716	591,257	1,550,973
Total operating revenues	<u>3,056,374</u>	<u>641,172</u>	<u>3,697,546</u>
OPERATING EXPENSES			
Administrative	497,151	10,966	508,117
Tenant services	31,556	-	31,556
Utilities	346,957	33,437	380,394
Maintenance	331,343	44,482	375,825
Protective services	91,841	-	91,841
General	168,018	80,851	248,869
Depreciation	1,818,520	216,938	2,035,458
Total operating expenses	<u>3,285,386</u>	<u>386,674</u>	<u>3,672,060</u>
OPERATING INCOME (LOSS)	<u>(229,012)</u>	<u>254,498</u>	<u>25,486</u>
NONOPERATING REVENUES (EXPENSES)			
Loss of sale of assets	(342)	-	(342)
Interest income - unrestricted	11,584	3	11,587
Interest expense	(1,376,305)	(401,271)	(1,777,576)
Total nonoperating expenses	<u>(1,365,063)</u>	<u>(401,268)</u>	<u>(1,766,331)</u>
Change in net position	(1,594,075)	(146,770)	(1,740,845)
Total net position - beginning of the year	<u>11,613,371</u>	<u>1,445,150</u>	<u>13,058,521</u>
Total net position - ending of the year	<u>\$ 10,019,296</u>	<u>\$ 1,298,380</u>	<u>\$ 11,317,676</u>

Minneapolis Public Housing Authority

NOTES TO BASIC FINANCIAL STATEMENTS

For the year ended December 31, 2023

NOTE C - DISCRETELY PRESENTED COMPONENT UNITS (continued)

2. Capital assets

Capital assets consist of the following as of the component units' year ended December 31, 2023:

	Elliot's, LP	Family Housing Resources, LP	Total Discrete Component Units
Non-depreciable:			
Land	\$ 896,415	\$ 2,481,823	\$ 3,378,238
Construction in progress	-	7,002,447	7,002,447
Total non-depreciable	896,415	9,484,270	10,380,685
Depreciated:			
Buildings and improvements	49,770,275	36,926,196	86,696,471
Furniture and equipment	564,924	761,375	1,326,299
Total depreciated	50,335,199	37,687,571	88,022,770
Total capital assets	51,231,614	47,171,841	98,403,455
Less accumulated depreciation	(5,466,818)	(216,938)	(5,683,756)
Capital assets, net	\$ 45,764,796	\$ 46,954,903	\$ 92,719,699

3. Noncurrent liabilities

The following chart summarizes the noncurrent liabilities of the component units' as of December 31, 2023. The current portion of long-term debt is excluded from the amounts.

	Elliot's, LP	Family Housing Resources, LP	Total Discrete Component Units
Long-term debt:			
Hennepin County HRA loan	\$ 11,534,096	\$ 500,000	\$ 12,034,096
ARPA-AHTF loan	-	2,757,527	2,757,527
LHIA loan	-	1,400,000	1,400,000
Authority loan	3,809,881	10,520,913	14,330,794
City of Minneapolis note	2,300,000	-	2,300,000
US Bank construction loan	-	24,287,619	24,287,619
Finance lease obligation	16,630,000	1,202,976	17,832,976
Unamortized finance fees	(450,892)	(366,577)	(817,469)
Total long-term debt	33,823,085	40,302,458	74,125,543
Authority loan - accrued interest	325,891	182,632	508,523
Other accrued interest	2,430,952	5,834	2,436,786
Developer fee payable	-	2,876,000	2,876,000
Total noncurrent liabilities	\$ 36,579,928	\$ 43,366,924	\$ 79,946,852

Minneapolis Public Housing Authority
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended December 31, 2023

NOTE C - DISCRETELY PRESENTED COMPONENT UNITS (continued)

3. Noncurrent liabilities (continued)

Elliots - Hennepin County HRA Loan

Loan payable to the Hennepin County Housing and Redevelopment Authority ("HRA") up to \$26,500,000 dated June 11, 2020. There are two phases of the loan consisting of the construction phase and the permanent phase.

During the construction phase of the loan, Bremer Bank will service the loan. Interest during the construction phase is variable based on the one-month LIBOR plus 1.56 percent with a floor of 2.75 percent (2.75 percent at December 31, 2020). Monthly payments of interest only are due. A prepayment fee of four to five percent will be assessed for prepayments through June 12, 2022, after which no fee will be assessed. On July 1, 2022, the loan was paid down to \$11,808,000 and the Federal Home Loan Mortgage Corporation (Freddie Mac) purchased the loan commencing the permanent phase of the loan, under the Multifamily Direct Purchase of Tax-Exempt Loan ("TEL") Program.

During the permanent phase of the loan, Lument capital will service the loan. The interest rate is fixed at 4.02%. Monthly payments of \$50,383 are due through July 1, 2040, when all remaining principal and interest is due.

The loan is secured by a mortgage on the leased property, an assignment of rents and leases, and an assignment of the Housing Assistance Payment Contract. The Authority has guaranteed the repayment of this loan during the construction phase.

Elliots - Authority loan

Loan payable to Authority in the original amount of \$4,650,430 dated June 10, 2020, with interest compounding at four percent. On or before the permanent phase of the Hennepin County HRA Loan, a payment equal to any sales tax or energy rebates or environmental grant funds up to \$1,000,000 is required. Beginning April 1, 2023, annual payments are due solely from available net cash flow as defined by the partnership agreement through June 10, 2075, when any remaining principal and interest are due. Interest expense was \$160,690 in 2023, of which \$325,891 is accrued. The loan is secured by a mortgage on the leased property.

Elliots - City of Minneapolis note

Note payable to the City of Minneapolis under the Community Development Block Grant (CDBG) program in the amount of \$2,300,000 dated June 10, 2020, with interest at one percent. Beginning April 1, 2023, annual payments are due solely from available net cash flow as defined by the partnership agreement through June 10, 2075, when any remaining principal and interest are due. The loan is secured by a mortgage on the leased property and an assignment of rents and leases.

Minneapolis Public Housing Authority
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended December 31, 2023

NOTE C - DISCRETELY PRESENTED COMPONENT UNITS (continued)

3. Noncurrent liabilities (continued)

Elliot's - City of Minneapolis note (continued)

The loan agreement requires that the debt be repaid if the Property is sold or transferred without the lenders' approval; no longer used as low-income housing; in violation of any federal, state or local law, statute or ordinance; or if the Partnership is in default or declares bankruptcy, unless the lender permits the debt to remain outstanding.

The annual minimum payment requirements for loans and notes outstanding for Elliot's, LP are as follows, as of December 31, 2023:

<u>December 31,</u>	<u>Principal</u>
2024	\$ 116,452
2025	122,816
2026	128,071
2027	133,552
2028	137,946
Thereafter	<u>33,184,248</u>
	<u><u>\$ 33,823,085</u></u>

FHR - Hennepin County HRA loan

During the year, FHR entered into a loan agreement with Hennepin County Housing and Redevelopment Authority under the Affordable Housing Development Accelerator program in the amount of \$500,000. The loan has a maturity date of December 31, 2055 and bears interest at a rate of 1.0% per annum. Principal and interest are due on December 31, 2055. The loan is secured by a mortgage and an assignment of rents and leases.

FHR - ARPA-AHTF loan

On November 22, 2022, FHR entered into a loan agreement with the City of Minneapolis under the American Rescue Plan Act ("ARPA") and the Affordable Housing Trust Fund ("AHTF") program in the amount of \$5,800,000 without interest. Principal is due on December 31, 2055. The loan is secured by a mortgage and an assignment of rents and leases. As of December 31, 2023, \$2,757,527 of the total amount has been loaned.

FHR - LHIA loan

On November 22, 2022, FHR entered into a loan agreement with the City of Minneapolis under the Local Housing Initiatives Account ("LHIA") program in the amount of \$1,400,000 without interest. Principal is due on December 31, 2055. The loan is secured by a mortgage and an assignment of rents and leases.

Minneapolis Public Housing Authority
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended December 31, 2023

NOTE C - DISCRETELY PRESENTED COMPONENT UNITS (continued)

3. Noncurrent liabilities (continued)

FHR - Authority note

On November 22, 2022, FHR entered into a mortgage note agreement with the Authority in an amount up to \$12,800,730. The loan has a maturity date of December 31, 2055 and bears interest at a rate of 3.0% per annum. Payments on principal and interest are due within 120 days of the fiscal year end to the extent of available cash flow as defined in the partnership agreement. Interest expense was \$182,632 in 2023, of which the entire amount is accrued. The note is secured by a mortgage and an assignments of rents and leases. As of December 31, 2023, \$10,520,913 of the total amount has been loaned.

The loan agreement requires that the debt be repaid if the Property is sold or transferred without the lenders' approval; no longer used as low-income housing; in violation of any federal, state or local law, statute or ordinance; or if the Partnership is in default or declares bankruptcy, unless the lender permits the debt to remain outstanding.

The annual minimum payment requirements for loans and notes outstanding for FHR, LP are as follows, as of December 31, 2023:

<u>December 31,</u>	<u>Principal</u>
2024	\$ -
2025	56,000
2026	59,400
2027	63,000
2028	67,000
Thereafter	<u>40,057,058</u>
	<u>\$ 40,302,458</u>

FHR - U.S. Bank construction loan

FHR entered into a 24-month agreement with the Authority for a maximum amount of \$25,225,000. The loan bears interest at the secured overnight financing rate plus 2.0% (7.35% at December 31, 2023). The loan is secured by a mortgage, an assignment of Partnership interests, and capital contributions and an assignment of rents and leases. The loan is also guaranteed by the Authority. As of December 31, 2023, \$24,287,619 of the total amount has been loaned.

4. Ground leases

Elliot's has entered into a 99-year ground lease with the Authority to lease the property for \$16,630,000. The lease period expires June 1, 2119. Payments commence on April 1, 2023, and are payable solely from net cash-flow as defined by the partnership agreement. Interest at 4% compounding will accrue from the date of commencement. Interest expense on the lease was \$665,200 in 2023. Accrued interest at December 31, 2023, was \$2,361,111.

Minneapolis Public Housing Authority

NOTES TO BASIC FINANCIAL STATEMENTS

For the year ended December 31, 2023

NOTE C - DISCRETELY PRESENTED COMPONENT UNITS (continued)

4. Ground leases (continued)

On November 22, 2022, FHR, entered into a 65 year ground lease with CHR, an entity related through the lessor. Payments of \$50,000 annually commenced on April 30, 2023, and are payable solely from net cash-flow as defined by the partnership agreement Interest at 3.88% compounding will accrue from the date of commencement. Interest expense on the lease was \$53,010 in 2023.

All costs related to development, ownership, leasing, operation, maintenance or repair are the responsibility of the Partnerships. The leases are subordinate to the mortgages on the Properties. Upon termination of the leases, the land and buildings will become the sole property of the Authority. Any transfers during the compliance period are subject to HUD restrictions.

5. Developer fee payable

FHR entered into a development agreement with MPHA Dev. Co., a blended component unit of the Authority. MPHA Dev. Co. provided various services including negotiating, coordinating and supervising the planning, architectural, engineering and construction services necessary for the construction of the FHR property. The total development fee is \$3,624,985, of which \$3,600,996 has been earned and \$2,876,000 remains to be paid. The fee is payable from any debt and capital contributions not needed for other purposes. The remainder of the fee not paid by debt or capital contributions, which is estimated to be \$1,273,638, with constitute a deferred development fee without interest and is payable annually from available cash flow. If the deferred developer fee is not paid by the fifteenth anniversary of the completion date of the property, Family Housing Resources Mgmt, LLC, the General Partner of FHR, must make an interest free advance to FHR in an amount sufficient to pay the outstanding deferred developer fee.

REQUIRED SUPPLEMENTARY INFORMATION

Minneapolis Public Housing Authority

SCHEDULE OF CHANGES IN THE AUTHORITY'S TOTAL OPEB LIABILITY AND RELATED RATIOS

For the year ended December 31, 2023

<i>Total OPEB Liability</i>	2023	2022	2021	2020	2019	2018
Service cost	\$ 63,103	\$ 61,265	\$ 79,931	\$ 77,415	\$ 71,078	\$ 69,008
Interest	8,970	19,448	17,908	28,211	25,959	23,610
Differences between expected and actual experience	-	(173,255)	-	(287,670)	-	-
Changes in assumptions and other inputs	-	(103,655)	-	(26,558)	-	-
Benefit payments	(20,233)	(35,097)	(17,263)	(45,026)	(25,410)	(21,643)
<i>Net changes in total OPEB liability</i>	<u>51,840</u>	<u>(231,294)</u>	<u>80,576</u>	<u>(253,628)</u>	<u>71,627</u>	<u>70,975</u>
Total OPEB liability - beginning	395,441	626,735	546,159	799,787	728,160	657,185
Total OPEB liability - ending	<u>\$ 447,281</u>	<u>\$ 395,441</u>	<u>\$ 626,735</u>	<u>\$ 546,159</u>	<u>\$ 799,787</u>	<u>\$ 728,160</u>
Covered-employee payroll	<u>\$ 17,978,925</u>	<u>\$ 17,978,925</u>	<u>\$ 17,637,132</u>	<u>\$ 17,081,968</u>	<u>\$ 16,711,846</u>	<u>\$ 16,225,093</u>
Total OPEB liability as a percentage of covered-employee payroll	2.49%	2.20%	3.55%	3.20%	4.79%	4.49%

Changes in benefits.

None

Changes of assumptions and other inputs.

Year ended December 31, 2023

No changes in actuarial methods or assumptions

Year ended December 31, 2022

The health care trend rates, mortality tables, salary increase rates, retirement and withdrawal rates, and the percentage of future retirees who are assumed to elect post-employment medical coverage were updated

The inflation rate was changed from 2.50% to 2.00%.

The discount rate was changed from 2.90% to 2.00%.

Year ended December 31, 2021

No changes in actuarial methods or assumptions

Year ended December 31, 2020

The health care trend rates were changed to better anticipate short term and long term medical increases

The mortality tables were updated from the RP-2014 white Collar Mortality Tables with MP-2017 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables with MP-2019 Generational Improvement Scale.

The salary increase rates were changed from a flat 3.00% per year for all employees to rates which vary by service.

The percent of married retirees electing post-employment spouse medical coverage was reduced from 70 percent to 25 percent.

The discount rate was changed from 3.30% to 2.90%.

Year ended December 31, 2019

No changes in actuarial methods or assumptions

Year ended December 31, 2018

The discount rate was changed from 3.00% to 3.30%.

The mortality tables were updated from the RP-2014 White Collar Mortality Tables with MP-2015 Generational Improvement Scale to the RP-2014 White Collar Mortality Tables with MP-2017 Generational Improvement Scale

The retirement and withdrawal tables for all employees were updated.

No assets are accumulated in a trust to pay related benefits. Ten years of information is required to be presented; however, only 6 years of information is available. Additional years will be presented as information becomes available.

See independent auditor's report.

SUPPLEMENTARY INFORMATION

Minneapolis Public Housing Authority

FINANCIAL DATA SCHEDULE

For the year ended December 31, 2023

PHA: MN002 FYED: 12/31/23																											
Line Item No.	Account Description	Total AMPs	Business Activities	Section 8 Housing Choice Voucher Program	Emergency Housing Voucher	Mainstream Voucher Program	Section 8 New Construction	Section 8 Mod Rehab	Continuum of Care	Community Development Block Grant	Central Office Cost Center	Central Office Cost CFP	FSS Escrow Forfeiture Account	Rural Housing and Economic Development	State and Local	14.OPS	14.CFP	14.HCV	MTW	Blended Component Units	Elimination	Primary Government Subtotal	ELLIOTS, LP	FHR, LP	Discrete Component Units	Total	
111	Cash - Unrestricted	5,091,836	5,850,766	75,055	-	-	191,405	125,177	-	-	2,562,123	(6,315)	-	-	-	-	-	-	-	5,348,599	-	19,238,646	225,532	2,211	227,743	19,466,389	
113	Cash - Other Restricted	124,341	26,012	308	24,650	-	628	44	-	-	-	-	13,613	-	143,275	-	-	-	22,469	2,341	-	357,681	1,087,956	-	1,087,956	1,445,637	
114	Cash - Tenant Security Deposits	753,994	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	228,975	-	982,969	26,325	12,450	38,775	1,021,744	
115	Cash - Restricted for payment of current liability	7,204	-	18,032	2,179	-	34,542	20,295	-	-	1,300	-	-	-	-	-	-	-	20,371	160	-	104,083	-	-	-	104,083	
100	Total Cash	5,977,375	5,876,778	93,395	26,829	-	226,575	145,516	-	-	2,563,423	(6,315)	13,613	-	143,275	-	-	-	42,840	5,580,075	-	20,683,379	1,339,813	14,661	1,354,474	22,037,853	
121	Accounts Receivable - PHA Projects	-	-	-	10,675	-	-	-	-	-	-	-	-	-	-	-	-	-	2,206,372	-	-	2,217,047	-	-	-	2,217,047	
122	Accounts Receivable - HUD	3,149,336	-	122,522	145,738	302,748	2,850	9,168	-	-	-	6,308	-	217,693	-	-	-	-	2,181,238	-	-	6,137,601	-	-	-	6,137,601	
124	Accounts Receivable - Other Government	-	-	-	-	-	-	-	-	-	-	-	-	-	1,226,544	-	-	-	501,955	-	-	1,728,499	-	846,268	846,268	2,574,767	
125	Accounts Receivable - Miscellaneous	62,033	1,803,915	17,167	6,347	7,440	52	-	-	-	11,374	-	-	-	-	-	-	-	448,931	-	(1,525,464)	831,795	-	-	-	831,795	
126	Accounts Receivable - Tenants Dwelling Rents	514,411	-	1,121	52	-	-	1,239	-	-	-	-	-	-	-	-	-	-	-	310,357	-	827,180	22,003	18,873	40,876	868,056	
126.1	Allowance for Doubtful Accounts - Dwelling Rents	(262,666)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(151,141)	-	(413,807)	(11,141)	(9,372)	(20,513)	(434,320)	
127	Notes, Loans, & Mortgages Receivable - current	328,655	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	328,655	-	-	-	328,655	
128	Fraud recovery	356,334	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,424	335	-	359,093	-	-	-	359,093	
128.1	Allowance for doubtful accounts - fraud	(64,140)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(60)	-	(64,200)	-	-	-	(64,200)	
129	Accrued interest receivable	558,344	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	127,994	3,822	-	690,160	-	-	-	690,160	
120	Total Receivables, net of allowances for doubtful accounts	4,642,307	1,803,915	140,810	162,812	310,188	2,902	10,407	-	-	11,374	6,308	-	217,693	1,226,544	-	-	-	5,468,914	163,313	(1,525,464)	12,642,023	10,862	855,769	866,631	13,508,654	
131	Investments - unrestricted	14,444,369	-	71,804	-	-	952,715	717,347	-	-	-	-	-	-	-	-	-	-	-	-	-	16,186,235	-	-	-	16,186,235	
132	Investments - restricted	-	1,882	-	201,483	-	-	-	-	-	-	-	-	-	-	-	-	-	857,317	-	-	1,060,682	-	-	-	1,060,682	
142	Prepaid Expenses and Other Assets	1,079,077	181,724	-	-	-	-	-	-	-	99,033	1	-	-	-	-	-	-	28,930	512,972	-	1,901,737	47,671	28,046	75,717	1,977,454	
144	Interprogram due from	-	-	-	-	-	-	-	-	-	5,371,518	-	-	-	-	-	-	-	-	-	(5,371,518)	-	-	-	-	-	
150	Total Current Assets	26,143,128	7,864,299	306,009	391,124	310,188	1,182,192	873,270	-	-	8,045,348	(6)	13,613	217,693	1,369,819	-	-	-	6,398,001	6,256,360	(6,896,982)	52,474,056	1,398,346	898,476	2,296,822	54,770,878	
161	Land	17,024,277	156,272	-	-	-	-	-	-	-	4,349,128	-	-	-	-	-	-	-	-	11,781,287	-	-	33,310,964	896,415	2,481,823	3,378,238	36,689,202
162	Buildings	453,876,850	15,710,573	-	-	-	-	-	-	-	9,027,030	-	-	-	-	-	-	-	-	79,453,147	-	-	558,067,600	49,770,275	36,926,196	86,696,471	644,764,071
163	Furniture, Equipment & Machinery - Dwellings	5,389,392	-	-	-	-	-	-	-	-	4,715	-	-	-	-	-	-	-	-	794,557	-	6,188,664	555,476	-	555,476	6,744,140	
164	Furniture, Equipment & Machinery - Administration	6,321,198	323,824	-	-	-	-	-	-	-	1,575,165	14,962	-	-	-	-	-	-	274,519	-	-	8,509,668	9,448	761,375	770,823	9,280,491	
165	Leasehold Improvements	101,599	17,924	-	-	-	-	-	-	-	203,614	-	-	-	-	-	-	-	130,233	-	-	453,370	-	-	-	453,370	
166	Accumulated Depreciation	(310,139,129)	(12,633,247)	-	-	-	-	-	-	-	(8,416,350)	(11,443)	-	-	-	-	-	-	(199,645)	(54,730,182)	-	(386,129,996)	(5,466,818)	(216,938)	(5,683,756)	(391,813,752)	
167	Construction In Progress	49,662,649	-	-	-	-	-	-	-	2,898,643	-	132,620	-	305,684	-	-	-	-	-	3,299,662	-	56,299,258	-	7,002,447	7,002,447	63,301,705	
160	Total Fixed Assets, Net of Accumulated Depreciation	222,236,836	3,575,346	-	-	-	-	-	-	2,898,643	6,743,302	136,139	-	305,684	-	-	-	-	205,107	40,598,471	-	276,699,528	45,764,796	46,954,903	92,719,699	369,419,227	
171	Notes, loans, and mortgages receivable - Noncurrent	19,111,144	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	19,111,144	-	-	-	19,111,144	
174	Other Assets	-	1	-	-	-	-	-	-	-	1	-	-	-	-	-	-	-	-	63,418	-	63,420	29,872	1,401,976	1,431,848	1,495,268	
180	Total Non-Current Assets	241,347,980	3,575,347	-	-	-	-	-	-	2,898,643	6,743,303	136,139	-	305,684	-	-	-	-	205,107	40,661,889	-	295,874,092	45,794,668	48,356,879	94,151,547	390,025,639	
190	Total Assets	267,491,108	11,439,646	306,009	391,124	310,188	1,182,192	873,270	-	2,898,643	14,788,651	136,133	13,613	523,377	1,369,819	-	-	-	6,603,108	46,918,249	(6,896,982)	348,348,148	47,193,014	49,255,355	96,448,369	444,796,517	
200	Deferred outflows of resources	13,101	2,764	-	-	-	-	-	-	-	5,120	-	-	-	-	-	-	-	3,216	-	-	24,201	-	-	-	24,201	
290	Total Assets and Deferred outflows of resources	267,504,209	11,442,410	306,009	391,124	310,188	1,182,192	873,270	-	2,898,643	14,793,771	136,133	13,613	523,377	1,369,819	-	-	-	6,606,324	46,918,249	(6,896,982)	348,372,349	47,193,014	49,255,355	96,448,369	444,820,718	

See independent auditor's report.

Minneapolis Public Housing Authority

FINANCIAL DATA SCHEDULE

For the year ended December 31, 2023

PHA: MN002 FYED: 12/31/23																										
Line Item No.	Account Description	Total AMPs	Business Activities	Section 8 Housing Choice Voucher Program 14.871	Emergency Housing Voucher 14.EHV	Mainstream Voucher Program 14.879	Section 8 New Construction 14.182	Section 8 Mod Rehab 14.856	Continuum of Care 14.267	Community Development Block Grant 14.218	Central Office Cost Center 14.218	Central Office Cost CFP	FSS Escrow Forfeiture Account 14.EFA	Rural Housing and Economic Development 14.250	State and Local	14.OPS	14.CFP	14.HCV	MTW 14.881	Blended Component Units	Elimination	Primary Government Subtotal	ELLIOTS, LP	FHR, LP	Discrete Component Units	Total
312	Accounts Payable <= 90 Days	6,678,782	598,580	106,320	759	542	574	307	-	-	653,774	(6)	-	195,664	469,571	-	-	-	43,436	-	-	8,748,303	222,753	4,379,429	4,602,182	13,350,485
321	Accrued Wage/Payroll Taxes Payable	-	-	-	-	-	-	-	-	-	1,009,974	-	-	-	-	-	-	-	-	-	-	1,009,974	-	-	-	1,009,974
322	Accrued Compensated Absences	870,409	251,328	41,492	8,335	5,957	6,301	3,376	-	-	1,120,772	-	-	-	-	-	-	-	167,237	-	-	2,475,207	-	-	-	2,475,207
324	Accrued contingency liability	-	120,500	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	120,500	-	-	-	120,500
325	Accrued interest payable	14,090	-	-	-	-	-	-	-	-	122	-	-	-	-	-	-	-	51	-	-	14,263	41,534	197,429	238,963	253,226
331	Accounts Payable - HUD	141,003	-	-	-	-	31,781	19,189	-	-	-	-	-	-	-	-	-	-	-	-	-	191,973	-	-	-	191,973
333	Accounts Payable - Other Government	550,497	-	17,860	2,179	-	2,761	1,027	-	-	-	-	-	-	-	-	-	-	-	1,674,789	(1,525,464)	723,649	121,237	-	121,237	844,886
341	Tenant Security Deposits	753,994	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	228,975	-	982,969	26,325	12,450	38,775	1,021,744
342	Unearned Revenues	169,621	-	16	225,994	1,981	1,000	-	-	-	40,062	-	-	-	142,161	-	-	-	54,301	34,979	-	670,115	1,683	743	2,426	672,541
343	Current portion of L-T debt - capital projects	1,591,751	-	-	-	-	-	-	-	-	42,412	-	-	-	-	-	-	-	6,353	-	-	1,640,516	116,452	-	116,452	1,756,968
345	Other Current Liabilities	524,766	-	172	-	-	-	80	-	-	20,541	-	-	10,122	-	-	-	-	20,372	159	-	576,212	387	-	387	576,599
346	Accrued liabilities - other	-	-	-	-	-	-	-	-	-	369,633	-	-	-	-	-	-	-	-	-	-	369,633	63,419	-	63,419	433,052
347	Interprogram Due To	-	-	-	46,577	120,058	-	-	-	-	-	-	-	11,907	758,087	-	-	-	4,434,889	-	(5,371,518)	-	-	-	-	-
310	Total Current Liabilities	11,294,913	970,408	165,860	283,844	128,538	42,417	23,979	-	-	3,257,290	(6)	-	217,693	1,369,819	-	-	-	4,726,639	1,938,902	(6,896,982)	17,523,314	593,790	4,590,051	5,183,841	22,707,155
351	Long-term debt, net of current - capital projects	17,161,008	-	-	-	-	-	-	-	-	12,065	-	-	-	-	-	-	-	-	-	-	17,173,073	33,823,085	40,302,458	74,125,543	91,298,616
353	Noncurrent Liabilities - Other	79,003	-	392	140	-	628	44	-	-	-	-	-	-	-	-	-	-	33,261	2,341	-	115,809	2,756,843	3,064,466	5,821,309	5,937,118
357	Accrued pension and OPEB liabilities	268,379	55,483	8,440	1,695	1,212	1,281	686	-	-	76,087	-	-	-	-	-	-	-	34,018	-	-	447,281	-	-	-	447,281
350	Total Noncurrent Liabilities	17,508,390	55,483	8,832	1,835	1,212	1,909	730	-	-	88,152	-	-	-	-	-	-	-	67,279	2,341	-	17,736,163	36,579,928	43,366,924	79,946,852	97,683,015
300	Total Liabilities	28,803,303	1,025,891	174,692	285,679	129,750	44,326	24,709	-	-	3,345,442	(6)	-	217,693	1,369,819	-	-	-	4,793,918	1,941,243	(6,896,982)	35,259,477	37,173,718	47,956,975	85,130,693	120,390,170
400	Deferred Inflows of resources	4,929,520	30,344	-	-	-	-	-	-	-	53,760	-	-	-	-	-	-	-	36,790	-	-	5,050,414	-	-	-	5,050,414
508.4	Net investment in capital assets	203,484,077	3,575,346	-	-	-	-	-	-	2,898,643	6,688,825	136,139	-	305,684	-	-	-	-	198,754	40,598,471	-	257,885,939	11,825,259	6,652,445	18,477,704	276,363,643
511.4	Restricted net position	45,339	27,127	-	-	-	-	-	-	-	-	-	13,613	-	-	-	-	-	850,620	-	-	936,699	1,087,956	-	1,087,956	2,024,655
512.4	Unrestricted net position	30,241,970	6,783,702	131,317	105,445	180,438	1,137,866	848,561	-	-	4,705,744	-	-	-	-	-	-	-	726,242	4,378,535	-	49,239,820	(2,893,919)	(5,354,065)	(8,247,984)	40,991,836
513	Total Equity	233,771,386	10,386,175	131,317	105,445	180,438	1,137,866	848,561	-	2,898,643	11,394,569	136,139	13,613	305,684	-	-	-	-	1,775,616	44,977,006	-	308,062,458	10,019,296	1,298,380	11,317,676	319,380,134
600	Total Liabilities, Deferred inflows of resources and Equity	267,504,209	11,442,410	306,009	391,124	310,188	1,182,192	873,270	-	2,898,643	14,793,771	136,133	13,613	523,377	1,369,819	-	-	-	6,606,324	46,918,249	(6,896,982)	348,372,349	47,193,014	49,255,355	96,448,369	444,820,718

See independent auditor's report.

Minneapolis Public Housing Authority

FINANCIAL DATA SCHEDULE

For the year ended December 31, 2023

PHA: MN002 FYED: 12/31/23																										
Line Item No.	Account Description	Total AMPs	Business Activities	Section 8 Housing Choice Voucher Program	Emergency Housing Voucher	Mainstream Voucher Program	Section 8 New Construction	Section 8 Mod Rehab	Continuum of Care	Community Development Block Grant	Central Office Cost Center	Central Office Cost Center CFP	FSS Escrow Forfeiture Account	Rural Housing and Economic Development	State and Local	14.OPS	14.CFP	14.HCV	MTW 14.881	Blended Component Units	Elimination	Primary Government Subtotal	ELLIOTS, LP	FHR, LP	Discrete Component Units	Total
70300	Net Tenant Rental Revenue	18,638,396	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,448,631	-	24,087,027	636,801	18,759	655,560	24,742,587
70400	Tenant Revenue - Other	475,031	-	15	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	147,576	-	622,622	9,804	-	9,804	632,426
70500	Total Tenant Revenue	19,113,427	-	15	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,596,207	-	24,709,649	646,605	18,759	665,364	25,375,013
70600	HUD PHA Grants	-	-	14,720,234	2,623,766	1,775,874	1,074,206	920,299	-	-	-	-	-	-	-	23,246,396	10,900,137	64,488,943	-	-	-	119,749,855	-	-	-	119,749,855
70610	HUD PHA Capital Grants	-	-	-	-	-	-	-	-	-	-	-	-	305,684	-	-	9,090,918	-	-	-	-	9,396,602	-	-	-	9,396,602
70710	Management Fee	-	-	-	-	-	-	-	-	-	7,778,311	-	-	-	-	-	-	-	-	-	(7,778,311)	-	-	-	-	-
70720	Asset Management Fee	-	-	-	-	-	-	-	-	-	607,110	-	-	-	-	-	-	-	-	-	(607,110)	-	-	-	-	-
70730	Book-keeping Fee	-	-	-	-	-	-	-	-	-	990,713	-	-	-	-	-	-	-	-	-	(990,713)	-	-	-	-	-
70750	Other Fees	-	1,529,629	-	-	-	-	-	-	-	2,245,265	-	-	-	-	-	-	-	-	-	(3,636,885)	138,009	-	-	-	138,009
70800	Other government grants	374,999	-	-	-	-	-	-	-	1,788,742	-	-	-	-	1,759,648	-	-	-	901,832	8,718,490	(8,717,437)	4,826,274	1,464,746	40,528	1,505,274	6,331,548
71100	Investment income - Unrestricted	896,387	203,807	307	1,477	7,529	42,702	32,164	-	-	293,332	-	-	-	-	-	-	-	31,736	(7,419)	-	1,502,022	11,584	3	11,587	1,513,609
71200	Mortgage interest income	343,322	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	343,322	-	-	-	343,322
71300	Proceeds from disposition of assets held for sale	485,837	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	485,837	-	-	-	485,837
71310	Cost of Sale of Assets	(404,628)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(404,628)	-	-	-	(404,628)
71400	Fraud recovery	-	-	1,280	-	-	-	-	-	-	-	-	-	-	-	-	-	-	39,946	-	-	41,226	-	-	-	41,226
71500	Other revenue	865,041	11,007,188	-	353,200	-	-	-	-	-	47,728	-	-	-	-	-	-	-	13,036,160	758,915	(9,787,752)	16,280,480	959,716	591,257	1,550,973	17,831,453
71600	Gain/Loss on Sale of Fixed Assets	38,538	-	-	-	-	-	-	-	-	500	-	-	-	-	-	-	-	-	-	-	39,038	(342)	-	(342)	38,696
72000	Investment income - restricted	-	783	18,435	2,249	(8,271)	-	(1)	-	-	-	-	494	-	-	-	-	-	(120,469)	-	-	(106,780)	-	-	-	(106,780)
70000	Total Revenue	21,712,923	12,741,407	14,740,271	2,980,692	1,775,132	1,116,908	952,462	-	1,788,742	11,962,959	-	494	305,684	1,759,648	23,246,396	19,991,055	64,488,943	13,889,205	15,066,193	(31,518,208)	177,000,906	3,082,309	650,547	3,732,856	180,733,762
91100	Administrative Salaries	4,871,625	1,075,869	659,885	119,723	87,745	93,334	50,200	-	-	7,038,574	-	-	-	179,427	-	-	-	2,370,262	-	-	16,546,644	-	-	-	16,546,644
91200	Auditing Fees	72,354	9,500	1,614	324	232	245	131	-	-	12,050	47	-	-	-	-	-	-	6,504	14,500	(9,500)	108,001	10,000	-	10,000	118,001
91300	Management Fees	6,414,638	1,520,269	159,312	32,004	22,872	18,456	10,608	-	-	-	-	-	-	-	-	-	-	1,168,220	2,116,616	(11,415,196)	47,799	128,649	9,360	138,009	185,808
91310	Book-keeping Fee	437,354	-	99,570	20,003	14,295	11,535	6,631	-	-	-	-	-	-	-	-	-	-	401,325	-	(990,713)	-	-	-	-	-
91400	Advertising and Marketing	3,566	366	-	-	-	-	-	-	-	8,084	-	-	-	-	-	-	-	-	323	-	-	12,339	-	-	12,339
91500	Employee Benefit Contributions - Administrative	1,841,291	429,944	197,023	36,875	26,353	27,874	14,933	-	-	2,135,192	-	-	-	49,128	-	-	-	729,664	-	-	5,488,277	-	-	-	5,488,277
91600	Office Expenses	975,743	95,090	121,068	24,583	17,381	18,385	9,848	-	-	992,041	-	-	-	1,824	-	-	-	357,346	-	-	2,613,309	24,411	-	24,411	2,637,720
91700	Legal Expense	265	11,389	224	45	32	34	18	-	-	23,470	-	-	-	-	-	-	-	5,398	-	-	40,875	-	-	-	40,875
91800	Travel	14,756	2,640	5,028	1,010	722	763	409	-	-	59,836	-	-	-	-	-	-	-	28,575	-	-	113,739	-	-	-	113,739
91900	Other	555,979	191,390	543,456	21,338	12,832	2,357	1,262	-	-	852,946	10,375	-	-	851,714	-	-	-	460,875	1,742,975	(1,742,575)	3,504,924	334,091	1,606	335,697	3,840,621
92000	Asset Management Fee	607,110	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(607,110)	-	-	-	-	-
92200	Relocation Costs	1,325	2,650	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,650	(2,650)	3,975	-	-	-	3,975
92400	Tenant Services - Other	1,056,117	475,605	60,160	118,898	-	-	-	-	-	-	-	-	-	273,794	-	-	-	45,877	50,630	(65,962)	2,015,119	31,556	-	31,556	2,046,675
93100	Water	1,740,390	-	-	-	-	-	-	-	-	23,380	-	-	-	-	-	-	-	-	813,522	-	2,577,292	144,246	9,437	153,683	2,730,975
93200	Electricity	3,268,826	-	-	-	-	-	-	-	-	107,562	-	-	-	-	-	-	-	-	942,558	-	4,318,946	136,095	19,333	155,428	4,474,374
93300	Gas	2,190,546	-	-	-	-	-	-	-	-	21,953	-	-	-	-	-	-	-	-	864,832	-	3,077,331	66,570	4,667	71,237	3,148,568
93500	Labor	469,042	18,033	-	-	-	-	-	-	-	21,965	-	-	-	-	-	-	-	-	-	-	509,040	-	-	-	509,040
93700	Employee benefit contributions - utilities	174,867	7,164	-	-	-	-	-	-	-	6,663	-	-	-	-	-	-	-	-	-	-	188,694	-	-	-	188,694
93800	Other utilities expense	4,495	46	-	-	-	-	-	-	-	120	-	-	-	-	-	-	-	-	-	-	4,661	46	-	46	4,707
94100	Ordinary Maintenance and Operations - Labor	6,204,246	1,602,874	-	-	-	-	-	-	-	16,692	-	-	-	-	-	-	-	-	-	-	7,823,812	-	-	-	7,823,812
94200	OMO - Materials and Other	1,475,719	666,370	1,609	323	231	244	131	-	-	2,953	-	-	-	-	-	-	-	6,486	-	-	2,154,066	16,576	1,750	18,326	2,172,392
94300	Ordinary Maintenance and Operations - Contract Costs	3,980,045	1,471,601	361	73	52	55	29	-	-	236,135	-	-	-	-	-	-	-	1,455	4,550,103	(4,574,769)	5,665,140	314,767	42,732	357,499	6,022,639
94500	Employee Benefit Contributions - Ordinary Maintenance	2,353,046	666,458	-	-	-	-	-	-	-	5,064	-	-	-	-	-	-	-	-	-	-	3,024,568	-	-	-	3,024,568

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Minneapolis Public Housing Authority

FINANCIAL DATA SCHEDULE

For the year ended December 31, 2023

PHA: MN002 FYED: 12/31/23																										
Line Item No.	Account Description	Total AMPs	Business Activities	Section 8 Housing Choice Voucher Program	Emergency Housing Voucher	Mainstream Voucher Program	Section 8 New Construction	Section 8 Mod Rehab	Continuum of Care	Community Development Block Grant	Central Office Cost Center	Central Office Cost CFP	FSS Escrow Forfeiture Account	Rural Housing and Economic Development	State and Local	14.OPS	14.CFP	14.HCV	MTW 14.881	Blended Component Units	Elimination	Primary Government Subtotal	ELLIOTS, LP	FHR, LP	Discrete Component Units	Total
95100	Protective Services - labor	94,620	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	94,620	-	-	-	94,620
95200	Protective Services - Other Contract Costs	3,613,381	120,106	-	-	-	-	-	-	-	95,235	-	-	-	-	-	-	-	-	33,939	(33,939)	3,828,722	91,715	-	91,715	3,920,437
95300	Protective Services - Other	16,606	604	-	-	-	-	-	-	-	2,598	-	-	-	-	-	-	-	-	-	-	19,808	126	-	126	19,934
95500	Employee benefit contributions - protective services	35,475	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	35,475	-	-	-	35,475
96110	Property Insurance	755,412	-	-	-	-	-	-	-	-	16,857	-	-	-	-	-	-	-	-	523,610	-	1,295,879	89,570	10,222	99,792	1,395,671
96120	Liability Insurance	275,735	48,265	-	-	-	-	-	-	-	123	-	-	-	-	-	-	-	-	72,674	-	396,797	18,386	2,209	20,595	417,392
96130	Workmen's Compensation	541,553	235,735	1,985	399	285	302	161	-	-	23,155	-	-	-	-	-	-	-	8,002	-	-	811,577	-	-	-	811,577
96140	All Other Insurance	229,309	119,998	6,198	1,245	890	941	504	-	-	50,794	-	-	-	-	-	-	-	25,325	4,680	-	439,884	-	-	-	439,884
96200	Other General Expenses	3,286,517	3,055,807	2,857	405	1,978	874	787	-	-	23,913	-	-	-	946	-	-	-	108,160	163,699	(3,350,532)	3,295,411	44,725	68,420	113,145	3,408,556
96210	Compensated Absences	65,931	11,417	5,624	4,856	1,287	836	249	-	-	39,078	-	-	-	-	-	-	-	30,570	-	-	159,848	-	-	-	159,848
96300	Payments in Lieu of Taxes	550,497	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	151,396	-	701,893	15,337	-	15,337	717,230
96400	Bad Debt - Tenant Rents	305,049	-	438	-	-	424	141	-	-	-	-	-	-	-	-	-	-	3,054	24,342	-	333,448	14,693	9,372	24,065	357,513
96710	Interest of Mortgage (or Bonds) Payable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	674,889	-	-	674,889	674,889
96720	Interest on Notes Payable (Short and Long)	368,845	13,417	-	-	-	-	-	-	-	9,998	-	-	-	-	-	-	-	6,534	-	-	398,794	674,779	401,271	1,076,050	1,474,844
96730	Amortization of Bond Issue Costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	26,637	-	-	26,637	26,637
96900	Total Operating Expenses	48,852,275	11,852,607	1,866,412	382,104	187,187	176,659	96,042	-	-	11,826,431	10,422	-	-	1,356,833	-	-	-	5,763,955	12,072,726	(22,792,946)	71,650,707	2,857,864	580,379	3,438,243	75,088,950
97000	Excess Operating Revenue over Operating Expenses	(27,139,352)	888,800	12,873,859	2,598,588	1,587,945	940,249	856,420	-	1,788,742	136,528	(10,422)	494	305,684	402,815	23,246,396	19,991,055	64,488,943	8,125,250	2,993,467	(8,725,262)	105,350,199	224,445	70,168	294,613	105,644,812
97200	Casualty Losses - Non-Capitalized	248,916	(45,756)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,825	(7,825)	203,160	-	-	-	203,160
97300	Housing Assistance Payments	-	-	12,949,674	2,218,680	1,588,108	859,841	805,460	-	-	-	-	-	-	107,815	-	-	-	49,702,705	-	(8,717,437)	59,514,846	-	-	-	59,514,846
97350	HAP Portability-In	-	-	-	333,382	-	-	-	-	-	-	-	-	-	-	-	-	-	12,228,312	-	-	12,561,694	-	-	-	12,561,694
97400	Depreciation Expense	14,499,875	458,236	-	-	-	-	-	-	-	427,002	4,987	-	-	-	-	-	-	92,047	1,506,149	-	16,988,296	1,818,520	216,938	2,035,458	19,023,754
90000	Total Expenses	63,601,066	12,265,087	14,816,086	2,934,166	1,775,295	1,036,500	901,502	-	-	12,253,433	15,409	-	-	1,464,648	-	-	-	67,787,019	13,586,700	(31,518,208)	160,918,703	4,676,384	797,317	5,473,701	166,392,404
10010	Operating transfers in	8,820,913	8,593	78,003	-	-	-	-	-	-	6,256	137,750	-	-	-	-	-	-	108,127,406	-	(117,178,921)	-	-	-	-	-
10020	Operating transfers out	(8,820,913)	(105,328)	(6,013)	-	-	-	-	-	-	(8,593)	-	-	-	(295,928)	(23,246,396)	(19,991,055)	(64,488,943)	(215,752)	-	117,178,921	-	-	-	-	-
10040	Operating transfers from/to component unit	(126,819)	-	-	-	-	-	-	-	-	122,000	-	-	-	-	-	-	-	-	4,819	-	-	-	-	-	-
10080	Special items, net gain/loss	(445,959)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	445,959	-	-	-	-	-	-
10091	Inter Project Excess Cash Transfer In	1,500,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,500,000)	-	-	-	-	-
10092	Inter Project Excess Cash Transfer Out	(1,500,000)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,500,000	-	-	-	-	-
10093	Transfer between programs and projects in	55,347,970	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	485,837	-	(55,833,807)	-	-	-	-	-
10094	Transfer between programs and projects out	(485,837)	(90)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(55,347,880)	-	55,833,807	-	-	-	-	-
10100	Total other financing sources (Uses)	54,289,355	(96,825)	71,990	-	-	-	-	-	-	119,663	137,750	-	-	(295,928)	(23,246,396)	(19,991,055)	(64,488,943)	53,049,611	450,778	-	-	-	-	-	-
10000	Excess (deficiency) of total revenue over (under) total expenses	12,401,212	379,495	(3,825)	46,526	(163)	80,408	50,960	-	1,788,742	(170,811)	122,341	494	305,684	(928)	-	-	-	(848,203)	1,930,271	-	16,082,203	(1,594,075)	(146,770)	(1,740,845)	14,341,358
11020	Required annual debt principal payment	1,482,487	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,482,487	112,997	-	112,997	1,595,484
11030	Beginning Equity	221,370,174	10,006,680	135,142	58,919	180,601	1,057,458	797,601	9,299	1,109,901	11,565,380	13,798	13,119	-	928	-	-	-	2,614,520	43,046,735	-	291,980,255	11,613,371	1,445,150	13,058,521	305,038,776
11040	Total Prior Period Adjustments, Equity transfer and correction of errors	-	-	-	-	-	-	-	(9,299)	-	-	-	-	-	-	-	-	-	9,299	-	-	-	-	-	-	-
11190	Unit Months Available	63,447	-	15,515	2,952	2,700	2,016	1,080	-	-	-	-	-	-	100	-	-	-	54,628	8,242	-	150,680	2,208	252	2,460	153,140
11210	Number of Unit Months Leased	60,597	-	13,276	2,667	1,906	1,538	884	-	-	-	-	-	-	100	-	-	-	53,510	7,926	-	142,404	2,176	-	2,176	144,580
11170	Administrative Fee Equity	-	-	131,317	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	131,317	-	-	-	131,317
11180	Housing Assistance Payments Equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11270	Excess Cash	9,970,500	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	9,970,500	-	-	-	9,970,500
11620	Building Purchases	15,568,224	-	-	-	-	-	-	-	-	-	127,328	-	-	-	-	-	-	-	-	-	15,695,552	-	-	-	15,695,552
11630	Furniture & Equipment - Dwelling Purchases	48,618	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	48,618	-	-	-	48,618
11640	Furniture & Equipment - Administrative Purchases	-	-	-	-	-	-	-	-	-	117,734	-	-	-	-	-	-	-	-	-	-	117,734	-	-	-	117,734

See independent auditor's report.

SINGLE AUDIT SECTION

Minneapolis Public Housing Authority

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended December 31, 2023

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Assistance Listing Number		Federal Expenditures
FEDERAL AWARDS			
<u>Direct from the U.S. Department of Housing and Urban Development ("HUD"):</u>			
Moving to Work Demonstration Program	14.881		\$ 107,726,394
Section 8 Project-Based Cluster:			
Section 8 New Construction	14.182	\$ 1,074,206	
Section 8 Modern Rehabilitation	14.856	920,299	
Subtotal Section 8 Project-Based Cluster			1,994,505
Housing Voucher Cluster:			
Section 8 Housing Choice Voucher Program	14.871	14,720,234	
Emergency Housing Vouchers	14.871	2,623,766	
Mainstream Vouchers	14.879	1,775,874	
Subtotal Housing Voucher Cluster			19,119,874
Rural Housing and Economic Development	14.250		305,684
			129,146,457
<u>Pass through from the City of Minneapolis, Minnesota:</u>			
CDBG - Entitlement Grants Cluster:			
Community Development Block Grant	14.218		1,788,742
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 130,935,199

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Minneapolis Public Housing Authority, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the 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"). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

In accordance with HUD regulations, HUD considers the Annual Budget Authority for the Moving to Work Demonstration Program AL No. 14.881 and Section 8 Housing Choice Voucher Program ("HCV"), AL No. 14.871, to be an expenditure for the purposes of this schedule. Therefore, the amount in this schedule is the total amount received directly from HUD and not the total expenditures paid by the Authority.

NOTE B - INDIRECT COST RATE

The Authority did not elect to use the 10-percent de minimis indirect cost rate.

NOTE C - SUB-RECIPIENTS

During the year ended December 31, 2023, the Authority had no sub-recipients.

NOTE D - NONCASH ASSISTANCE AND OTHER

The Authority did not receive any noncash assistance, federal loans, or federally funded insurance during the year ended December 31, 2023.

See independent auditor's report.

**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**

Board of Commissioners
Minneapolis Public Housing Authority
Minneapolis, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate discretely presented component units of the Minneapolis Public Housing Authority (the "Authority"), as of and for the year ended December 31, 2023, 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 13, 2024. Our report includes a reference to other auditors who audited the financial statements of Elliots, LP as described in our report on the Authority's financial statements. The financial statements of Elliots, LP and Family Housing Resources, LP were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with Elliots, LP and Family Housing Resources, LP or that are reported on separately by those auditors who audited the financial statements of Elliots, LP.

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

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*.

Minnesota Legal Compliance

In connection with our audit, nothing came to our attention that caused us to believe that the Authority failed to comply with the provisions of the depositories of public funds and public investments, conflicts of interest, claims and disbursements, and miscellaneous provisions sections of the *Minnesota Legal Compliance Audit Guide for Other Political Subdivisions*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Authority's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

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.

August 13, 2024
Melbourne, Florida

Berman Hopkins Wright & LaHam
CPAs and Associates, LLP

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE
UNIFORM GUIDANCE**

Board of Commissioners
Minneapolis Public Housing Authority
Minneapolis, Minnesota

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited the Minneapolis Public 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 the Authority's major federal program for the year ended December 31, 2023. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2023.

Basis for Opinion on the Major Federal Program

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

We are required to be independent of the 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 the major federal program. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

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WINTER PARK

1415 Gene Street
Winter Park, FL 32789
407-412-9299

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the 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 generally accepted auditing standards, *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 the major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the 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.

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.

August 13, 2024
Melbourne, Florida

Berman Hopkins Wright & LaHam
CPAs and Associates, LLP

Minneapolis Public Housing Authority
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended December 31, 2023

A. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: **Unmodified**

Internal control over financial reporting:

Material weakness identified? **No**

Significant deficiency identified? **None Reported**

Noncompliance material to financial statements noted? **No**

Federal Awards

Internal control over major program:

Material weakness identified? **No**

Significant deficiency identified? **None Reported**

Type of auditor's report issued on compliance for major program: **Unmodified**

There are no audit findings that are required to be reported in accordance with 2 CFR 200.516(a).

The programs tested as major program are as follows:

- Moving to Work Demonstration AL No. 14.881

The threshold for distinguishing types A and B programs was **\$3,000,000**

Did the auditee qualify as a low-risk auditee? **Yes**

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

None.

C. FINDINGS - FEDERAL AWARD PROGRAMS AND QUESTIONED COSTS

None

D. PRIOR YEAR AUDIT FINDINGS

None